



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Existing Home Sales MoM	Dec	-0.9%	1.9%
Eurozone: Consumer Spending YoY	Nov	N/A	1.7%
U.K.: Public Sector Net Borrowing	Dec	N/A	6.3bn
China: Industrial Profits YoY	Dec	N/A	-1.8%

Source: Bloomberg

## II. Macro News

- **U.S. Said to Prepare Trump Order to Restrict Chinese Telecoms.** The Trump administration is preparing an executive order that could significantly restrict Chinese state-owned telecom companies from operating in the U.S. over national security concerns, according to people familiar with the matter. [Bloomberg]
- **U.S. Government Shutdown Seen Causing Minor Hit to Broad Economy.** The U.S. government shutdown is causing some real pain, but economists are largely brushing off the risk to the expansion. Analysts project the govt will reopen by mid-February, though if the closure lasts through March, the disruptions will cause economic growth to dip below 2% this quarter, according to the median forecast in a Jan. 15-17 Bloomberg survey. [Bloomberg]
- **U.S. Debates Lifting China Tariffs to Hasten Trade Deal, Calm Markets.** U.S. officials are debating ratcheting back tariffs on Chinese imports as a way to calm markets and give Beijing an incentive to make deeper concessions in a trade battle that has rattled global economies. [WSJ]

## III. Industry News

- **China Tells Local Govts to Push Consumption of Cars, Appliances.** Local governments should boost policy support for consumption of home appliances and cars, according to a statement from the NDRC Ministries call for boosting consumption in rural areas, incl. raising the quality of products consumed. [Bloomberg]
- **Bank of Japan May Decide to Cut Nikkei ETF Buying.** Bank of Japan Governor Haruhiko Kuroda may adjust his monetary-stimulus program by changing the allocation of its exchange-traded fund purchases, according to equity strategists. The BOJ, which will hold a two-day policy meeting ending Jan. 23, may decide to cut buying of ETFs that track the Nikkei 225 Stock Average and increase purchases of those linked to the Topix. [Bloomberg]
- **China to Open Bond Repo Trade to All Foreign Investors.** China will promote bond index products such as ETFs and push forward use of yuan derivatives, PBOC Deputy Governor Pan Gongsheng says at a forum in Beijing. Funds raised via Panda bond sale can be "freely" used domestically and overseas, but it is best not to repatriate proceeds immediately, Pan said. [Bloomberg]

## IV. Corporate News<sup>5</sup>

- **Maoyan Entertainment Seeks \$345M in Hong Kong IPO.** Maoyan Entertainment offers 132.4m shares at HK\$14.80-HK\$20.40 apiece in Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. Pricing expected Jan. 24 and trading expected to begin on Jan. 31. [Bloomberg]
- **Alibaba Is Said to Postpone Some Hiring, Cut Travel Spending.** Alibaba Group Holding Ltd. is cutting its spending on travel and postponing some new hiring as China's largest e-commerce company braces for a slowing economy, people familiar with the matter said. [Bloomberg]

- **BMW China Partner Brilliance Approves 25% JV Stake Sale to BMW.** Brilliance China Automotive Holdings Ltd. agreed to sell a 25 percent stake in the BMW Brilliance Automotive JV to partner BMW AG at an extraordinary shareholder meeting, BMW says in a statement. [Bloomberg]
- **Canada Huawei 5G Decision Said to Be Months Away Amid China Row.** Canada is still conducting its security review of 5G telecommunications technology, and a decision on whether to restrict Huawei Technologies Co. is still at least months away, people familiar with the plans say. [Bloomberg]
- **Sino Biopharm Anti-Tumor Drug Gets China Registration Approval.** Sino Biopharmaceutical Ltd. has obtained approval to register its Lenalidomide anti-tumor drug with China's National Medical Products Administration, co. says in an exchange filing. [Bloomberg]
- **China's Sinopec Offers Iran \$3B Oil-Field Deal.** Sinopec is making a new approach for a \$3b Iranian oil field, Wall Street Journal reports, citing unidentified people familiar with the matter. Sinopec told its Iranian counterpart National Iranian Oil it wanted its share of the field's production to be granted under the U.S. waiver allocated to China. [Bloomberg]
- **U.S. Adds Criminal Courts to Its Fight Against Chinese Theft of Trade Secrets.** The federal pursuit of theft charges adds pressure on Chinese tech giant Huawei Technologies Co. by further involving the criminal-justice system in the fight against China's alleged encroachment on intellectual property. [WSJ]
- **Baidu seeks to play catch up in mobile app race with bet on world's most-watched TV show.** Baidu is looking to attract more users to its flagship mobile app by partnering with the world's most-watched TV show through the coming Lunar New Year holiday, as the Chinese search engine operator seeks to catch up to its competitors Tencent and Alibaba Group. [SCMP]
- **Tai Hing Group Mulls Main Board Listing, 9M18 Revenue \$2.35B.** Tai Hing Group mulls listing on Main Board. According to the prospectus, the group operates 185 restaurants in total and has achieved revenue and net profit of \$2.35bn and \$289mn, up 14.9% and 67.3%, during the first nine months of 2018. [AAStocks]
- **China Unicom Dec 18 4G Net Additions Accelerate to 2.53M.** China Unicom announced in operational statistics for December 2018 that aggregate number of mobile billing subscribers reached 315mn, representing net addition of 2.034mn. Net addition of 4G subscribers for the month was 2.53mn, higher than 1.503mn in November. [AAStocks]
- **Sinopec Plans US\$3 Billion Reinvestment in Iranian Oilfield.** Sinopec is planning to reinvest US\$3 billion in Iranian oilfield, seeking to take advantage of U.S. sanction waiver, Wall Street Journal quoted people within the circle. [AAStocks]
- **Huawei founder predicts company will double its revenue in five years.** Ren Zhengfei, founder of Huawei Technologies Co Ltd, said the Chinese tech company is likely to double its revenue in five years, as the difficulties it faces today will not have big impact on its business. [China Daily]
- **Geely to start making Lotus cars in Wuhan.** Zhejiang Geely Holding Group will start producing cars under British sports car brand Lotus in China at a 9 billion yuan (\$1.3 billion) factory in Wuhan, capital of Central China's Hubei province, according to Reuters, citing company job advertisements and government documents. [China Daily]
- **Huawei to invest \$100b in reconstructing network system.** Huawei said it plans to invest \$100bn to rebuild its network system in next five yrs. Huawei will increase its investment to achieve four goals, minimalising the network; minimalising the transaction models of network; achieving utmost cybersecurity; and the privacy protection of the General Data Protection Regulation meeting the European standards, said founder and president Ren Zhengfei. [China Daily]
- **Oxford University suspends new Huawei donations and research partnerships.** The University of Oxford has suspended new donations and research partnership opportunities with Huawei, according to reports by British media. Huawei said it has not been informed of this decision and awaits the university's explanation. [China Daily]
- **Hysteria jab as Huawei, ZTE bills loom.** A bipartisan group of US lawmakers has introduced bills that would ban the sale of US chips or other components to Huawei Technologies, ZTE Corp or other Chinese telecommunications companies that violate US sanctions or export-control laws. [The Standard]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,671	34.8	1.3	2.9	10.5	(3.5)	(4.7)	(5.0)	6.5
	Dow Jones	24,706	336.3	1.4	3.0	10.1	(2.9)	(1.4)	(5.2)	5.9
	Nasdaq Composite	7,157	72.8	1.0	2.7	13.0	(3.9)	(8.5)	(2.4)	7.9
	Russell 2000	1,483	15.3	1.0	2.4	14.7	(3.9)	(12.6)	(7.2)	9.9
	VIX Index	17.80	(0.3)	(1.4)	(2.1)	(40.9)	(10.5)	38.4	57.9	(30.0)
Europe Equity	Euro Stoxx 50	3,135	65.6	2.1	2.1	4.5	(2.4)	(9.4)	(14.1)	4.4
	DAX	11,206	286.9	2.6	2.9	5.4	(3.0)	(10.8)	(16.6)	6.1
	CAC	4,876	81.6	1.7	2.0	3.9	(4.1)	(9.7)	(11.8)	3.1
	FTSE 100	6,968	133.4	2.0	0.7	3.7	(1.2)	(9.3)	(9.9)	3.6
APAC Equity	HSI	27,091	335.2	1.3	3.0	5.2	6.0	(4.0)	(16.0)	4.8
	HSCEI	10,637	124.8	1.2	3.3	5.3	4.1	(0.4)	(19.3)	5.1
	HSI VIX	18.63	(0.7)	(3.5)	(8.0)	(21.3)	(21.3)	0.9	16.7	(25.6)
	CSI 300	3,168	56.8	1.8	3.3	4.6	1.1	(9.3)	(26.1)	5.2
	SH Composite	2,596	36.4	1.4	2.4	3.2	1.8	(8.2)	(25.6)	4.1
	SZ Composite	1,322	13.0	1.0	1.4	2.9	4.6	(17.0)	(31.2)	4.3
	Nikkei 225	20,666	263.8	1.3	2.5	2.8	(8.0)	(8.7)	(12.9)	3.6
Commodities (USD)	KOSPI	2,124	17.2	0.8	2.4	2.8	(1.7)	(7.4)	(15.9)	3.8
	Brent (Future)	62.70	1.5	2.5	3.7	15.8	(21.9)	(14.7)	(9.2)	15.9
	WTI (Future)	53.80	1.7	3.3	4.3	17.3	(22.6)	(24.1)	(15.6)	17.8
	Gold	1,282	(9.9)	(0.8)	(0.6)	2.0	5.0	4.8	(3.8)	0.0
	Copper (Future)	6,052	60.0	1.0	1.9	1.4	(1.7)	(1.6)	(14.5)	1.5
FX	Baltic Dry Index	1,112.00	35.0	3.2	(3.1)	(13.1)	(29.4)	(34.2)	(1.2)	(12.5)
	Dollar Index	96.34	0.3	0.3	0.7	(0.7)	0.6	1.9	6.3	0.1
	EUR	1.14	(0.0)	(0.2)	(0.9)	0.0	(0.8)	(2.7)	(7.3)	(0.8)
	JPY	109.78	0.5	0.5	1.2	1.5	3.0	1.6	1.3	0.1
	CNY	6.78	0.0	(0.2)	(0.3)	1.8	2.4	0.2	(5.6)	1.3
CDS	CNH	6.80	0.0	0.4	0.6	1.8	2.0	0.1	(5.8)	1.1
	ChinaGov CDS	58.11	(0.9)	(1.4)	(2.6)	(11.0)	(12.9)	(9.2)	15.0	(13.1)
	CDX Emerging Market	96.48	0.3	0.3	0.7	1.2	1.1	(0.3)	(3.0)	1.3

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.39	(0.0)	(0.1)	2.4	2.4	2.3	2.0	1.4	2.4
	2-Year Treasury Yield	2.61	0.1	2.0	2.5	2.6	2.9	2.6	2.1	2.5
	5-Year Treasury Yield	2.62	0.1	2.0	2.5	2.6	3.0	2.8	2.4	2.5
	10-Year Treasury Yield	2.78	0.0	1.2	2.7	2.8	3.2	3.0	2.7	2.7
	2-10 Spread	16.61	(1.9)	(10.0)	16.5	14.7	28.5	32.1	59.0	19.2
China rates	O/N China Repo Rate	2.27	0.1	5.1	1.9	2.4	2.5	2.4	2.9	1.0
	1-Week China Repo Rate	2.65	0.1	3.9	2.1	2.0	2.3	2.7	3.2	3.5
	O/N SHIBOR	2.18	(0.1)	(3.6)	1.9	2.5	2.5	2.4	2.8	2.6
	1-Week SHIBOR	2.62	0.0	0.3	2.6	2.6	2.6	2.7	2.9	2.9

Source: Bloomberg

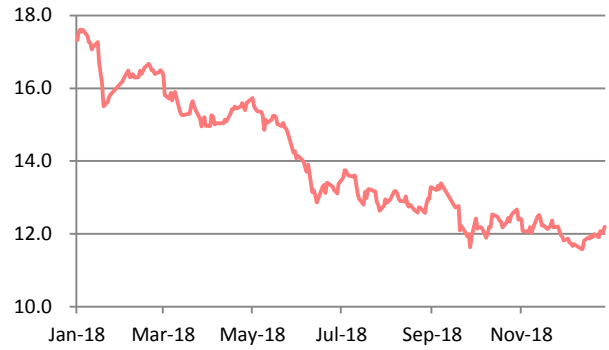
## VI. Key Indicators

**Hang Seng Index PE Ratio**



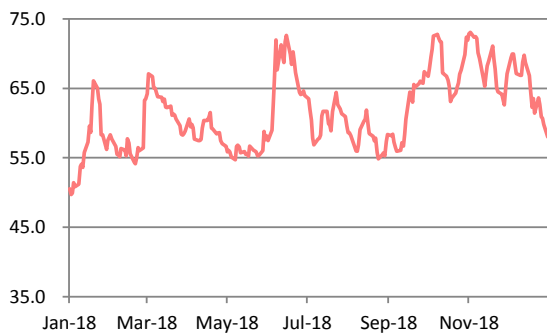
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



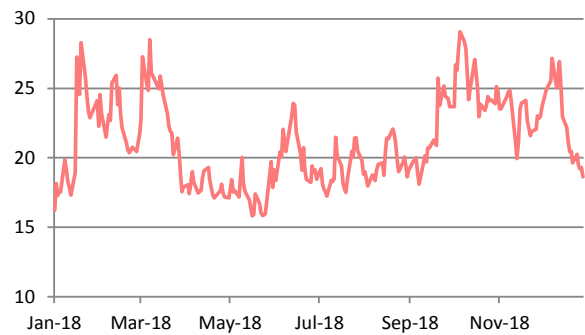
Source: Bloomberg

**China 5Y CDS Index\_USD**



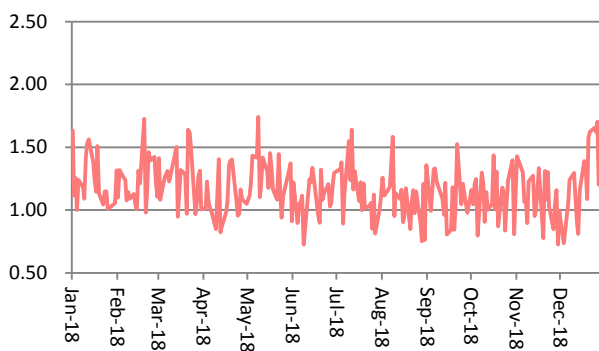
Source: Bloomberg

**Hang Seng Index VIX**



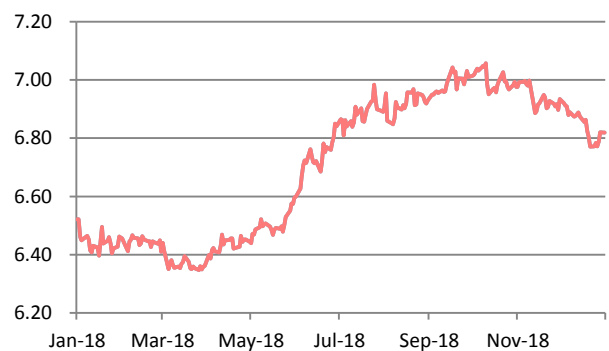
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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