

I. Major Economic Release

Upcoming Economic Release

| Economic Indicator | Period | Market Survey | Prior Period |
|---------------------------------------|--------|---------------|--------------|
| US: Durable Goods Orders | Feb P | -1.5% | 0.3% |
| China: Caixin China PMI Services | Mar | 52.5 | 51.1 |
| U.K.: Markit/CIPS UK Construction PMI | Mar | N/A | 49.5 |
| Germany: Markit Germany Services | Mar F | N/A | 54.9 |
| Eurozone: Unemployment Rate | Feb | N/A | 5.6% |

Source: Bloomberg

II. Macro News

- **China Factory Gauge Rebounds as Business Confidence Improves.** The first official gauge of China's manufacturing sector rebounded in March, signaling a stabilization in the economy as policy stimulus takes hold. The manufacturing purchasing managers index rose to 50.5 from 49.2 last month, the biggest jump on month since 2012. [Bloomberg]
- **China's external debt up 12% in 2018.** China's external debt expanded 12 percent year-on-year to \$1.97 trillion at the end of last year, the State Administration of Foreign Exchange said Friday. The growth was mainly attributed to the increase of debt securities, currency and deposit, as well as trade credit and advance payment. [China Daily]
- **Japan's Factory Output Ekes Out First Gain in 4 Mths.** Japan's industrial production rose in Feb but not enough to undo the damage done by three months of declines as weak overseas demand weighs on the economy. Factory output rose 1.4% from a month earlier, according to the trade and industry ministry Friday. [Bloomberg]

III. Industry News

- **Chinese Nation calls for global partnership in 5G tech.** The Chinese nation has called for global cooperation in building 5G standards and networks to expedite 5G commercialization, so that consumers worldwide can benefit from the superfast technology as soon as possible. [China Daily]
- **China to join top global ranks in 5G.** China is ramping up efforts to commercialize 5G technology as it attempts to gain an advantage in the battle for the next generation of mobile communication technology, said a senior executive at Guangdong province-based iVision Ventures. [China Daily]
- **China to issue temporary 5G licenses in 2019.** China will grant temporary 5G licenses this year, the minister of industry and information technology confirmed on Thursday, as the country is entering the fast lane of 5G commercialization. "China is expected to issue temporary 5G licenses this year," said Miao Wei, minister of industry and information technology, at the ongoing Boao Forum for Asia, without disclosing a detailed date. [China Daily]

IV. Corporate News

- **Huawei Profit Jumps 25% After Winning Smartphone Customers.** Huawei Technologies Co. earnings surged 25% last year as the Chinese telecommunications giant rose up the ranks of the global smartphone market. China's largest tech company by sales posted net income of 59.3bn yuan (\$8.8bn) in 2018, according to a statement on Friday. Revenue for the year jumped almost 20% to 721bn yuan. [Bloomberg]
- **BHP Is Said to Weigh Bid for Blackstone-Backed Bluewater.** BHP Group is among the potential bidders for Blackstone Group LP and LLOG Exploration Co.'s oil-exploration joint venture Bluewater, according to people with knowledge of the matter. [Bloomberg]

- **Honda Hitches a Ride on SoftBank-Toyota Self-Driving Venture.** Honda Motor Co. and Hino Motors Ltd. are joining a self-driving and ride-hailing venture between SoftBank Group Corp. and Toyota Motor Corp., a boost for their attempt to catch the U.S. in a burgeoning field. [Bloomberg]
- **Shandong Iron & Steel posts 9.47% rise in 2018 net profit.** Shandong Iron and Steel Co Ltd, a subsidiary of major Chinese steel producer Shandong Iron and Steel Group, said Friday that its net profit saw a 9.47-percent rise in 2018. The company's net profit attributable to shareholders reached 2.11 billion yuan (about \$314.3 million) last year, according to its annual financial report filed to the Shanghai Stock Exchange. [China Daily]
- **China's Huawei to expand footprint in Kenya's IT solutions market.** Chinese telecom giant Huawei Technologies will expand its presence in Kenya for cutting-edge IT products and solutions to help the east African nation's digital transformation, executives said on Friday. [China Daily]
- **Nomura Holdings gets OK to set up securities joint venture.** Nomura Holdings Inc announced on Friday that it has received approval from the China Securities Regulatory Commission to establish a securities joint venture in China. The new company, Nomura Orient International Securities Co. Ltd, is registered in Shanghai. [China Daily]
- **JPMorgan approved for majority-controlled firm in China.** JPMorgan Chase announced on Friday that it has received approval from the China Securities Regulatory Commission to establish a new majority owned and controlled securities company in China. The new company, J.P. Morgan Securities (China) Company Limited, is a majority-controlled securities company in China. [China Daily]
- **Huawei to invest \$2b in security of systems.** Huawei Technologies Co is making what is arguably its biggest push to ensure cybersecurity for the rollout of its 5G technology as it eyes double-digit growth in 2019 despite challenges in overseas markets. [China Daily]
- **Tsingtao Brewery posts double-digit net profit growth.** Tsingtao Brewery Co Ltd, China's major brewery and producer of "Tsingtao Beer", posted a 12.6 percent year-on-year growth in net profit in 2018, the company said Friday. Tsingtao said its net profit attributable to shareholders reached 1.42 billion yuan (\$211.04 million) last year. [China Daily]
- **Profits of Chinese train maker CRRC up 4.76% in 2018.** Net profit of Chinese train maker CRRC Corporation Ltd rose 4.76 percent in 2018 to 11.3bn yuan (\$1.7bn), the company said. CRRC said its business revenue increased 3.82% to reach 219bn yuan last yr, mainly thanks to growing sales for railway equipment and urban rail transit products. [China Daily]
- **TCL plans to invest \$25m in new VC fund.** China's leading home appliance manufacturer TCL Corporation plans to invest \$25mn in California-based venture capital fund Sierra Ventures XII, LP, according to a company announcement. The investment will be made through its holding subsidiary Li Rong Development Limited and be directed towards fields including cloud services, Internet of Things, AI robotics, VR and cybersecurity. [China Daily]
- **China carmaker BYD's net profit to surge in Q1.** The net profit of BYD, China's leading carmaker, is expected to surge by 538.39 to 778.65 percent year-on-year in Q1 this year. BYD said it is expecting a net profit of 700 million to 900 million yuan (\$104 million to \$134 million) in Q1. [China Daily]
- **Geely and Daimler sign JV to produce Smart branded vehicles.** Geely and Daimler plan a 50-50 joint venture in China, which will develop and produce electric Smart branded vehicles and sell them globally starting from 2022, according to a deal the two signed. [China Daily]
- **Bocom income rises to 73.6b yuan.** Bank of Communications said net profit for 2018 increased by 4.85 percent year-on-year to 73.63 billion yuan. The basic earnings per share was 96 fen. Net interest income was up by 4.83 percent to 130.91 billion yuan, while net interest margin remained at 1.51 percent. [The Standard]
- **AgBank profit climbs to 202.7b yuan.** Agricultural Bank of China. Agricultural Bank of China (1288) reported a 5.09 percent year-on-year growth in net profit to 202.78 billion yuan. The bank declared a final dividend of 17.39 fen per share. Operating income grew by 11 percent to 602.56 billion yuan. [The Standard]

V. Overnight Market Recap

| | Close | Net Chg | Chg (%) | Performance (%) | | | | | | |
|-------------------|---------------------|---------|---------|-----------------|--------|--------|--------|--------|--------|--------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US Equity | S&P 500 | 2,834 | 19.0 | 0.7 | 1.2 | 1.1 | 13.1 | (3.1) | 7.3 | 13.1 |
| | Dow Jones | 25,929 | 211.2 | 0.8 | 1.7 | (0.4) | 11.2 | (2.7) | 7.6 | 11.2 |
| | Nasdaq Composite | 7,729 | 60.2 | 0.8 | 1.1 | 1.8 | 16.5 | (3.8) | 9.4 | 16.5 |
| | Russell 2000 | 1,540 | 4.6 | 0.3 | 2.2 | (3.1) | 14.2 | (8.0) | 0.7 | 14.2 |
| | VIX Index | 13.71 | (0.7) | (5.0) | (16.8) | 1.0 | (46.1) | 14.3 | (31.3) | (46.1) |
| Europe Equity | Euro Stoxx 50 | 3,352 | 31.4 | 0.9 | 1.4 | 1.2 | 11.7 | (1.8) | (0.3) | 11.7 |
| | DAX | 11,526 | 97.9 | 0.9 | 1.4 | (0.7) | 9.2 | (6.6) | (4.7) | 9.2 |
| | CAC | 5,351 | 54.0 | 1.0 | 1.5 | 1.6 | 13.1 | (2.8) | 3.5 | 13.1 |
| | FTSE 100 | 7,279 | 44.9 | 0.6 | 1.0 | 2.4 | 8.2 | (2.9) | 3.2 | 8.2 |
| APAC Equity | HSI | 29,051 | 276.2 | 1.0 | (0.2) | 0.8 | 12.4 | 4.5 | (3.5) | 12.4 |
| | HSCEI | 11,380 | 84.8 | 0.8 | (1.2) | (1.1) | 12.4 | 3.3 | (5.2) | 12.4 |
| | HSI VIX | 14.73 | (0.7) | (4.5) | (7.1) | (13.9) | (41.2) | (18.6) | (43.6) | (41.2) |
| | CSI 300 | 3,872 | 143.9 | 3.9 | 1.0 | 3.3 | 28.6 | 12.6 | (0.7) | 28.6 |
| | SH Composite | 3,091 | 95.8 | 3.2 | (0.4) | 3.2 | 23.9 | 9.5 | (2.5) | 23.9 |
| | SZ Composite | 1,695 | 55.4 | 3.4 | (0.3) | 8.3 | 33.7 | 17.6 | (8.6) | 33.7 |
| | Nikkei 225 | 21,206 | 172.1 | 0.8 | (2.0) | (0.2) | 7.7 | (11.1) | 0.5 | 7.7 |
| Commodities (USD) | KOSPI | 2,141 | 12.6 | 0.6 | (2.1) | (1.4) | 6.0 | (7.5) | (11.5) | 6.0 |
| | Brent (Future) | 67.58 | 0.6 | 0.8 | 2.0 | 4.4 | 26.3 | (20.0) | (3.3) | 26.3 |
| | WTI (Future) | 60.14 | 0.8 | 1.4 | 1.9 | 8.3 | 33.1 | (19.7) | (6.9) | 33.1 |
| | Gold | 1,292 | 2.0 | 0.2 | (1.6) | (0.2) | 0.7 | 8.6 | (3.7) | 0.7 |
| | Copper (Future) | 6,483 | 122.5 | 1.9 | 2.7 | (0.4) | 8.1 | 3.6 | (3.4) | 8.7 |
| FX | Baltic Dry Index | 689.00 | (3.0) | (0.4) | - | 3.8 | (45.8) | (55.7) | (34.7) | (45.8) |
| | Dollar Index | 97.28 | 0.1 | 0.1 | 0.7 | 0.7 | 1.1 | 2.0 | 7.9 | 1.1 |
| | EUR | 1.12 | (0.0) | (0.0) | (0.7) | (1.2) | (2.1) | (3.0) | (8.8) | (2.1) |
| | JPY | 110.86 | 0.2 | 0.2 | 0.9 | 0.8 | (1.2) | 2.6 | (4.6) | (1.2) |
| | CNY | 6.71 | (0.0) | 0.4 | 0.1 | (0.3) | 2.5 | 2.3 | (6.3) | 2.5 |
| CDS | CNH | 6.72 | (0.0) | (0.2) | - | 0.0 | 2.4 | 2.6 | (6.6) | 2.4 |
| | ChinaGov CDS | 48.36 | (1.5) | (2.9) | (4.0) | 0.4 | (25.5) | (11.2) | (21.8) | (25.5) |
| | CDX Emerging Market | 96.33 | 0.2 | 0.2 | 0.0 | (0.9) | 1.1 | 0.6 | (1.8) | 1.1 |

| | Close | Net Chg | Chg (%) | Value | | | | | | |
|-------------|------------------------|---------|---------|--------|------|------|------|------|------|------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US rates | 3-Month Treasury Yield | 2.38 | (0.0) | (1.4) | 2.4 | 2.4 | 2.4 | 2.2 | 1.7 | 2.4 |
| | 2-Year Treasury Yield | 2.26 | 0.0 | 1.1 | 2.2 | 2.6 | 2.5 | 2.8 | 2.3 | 2.5 |
| | 5-Year Treasury Yield | 2.23 | 0.0 | 0.8 | 2.2 | 2.6 | 2.5 | 3.0 | 2.6 | 2.5 |
| | 10-Year Treasury Yield | 2.41 | 0.0 | 0.4 | 2.4 | 2.8 | 2.7 | 3.1 | 2.7 | 2.7 |
| | 2-10 Spread | 13.90 | (1.8) | (11.3) | 15.3 | 19.8 | 19.2 | 26.1 | 46.9 | 19.2 |
| China rates | O/N China Repo Rate | 2.72 | 0.7 | 36.0 | 2.6 | 2.1 | 2.0 | 2.8 | 2.8 | 1.0 |
| | 1-Week China Repo Rate | 2.70 | (0.0) | (1.1) | 2.6 | 2.0 | 2.2 | 2.9 | 3.3 | 3.5 |
| | O/N SHIBOR | 2.49 | 0.4 | 21.8 | 2.5 | 2.2 | 2.6 | 2.7 | 2.7 | 2.6 |
| | 1-Week SHIBOR | 2.70 | (0.0) | (0.3) | 2.7 | 2.5 | 2.9 | 2.8 | 2.9 | 2.9 |

Source: Bloomberg

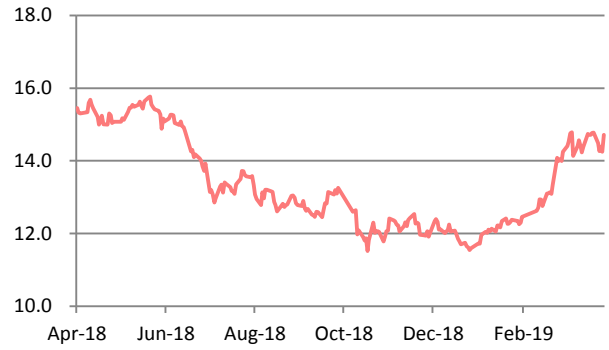
VI. Key Indicators

Hang Seng Index PE Ratio



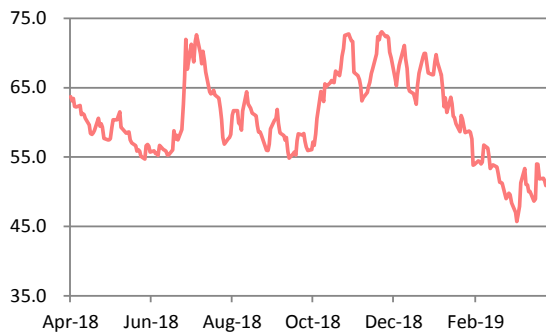
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Shanghai Composite Index PE Ratio



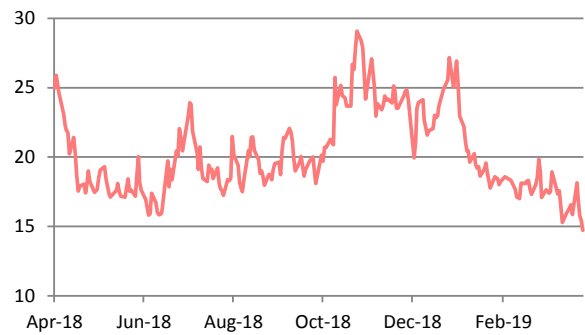
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China 5Y CDS Index_USD



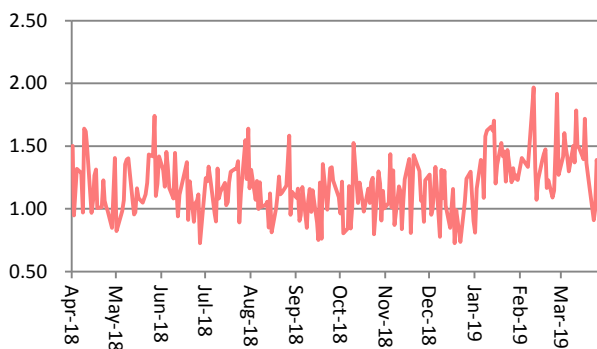
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Hang Seng Index VIX



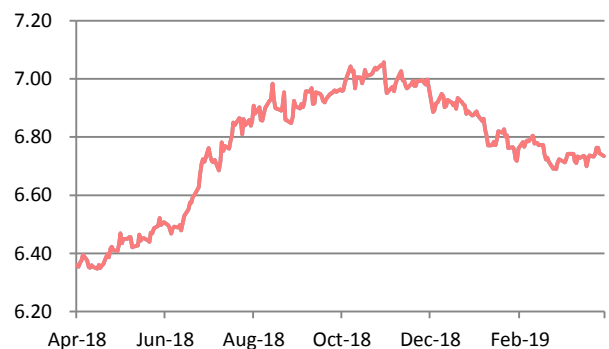
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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