



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: NFIB Small Business Optimism	Jan	103.0	104.4
Eurozone: Current Account Balance	Dec	N/A	92m
U.K.: CPI Core YoY	Jan	1.9%	1.9%
Germany: Wholesale Price Index YoY	Jan	N/A	2.5%
China: Trade Balance	Jan	\$32.0bn	\$57.06bn

Source: Bloomberg

## II. Macro News

- **Trump Flexible on China Tariff Deadline as He Seeks 'Real Deal'.** President Donald Trump said he's open to extending a March 1 deadline to raise tariffs on Chinese products if the two sides are near an agreement, sending a conciliatory signal amid talks to resolve the trade war between the world's two biggest economies. [Bloomberg]
- **Global economic growth entering slowdown.** The global economy is projected to grow at 2.6% between 2020 and 2035 and enter a low-speed growth period, Economic Daily reported. Developed economies' overall growth is predicted to slow down further to about 1.7%, below the average growth rate over the past 50 years, while for developing countries, the annual average growth rate is expected to be 4.9%. [China Daily]
- **U.K. Posts Slowest Growth in Six Years Amid Brexit Worries.** The U.K. economy experienced its weakest growth in six years during 2018 as businesses slashed investment in the face of growing uncertainty about the way in which the country will leave the European Union. [WSJ]

## III. Industry News

- **Plan aims to stimulate consumption.** China decided to stimulate domestic consumption in automobiles, household appliances, online shopping and other sectors, which is expected to keep the economy stable in the wake of downward economic pressure the country started to face last year. That's the goal of an implementation plan released by the NDRC and other nine depts. to encourage consumption in certain areas, incl. online shopping in rural regions. [China Daily]
- **Profit warnings point to worse to come for China's stock market.** Preliminary announcements showed that 390 companies listed on China's bourses are set to report a combined loss to the tune of 330bn yuan for 2018. Of those companies, 98 are likely to post losses of more than a billion yuan each, according to China Business News. [SCMP]
- **Carmakers embrace 5G technology to boost future mobility.** The automotive industry is undergoing a profound transformation as traditional carmakers integrate with 5G technology to facilitate secure and fast data communications for future mobility. [China Daily]

## IV. Corporate News

- **MTR Chair to Replaced by LU Council Chair Rex Auyeung Pak-kuen.** The Hong Kong govt has finalized Rex Auyeung Pak-kuen, Chairman of the Council of Lingnan University, as the new Chairman of MTR Corporation, in replacement of the current Chairman Frederick Ma who will step down in June this year, Sing Tao Daily reported. [AASocks]
- **Apple iPhone Shipments Dive in China as Huawei Tightens Grip.** Apple Inc.'s Chinese smartphone shipments plummeted an estimated 20 percent in 2018's final quarter, underscoring the scale of the iPhone maker's retreat in the world's largest mobile device arena against local rivals like Huawei Technologies Co. [Bloomberg]

- **Huawei gets vote of confidence from Philippines' Globe Telecom.** Globe Telecom, a Philippines-based network operator that counts Huawei Technologies as a key supplier, said that concerns over the potential threat posed by the Chinese co. to national security were overblown "to a certain extent" and that it was pushing ahead with a planned roll-out of 5G commercial services in the second quarter of this year. [AASocks]
- **Xiaomi, Meituan Among Dual-Class Stocks to Join MSCI Indexes.** Xiaomi Corp. and Meituan Dianping will be among the companies with unequal voting structures added to some of the world's largest equity benchmarks later this month. MSCI Inc. said it will add nine stocks with dual-class shares to its global benchmark MSCI All-Country World Index. Seven of the companies are based in China, while the others are in the U.S., according to a quarterly review. [Bloomberg]
- **China Aoyuan Proposes Aoyuan Healthy Life Spinoff in Hong Kong.** The company plans to spin off Aoyuan Healthy Life by way of global offering and a separate listing on the main board, according to statement to Hong Kong stock exchange late Tuesday. [Bloomberg]
- **Tencent Partner Nexon Signals More Weakness in China Games.** Nexon Co. foresees revenue from China dropping by a double-digit percentage this quarter, as the key partner to Tencent Holdings Ltd. awaits the release of a marquee title after Beijing ended a months-long freeze on game approvals. [Bloomberg]
- **Court Freezes China Minsheng Stake in Valuable Shanghai Land.** China Minsheng Investment Group Corp.'s stakes in two property-related firms have been frozen by a court, exacerbating funding woes at the private investment giant that recently missed a bond payment. [Bloomberg]
- **Cathay Pac Air Closes Toronto's Cabin Attendant Base; 120 Staff May Be Dismissed.** Cathay Pacific Airways announced that it shuts down the cabin attendant base in Toronto, as a result of which around 120 cabin attendants stationed the city may face unemployment. [AASocks]
- **JD buys Beijing Jade Palace Hotel for \$398m.** JD has acquired Beijing Jade Palace Hotel for 2.7m yuan (\$397.6m), with an aim of transforming the 5-star property into a new office bldg. and innovation center. It bought 100% ownership of the hotel, which is located near a batch of universities and Zhongguancun Science Park in the capital. [China Daily]
- **Suning to acquire 37 Wanda department stores.** Suning.com, the retail unit of Suning Holdings Group Ltd, announced on Feb 12 that it will acquire a total of 37 department stores of Wanda Department Store Co Ltd, to enhance its online-and-offline retail businesses. [China Daily]
- **Reddit raises 300 mln USD in funding round led by China's Tencent.** US social media site Reddit Inc. said Monday it has raised 300mn US dollars in Series D round led by China's internet giant Tencent Holdings Ltd., which pushed the company's market valuation to 3bn dollars. [China Daily]
- **China's automaker Geely sets new sales record in January.** Chinese automaker Geely hit an all-time high in sales in January with about 158,400 units sold, the company announced. The reading marked a 70-percent increase over December and over 10 percent of Geely's annual sales target. [China Daily]
- **BJEV moves into higher league with larger models.** Beijing Electric Vehicle Co, China's largest electric car producer, has vowed to continue moving upmarket as customer demands change in China. Li Yixiu, president of BJEV Sales Co, expects its sales to grow, from 10 to 50 percent, despite uncertainties over government subsidies, adding that prospects over the next few years will remain bright. [China Daily]
- **China Longyuan Jan Power Generation Down 9% to 4.5M MWh.** China Longyuan announced that the power generation of the Group for January 2019 on a consolidated basis amounted to approximately 4.4953 million MWh, representing a decrease of 9.04% compared with the corresponding period of 2018. [AASocks]
- **Tencent-backed 'Douyu' Applies for US IPO to Raise US\$500m.** Douyu, a Chinese eSports live-streaming platform backed by Tencent, has submitted a listing application in the US to raise US\$500mn and undergo the IPO process this year, IFR Asia reported. Douyu relinquished its HK IPO plan and changed its target to the US instead, aiming to raise US\$600-700mn. [AASocks]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,651	14.3	0.5	(1.8)	(2.8)	(8.2)	(4.9)	(0.5)	(0.8)
	Dow Jones	24,527	157.0	0.6	(2.0)	(3.4)	(5.7)	(3.1)	0.1	(0.8)
	Nasdaq Composite	7,098	66.5	0.9	(0.8)	(1.4)	(10.8)	(7.9)	3.4	2.8
	Russell 2000	1,455	15.2	1.1	(1.7)	(4.2)	(15.2)	(13.5)	(4.0)	(5.2)
	VIX Index	21.46	(0.3)	(1.4)	3.5	23.6	63.3	73.9	116.3	94.4
Europe Equity	Euro Stoxx 50	3,108	52.7	1.7	(1.3)	(2.7)	(6.6)	(10.6)	(13.7)	(11.3)
	DAX	10,929	148.9	1.4	(2.4)	(3.5)	(9.2)	(14.9)	(17.1)	(15.4)
	CAC	4,909	103.3	2.1	(0.7)	(3.0)	(7.9)	(10.0)	(9.5)	(7.6)
	FTSE 100	6,880	73.3	1.1	(0.6)	(2.5)	(5.9)	(10.7)	(8.3)	(10.5)
APAC Equity	HSI	26,187	415.0	1.6	(2.4)	1.5	(3.1)	(14.8)	(10.4)	(12.5)
	HSCEI	10,417	172.2	1.7	(3.2)	(0.6)	(0.8)	(13.4)	(9.6)	(11.0)
	HSI VIX	22.14	(0.5)	(2.2)	4.7	(6.8)	11.3	39.7	47.3	51.6
	CSI 300	3,171	10.8	0.3	(2.5)	(2.1)	(2.0)	(16.3)	(21.7)	(21.3)
	SH Composite	2,602	8.1	0.3	(1.8)	(2.0)	(3.1)	(14.7)	(21.2)	(21.3)
	SZ Composite	1,346	2.1	0.2	(2.5)	(2.7)	(4.8)	(22.3)	(29.7)	(29.1)
	Nikkei 225	21,603	454.7	2.2	(1.4)	(1.0)	(5.3)	(5.9)	(5.1)	(5.1)
Commodities (USD)	KOSPI	2,083	29.6	1.4	(0.9)	0.5	(8.9)	(15.6)	(16.0)	(15.6)
	Brent (Future)	60.20	0.0	0.1	(2.2)	(14.1)	(24.5)	(20.6)	(4.9)	(9.9)
	WTI (Future)	51.15	(0.5)	(1.0)	(3.3)	(14.7)	(27.3)	(22.9)	(10.5)	(15.3)
	Gold	1,246	2.4	0.2	0.7	3.6	3.7	(4.1)	(0.8)	(4.4)
	Copper (Future)	6,168	79.0	1.3	(0.7)	1.8	5.3	(15.0)	(7.5)	(14.9)
FX	Baltic Dry Index	1,364.00	(21.0)	(1.5)	5.2	21.2	(3.3)	(1.9)	(21.7)	(0.1)
	Dollar Index	97.39	(0.4)	(0.4)	(0.1)	(0.5)	2.3	3.4	3.1	5.3
	EUR	1.14	0.0	0.5	0.2	0.7	(2.7)	(3.6)	(3.8)	(5.3)
	JPY	113.29	(0.1)	(0.1)	0.1	0.5	(1.2)	(2.6)	(0.7)	(0.5)
	CNY	6.88	(0.0)	0.3	(0.3)	1.2	(0.4)	(6.9)	(3.8)	(5.4)
CDS	CNH	6.87	(0.0)	(0.5)	0.2	1.1	(0.4)	(7.0)	(3.7)	(5.2)
	ChinaGov CDS	67.79	(1.4)	(2.0)	1.4	4.0	21.6	21.4	26.5	35.3
	CDX Emerging Market	95.48	0.2	0.2	0.2	(0.1)	0.1	(0.9)	(3.4)	(3.7)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.42	0.0	1.3	2.4	2.3	2.1	1.9	1.3	1.4
	2-Year Treasury Yield	2.77	0.0	0.3	2.8	2.9	2.8	2.6	1.8	1.9
	5-Year Treasury Yield	2.77	0.0	1.0	2.8	3.0	2.9	2.8	2.1	2.2
	10-Year Treasury Yield	2.91	0.0	1.1	2.9	3.1	3.0	2.9	2.3	2.4
	2-10 Spread	13.52	2.2	19.8	13.3	24.4	20.9	37.0	56.4	51.8
China rates	O/N China Repo Rate	2.41	(0.0)	(1.6)	2.4	2.1	2.5	2.6	2.8	3.0
	1-Week China Repo Rate	2.35	(0.2)	(8.9)	2.5	2.5	2.5	2.3	3.0	3.1
	O/N SHIBOR	2.42	(0.0)	(1.6)	2.4	2.5	2.5	2.6	2.8	2.8
	1-Week SHIBOR	2.63	0.0	0.1	2.6	2.6	2.7	2.8	2.9	3.0

Source: Bloomberg

## VI. Key Indicators

**Hang Seng Index PE Ratio**



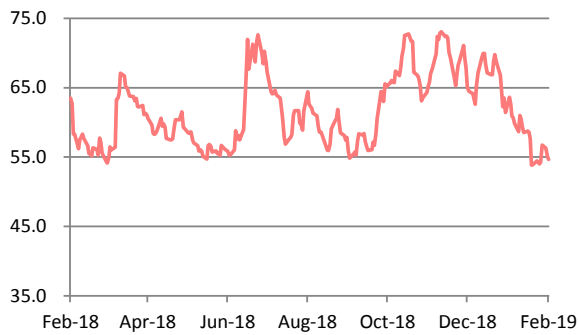
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



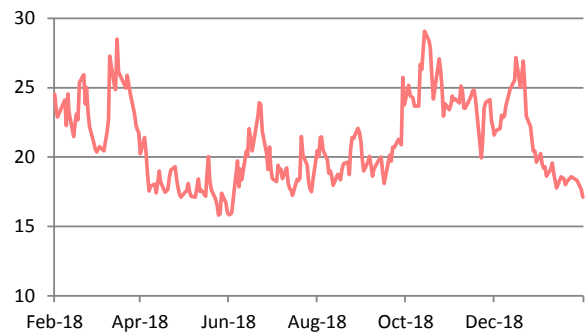
Source: Bloomberg

**China 5Y CDS Index\_USD**



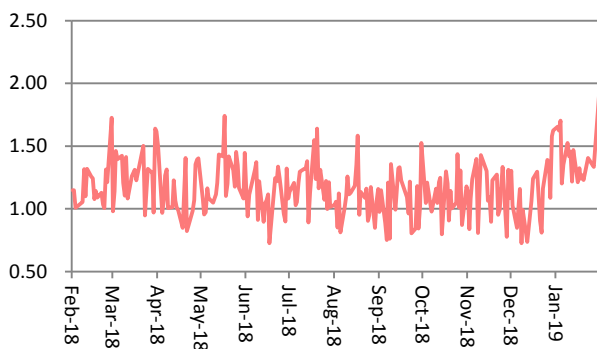
Source: Bloomberg

**Hang Seng Index VIX**



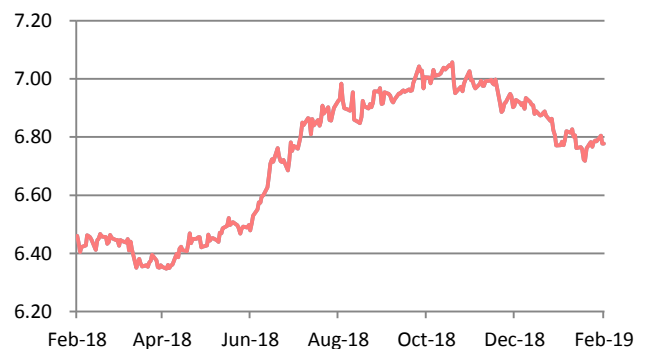
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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