

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: FHFA House Price Index MoM	Dec	0.4%	0.4%
Eurozone: Consumer Confidence	Feb	92	91
U.K.: BRC Shop Price Index YoY	Feb	0.3%	0.4%
Germany: Input Price Index MoM	Jan	1.2%	1.6%
China: Manufacturing PMI	Feb	49.4	49.5

Source: Bloomberg

II. Macro News

- **Trump Says He Expects to Sign a Trade Deal With China 'fairly Soon'.** President Trump stoked expectations Monday for a successful conclusion to U.S.-China trade talks, saying he anticipated signing an agreement with Chinese President Xi Jinping "fairly soon." [Bloomberg]
- **Euro-Area Core Inflation Rate Is Set to Remain Subdued.** February readings for euro-area inflation are due on Friday, with economists predicting a slight uptick of the headline number to 1.5%, while they see the core rate stuck at 1.1%. The European Central Bank, which holds its next rate decision on March 7, has "grown more anxious about the influence on inflation of a prolonged economic slowdown," according to Bloomberg Economics. [Bloomberg]
- **Fed Embarks on a Rethink of Its Inflation Target.** Federal Reserve officials are considering whether to allow inflation to rise above their 2% target more often as they grapple with the likelihood that interest rates are likely to remain much lower than in the past. [WSJ]
- **Fed's Balance-Sheet Runoff Could End in Latter Half of 2019.** Top Federal Reserve officials said the central bank could stop reducing Treasury holdings from its \$4tn asset portfolio in the latter half of the year before keeping its holdings steady for some time to determine underlying demand for the central bank's liabilities. [WSJ]

III. Industry News

- **CSRC to Ask Securities Cos to Enhance Unusual-Trade Monitoring.** China's securities regulator to ask securities companies to strictly implement suitability management of its brokerage and margin-financing customers, according to a statement posted on its website late Monday. [Bloomberg]
- **NEV makers raise prices to offset drop in govt subsidy.** As China is slow to release its subsidy-cutting scheme for 2019, some new energy carmakers have raised sticker prices to ensure their profit, but insiders expect that the prices of new energy vehicles will drop again eventually. The subsidy may drop as much as 50 percent from the previous year, which means 70,000 yuan (\$10,450) less for one electric car sold, The Economic Observer reported. [China Daily]
- **U.S.-China Said to Haggle Over How to Enforce Currency Pact.** The U.S. and China haven't yet agreed on the critical issue of enforcement in a proposed currency deal that would ensure Beijing lives up to its promise to not depreciate the yuan, four people familiar with the matter said. [Bloomberg]

IV. Corporate News5

- **Ping An Is Said to Plan IPO of Fintech Unit at \$8 Billion Value.** Ping An Insurance (Group) Co., China's largest insurer by market value, is gearing up for an initial public offering of its OneConnect unit that could value the financial management portal at about \$8 billion, according to people familiar with the matter. [Bloomberg]

- **CNPC to Invest 54 Billion Yuan to Lift Chongqing Gas Production.** China National Petroleum Corp.'s southwest unit plans to invest more than 54 billion yuan through 2025 to accelerate gas output in the Chongqing area, co. said. The unit plans to investment more than 100b yuan in gas development in Chongqing area from 2026 to 2035. [Bloomberg]
- **CNOOC Says Bozhong 19-6 Gas Field Geological Reserve >100BCM.** Proven natural gas reserves at Bozhong 19-6 field in Bohai are more than 100b cubic meters, China National Offshore Oilfield Corp. says in a statement on Weibo Monday, citing data confirmed by the Ministry of Natural Resources. [Bloomberg]
- **China Minsheng Investment Forms Creditor Committee.** A creditor committee has been set up to work out a debt resolution for China Minsheng Investment Group Corp., the beleaguered private investment giant, according to the 21st Century Business Herald. [Bloomberg]
- **Renault Plans to Invest EU800m in Romania in Next 3 Years.** Renault plans to continue investments in Romania, the home of its Dacia brand, while urging the government to speed up roadworks to upgrade the country's infrastructure network, Ziarul Financiar newspaper reports, citing Christophe Dridi, CEO of the company's Romanian unit. [Bloomberg]
- **Ping An plans to raise about US\$1bn in HK by spinning off its fintech unit OneConnect.** Ping An Insurance (Group), China's largest insurer by market value, is gearing up for an initial public offering of its OneConnect unit that could value the financial management portal at about US\$8 billion, according to people familiar with the matter. [SCMP]
- **Chinese carmakers to seek global sales, fame.** Chinese carmakers are stepping up their efforts to make forays into overseas markets in the hope of increasing their sales and bolstering their brand images amid fierce competition back home. Great Wall Motor is investing 10mn yuan (\$1.49mn) to set up a subsidiary in India, the latest move to fulfill its ambition to become the world's largest SUV producer within five years. [China Daily]
- **Warren Buffett's Berkshire Hathaway reports US\$25b loss on paper.** Warren Buffett's company recorded a US\$25bn loss in the 4Q because of a big drop in the paper value of several of its stock investments. Buffett said Berkshire Hathaway's businesses are performing well overall, but it has to record the market value of its stock holdings at the end of each quarter and Buffett has struggled to find attractive acquisitions recently. [The Standard]
- **Sunny Optical 's Shr in Huawei Orders Rise 30% This Quarter.** Huawei is boosting component inventory and expanding its supplier network, as the Nikkei quoted from inside sources. Sunny Optical and Largan Precision have reported 30% yearly increase in terms of orders from Huawei this quarter, as the cellphone manufacturer is trying to incorporate more advanced camera functions into its new models, said the report. [AAStocks]
- **SFC QoQ Loss \$137M; Income at 7-quarter Low of \$310M.** Securities and Futures Commission unveiled its quarterly report ending 31 Dec-18. Income for the quarter was \$312mn, the lowest over the past seven quarters. Investment loss amounted to \$62.013mn. Together with expenses of \$449 million, the company recorded 3Q loss of \$137mn. [AAStocks]
- **Huawei Welcomes Trump's Remarks on 5G Rivalry.** Huawei has never allowed any cyber espionage through its equipment, and they will never allow so, reiterated Rotating Chairman Guo Ping at the opening ceremony of Mobile World Congress. Guo also voiced his support and welcome to President Trump's recent remarks that the US will excel at the mobile communication through competition instead of technology blockade. [AAStocks]
- **1st ZTE 5G Flagship Phone Said to Unrolled in 1H1.** China Unicom and ZTE. will launch the first ZTE 5G flagship smartphone "Axon 10 Pro" at the upcoming 2019 Mobile World Congress, Chinese media reported. The model is expected to be unrolled in Europe and China in the first half of 2019. [AAStocks]
- **Anta Sports AMER Sports Acquisition Approved by Mexico.** Anta Sports announced that regarding the extension in the offer period of AMER SPORTS acquisition, the Offeror has received the necessary approval for the completion of the Tender Offer from the Federal Economic Competition Commission in Mexico. [AAStocks]
- **Xinyi Glass FY18 Net Profit Rises 5.6% to \$4.24B, Final DPS 27 Cents.** Xinyi Glass announced annual results ended December 2018. The net profit amounted to \$4.237bn, up 5.6% yearly. EPS equaled 105.7 cents. Final DPS was 27 cents; full-year DPS totaled 52 cents. [AAStocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,796	3.4	0.1	0.7	4.9	4.6	(2.7)	0.6	11.5
	Dow Jones	26,092	60.1	0.2	0.8	5.5	5.9	1.2	1.5	11.9
	Nasdaq Composite	7,554	26.9	0.4	1.1	5.4	6.7	(4.9)	1.8	13.9
	Russell 2000	1,589	(1.3)	(0.1)	1.2	7.1	5.5	(7.9)	1.9	17.8
	VIX Index	14.85	1.3	9.9	(0.4)	(14.8)	(21.4)	23.9	(6.0)	(41.6)
Europe Equity	Euro Stoxx 50	3,280	9.5	0.3	1.1	3.7	3.4	(4.3)	(5.3)	9.3
	DAX	11,505	47.7	0.4	1.8	2.0	1.3	(7.2)	(8.2)	9.0
	CAC	5,232	16.0	0.3	1.2	6.2	4.7	(3.7)	(2.1)	10.6
	FTSE 100	7,184	5.1	0.1	(0.5)	5.5	2.1	(5.2)	(1.5)	6.8
APAC Equity	HSI	28,959	143.0	0.5	2.2	5.0	9.8	4.7	(8.1)	12.0
	HSCEI	11,631	203.7	1.8	4.3	7.0	10.5	7.9	(9.4)	14.9
	HSI VIX	18.01	0.7	4.0	(0.6)	1.4	(25.5)	0.2	(16.1)	(28.0)
	CSI 300	3,729	209.4	5.9	8.2	17.1	18.7	12.2	(9.4)	23.9
	SH Composite	2,961	157.1	5.6	7.5	13.8	15.0	8.5	(11.1)	18.7
	SZ Composite	1,557	80.0	5.4	8.1	18.0	17.0	6.6	(14.2)	22.8
	Nikkei 225	21,528	102.7	0.5	1.2	3.8	(1.1)	(4.6)	(2.6)	7.8
KOSPI	2,233	2.1	0.1	1.0	2.5	7.2	(2.6)	(9.1)	9.4	
Commodities (USD)	Brent (Future)	64.76	(2.4)	(3.5)	(2.6)	5.3	7.3	(14.4)	(3.8)	20.7
	WTI (Future)	55.48	(1.8)	(3.1)	(0.2)	3.4	7.6	(19.2)	(13.1)	22.3
	Gold	1,328	(1.8)	(0.1)	0.1	1.9	8.7	9.6	(0.4)	3.6
	Copper (Future)	6,480	2.0	0.0	3.3	7.0	4.4	6.1	(8.7)	8.6
	Baltic Dry Index	634.00	4.0	0.6	(1.4)	(29.9)	(47.9)	(62.6)	(46.8)	(50.1)
FX	Dollar Index	96.41	(0.1)	(0.1)	(0.5)	0.6	(0.7)	1.3	7.3	0.2
	EUR	1.14	0.0	0.2	0.4	(0.6)	0.3	(2.7)	(7.8)	(0.9)
	JPY	111.06	0.4	0.3	0.4	(1.5)	2.3	0.1	(3.7)	(1.2)
	CNY	6.69	(0.0)	0.4	1.2	0.9	3.8	1.9	(5.6)	2.8
	CNH	6.68	(0.0)	(0.4)	(1.3)	1.0	3.9	1.6	(5.9)	2.7
CDS	ChinaGov CDS	49.42	(2.3)	(4.4)	(8.6)	(15.6)	(31.7)	(12.6)	(12.7)	(26.1)
	CDX Emerging Market	97.08	0.2	0.2	0.2	0.5	2.4	1.7	(2.2)	1.9

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.44	(0.0)	(0.1)	2.4	2.4	2.4	2.1	1.6	2.4
	2-Year Treasury Yield	2.51	0.0	0.5	2.5	2.6	2.8	2.7	2.2	2.5
	5-Year Treasury Yield	2.48	0.0	0.2	2.5	2.6	2.9	2.8	2.6	2.5
	10-Year Treasury Yield	2.66	0.0	0.4	2.6	2.8	3.1	2.9	2.9	2.7
	2-10 Spread	15.48	0.0	0.2	14.3	15.0	22.2	21.1	63.6	19.2
China rates	O/N China Repo Rate	3.10	0.3	11.1	2.0	2.0	2.4	2.4	2.6	1.0
	1-Week China Repo Rate	3.15	0.0	0.8	2.4	2.4	2.7	2.5	3.4	3.5
	O/N SHIBOR	2.61	0.2	7.2	2.0	2.4	2.6	2.4	2.6	2.6
	1-Week SHIBOR	2.66	0.1	2.2	2.4	2.6	2.6	2.6	2.9	2.9

Source: Bloomberg

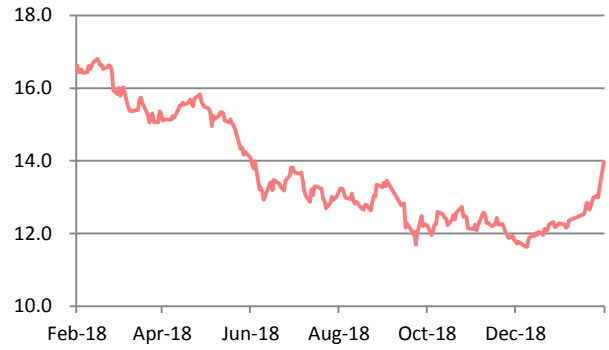
VI. Key Indicators

Hang Seng Index PE Ratio



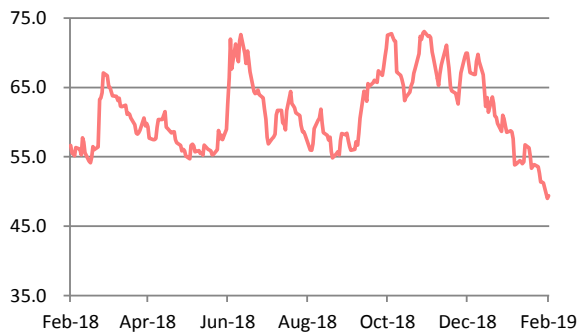
Source: Bloomberg

Shanghai Composite Index PE Ratio



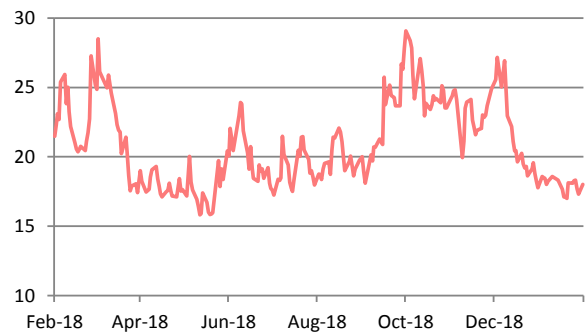
Source: Bloomberg

China 5Y CDS Index_USD



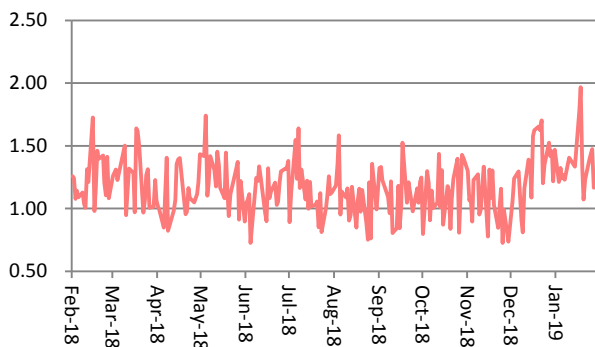
Source: Bloomberg

Hang Seng Index VIX



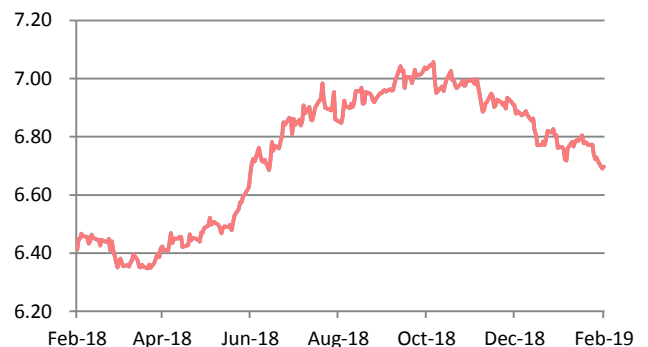
Source: Bloomberg

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