



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Industrial Production MoM	Jan	0.1%	0.3%
Eurozone: Industrial Orders MoM	Dec	N/A	- 1.5%
U.K.: Average Weekly Earnings 3M/ MoM	Dec	N/A	3.4%
Japan: Core Machine Orders MoM	Dec	N/A	0.0%
China: BoP Current Account Balance	4Q P	N/A	\$23.3bn

Source: Bloomberg

II. Macro News

- **Turkish Central Bank Changes Reserve Levels to Encourage Lending.** The Turkish central bank changed its reserve rules to boost credit growth. The lira reserve-requirement ratios have been reduced by 100 basis pts for deposits and participation funds with maturities of up to a year and for other liabilities with maturities up to and including three years, and by 50 basis pts for all other liabilities, the central bank said in a statement on Saturday. [Bloomberg]
- **China's January CPI up 1.7%, PPI up 0.1%.** China's consumer prices and producer prices rose less than expected in January, official data showed on Friday. China's January producer price index rose 0.1 percent from a year ago, lower than the expected 0.3 percent rise, statistics from the National Bureau of Statistics showed. [China Daily]
- **Singapore reports lowest GDP growth in 2 yrs.** Singapore's economy grew at its slowest pace in more than two years in 4Q, data showed on Friday, and the city state's trade ministry warned that manufacturing is likely to face significant moderation this year. From a year earlier, GDP grew 1.9% in the 4Q, less than the 2.2% advance estimate from the MTI. That was the slowest YoY pace since 3Q16, when it grew 1.2%. [SCMP]

III. Industry News

- **UK retail sales rebound in January.** Retail sales in the UK gained by 1% in Jan, data from the Office for National Statistics, show. This follows a decline of 0.7% in Dec 2018. YoY growth in the quantity bought in Jan 2019 was 4.2%, the highest since Dec 2016; while YoY average store prices slowed to 0.4%, the lowest price increase since Nov 2016. [The Standard]
- **Buyback Spree Alive in India as State Firms Join Tech Companies.** India Inc. is extending a banner year for share buybacks. Seven weeks into 2019, two dozen companies led by technology major Infosys Ltd. have announced or completed plans to buy 170.5bn rupees (\$2.4bn) of their own stock, according to data by Bloomberg. This compares with about 545bn rupees for all of 2018, which was the highest in at least six years, the data show. [Bloomberg]
- **Regulator issues guidelines to make loan renewal easier.** The China Banking and Insurance Regulatory Commission Beijing Office announced on Thursday it has issued guidelines for banking institutions on renewing micro and small business loans to shorten the financing chain and reduce financing costs. [China Daily]

IV. Corporate News⁵

- **Huawei says doesn't wish to escalate further with Czech cyber watchdog.** A spokesperson for Huawei in the Czech Republic confirmed on Thursday that the company has sent a letter to the country's cyber regulator over the latter's warning over the products of the Chinese technology giant. [China Daily]

- **Baidu signs comprehensive deal with Ctrip.** Baidu Inc inked an in-depth partnership with China's largest online travel agency Ctrip. Baidu will deploy its cloud services and AI capabilities to provide Ctrip with solutions tailored to tourism scenarios and businesses. Baidu Cloud will help Ctrip improve operational efficiency and customer experience and reduce costs in marketing and sales, customer acquisition and online traffic conversion. [China Daily]
- **China's biggest carmaker SAIC Motor reports dropping January sales.** China's biggest carmaker SAIC Motor reported dropping sales in January as the growth of the country's automobile sector slows down. The company sold 611,502 cars in the first month of 2019, down 14.13 percent YoY. [China Daily]
- **China's BYD posts strong green car sales in January.** Chinese leading electric vehicle maker BYD sold 28,668 new energy vehicles in January, up by 291.11 percent from the same period last year, data posted at the company's website showed. The surge is fueled by strong growth in the blade electric vehicle genre, which rocketed from 42 units to 16,219 units compared with the same period last year. [China Daily]
- **Didi to lay off 15% of total staff.** Didi Chuxing, China's largest ride-hailing company, said Friday that it will slash 15 percent of its total staff, or about 2,000 employees, this year, as part of a broader push to focus on its most important ride-hailing business while shutting down or transferring peripheral business. [China Daily]
- **IBM pens agreement with ICBC.** The United States tech giant IBM announced it has signed a \$63 million agreement with the Industrial and Commercial Bank of China, the world's largest commercial bank, to help the latter's Argentina branch accelerate its digital transformation over the next five years. [China Daily]
- **BYD signs deal to build cross-sea monorail in Brazil.** Chinese leading electric vehicle maker BYD has signed a deal to start building its SkyRail in Salvador, Brazil, according to a release of BYD North America. The project will be the first of its kind for BYD in Latin America and will become part of the city's Light Vehicle Transport System, which is slated to begin construction within six months and be fully operational by 2021. [China Daily]
- **HNA Cuts Deutsche Bank Stake as Chinese Group Plans Exit.** Deutsche Bank AG's top investor, HNA Group Co., continued to reduce its stake in the German lender as the debt-laden Chinese conglomerate prepares to exit one of its most high-profile purchases. HNA's C-Quadrat unit exercised options to sell 26.8mn Deutsche Bank shares for 363.4mn euros, reducing its ownership to 6.3%, according to a filing with the Securities and Exchange Commission. [Bloomberg]
- **Chinese ride-hailing giant Didi Chuxing's plans to conquer Uber in South America are revealed.** Chinese ride-hailing giant Didi Chuxing is planning to take on US rival Uber in some of Latin America's fastest-growing markets, recruiting managers in Chile, Peru and Colombia, according to job postings and a company official. [SCMP]
- **Alibaba Group rolls out high-tech hotel.** Gliding silently through Alibaba Group Holding Ltd's futuristic "FlyZoo" hotel, black disc-shaped robots about a meter in height deliver food and drop off fresh towels. The robots are part of a suite of high-tech tools that Alibaba says drastically cuts the hotel's cost of human labor and eliminates the need for guests to interact with other people. [The Standard]
- **91 PRC Game Approvals in 6th Batch; Tencent, NetEase Absent.** 91 game approvals have been issued by the State Administration of Press, Publication, Radio, Film and Television of the PRC in the sixth batch of edition numbers. Tencent and NetEase have no games on the approval list dated 11 February. [AASocks]
- **China South Air Jan Passenger/ Cargo Capacity Up 16%/ 14.5% YoY.** China Southern Airlines announced that in January 2019, passenger capacity (measured by available seat kilometres) of the Group increased by 16.01% as compared to the same period last year. [AASocks]
- **China Coal January Commercial Coal Production, Sales Volume Up 36.3%, 34.2%.** China Coal announced that the production and sales volume of commercial coal in January 2019 was respectively 8.33 million and 16.16 million tonnes, up 36.3% and 34.2% year on year. [AASocks]
- **China to Allow 5 Banks to Test Bill Broker Business.** The PBOC plans to allow ICBC, China Merchants Bank, Pudong Development Bank, Zheshang Bank and Bank of Jiangsu to act as brokers in commercial bill trading, Jiemian reports. The business is currently conducted by intermediaries such as bill exchange. [Bloomberg]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,776	29.9	1.1	2.5	3.9	1.4	(2.6)	1.6	10.7
	Dow Jones	25,883	443.9	1.7	3.1	4.8	1.8	0.8	2.6	11.0
	Nasdaq Composite	7,472	45.5	0.6	2.4	4.4	3.1	(4.4)	3.2	12.6
	Russell 2000	1,569	24.1	1.6	4.2	5.9	2.7	(7.3)	1.7	16.4
	VIX Index	14.91	(1.3)	(8.1)	(5.2)	(16.2)	(17.8)	18.0	(23.4)	(41.3)
Europe Equity	Euro Stoxx 50	3,241	58.6	1.8	3.4	3.4	1.9	(3.9)	(5.4)	8.0
	DAX	11,300	210.0	1.9	3.6	0.8	(0.4)	(7.5)	(9.3)	7.0
	CAC	5,153	90.7	1.8	3.9	5.7	2.5	(3.6)	(2.4)	8.9
	FTSE 100	7,237	39.7	0.6	2.3	3.9	3.2	(4.3)	(0.8)	7.6
APAC Equity	HSI	27,901	(531.2)	(1.9)	(0.9)	3.0	6.6	2.5	(10.3)	8.0
	HSCEI	10,937	(233.0)	(2.1)	(0.7)	2.8	3.3	4.0	(12.7)	8.0
	HSI VIX	18.13	1.1	6.6	(1.0)	(2.7)	(25.1)	(11.5)	(20.8)	(27.6)
	CSI 300	3,339	(63.4)	(1.9)	1.0	5.4	2.5	3.4	(15.8)	10.9
	SH Composite	2,682	(37.3)	(1.4)	1.1	3.3	0.1	0.5	(16.2)	7.6
	SZ Composite	1,389	(9.4)	(0.7)	3.1	5.1	(1.5)	(3.7)	(20.1)	9.6
	Nikkei 225	20,901	(239.1)	(1.1)	0.7	2.7	(2.1)	(4.7)	(2.3)	6.0
KOSPI	2,196	(29.8)	(1.3)	0.9	4.1	5.7	(1.6)	(8.7)	8.4	
Commodities (USD)	Brent (Future)	66.25	1.7	2.6	6.7	6.3	(0.1)	(7.2)	2.8	23.9
	WTI (Future)	55.59	1.2	2.2	5.4	4.2	(0.7)	(15.0)	(9.1)	23.4
	Gold	1,322	9.9	0.8	0.6	3.3	8.1	11.2	(1.7)	3.2
	Copper (Future)	6,188	51.0	0.8	(0.4)	4.5	0.1	6.7	(13.8)	3.7
	Baltic Dry Index	639.00	11.0	1.8	7.4	(42.5)	(38.0)	(62.9)	(41.1)	(49.7)
FX	Dollar Index	96.90	(0.1)	(0.1)	0.3	0.5	0.3	0.7	8.6	0.7
	EUR	1.13	0.0	0.0	(0.2)	(0.5)	(1.3)	(1.5)	(8.9)	(1.4)
	JPY	110.47	(0.0)	(0.0)	0.7	(0.7)	1.9	(0.4)	(3.5)	(0.7)
	CNY	6.77	0.0	(0.0)	(0.4)	(0.2)	2.5	2.4	(6.4)	1.6
	CNH	6.77	(0.0)	(0.1)	(0.2)	0.5	2.4	1.0	(6.8)	1.5
CDS	ChinaGov CDS	53.53	0.2	0.5	(5.0)	(11.8)	(23.4)	(12.7)	(4.8)	(19.9)
	CDX Emerging Market	96.81	0.2	0.2	0.2	0.6	1.7	1.4	(2.3)	1.6

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.42	(0.0)	(0.0)	2.4	2.4	2.3	2.0	1.6	2.4
	2-Year Treasury Yield	2.51	0.0	0.8	2.5	2.6	2.8	2.6	2.2	2.5
	5-Year Treasury Yield	2.49	0.0	0.8	2.5	2.6	2.9	2.7	2.6	2.5
	10-Year Treasury Yield	2.66	0.0	0.3	2.7	2.8	3.1	2.8	2.9	2.7
	2-10 Spread	14.23	(1.2)	(7.6)	16.6	16.6	27.1	23.2	68.1	19.2
China rates	O/N China Repo Rate	1.85	0.1	8.2	2.2	2.2	2.6	2.7	2.4	1.0
	1-Week China Repo Rate	2.65	0.5	20.5	2.3	2.6	2.6	2.7	2.4	3.5
	O/N SHIBOR	1.71	(0.0)	(0.5)	2.3	2.2	2.6	2.6	2.7	2.6
	1-Week SHIBOR	2.35	0.0	0.9	2.6	2.6	2.6	2.7	2.9	2.9

Source: Bloomberg

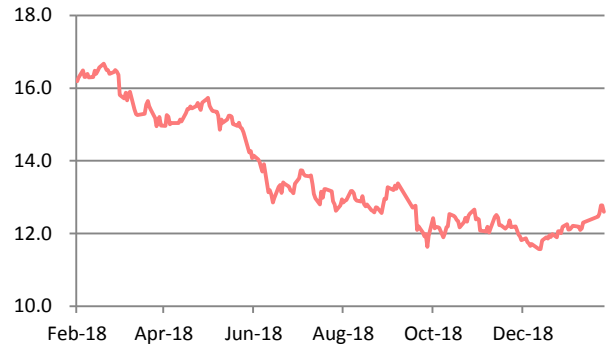
VI. Key Indicators

Hang Seng Index PE Ratio



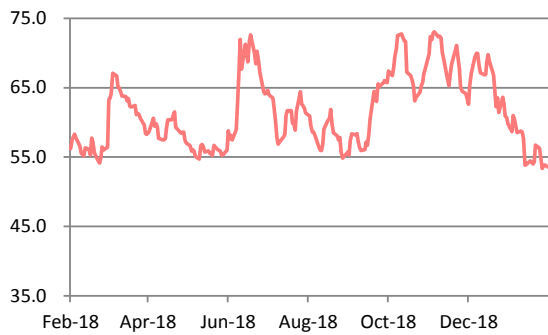
Source: Bloomberg

Shanghai Composite Index PE Ratio



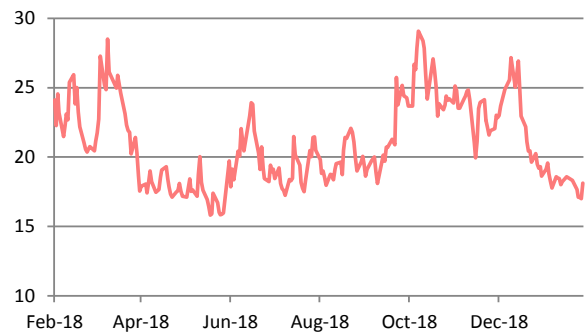
Source: Bloomberg

China 5Y CDS Index_USD



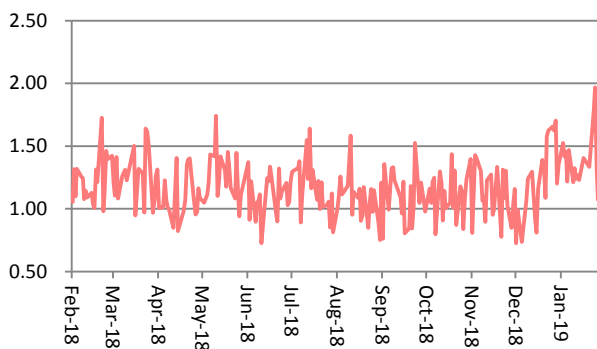
Source: Bloomberg

Hang Seng Index VIX



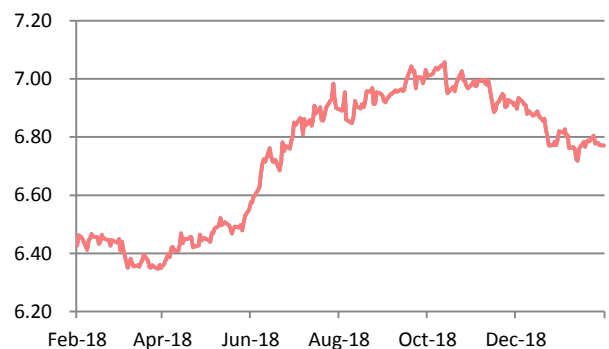
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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