

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: NFIB small business optimism	Nov	N/A	103.8
US: PPI final demand YoY	Nov	3.00%	2.80%
Japan: PPI YoY	Nov	3.40%	3.40%
UK: CPI YoY	Nov	N/A	3.00%

Source: Bloomberg

## II. Macro News

- **Wall Street tells investors to brace for steepest rate rises since 2006.** Wall Street economists are telling investors to brace for the biggest tightening of monetary policy in more than a decade. Accordingly, average interest rates across advanced economies will climb to at least 1 per cent next year, in what would be the largest increase since 2006. [SCMP]
- **China fiscal spending slumped for second month after early surge.** Fiscal spending fell for a second month in November, dropping 9.1 percent from a year earlier to 1.66 trillion yuan (\$251 billion), the Ministry of Finance said in a statement Monday. [Bloomberg]
- **Russia to ink \$30bn nuclear deal with Egypt as ties warm.** Egypt and Russia plan to finalise a \$30-billion deal to build North Africa's first nuclear power plant as the Kremlin moves to further expand its influence in the region. Russia and Egypt agreed three years ago to begin work on a nuclear power project, with Russia's state nuclear monopoly Rosatom Corp. initially expecting the deal to be sealed in early 2016. [Bloomberg]

## III. Industry News

- **Philippines says China Telecom to challenge PLDT, globe duopoly.** China Telecom was chosen by Chinese government to invest in Philippines, Communications Secretary Martin Andanan tells government radio Sunday, weeks after President Rodrigo Duterte invited China to enter Philippine telecommunications sector. [Bloomberg]
- **Morocco joins hands with China's carmaker BYD to boost auto industry.** Morocco's recent signing of an agreement with China's BYD is set to boost its ambitious auto manufacturing industry. Under the agreement signed, BYD will build a factory in Morocco to produce battery-powered vehicles in the northern city of Tangier, which is expected to employ 2,500 people. [China Daily]
- **China credit growth exceeds estimates as funding remains buoyant.** Aggregate financing stood at 1.6 trillion yuan (\$242 billion) in November, the PBOC said Monday, compared with an estimated 1.25 trillion yuan in a Bloomberg survey and 1.04 trillion yuan the prior month. [Bloomberg]

## IV. Corporate News

- **HSBC released from US deferred criminal charges.** HSBC has said it is being released from a 2012 agreement that allows it to avoid criminal charges in the US by the country's Department of Justice for money laundering, following the expiration of the five-year deferred prosecution agreement (DPA) between the two parties. [SCMP]
- **HSBC hoping to lure digital and tech SMEs with specialist new loans.** HSBC has launched a new loan product designed specifically for digital-savvy small- and medium-sized enterprises (SMEs) in Hong Kong, amid the government's ongoing push to drive greater digitisation in the city and growing competition such customers among lenders. [SCMP]

- **UnionPay takes mobile payment services fight to Alibaba and Tencent with integrated app.** China UnionPay has created an integrated mobile app that facilitates nearly all mainland banks to expand mobile payment services, spurring a strong fightback against third-party payment services backed by Alibaba Group and Tencent Holdings. [SCMP]
- **Shares in Japanese instant noodle giant Nissin Foods drop below IPO price on HK market debut.** Shares in Japanese instant noodle giant Nissin Foods fell below their IPO price on debut in HK trading on Monday. The stock opened down 10% and briefly tanked 12% to HK\$3.1 in the morning. By close, it traded at HK\$3.37, still lower by 5% from its offer price of HK\$3.54. [SCMP]
- **Cathay Pacific extends HK\$900mn annual outlay on pilots' homes.** Cathay Pacific Airways will continue giving large housing benefits to pilots for a year, it emerged on Monday. The airline will maintain its arrangement of paying a total of HK\$900 million (US\$115 million) to more than 1,000 eligible pilots annually. [SCMP]
- **China Telecom picked to become the Philippines' third telecoms player.** China Telecom Corp could become the Philippines' third nationwide telecommunications operator, officials of the Southeast Asian country said, as the govt sought to stir up competition to boost notoriously poor fixed-line broadband and mobile network operations. [SCMP]
- **Australian miner trumps oil and gas bid by the new state-backed owner of Hong Kong's The Centre.** A bid for an Australian oil and gas firm by state-backed China Energy Reserve & Chemicals Group, the lead investor of a consortium buying a 75% stake of one of tycoon Li Ka-shing's HK crown jewel assets for US\$5.12bn, has been trumped. [SCMP]
- **Bright Dairy launches premium yogurt in Hong Kong, first step in overseas sales push.** China Bright Food Group has launched a premium yogurt product in Hong Kong, the first step in an overseas push to put its products on the supermarket shelves of Macau, Thailand, Singapore and Indonesia. [SCMP]
- **China Poly Group seeks additional overseas deals.** The company will increase its investment in Western markets while also carrying out investment opportunity studies in economies involved in the Belt and Road Initiative, as a new growth point for its business. [China Daily]
- **Hainan Airlines eyes more flights to US.** Hainan Airlines said it is interested in launching more China-US direct flights, as more Chinese travelers are visiting the US, further stimulating the vitality of the market. The carrier also plans to extend its cooperation with US airlines. [China Daily]
- **Ford, Changan agree to extend localisation efforts.** Ford Motor Co will accelerate its localization efforts to boost its performance in the world's largest market, according to a deal it signed on Friday with China South Industries Group Corp, the parent company of its joint venture partner Changan Automobile Co. [China Daily]
- **Yang Huiyan bought combined 6.34mn Country Garden shares Dec. 6-7.** Yang Huiyan bought 3.14m Country Garden shares on exchange at avg price of HK\$12.5069 apiece Dec. 6, according to a disclosure filing to Hong Kong stock exchange. [Bloomberg]
- **HNA Unit bonds fall to record amid concern of lender support.** Bonds of a unit of HNA Group Co. have fallen to record lows after fresh signs that it is facing increasing difficulties raising funds. HNA Group Int'l Co.'s \$300mn 8.875% securities slid to 95 cents on the dollar on Monday, their lowest level since they were sold last month. [Bloomberg]
- **Shenzhen Expressway to buy a Shenzhen Int'l unit for 1.47bn yuan.** SZ Expressway Co. Ltd. agreed to acquire Coastal Co., a wholly-owned unit of Shenzhen International Holdings Ltd., for 1.472bn yuan (\$222mn), the co. said in a filing to the Hong Kong stock exchange. [Bloomberg]
- **Yue Yuen Industries Nov operating revenue up 11% YoY.** Yue Yuen Industries announced that the net consolidated operating revenue (i.e. equal to the total sales less sales discount and sales return) of the Company for November equaled US\$809,515,000, up 11.02% yearly. [AASocks]
- **SIM Tech Nov core biz revenue up 42% YoY.** SIM Tech announced that the unaudited monthly revenue for Nov-2017 is c.HK\$293.6mn, in which the revenue from the sale of residential properties is c.HK\$10.2mn and revenue from sale of handsets, solutions and intelligent terminals, the wireless communications modules business, the internet of things business together with the intelligent manufacturing business (core business) is c.HK\$283.5mn. [AASocks]

## V. Overnight Market Recap

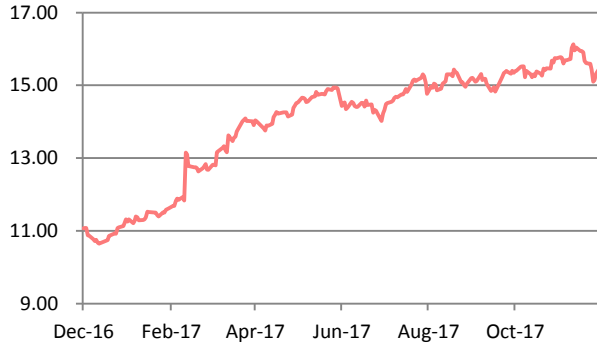
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,660	8.5	0.3	0.8	3.0	6.9	9.4	17.7	18.8
	Dow Jones	24,386	56.9	0.2	0.4	4.1	10.2	14.8	23.2	23.4
	Nasdaq Composite	6,875	35.0	0.5	1.5	1.8	6.5	11.3	27.0	27.7
	Russell 2000	1,520	(1.9)	(0.1)	(0.8)	3.0	6.8	7.1	10.7	12.0
	VIX Index	9.34	(0.2)	(2.5)	(20.0)	(17.3)	(11.7)	(18.5)	(26.1)	(33.5)
Europe Equity	Euro Stoxx 50	3,582	(9.2)	(0.3)	0.2	(0.3)	2.0	1.1	12.0	8.9
	DAX	13,124	(30.1)	(0.2)	0.5	(0.0)	4.8	3.4	17.3	14.3
	CAC	5,387	(12.3)	(0.2)	(0.0)	0.1	3.4	2.8	13.2	10.8
	FTSE 100	7,453	59.5	0.8	1.6	0.3	0.7	(0.8)	8.2	4.3
APAC Equity	HSI	28,965	325.4	1.1	(0.6)	(0.5)	3.6	12.7	29.1	31.7
	HSCEI	11,432	142.1	1.3	(0.8)	(2.7)	1.7	9.0	17.9	21.7
	HSI VIX	15.86	(0.4)	(2.3)	(3.6)	10.8	6.0	27.4	(0.4)	(6.1)
	CSI 300	4,070	66.1	1.7	1.3	(1.0)	6.0	13.9	19.4	22.9
	SH Composite	3,322	32.2	0.5	0.4	(4.2)	(1.7)	5.8	5.4	6.0
	SZ Composite	1,920	28.2	1.2	0.9	(7.2)	(3.3)	4.5	(2.5)	(3.9)
	Nikkei 225	22,939	127.7	0.6	1.0	1.1	16.0	15.2	19.8	20.0
KOSPI	2,471	7.5	0.3	(1.2)	(2.8)	4.5	4.8	21.9	22.0	
Commodities (USD)	Brent (Future)	64.69	1.3	2.0	3.6	1.8	20.2	34.4	19.1	13.9
	WTI (Future)	57.99	0.6	1.1	0.9	2.2	20.3	25.9	9.8	8.0
	Gold	1,242	(6.5)	(0.5)	(2.7)	(2.8)	(6.7)	(1.8)	6.9	8.3
	Copper (Future)	6,571	7.0	0.1	(3.8)	(4.1)	(1.8)	14.7	13.6	18.7
	Baltic Dry Index	1,702.00	23.0	1.4	2.4	16.3	25.6	100.5	56.1	77.1
FX	Dollar Index	93.90	(0.0)	(0.0)	0.7	(0.6)	2.2	(3.5)	(7.6)	(8.2)
	EUR	1.18	(0.0)	(0.0)	(0.8)	0.9	(1.6)	5.1	10.7	12.0
	JPY	113.56	0.1	0.1	1.0	0.1	(3.0)	(3.2)	1.3	3.0
	CNY	6.62	(0.0)	0.0	0.0	0.3	(1.4)	2.7	4.4	4.9
	CNH	6.62	(0.0)	(0.0)	0.1	0.5	(1.3)	2.6	4.6	5.3
CDS	ChinaGov CDS	55.51	(0.6)	(1.1)	(0.5)	(9.8)	(3.1)	(20.1)	(51.8)	(52.6)
	CDX Emerging Market	96.49	0.0	0.0	0.1	0.8	(0.2)	0.8	3.2	3.0

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.29	0.0	1.2	1.3	1.2	1.0	1.0	0.5	0.5
	2-Year Treasury Yield	1.82	0.0	1.4	1.8	1.7	1.3	1.4	1.1	1.2
	5-Year Treasury Yield	2.16	0.0	0.8	2.1	2.1	1.7	1.8	1.9	1.9
	10-Year Treasury Yield	2.39	0.0	0.5	2.4	2.4	2.2	2.2	2.5	2.4
	2-10 Spread	56.56	(1.2)	(2.1)	52.8	74.0	82.8	84.4	132.6	125.0
China rates	O/N China Repo Rate	2.70	0.1	4.2	2.5	2.6	2.6	2.8	2.2	2.2
	1-Week China Repo Rate	3.44	0.3	11.0	2.8	3.1	3.4	3.3	2.5	2.6
	O/N SHIBOR	2.69	0.1	3.1	2.6	2.7	2.6	2.8	2.3	2.2
	1-Week SHIBOR	2.82	0.0	0.7	2.8	2.8	2.8	2.9	2.5	2.5

Source: Bloomberg

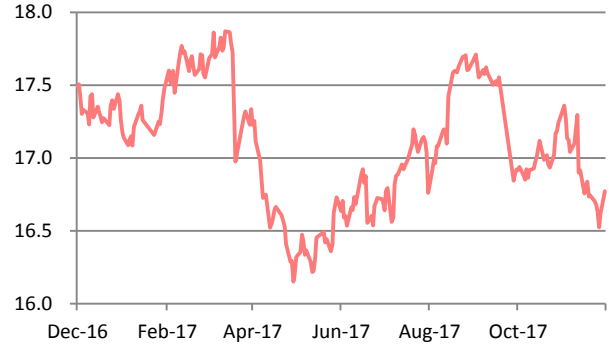
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



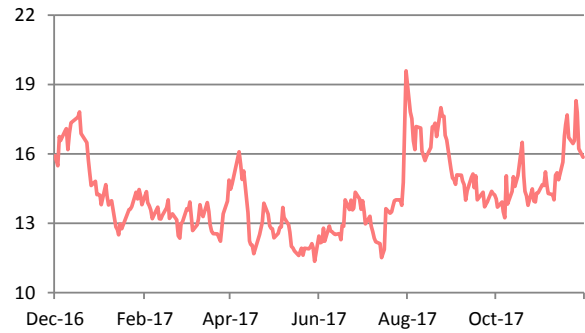
Source: Bloomberg

**China 5Y CDS Index\_USD**



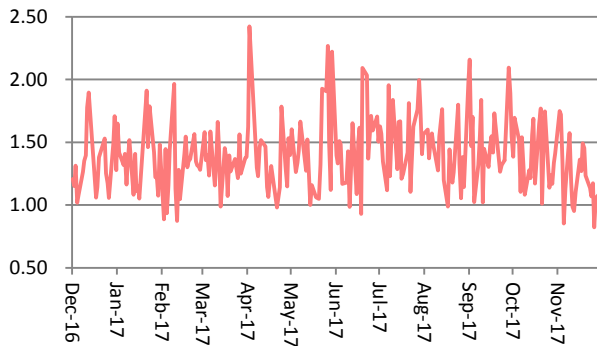
Source: Bloomberg

**Hang Seng Index VIX**



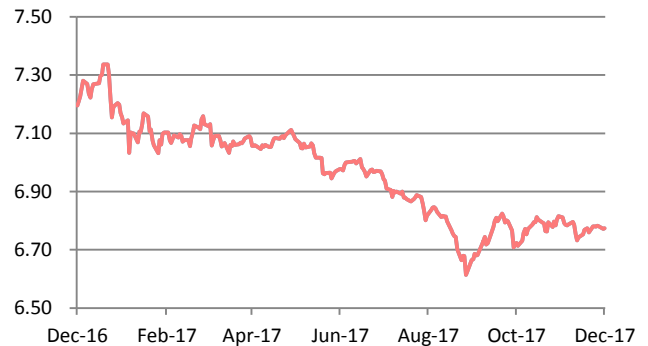
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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