

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Housing Starts	Feb	1220k	1230k
Japan: All Industry Activity Index MoM	Jan	N/A	-0.4%
U.K.: UK Finance Loans for Housing	Feb	435bn	40634
Germany: Gfk Consumer Confidence	Apr	N/A	10.8

Source: Bloomberg

## II. Macro News

- **French Economy Unexpectedly Shows Contraction as Orders Ebb.** France's economic woes resurfaced at the end of the first quarter as business activity unexpectedly resumed a decline. IHS Markit's measure of manufacturing and services dropped to 48.7 this month, falling once again below the 50 level that separates expansion from contraction. [Bloomberg]
- **Japan's Inflation Slips Lower, Highlighting BOJ's Challenge.** Japan's key inflation gauge crept fractionally lower, before a bigger downturn likely later this year that will further slow the Bank of Japan's long journey to its price target. Consumer prices excluding fresh food rose 0.7 percent in February, versus economists' median forecast of 0.8 percent, the ministry of internal affairs said. [Bloomberg]
- **German Factory Slump Drags Down Euro Area Growth in March.** Germany's contracting manufacturing sector held back euro zone growth this month as global trade tensions continued. IHS Markit's composite Purchasing Managers' Index for the region slipped to 51.3. Economists expected an improvement to 52. [Bloomberg]

## III. Industry News

- **Consortium of carmakers, tech firm to invest 9.76b yuan in ride-sharing sector.** A consortium of automakers led by Chongqing Changan and tech firms, including Suning, Alibaba and Tencent, have agreed to set up a joint venture to invest in the ride-sharing industry, the automaker said on Friday. [China Daily]
- **China to Lower Export Rebate Rates in Accordance With VAT Cut.** China will cut export rebate rates to 13% and 9%, respectively, for exports that enjoyed 16% and 10% rebate rates in accordance with value-added tax cuts effective April 1, according to a statement from the Ministry of Finance. [Bloomberg]
- **Automakers seek unified standards for internet of vehicles.** China needs further efforts in developing infrastructure, standards and technologies related to the internet of vehicles, said top executives of leading automakers, as the country is seeking to enter the fast lane of intelligent connected cars to gain a lead globally. [China Daily]

## IV. Corporate News

- **China Resources Power Full Year Net Income Misses Lowest Estimate.** China Resources Power reported net income for the full year that missed the lowest analyst estimate. FY net income HK\$3.95 billion, estimate HK\$6.70 billion (range HK\$6.04 billion to HK\$7.66 billion) (Bloomberg data). [Bloomberg]
- **China's Cnooc Sees Profit Double, Oil Reserve Life Edge Up.** Cnooc Ltd. posted its highest annual profit in four years, thanks to robust crude prices, and raised its reserves life. Net income surged to 52.7bn yuan (\$7.9bn) in 2018 from 24.7bn yuan the previous year, China's main offshore oil and gas producer said in a filing. That compares with a 53.2bn yuan median estimate from 10 analysts surveyed by Bloomberg. [Bloomberg]

- **Viva China to Raise HK\$1.73B in Li Ning Share Sale.** Viva China agreed to sell 148m Li Ning shares at HK\$11.72 apiece, according to statement to HK stock exchange. Shares were offered at HK\$11.68 to HK\$12.18 apiece, according to terms for the deal obtained by Bloomberg. Offer shares represent ~6.8% of Ling Ning's issued share capital. Viva China's stake in Li Ning will be cut to 151.4m shares, or ~6.9% of issued share capital, from 299.4m shares, or ~13.7%. [Bloomberg]
- **Singapore's Keppel Is Said to Consider Shanghai Tower Purchase.** An arm of Singapore's Keppel Corp. is considering buying twin buildings on the banks of Shanghai's Huangpu River from Dalian Yifang Group Co. The property, known as Shanghai Yi Fang Center, could fetch more than 4bn yuan (\$599mn). [Bloomberg]
- **Hong Kong property tycoon Gordon Wu's US\$2.7bn Hopewell privatisation plan approved.** Property tycoon Gordon Wu Ying-sheung's HK\$21.2bn (US\$2.71bn) plan to privatise Hopewell Holdings was approved by shareholders on Thursday, as one of the Hong Kong's longest listed companies prepares to delist. [SCMP]
- **PetroChina reports 130 per cent increase in net profit, eyes energy cooperation with US.** PetroChina will seek deeper ties with energy producers in the United States, with the hope of playing a key role in helping the two countries resolve their trade war, its president said. PetroChina posted a 130.7% YoY increase in net profit for 2018 to 52.59bn yuan (US\$7.86bn), in line with its own expectations of between 50.8bn and 52.8bn yuan, announced in Jan. [SCMP]
- **China Merchants Bank to start financial education program.** China Merchants Bank, one of the major lenders in China, will launch a program for financial education, aimed to foster public financial awareness and upgrade consumer financial services, said the firm's top management. [China Daily]
- **Beijing bank to set up first foreign-controlled bank JV.** The opening-up of China's financial sector is seeing another landmark event as Bank of Beijing, one of the largest city commercial banks in China, is setting up a joint venture with ING Bank N.V., a wholly-owned subsidiary of Dutch multinational banking and financial services corporation ING Group, with the latter as the controlling shareholder. [China Daily]
- **Bank of America branch approved for RMB interest rate swaps.** The Bank of America, N. A. Shanghai Branch has been approved to engage in RMB interest rate swaps after becoming the first US non-body corporate member of Shanghai Clearing House. [China Daily]
- **Alibaba to offer shoppers a virtual world of choice.** Alibaba Group Holding Ltd announced it will offer goods from 120 countries and regions and double the product categories on its platforms to more than 8,000, as the e-commerce giant strives to bring \$200bn worth of imported goods to Chinese customers over the next five years. [China Daily]
- **Dongfeng Group Contributes RMB1.6B to Form Ride-hailing, Mobility Operation JV.** Dongfeng Group, as limited partner, will enter into a partnership agreement with, among others, FAW Group, Chongqing Chang'an Automobile and other investors, as limited partners, pursuant to which the parties shall establish a joint venture which is a limited liability partnership established in the PRC. [AASocks]
- **China State Construction FY18 Net Profit Down 18% to \$4.5B, Final DPS 12 Cents.** China State Construction announced annual results ended December 2018. The net profit amounted to \$4.5bnn, down 18% yearly. EPS equaled 89.13 cents. Final DPS was 12 cents. Full-year DPS totaled 27 cents, down 22.9% yearly. [AASocks]
- **Li Ning Predicts Mid-single Digit Offline SSSG in 2019; Still Room for GPM Upside.** Li Ning's gross profit margin climbed 1 ppt to 48.1% last year, still having room of improvement, said CFO Terence Tsang. Going forward, the company targeted at a gross profit margin expansion of 70 bps to 1 ppt. [AASocks]
- **AAC Technologies net profit slips to 3.7b yuan in 2018.** Blue-chip Apple supplier AAC Technologies Holdings reported today net profit for 2018 slid by 28.7% YoY to 3.79bn yuan as global smartphone shipments declined and technological innovation decelerated. Revenue amounted to 18.13bn yuan, down by 14.1% from 2017. [The Standard]
- **Li Ning profit climbs to 715m yuan.** Li Ning Company said Friday that net profit for 2018 increased by 39% to 715mn yuan. Net profit margin was up by 5.8% to 6.8%. Revenue increased by 18% YoY to 10.51bnn. Gross profit margin expanded by 1 ppt. The board recommended a final dividend of 8.78 fen per ordinary share. [The Standard]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,801	(54.2)	(1.9)	(0.8)	0.2	19.1	(3.9)	8.2	11.7
	Dow Jones	25,502	(460.2)	(1.8)	(1.3)	(2.3)	17.0	(3.7)	8.4	9.3
	Nasdaq Composite	7,643	(196.3)	(2.5)	(0.6)	1.2	23.4	(4.6)	9.3	15.2
	Russell 2000	1,506	(56.5)	(3.6)	(3.1)	(5.2)	18.9	(11.9)	(0.3)	11.7
	VIX Index	16.48	2.9	20.9	28.0	11.0	(54.3)	32.7	(33.7)	(35.2)
Europe Equity	Euro Stoxx 50	3,306	(61.7)	(1.8)	(2.4)	0.8	11.2	(3.3)	0.2	10.1
	DAX	11,364	(185.8)	(1.6)	(2.8)	(1.2)	6.9	(8.2)	(4.4)	7.6
	CAC	5,270	(108.9)	(2.0)	(2.5)	0.7	13.9	(3.8)	3.4	11.4
	FTSE 100	7,208	(147.7)	(2.0)	(0.3)	0.3	7.8	(4.0)	4.1	7.1
APAC Equity	HSI	29,113	41.8	0.1	(1.0)	0.5	13.5	5.9	(3.9)	12.6
	HSCEI	11,517	(26.6)	(0.2)	(1.3)	(1.0)	14.5	6.4	(5.0)	13.8
	HSI VIX	15.86	(0.7)	(4.2)	3.7	(11.9)	(36.3)	(19.7)	(41.9)	(36.6)
	CSI 300	3,834	(3.1)	(0.1)	(0.5)	2.8	27.1	13.4	(1.8)	27.3
	SH Composite	3,104	2.7	0.1	0.2	4.8	23.9	11.6	(1.5)	24.5
	SZ Composite	1,701	3.5	0.2	0.9	9.2	32.3	18.3	(3.7)	34.2
	Nikkei 225	21,627	18.4	0.1	1.6	(2.7)	9.4	(12.5)	1.6	4.7
Commodities (USD)	KOSPI	2,187	2.1	0.1	0.5	(3.6)	4.7	(8.0)	(11.0)	5.4
	Brent (Future)	67.03	(0.8)	(1.2)	(0.2)	2.7	31.7	(18.8)	(5.6)	23.6
	WTI (Future)	59.04	(0.9)	(1.6)	0.9	5.4	37.5	(19.1)	(11.2)	28.8
	Gold	1,314	4.3	0.3	0.9	(1.0)	3.6	9.4	(2.9)	2.5
	Copper (Future)	6,312	(109.0)	(1.7)	(1.9)	(2.6)	5.4	(0.8)	(5.7)	5.8
FX	Baltic Dry Index	690.00	(5.0)	(0.7)	(4.3)	8.3	(45.7)	(52.4)	(38.5)	(45.7)
	Dollar Index	96.65	0.2	0.2	0.1	0.3	0.1	2.7	8.1	0.5
	EUR	1.13	(0.0)	(0.6)	(0.2)	(0.6)	(0.9)	(4.0)	(9.2)	(1.5)
	JPY	109.92	(0.9)	(0.8)	(1.4)	1.1	0.5	2.9	(4.0)	(0.1)
	CNY	6.72	0.0	(0.3)	(0.1)	(0.1)	2.7	2.1	(5.7)	2.4
CDS	CNH	6.72	0.0	0.2	0.1	(0.7)	2.5	2.1	(7.0)	2.1
	ChinaGov CDS	52.62	(2.1)	(3.9)	3.6	7.4	(24.2)	(9.6)	(21.1)	(21.3)
	CDX Emerging Market	96.29	(0.6)	(0.6)	(0.8)	(0.8)	1.4	0.8	(1.8)	1.1

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.44	(0.0)	(0.6)	2.4	2.4	2.4	2.2	1.7	2.4
	2-Year Treasury Yield	2.32	(0.1)	(3.8)	2.5	2.5	2.6	2.8	2.3	2.5
	5-Year Treasury Yield	2.24	(0.1)	(4.2)	2.4	2.5	2.6	3.0	2.6	2.5
	10-Year Treasury Yield	2.44	(0.1)	(3.9)	2.6	2.7	2.7	3.1	2.8	2.7
	2-10 Spread	11.83	(0.8)	(6.5)	14.9	15.4	17.1	26.8	55.6	19.2
China rates	O/N China Repo Rate	2.53	0.2	10.0	2.8	2.4	2.3	2.5	2.6	1.0
	1-Week China Repo Rate	2.65	0.2	6.0	2.8	2.6	2.0	2.6	2.7	3.5
	O/N SHIBOR	2.62	(0.0)	(1.5)	2.8	2.4	2.3	2.5	2.5	2.6
	1-Week SHIBOR	2.66	(0.0)	(0.7)	2.7	2.6	2.7	2.7	2.8	2.9

Source: Bloomberg

## VI. Key Indicators

**Hang Seng Index PE Ratio**



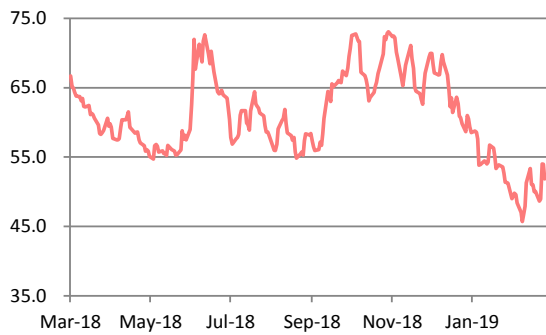
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



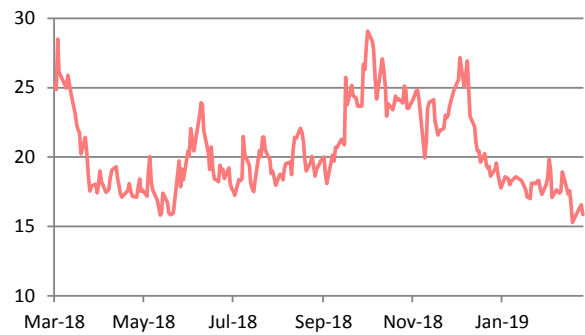
Source: Bloomberg

**China 5Y CDS Index\_USD**



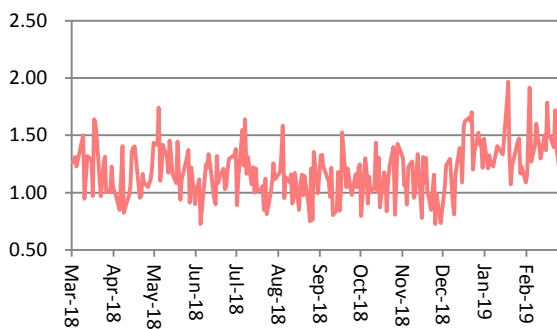
Source: Bloomberg

**Hang Seng Index VIX**



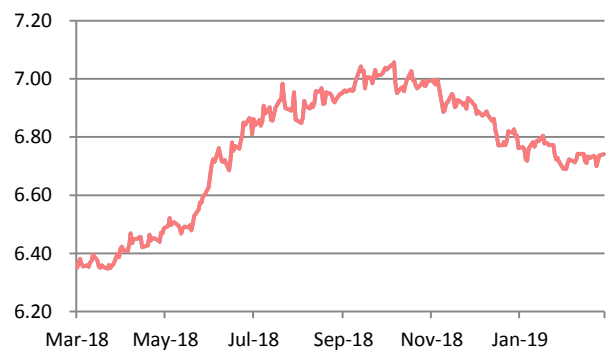
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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### China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495