



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Advance Goods Trade Balance	Nov	-\$76.1b	-\$77.2b
Eurozone: Manufacturing Confidence	Jan	103	104
U.K.: CBI Business Optimism	Jan	- 25	- 16
Argentina: Economic Activity Index YoY	Nov	- 6.0%	- 4.0%
Germany: Markit/BME Germany Manufacturing PMI	Jan P	51.5	51.5

Source: Bloomberg

II. Macro News

- **China Retail, Real Estate Slow More Sharply Than Overall Economy.** Growth in the retail and wholesale sectors slowed to 5.5% in 4Q of 2018 from a year earlier, down from 7.2% at end of 2017. Real-estate growth slid to 2% in the quarter, compared with the 5.9% pace a year earlier. Together, they make up almost a third of the services sector. [Bloomberg]
- **Korea GDP Tops Forecasts as Govt Spending Offsets Exports.** South Korea's economy gained some speed in the 4Q as increased spending by the govt. helped offset slowing exports. GDP grew 1.0% from the previous quarter, vs. economists' median estimate of 0.6%. From a year earlier, the economy expanded 3.1%, vs. estimate of 2.7%. [Bloomberg]
- **Singapore Warns of 'Very Negative' Outcome If No U.S.-China Deal.** It's vital that the U.S. and China settle their trade differences to avoid damaging economic growth elsewhere in the world, Singapore's finance minister said. "It's important for both sides to try and cut a deal because the impact on the global economy of any trade friction is going to be very negative," Heng Swee Keat said in an interview. [Bloomberg]

III. Industry News

- **Profits of China's SOEs up 12.9% in 2018.** The combined profits of China's State-owned enterprises rose 12.9% to 3.39 trillion yuan (\$500bn) last year, new data showed. The pace was faster than the growth of 10 percent for total revenues, which stood at 58.75tn yuan last year, the Ministry of Finance said on its website. [China Daily]
- **U.S Govt. Shutdown Hits Industries Nationwide.** The partial govt shutdown is affecting a wide range of business and financial concerns nationwide. Shuttered government offices are stalling the approval of new loans, IPOs, the processing of tax documents, and the approval of new products such as a prescription of drugs, among other effects. [WSJ]
- **China Mulls 20% Cuts to Benchmark Solar Power Prices.** China regulators are considering slashing benchmark power prices for ground-mounted solar projects by at least 20%, the news website NE21.com reported. Prices would be lowered to between 0.4 yuan and 0.55 yuan per kilowatt hour depending on how much sunlight the regions receive, the Jan. 19 report said, citing a meeting between govt. authorities and energy companies. [Bloomberg]

IV. Corporate News

- **Bank of China Plans to Open First Saudi Arabia Branch.** Bank of China Ltd plans to open a branch in Riyadh, Aleqtisadia reports, citing Chinese ambassador to Saudi Arabia Li Huaxin. Preparations underway; opening will depend on whether lender will meet all regulations imposed by authorities. [Bloomberg]
- **Top Chinese Copper Producer to Defy Gloom And Ramp-Up Output.** On the heels of record refined copper output last year, China's No. 2 producer Tongling Nonferrous Metals Group Co. says it'll defy economic gloom and strive to churn out even more of the metal in 2019. [Bloomberg]

- **U.S to Proceed in Seeking Huawei CFO Extradition.** The United States has informed the Canadian govt that it plans to proceed with a formal request to extradite Huawei CFO Meng Wanzhou on allegations of banking fraud related to violations of U.S. sanctions against Iran, Globe and Mail reports, citing Canada's ambassador to the U.S. David MacNaughton. [Bloomberg]
- **Chow Tai Fook Expects Flat Chinese New Year Sales vs Year Ago.** It's too early to tell when business sentiment can improve as macro factors including U.S.-China trade war cause uncertainties, Chow Tai Fook Jewellery Managing Director Kent Wong said. The co. sees Chinese consumers shifting luxury goods purchases back to mainland China. [Bloomberg]
- **PetroChina Flags \$1.5 Billion Writedown While Profit Doubles.** PetroChina Co. brushed off a \$1.5bn writedown from the disposal of some assets as it estimated full-year net income more than doubled last year thanks to higher crude prices. It said net income could have jumped as much as 132% in 2018, according to a filing to the Hong Kong stock exchange, which cited Chinese accounting standards. [Bloomberg]
- **China Goldjoy Agrees for Purchase About 37.18% of New Sports.** The company says consideration for sale to be settled by allotting and issuing 1,509,180,611 new shares, or about 5.83% of its existing issued share capital, according to a statement. [Bloomberg]
- **Billionaire Ashley Is Said to Make Bid for Music Retailer HMV.** Mike Ashley, the billionaire owner of Sports Direct International Plc and Newcastle United soccer club, has made a bid for embattled music retailer HMV Group Plc, according to a person familiar with the situation. [Bloomberg]
- **Panasonic to Supply Tesla With Batteries in China.** Panasonic Corp. is planning to supply Tesla Inc.'s new electric-vehicle factory in Shanghai with lithium-ion batteries, in what would be an expansion of their existing relationship, according to the Nikkan Kogyo. [Bloomberg]
- **Tencent, Netease Still Frozen Out as China Approves Latest Games.** Tencent Holdings Ltd. and Netease Inc. were again left out when regulators green-lit the latest batch of online games, spurring concern that China's largest gaming companies may have to wait longer than anticipated to start making money off hit titles. [Bloomberg]
- **Company Chairman, Wife Sold as HK Stock Plunged 89%.** Chairman Shum Tin Ching and his wife Wang Xinmei sold 93.6mn shares of Jiayuan Int'l Group Ltd. on Jan. 17 at average of HK\$2.7611 apiece, c.79% discount from the previous day's close, according to an exchange filing. That reduced their shareholding to 53.92% from 57.65%. [Bloomberg]
- **Tesla in Talks With Lishen Over Shanghai Battery Contract.** Tesla has signed a preliminary agreement with China's Tianjin Lishen to supply batteries for its new Shanghai car factory, as it aims to cut its reliance on Japan's Panasonic, Reuters reports, citing two people with direct knowledge of the matter. [Bloomberg]
- **Country Garden to Focus on Property, Robotics, Agriculture.** Country Garden will focus on the three businesses in the future, co. says in a statement on official WeChat account, citing Chairman Yeung Kwok Keung as saying at its annual meeting. [Bloomberg]
- **Chinese auto companies set sights on US, beyond.** Four Chinese auto-industry companies, namely NIO, Karma Automotive, Yanfeng Automotive Interiors, and Sanhua Automotive, that have established a presence in the US and Europe are aiming to become household names globally. [China Daily]
- **China Pacific Insurance accelerates expansion in senior care sector.** China Pacific Insurance (Group) Co Ltd (CPIC), one of the country's largest insurers, is going to quicken its expansion into the senior care communities, betting on the market potential brought by the country's fast-growing aging population. [China Daily]
- **IBM powering Pacific Coffee's digital dreams.** IBM Corp is assisting Pacific Coffee's digital transformation by helping the brand, owned by China Resources Enterprise Ltd, to establish a smart coffeehouse to improve user experience and cut costs. [The Standard]
- **Angang Steel Estimates 2018 Net Profit to Jump About 17.5% to RMB7.8B.** Angang Steel issued a positive profit alert, expecting to record an increase in the net profit by about 17.51% to about RMB7.8bn for the year ended 31 Dec 2018 in comparison with the corresponding period of 2017. Basic EPS was expected to be about RMB1.078. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,633	(37.8)	(1.4)	1.9	8.9	(3.9)	(6.2)	(7.3)	5.0
	Dow Jones	24,404	(301.9)	(1.2)	2.1	8.7	(3.1)	(2.6)	(6.9)	4.6
	Nasdaq Composite	7,020	(136.9)	(1.9)	1.7	10.9	(5.6)	(10.5)	(5.9)	5.8
	Russell 2000	1,457	(25.0)	(1.7)	1.7	12.8	(4.5)	(14.2)	(9.5)	8.1
	VIX Index	20.80	3.0	16.9	9.1	(30.9)	0.4	64.8	87.4	(18.2)
Europe Equity	Euro Stoxx 50	3,113	(12.3)	(0.4)	1.5	3.7	(0.9)	(9.9)	(15.2)	3.7
	DAX	11,090	(46.1)	(0.4)	1.8	4.3	(1.6)	(11.6)	(18.2)	5.0
	CAC	4,848	(20.3)	(0.4)	1.3	3.3	(2.4)	(9.9)	(12.4)	2.5
	FTSE 100	6,901	(69.2)	(1.0)	0.1	2.7	(0.8)	(9.9)	(10.7)	2.6
APAC Equity	HSI	27,005	(191.1)	(0.7)	0.4	4.9	6.5	(4.4)	(18.0)	4.5
	HSCEI	10,613	(99.6)	(0.9)	0.5	5.1	3.7	(1.1)	(21.3)	4.8
	HSI VIX	19.57	0.4	2.3	0.5	(17.4)	(26.6)	1.8	7.8	(21.8)
	CSI 300	3,143	(42.3)	(1.3)	0.5	3.8	(1.3)	(10.8)	(28.3)	4.4
	SH Composite	2,580	(30.8)	(1.2)	0.4	2.5	(0.6)	(9.8)	(27.3)	3.4
	SZ Composite	1,315	(15.6)	(1.2)	(0.5)	2.3	1.1	(17.9)	(32.6)	3.7
	Nikkei 225	20,623	(96.4)	(0.5)	0.3	1.7	(6.8)	(8.4)	(15.0)	2.5
KOSPI	2,118	(6.8)	(0.3)	1.0	2.8	0.6	(6.6)	(16.5)	3.8	
Commodities (USD)	Brent (Future)	61.50	(1.2)	(2.0)	1.4	13.9	(19.8)	(16.1)	(12.4)	13.9
	WTI (Future)	53.01	(1.2)	(2.3)	4.1	15.8	(20.5)	(22.2)	(18.1)	16.3
	Gold	1,285	4.8	0.4	(0.3)	1.1	4.3	4.8	(4.3)	0.1
	Copper (Future)	5,935	(46.0)	(0.8)	0.3	(0.9)	(4.9)	(3.5)	(16.0)	(0.5)
	Baltic Dry Index	1,092.00	(20.0)	(1.8)	(0.4)	(14.6)	(30.8)	(36.4)	(5.6)	(14.1)
FX	Dollar Index	96.30	(0.0)	(0.0)	0.3	(0.7)	0.4	1.8	6.9	0.2
	EUR	1.14	(0.0)	(0.0)	(0.5)	(0.4)	(1.0)	(2.8)	(7.6)	(0.9)
	JPY	109.37	(0.3)	(0.3)	0.6	0.8	2.6	1.6	0.7	0.1
	CNY	6.81	0.0	(0.1)	(0.7)	1.3	2.0	(0.1)	(5.9)	1.0
	CNH	6.82	0.0	0.2	0.6	1.3	1.8	(0.1)	(6.1)	0.8
CDS	ChinaGov CDS	61.38	2.3	4.0	(2.7)	(11.5)	(8.0)	(3.3)	21.5	(8.2)
	CDX Emerging Market	96.29	(0.2)	(0.2)	0.5	1.5	0.9	(0.6)	(3.1)	1.1

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.39	(0.0)	(0.0)	2.4	2.4	2.3	2.0	1.4	2.4
	2-Year Treasury Yield	2.59	(0.0)	(1.0)	2.5	2.6	2.8	2.7	2.0	2.5
	5-Year Treasury Yield	2.58	(0.0)	(1.7)	2.5	2.6	2.9	2.8	2.4	2.5
	10-Year Treasury Yield	2.74	(0.0)	(1.6)	2.7	2.7	3.1	3.0	2.6	2.7
	2-10 Spread	15.01	(1.6)	(9.6)	17.7	17.1	26.9	30.1	57.1	19.2
China rates	O/N China Repo Rate	2.25	0.0	0.9	2.3	2.3	2.4	2.3	2.6	1.0
	1-Week China Repo Rate	2.65	0.2	6.0	2.5	2.0	2.5	2.3	2.8	3.5
	O/N SHIBOR	2.24	0.0	0.1	2.3	2.3	2.4	2.3	2.6	2.6
	1-Week SHIBOR	2.58	(0.0)	(0.6)	2.6	2.7	2.6	2.7	2.9	2.9

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



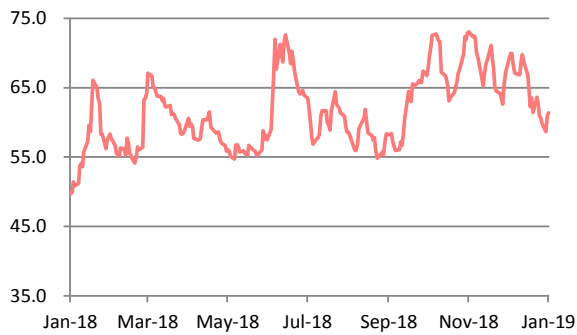
Source: Bloomberg

Shanghai Composite Index PE Ratio



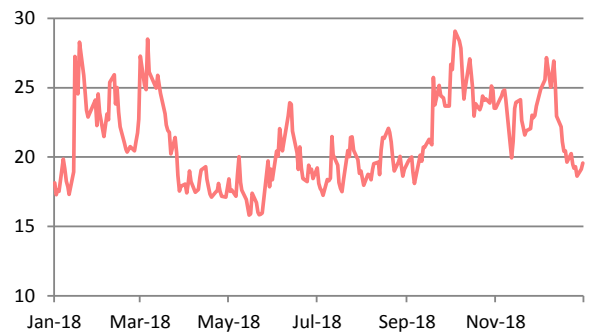
Source: Bloomberg

China 5Y CDS Index_USD



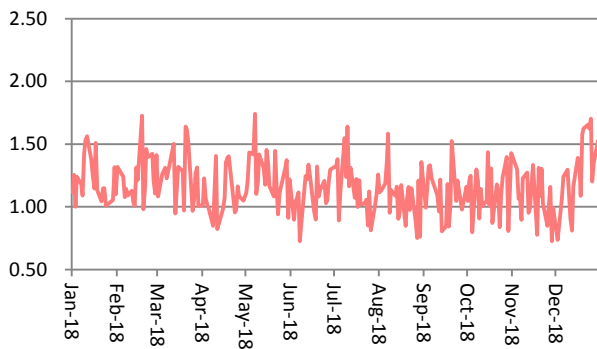
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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