

## I. Major Economic Release

### Upcoming Economic Release

| Economic Indicator            | Period | Market Survey | Prior Period |
|-------------------------------|--------|---------------|--------------|
| US: ADP Employment Change     | Nov    | 190k          | 235k         |
| US: Unit Labour Costs YoY     | Nov F  | 0.30%         | 0.50%        |
| Germany: Factor Orders YoY    | Oct    | 7.00%         | 9.50%        |
| Australia: GDP YoY            | 3Q17   | 3.00%         | 1.80%        |
| India: RBI Cash Reserve Ratio | 6-Dec  | 4.00%         | 4.00%        |

Source: Bloomberg

## II. Macro News

- **US reform bill puts pressure on China to tweak its tax code to avert fund flight, lure investment.** US lawmakers are working this week to reconcile the tax-reform bills. The proposed bill would consolidate seven tiers of personal income taxes into three, slash the top corporate tax rate to 20% from 35%, and move the world's largest economy toward a territorial tax system to encourage American cos to return their offshore profits and earnings home. [SCMP]
- **Wary China eyes U.S. tax cut as currency risk and reform chance.** Chinese officials and commentators are greeting the news of the biggest U.S. tax overhaul in three decades with a mixture of concern over the potential market impact and a sense that opportunity to push further reforms at home has arrived. [Bloomberg]
- **China's Xi calls for financial cooperation with Canada.** Chinese President Xi Jinping proposes boosting cooperation with Canada on finance, energy and agriculture at meeting with Canadian Prime Minister Justin Trudeau, state-run CCTV reports. [Bloomberg]

## III. Industry News

- **China is said to plan extending electric vehicle tax rebate.** China is planning to extend a tax rebate on the purchase of new-energy vehicles. Accordingly, China's government will continue to exempt the 10% purchase tax on new-energy vehicles at least through 2020. [Bloomberg]
- **China, Taiwan Chipmakers May Move As U.S. Peers Fall on Tax Woes.** Chipmakers in Taiwan and China may move after U.S. semiconductors retreated for the sixth time in seven days as investors reallocated money to sectors seen as more likely to benefit from a tax overhaul. [Bloomberg]
- **China will study eligible ETFs for Shenzhen-Hong Kong Connect.** The Shenzhen Stock Exchange will study which exchange-traded funds are eligible for its trading link with Hong Kong, the bourse said in a statement marking the connect program's one-year anniversary. [Bloomberg]

## IV. Corporate News

- **OrbiMed-Backed AK Medical seeks up to \$64mn in H.K. IPO.** AK Medical Holdings Ltd. offers 250mn shares at HK\$1.66 to HK\$2.00 in Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. The company aims to price offering Dec. 12 EST/Dec. 13 HKT, begin trading Dec. 20. [Bloomberg]
- **Ping An Insurance backed Lufax is said to mandate banks on up to \$5bn Hong Kong IPO.** Chinese online wealth management firm Lufax has awarded mandates to five banks on IPO which could raise \$3b-\$5b in Hong Kong as early as first half of 2018, IFRAsia reports. [Bloomberg]

- **Starbucks doubles down on China growth as global sales stagnate.** Starbucks Corp. sees China surpassing the U.S. as its largest market within a decade as it counts on the country's affluent consumers to offset stagnant growth in the rest of the world. [Bloomberg]
- **Zhaojin Mining unit scraps application for China NEEQ quotation.** Dongfang Yanjing decided not to proceed with application for proposed quotation on the National Equities Exchange and Quotations System due to change in business strategies and other commercial decision, Zhaojin says in filing to Hong Kong stock exchange. [Bloomberg]
- **Chalco raises 12.6bn yuan from China Life, 7 other investors.** Eight investors and creditors including China Life Insurance, China Pacific Insurance and China Cinda Asset Management will increase shares in four units of Chalco via debt-to-equity swap and cash, according to a statement to Shanghai stock exchange. [Bloomberg]
- **HNA Holding proposes to appoint KPMG as new auditor.** The company says Deloitte Touche Tohmatsu resigned as auditor of co. with effect from Dec. 4, according to a HKEX filing. HNA Holding's audit committee proposes appointing KPMG as new auditor to fill vacancy, hold office until conclusion of next annual general meeting. [Bloomberg]
- **Nike supplier is said to vie with Asian buyout firms for Trimco.** Chinese manufacturer Yue Yuen Industrial Holdings Ltd. will vie with regional buyout firms in the final bidding for Trimco International Holdings Ltd., a Hong Kong- based maker of garment labels that could fetch about \$500mn. [Bloomberg]
- **Chinese lender Dianrong is said to plan IPO as soon as 2018.** Dianrong.com is planning an initial public offering as soon as next year that could raise at least \$500mn, WSJ reports. The company is planning to sell shares in Hong Kong. [Bloomberg]
- **Chalco to raise 12.6bn yuan from China Life, among others.** Aluminum Corp. of China Ltd has agreed to raise RMB12.6bn from eight investors as it seeks to restructure its assets and reduce debt. Companies incl. China Life Insurance Co., China Pacific Life Insurance Co. and China Cinda Asset Management Co. will buy stakes in four units of the producer through debt-to-equity swaps and capital increases. [Bloomberg]
- **HNA is said to be probed over reporting of Deutsche Bank stake.** HNA Group Co., the Chinese conglomerate that's the largest shareholder in Deutsche Bank AG, is being probed in Germany over whether it accurately reported its holdings when building the stake. [Bloomberg]
- **Kaisa Group records 5.1bn yuan of contracted sales in November.** November 2017 sales represent year-on-year increase of ~148.2%, according to a Hong Kong stock exchange filing. Nov. contracted gross floor areas totals ~322,477 square meters, representing 105.3% increase year on year. [Bloomberg]
- **Moody's downgrades Country Garden's senior unsecured rating to Ba2.** Moody's Investors Service has downgraded Country Garden Holdings Company Limited's senior unsecured rating to Ba2 from Ba1. The ratings outlook is stable. [Bloomberg]
- **Want Want China bought back 6mn shares for HK\$36.7mn Dec. 5.** Want Want China repurchased the shares on exchange at HK\$6.07-HK\$6.15 apiece, according to statement to Hong Kong stock exchange dated Dec. 5. Stock closed 0.3% lower at HK\$6.14 Tuesday. [Bloomberg]
- **HNA eyes US\$43bn Thai economic zone as hews its shopping spree close to China's state policies.** HNA Group is poised to invest in Thailand's biggest infrastructure development project, as it switches its offshore acquisitions to hew closer to Chinese state policy, eight months after its global shopping spree landed it under a regulatory spotlight. [SCMP]
- **Xiaomi founder flatly denies any link with world's biggest bitcoin miner.** Lei Jun, the founder and chief executive of smartphone giant Xiaomi, has been quick to deny a media report suggesting he had any association with the world's biggest maker of crypto mining machines. [SCMP]
- **JD Finance is stepping up big data efforts.** JD Finance, the financial subsidiary of China's second biggest e-commerce player JD.com Inc, is ramping up efforts to leverage its big data, cloud computing and artificial intelligence to better serve financial institutions. [China Daily]

## V. Overnight Market Recap

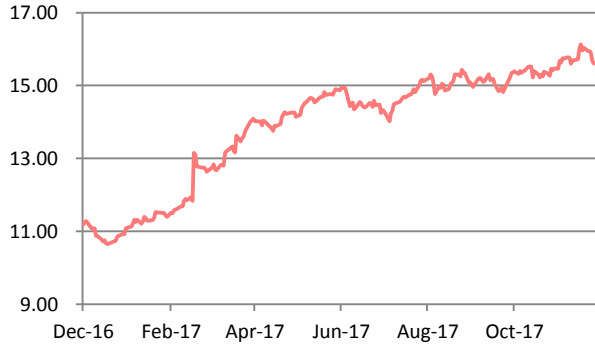
|                   | Close               | Net Chg  | Chg (%) | Performance (%) |       |       |       |        |        |        |
|-------------------|---------------------|----------|---------|-----------------|-------|-------|-------|--------|--------|--------|
|                   |                     |          |         | 1W              | 1M    | 3M    | 6M    | 1Y     | YTD    |        |
| US Equity         | S&P 500             | 2,630    | (9.9)   | (0.4)           | 0.1   | 1.5   | 6.7   | 8.2    | 18.9   | 17.5   |
|                   | Dow Jones           | 24,181   | (109.4) | (0.5)           | 1.4   | 2.7   | 10.9  | 14.4   | 25.6   | 22.4   |
|                   | Nasdaq Composite    | 6,762    | (13.2)  | (0.2)           | (2.2) | (0.4) | 5.8   | 7.8    | 26.8   | 25.6   |
|                   | Russell 2000        | 1,517    | (15.7)  | (1.0)           | (1.3) | 1.3   | 8.2   | 8.7    | 12.1   | 11.8   |
|                   | VIX Index           | 11.33    | (0.4)   | (3.0)           | 13.0  | 20.5  | (2.6) | 8.4    | (3.9)  | (19.3) |
| Europe Equity     | Euro Stoxx 50       | 3,571    | (5.7)   | (0.2)           | (0.4) | (3.0) | 4.0   | 0.5    | 15.2   | 8.5    |
|                   | DAX                 | 13,049   | (10.0)  | (0.1)           | (0.1) | (3.1) | 6.8   | 2.8    | 21.1   | 13.7   |
|                   | CAC                 | 5,376    | (13.8)  | (0.3)           | (0.3) | (2.4) | 5.4   | 2.0    | 16.1   | 10.6   |
|                   | FTSE 100            | 7,328    | (11.5)  | (0.2)           | (1.8) | (3.1) | (0.4) | (2.6)  | 8.1    | 2.6    |
| APAC Equity       | HSI                 | 28,843   | (295.5) | (1.0)           | (2.8) | 0.9   | 4.5   | 10.9   | 27.2   | 31.1   |
|                   | HSCEI               | 11,485   | (33.4)  | (0.3)           | (1.9) | (0.3) | 3.2   | 8.3    | 17.6   | 22.2   |
|                   | HSI VIX             | 16.58    | 0.1     | 0.8             | (1.2) | 14.4  | (6.0) | 38.4   | 9.7    | (1.8)  |
|                   | CSI 300             | 4,040    | 21.3    | 0.5             | (0.4) | 0.5   | 5.0   | 15.7   | 16.8   | 22.1   |
|                   | SH Composite        | 3,304    | (5.9)   | (0.2)           | (0.9) | (2.5) | (2.4) | 6.5    | 3.3    | 6.4    |
|                   | SZ Composite        | 1,867    | (35.9)  | (1.9)           | (2.7) | (6.6) | (5.7) | 3.1    | (9.9)  | (5.2)  |
|                   | Nikkei 225          | 22,622   | (84.8)  | (0.4)           | 0.6   | 0.3   | 16.9  | 13.2   | 23.2   | 18.4   |
| Commodities (USD) | KOSPI               | 2,510    | 8.5     | 0.3             | (0.2) | (1.7) | 8.0   | 5.8    | 26.0   | 23.7   |
|                   | Brent (Future)      | 62.86    | 0.4     | 0.7             | (1.2) | 1.3   | 17.8  | 27.1   | 14.4   | 10.6   |
|                   | WTI (Future)        | 57.62    | 0.2     | 0.3             | (0.6) | 0.2   | 16.9  | 19.3   | 12.8   | 7.0    |
|                   | Gold                | 1,266    | (10.4)  | (0.8)           | (2.2) | (1.2) | (5.1) | (2.2)  | 8.3    | 10.4   |
|                   | Copper (Future)     | 6,543    | (283.0) | (4.1)           | (3.9) | (5.1) | (5.2) | 16.3   | 10.0   | 18.2   |
| FX                | Baltic Dry Index    | 1,662.00 | 36.0    | 2.2             | 10.4  | 12.8  | 33.0  | 103.2  | 40.1   | 72.9   |
|                   | Dollar Index        | 93.38    | 0.2     | 0.2             | 0.1   | (1.6) | 1.2   | (3.5)  | (6.7)  | (8.6)  |
|                   | EUR                 | 1.18     | (0.0)   | (0.3)           | (0.1) | 1.9   | (0.7) | 4.9    | 10.4   | 12.5   |
|                   | JPY                 | 112.60   | 0.2     | 0.2             | 1.0   | 1.1   | (2.9) | (2.7)  | 1.4    | 4.0    |
|                   | CNY                 | 6.62     | (0.0)   | 0.0             | (0.2) | 0.2   | (1.2) | 2.8    | 4.0    | 4.9    |
| CDS               | CNH                 | 6.62     | (0.0)   | (0.0)           | 0.2   | 0.1   | (1.2) | 2.1    | 4.1    | 5.4    |
|                   | ChinaGov CDS        | 55.79    | (0.0)   | (0.0)           | (4.1) | 0.6   | (7.7) | (25.2) | (52.1) | (52.3) |
|                   | CDX Emerging Market | 96.54    | 0.1     | 0.1             | 0.2   | 0.3   | (0.1) | 0.8    | 4.0    | 3.1    |

|             | Close                  | Net Chg | Chg (%) | Value |      |      |      |      |       |       |
|-------------|------------------------|---------|---------|-------|------|------|------|------|-------|-------|
|             |                        |         |         | 1W    | 1M   | 3M   | 6M   | 1Y   | YTD   |       |
| US rates    | 3-Month Treasury Yield | 1.29    | 0.0     | 1.6   | 1.3  | 1.2  | 1.1  | 1.0  | 0.5   | 0.5   |
|             | 2-Year Treasury Yield  | 1.82    | 0.0     | 0.7   | 1.8  | 1.6  | 1.3  | 1.3  | 1.1   | 1.2   |
|             | 5-Year Treasury Yield  | 2.14    | 0.0     | 0.0   | 2.1  | 2.0  | 1.7  | 1.7  | 1.8   | 1.9   |
|             | 10-Year Treasury Yield | 2.35    | (0.0)   | (0.9) | 2.4  | 2.3  | 2.1  | 2.2  | 2.4   | 2.4   |
|             | 2-10 Spread            | 52.85   | (3.4)   | (6.0) | 62.2 | 69.2 | 79.9 | 85.9 | 127.1 | 125.0 |
| China rates | O/N China Repo Rate    | 2.54    | (0.1)   | (2.7) | 2.6  | 2.5  | 2.6  | 2.6  | 2.2   | 2.2   |
|             | 1-Week China Repo Rate | 2.75    | (0.3)   | (8.3) | 3.4  | 2.8  | 3.1  | 3.4  | 2.3   | 2.6   |
|             | O/N SHIBOR             | 2.58    | (0.0)   | (0.8) | 2.7  | 2.5  | 2.6  | 2.8  | 2.3   | 2.2   |
|             | 1-Week SHIBOR          | 2.80    | (0.0)   | (0.6) | 2.9  | 2.8  | 2.8  | 2.9  | 2.5   | 2.5   |

Source: Bloomberg

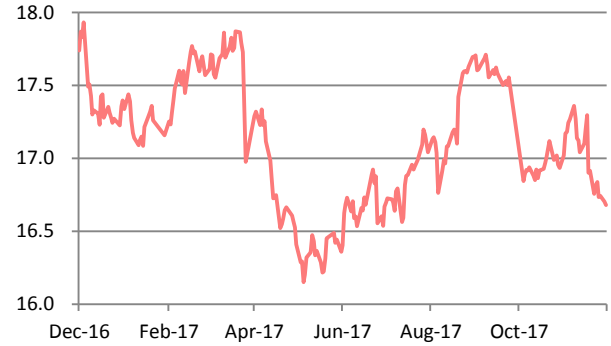
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



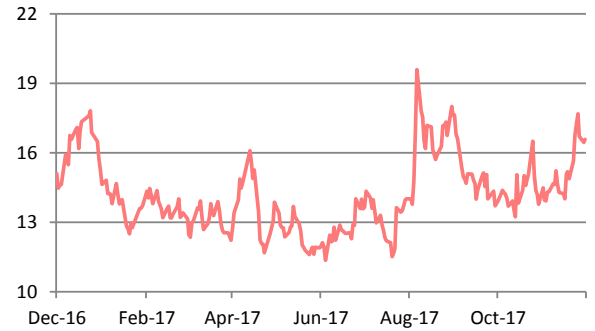
Source: Bloomberg

**China 5Y CDS Index\_USD**



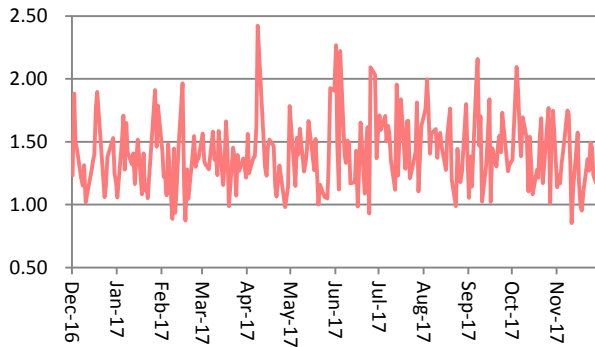
Source: Bloomberg

**Hang Seng Index VIX**



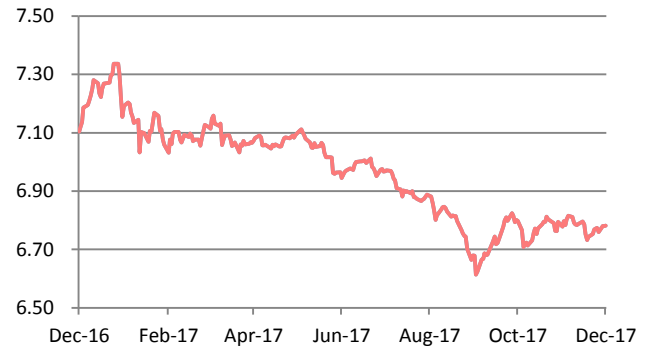
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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