



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Retail Sales Advance MoM	Dec	0.1%	0.2%
Eurozone: Industrial Orders MoM	Nov	N/A	3.0%
U.K.: House Price Index YoY	Nov	3.0%	2.7%
China: FX Net Settlement - Clients	Dec	N/A	139.4bn

Source: Bloomberg

## II. Macro News

- **China's Vice-Premier Liu He accepts invitation to visit Washington this month for talks to end trade war.** Chinese Vice-Premier Liu He has accepted an invitation to lead a delegation to Washington at the end of this month with the purpose of reaching a deal to end the trade war, according to a source who has been briefed on the arrangement. [SCMP]
- **China Vows Tax Cuts on Larger Scale to Shore Up Sagging Economy.** China will cut taxes "on a larger scale" to help support its slowing economy, according to senior economic policy officials. The govt will continue to cut taxes, especially for small businesses and the manufacturing sector, according to a statement distributed to reporters. [Bloomberg]
- **Indonesia Posts Record Trade Deficit in 2018 as Imports Surge.** Indonesia posted its worst trade deficit last year after a slump in the currency boosted imports and the trade war hurt exports. The trade gap was \$1.1bn in December, bringing the full-year deficit to \$8.6bn, data from the statistics bureau showed Tuesday. [Bloomberg]

## III. Industry News

- **China's FDI growth rebounds in December.** Foreign direct investment into the Chinese mainland saw a rebound in December, jumping nearly 25% YoY, official data showed. FDI in December reached 92.34bn yuan, up 24.9% YoY, the Ministry of Commerce said in a statement. In dollar terms, the investment was \$13.71bn, up 23.2%. [China Daily]
- **China Said to Ask State Firms to Avoid Travel to U.S., Allies.** China asked some state-run enterprises to avoid business trips to the U.S. and its allies and to take extra precautions to protect their devices if they need to travel, according to people familiar with the request. [Bloomberg]
- **Bank of China Offers Sri Lanka \$300M Loan.** Bank of China has offered a \$300m loan, which can be raised to \$1b, Reuters reports, citing unidentified person in Sri Lanka with direct knowledge of the matter. Sri Lanka government considering the offer as it's facing difficulty borrowing money after recent ratings downgrades. [Bloomberg]

## IV. Corporate News

- **OPEC+ Plans Review in Baku in March, Ministers' Meeting in April.** OPEC and its allies plan to hold a meeting in March to assess their oil-production accord in Azerbaijan, and then ministers will gather to set policy in April, according to the organization's top official. [Bloomberg]
- **Billionaire Sun Sets Up Family Trust That Controls His Firm.** Sunac China Holdings Ltd. has become the latest developer to establish a family trust in another sign the nation's property scions are laying the groundwork for the next generation. [Bloomberg]

- **Polish Ministers May Give Up Using Chinese Mobile Devices.** Poland's Internal Security Agency has issued a recommendation for govt ministers to use mobile devices of Chinese makers with caution, Rp.pl reports, without saying where it got information. [Bloomberg]
- **Apple buys 50 business-class seats every day on flights to Shanghai, according to a confidential United sign.** Apple buys 50 business class flights every day from San Francisco to Shanghai, China, spending over \$150 million per year on United Airlines. That's according to a photo of a "confidential" United sign posted to Twitter. [Bloomberg]
- **CNPC's Domestic Oil and Natgas Output Rises 3.3M Tons in 2018.** China National Petroleum Corp. produced 3.3m tons more of oil and natural gas in 2018 than a year earlier, it says in statement on website Tuesday, without providing an overall output amount. [Bloomberg]
- **GAC Spends Big Bucks to Bring an SUV to American Shores.** Guangzhou Automobile Group is putting money where its mouth has been since it announced plans several years ago to be first to sell Chinese-branded cars in U.S. Bringing the GS8, a 7-passenger SUV sold in China, up to snuff to meet more-stringent U.S. emissions and crash standards almost doubles what the co usually spends to develop a vehicle, said Zhang Fan, a VP and head of design. [Bloomberg]
- **China Aoyuan Plans USD Notes Issue to Refinance Offshore Debts.** Aggregate principal amount, offer price and interest rate will be determined through book building, according to statement to Hong Kong stock exchange. Proceeds to be used for refinancing existing offshore debts and for general working capital. [Bloomberg]
- **China AgBank Plans 13B Yuan Fixed Assets Investment for 2019.** Agricultural Bank of China seeks shareholders' approval for fixed assets investment for 2019, according to circular filed to Hong Kong stock exchange. Bank earmarks 7.76b yuan for specific investment; 1.17b yuan for strategic investment and 4.07b yuan for sporadic purchase investment. [Bloomberg]
- **Restaurant, Wedding Banquet Service Group Files for H.K. IPO.** Palace Banquet Holdings Ltd., a restaurant group which offers Cantonese dining service and banquet service in Hong Kong, files pre-listing documents with the HKEX, according to the filing dated Jan. 14. [Bloomberg]
- **Evergrande Health pays US\$930mn to buy control of carmaker in its foray into mass production of electric vehicles in China.** Evergrande Group has bought control of a producer of electric vehicles in the country, bolstering its founder's ambition to diversify from real estate into the emerging industry of next-generation automobiles. [SCMP]
- **Chinese food-delivery giant Meituan prepares gaming foray despite govt concerns about youth addiction.** China's food delivery giant Meituan Dianping is hiring game developers in a sign that the US\$30 billion company is preparing to make a foray into video gaming, even as the government seeks to limit the damage that unchecked gaming can have on the mental and physical health of the country's youth. [SCMP]
- **CapitaLand leads Singapore REIT consolidation with \$4.4 billion purchase from Temasek.** Singapore's CapitaLand is buying the owner of a clutch of real estate investment trusts from state investor Temasek for about US\$4.4 billion, a deal the developer said would create the largest diversified property group in Asia. [SCMP]
- **Cathay Pacific Air FY18 Passengers Carried Grow 1.9%, Tonnage Rises 4.7%.** Cathay Pacific Airways announced that for 2018 as a whole, the number of passengers carried grew by 1.9% with capacity increased by 3.5%, while the tonnage rose by 4.7% against a 2.6% increase in capacity. [China Daily]
- **Chinese airline now top 5 in Kyrgyzstan.** China Southern Airlines was listed as one of the top five airlines in Kyrgyzstan in 2018, local authorities said. Kyrgyzstan's Manas Int'l Airport summed up the results of online voting for the Best Airline of 2018. The winners are the Kyrgyz airline Avia Traffic Company, Russia's Aeroflot, Turkish Airlines, China Southern Airlines and Air Manas. [China Daily]
- **China's Midea Group expects net profit growth in 2018.** China's home appliances maker Midea Group expects to report a fast growth of net profit for last year, it said in a statement Tuesday. The net profit for 2018 is expected to stand at between 19.8bn yuan (\$2.9bn) and 20.8bn yuan, up by 15% to 20% YoY. [China Daily]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,610	27.7	1.1	1.4	0.4	(7.1)	(6.7)	(6.0)	4.1
	Dow Jones	24,066	155.8	0.7	1.2	(0.1)	(6.7)	(4.0)	(6.7)	3.2
	Nasdaq Composite	7,024	117.9	1.7	1.8	1.6	(8.1)	(10.0)	(2.8)	5.9
	Russell 2000	1,445	12.4	0.9	1.3	2.4	(9.5)	(13.9)	(8.1)	7.2
	VIX Index	18.60	(0.5)	(2.5)	(9.1)	(14.0)	5.6	45.0	59.5	(26.8)
Europe Equity	Euro Stoxx 50	3,068	12.9	0.4	0.4	(0.8)	(5.8)	(11.0)	(15.3)	2.2
	DAX	10,892	35.9	0.3	0.8	0.2	(7.5)	(13.3)	(17.8)	3.2
	CAC	4,786	23.4	0.5	0.3	(1.4)	(7.5)	(11.5)	(13.2)	1.2
	FTSE 100	6,895	40.0	0.6	0.5	0.7	(2.3)	(9.3)	(11.1)	2.5
APAC Equity	HSI	26,830	532.0	2.0	3.7	2.8	5.4	(6.0)	(15.9)	3.8
	HSCEI	10,503	210.2	2.0	3.6	1.4	3.0	(1.9)	(17.9)	3.7
	HSI VIX	19.48	(0.8)	(3.8)	(7.7)	(11.1)	(20.2)	6.9	37.6	(22.2)
	CSI 300	3,128	60.2	2.0	2.6	(1.2)	0.9	(9.9)	(26.5)	3.9
	SH Composite	2,570	34.6	1.4	1.7	(0.9)	0.9	(8.7)	(25.2)	3.1
	SZ Composite	1,323	19.4	1.5	1.8	(0.3)	5.3	(17.4)	(31.4)	4.4
	Nikkei 225	20,555	195.6	1.0	2.6	(4.4)	(9.4)	(9.6)	(14.7)	2.1
KOSPI	2,097	32.7	1.6	3.6	1.4	(2.2)	(8.8)	(16.8)	2.8	
Commodities (USD)	Brent (Future)	60.64	1.7	2.8	3.3	0.6	(24.9)	(19.5)	(13.7)	12.7
	WTI (Future)	52.11	1.6	3.2	4.7	1.4	(27.8)	(23.7)	(18.5)	14.3
	Gold	1,290	(2.2)	(0.2)	0.3	3.6	5.4	4.0	(3.5)	0.7
	Copper (Future)	5,920	23.0	0.4	0.2	(3.4)	(6.0)	(5.1)	(17.9)	(0.8)
	Baltic Dry Index	1,147.00	(22.0)	(1.9)	(9.1)	(18.1)	(27.3)	(32.3)	(6.1)	(9.8)
FX	Dollar Index	96.04	0.4	0.5	0.1	(1.5)	1.0	1.5	6.1	(0.2)
	EUR	1.14	(0.0)	(0.5)	(0.2)	0.6	(1.4)	(2.6)	(6.9)	(0.5)
	JPY	108.68	0.5	0.5	(0.1)	4.1	3.5	3.6	1.9	1.2
	CNY	6.76	(0.0)	0.1	1.4	2.0	2.3	(1.0)	(4.8)	1.7
	CNH	6.77	0.0	0.2	(1.2)	1.9	2.1	(1.0)	(4.9)	1.5
CDS	ChinaGov CDS	61.54	(0.9)	(1.4)	(3.0)	(4.2)	(6.4)	(4.6)	30.0	(8.1)
	CDX Emerging Market	95.90	0.1	0.1	0.0	0.3	0.6	(0.8)	(3.7)	0.7

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.42	0.0	0.5	2.4	2.4	2.3	2.0	1.4	2.4
	2-Year Treasury Yield	2.53	-	0.0	2.6	2.7	2.9	2.6	2.0	2.5
	5-Year Treasury Yield	2.53	0.0	0.3	2.5	2.7	3.1	2.8	2.4	2.5
	10-Year Treasury Yield	2.71	0.0	0.3	2.7	2.9	3.2	2.9	2.5	2.7
	2-10 Spread	17.24	0.7	4.2	15.5	16.1	31.4	25.8	51.9	19.2
China rates	O/N China Repo Rate	2.50	0.6	33.7	1.6	2.6	2.3	2.5	2.8	1.0
	1-Week China Repo Rate	2.50	0.4	19.0	2.0	2.7	2.5	2.7	3.4	3.5
	O/N SHIBOR	2.25	0.4	19.5	1.6	2.6	2.4	2.5	2.8	2.6
	1-Week SHIBOR	2.65	0.0	0.9	2.5	2.7	2.6	2.7	2.9	2.9

Source: Bloomberg

## VI. Key Indicators

**Hang Seng Index PE Ratio**



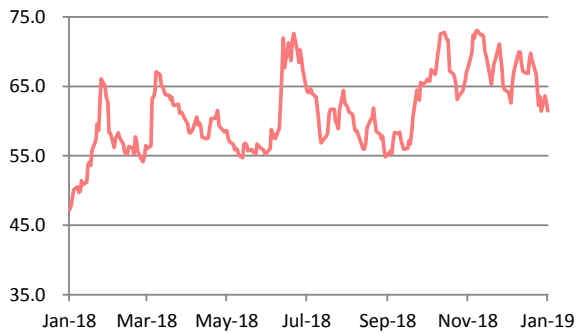
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



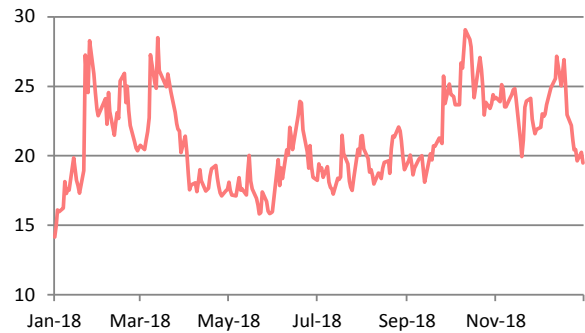
Source: Bloomberg

**China 5Y CDS Index\_USD**



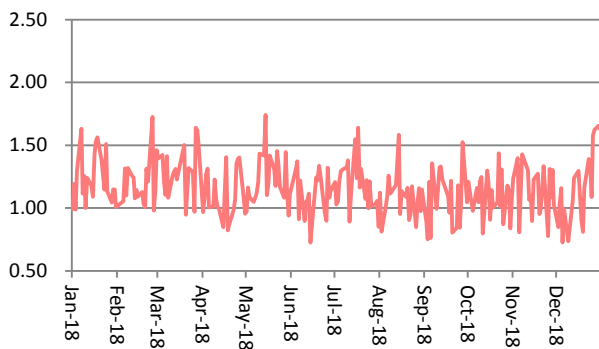
Source: Bloomberg

**Hang Seng Index VIX**



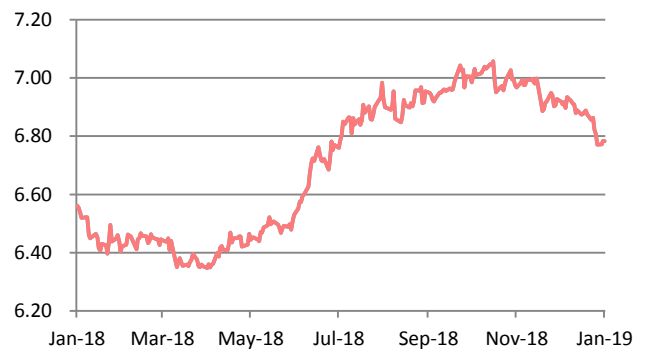
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

## Disclosure of Interests

As of the date of this report,

1. The research analysts primarily responsible for the preparation of all or part of this report hereby certify that:
  - (i) the views expressed in this research report accurately reflect the personal views of each such analyst about the subject securities and issuers; and
  - (ii) no part of the analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.
2. The research analysts primarily responsible for the preparation of all or part of this report, or his/her associate(s), do not have any interest (including any direct or indirect ownership of securities, arrangement for financial accommodation or serving as an officer) in any company mentioned in this report,
3. This report has been produced in its entirety by China Securities (International) Brokerage Company Limited ("China Securities (International)") (CE Number: BAU373, regulated by the Securities and Futures Commission in Hong Kong)
4. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities have no financial interest, in aggregate, equal to or more than 1% of the market capitalization in the stocks reviewed in this report.
5. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may receive compensation from or mandates for investment banking services in the past 12 months from listed corporations whose stocks are being reviewed by China Securities (International) in this report.
6. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities do not have any individual employed by or associated with them serving as an officer of a listed corporation whose stocks are being reviewed by China Securities (International) in this report.
7. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may act as the market makers in the stocks reviewed by China Securities (International) in this report.

## Disclaimer

This report is for information purposes only and should not be construed as an offer to sell or to solicitation of an offer to buy or sell any securities in any jurisdiction. The securities referred to in this research report to in this research report may not be eligible for sale in some jurisdictions. This information contained in this report has been compiled by China Securities (International) from sources that it believes to be reliable and the opinions, analysis, forecasts, projections and expectations contained in this report are based on such information and are expressions of belief only and no representation, warranty or guarantee is made or given by China Securities (International) or any its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of China Securities (International) as of the date of this report only and are subject to change without notice. Such opinions and estimates may be different from or contrary to the opinions presented by the other business departments, units or affiliates of China Securities (International), as different assumptions and standards, different views and analytical methods may be adopted in the preparation of such other materials, and China Securities (International) is under no obligation to bring such other materials to the attention of any recipient of this report. Neither China Securities (International) nor its holding companies and affiliates accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report or otherwise arising in connection therewith.

Any investment referred to herein may involve significant risk, may be illiquid and may not be suitable for all investors. The value of or income from any investment referred to herein may fluctuate and be affected by changes in exchange rates. Past performance is not indicative of future results. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors are expected to make their own investment decision without relying on this publication. Before entering into any transactions in any securities referred to in this research report investor should consider their own individual investment objectives and financial situation and seek professional financial, tax and legal advice, as necessary.

This report is strictly confidential to the recipient. It is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this report in other jurisdictions may be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions.

### China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495