

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Retail Sales YoY	Nov	10.30%	10.0%
China: Fixed Asset YTD YoY	Nov	7.20%	7.30%
China: Industrial Production YoY	Nov	6.20%	6.20%
US: Markit Manufacturing PMI	Dec P	54.0	53.90%
UK: BOE Rate Decision	14-Dec	0.50%	0.50%

Source: Bloomberg

## II. Macro News

- **Federal Reserve raises US interest rates, predicting tax cuts will provide 'some lift' to economy.** The Federal Reserve raised interest rates by a quarter of a percentage point on Wednesday, as anticipated, but left its rate outlook for the coming years unchanged even as policymakers projected a short-term acceleration in US economic growth. [SCMP]
- **US inflation slows down as focus turns to how this will affect interest rates in 2018.** Underlying US consumer inflation slowed in November, held down by weak health care costs and the biggest drop in apparel prices in nearly two decades, which could impact the pace at which the Federal Reserve raises interest rates next year. [SCMP]
- **UK finance minister travels to Beijing for trade summit.** Chinese Vice-Premier Ma Kai and Philip Hammond, the United Kingdom's finance minister, will head the ninth UK-China Economic and Financial Dialogue in Beijing, from Friday to Saturday, the Chinese Foreign Ministry confirmed. [China Daily]

## III. Industry News

- **Vehicle sales post meager growth in Nov.** Vehicle sales posted a meager 0.7% YoY growth in China during November to 2.96mn units, according to data released by the China Association of Automobile Manufacturers. Car sales in the first 11 months of the year totaled 25.85mn units, a 3.6% growth from a year ago. [China Daily]
- **CIRC may revise rules for insurance security fund.** China's top insurance regulator, CIRC, is considering revising the rules for the country's insurance security fund, which will allow the fund to provide necessary liquidity support to insurers in case of crisis. [China Daily]
- **China to spearhead US\$1tn autonomous driving revolution.** Car-based "mobility services", such as car-sharing, ride-hailing as well as driverless cars with entertainment, information and communications services, are projected to generate US\$1tn in revenue for suppliers globally in 2040 from nearly zero a decade ago, said IHS Markit. [SCMP]

## IV. Corporate News

- **Sunny Optical says unaware of reason for share price movement.** Sunny Optical says it isn't aware of any reason for recent fluctuations in the trading price of its shares, or of any information which must be announced to avoid a false market in its securities, according to statement to Hong Kong stock exchange dated Dec. 13. [Bloomberg]
- **China Education prices Hong Kong IPO shares at HK\$6.45 each.** China Education says it will raise net HK\$3.08b from the Hong Kong IPO of 500m shares, according to statement to Hong Kong stock exchange. Shares were offered between HK\$5.86 and HK\$7.02 apiece. Trading expected to begin Dec. 15. [Bloomberg]

- **Jun Yang CEO calls on holders to oppose Jicheng takeover.** Jun Yang Financial Chief Executive Wu Wai Leung calls on minority shareholders to reject an offer made by Jicheng Investment to acquire majority stake in the company, Hong Kong Economic Journal reports. [Bloomberg]
- **China Jinmao to bid for Partner's stake in two joint ventures.** China Jinmao to take part in the bidding process for the sale of 50% stake in each of Shanghai Yin Hui Real Estate Development and Shanghai International Shipping Service Center after reversing earlier decision to sell its holding in the two ventures, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China Hongqiao wins court order banning 5 short-seller reports.** China Hongqiao has obtained an injunction order from the High Court of Hong Kong to prohibit further publication of 5 reports by Emerson Analytics, according to a Dec. 12 filing. [Bloomberg]
- **HNA officials pledge stock purchases to buoy confidence in unit.** HNA Group Co. executives, including Co-Chairmen Chen Feng and Wang Jian, are planning to buy shares in Bohai Capital Holding Co. after the Shenzhen-listed leasing unit's stock fell by about a third from its peak this year. [Bloomberg]
- **China Mobile offers new UK service.** China Mobile launched a UK SIM card on Wed, in competition with its two closest rivals to provide cheap calling and roaming to Chinese customers visiting Britain. The new service, called CMLink, targets the burgeoning number of Chinese tourists and students in the UK, and people in the UK looking to connect with family and friends in China. [SCMP]
- **CNBM eyes Belt & Road expansion.** China's biggest cement producer will construct 100 cement factories across 50 economies in Asia and Africa during the next three years, the company's chairman confirmed in London on Tuesday. The new facilities will be built in nations that are covered by the Belt and Road Initiative. [SCMP]
- **China's Xiaomi leaves door open to entering car market in India.** Chinese smartphone maker Xiaomi left open the possibility of building and selling cars in India in the future, even though it denied it had immediate plans to do so in the country it has targeted as a priority. [SCMP]
- **BAIC set to phase out conventional gasoline cars by 2025.** Chinese carmaker Beijing Automotive Group Co will phase out conventional fuel-powered cars under its own brand by 2025 as part of its ambitious new energy car campaign, according to a top company official. [China Daily]
- **ADB upgrades developing Asia's growth prospects on stronger-than-expected exports, domestic consumption.** The Asian Development Bank upgraded on Wed its GDP forecast in developing Asia, saying that economic expansion in the region will accelerate to 6% in 2017 as stronger-than-expected exports and domestic consumption fuel growth. [China Daily]
- **2017 successful year for Huawei Spain.** Huawei Spain saw year-long growth in its three branches: infrastructures and networks, enterprise and private consumers, its CEO Tony Jin Yong said. After 16 years in Spain, Huawei "has become the main provider of telecommunications infrastructures for (Spanish) national operators. [China Daily]
- **Google to open AI center in Beijing.** Global technology giant Google announced on Wednesday the opening of its artificial intelligence (AI) center in China during its second developers conference in Shanghai. The new AI center will be based in Beijing. [China Daily]
- **ICBC partners Eastmoney to develop securities biz.** ICBC and Eastmoney announced in Beijing that both parties will have full collaboration in securities business, asset custody, joint credit card, private banking, fund sales and information sharing etc. [AASocks]
- **GCL New Energy 10% stake transferred at \$0.55/shr.** GCL-Poly Energy and GCL New Energy jointly announced that GCL System Integration entered into conditional S&P agreement with independent third parties, Haitong Int'l and Sum Tai Holdings, for the purchase of a total of c.1.91bn shares of GNE, representing 10.01% of total issued shares of GNE, at a consideration of HK\$0.55/shr. [AASocks]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,663	(1.3)	(0.0)	1.3	3.3	6.7	9.2	18.2	18.9
	Dow Jones	24,585	80.6	0.3	1.8	5.0	10.7	15.0	24.2	24.4
	Nasdaq Composite	6,876	13.5	0.2	1.5	2.0	6.9	11.0	26.5	27.7
	Russell 2000	1,524	8.3	0.5	1.0	3.6	7.0	7.5	12.4	12.3
	VIX Index	10.18	0.3	2.6	(7.6)	(12.2)	(2.5)	(4.3)	(22.8)	(27.5)
Europe Equity	Euro Stoxx 50	3,582	(18.6)	(0.5)	0.6	0.7	1.6	1.0	11.5	8.9
	DAX	13,126	(57.9)	(0.4)	1.0	0.7	4.7	2.5	16.7	14.3
	CAC	5,399	(27.7)	(0.5)	0.5	1.6	3.3	3.0	13.2	11.0
	FTSE 100	7,497	(3.9)	(0.1)	2.0	1.1	2.8	0.3	7.9	5.0
APAC Equity	HSI	29,222	428.2	1.5	3.5	0.2	5.2	12.9	30.1	32.8
	HSCEI	11,520	207.2	1.8	3.2	(0.7)	3.8	9.6	18.7	22.6
	HSI VIX	15.03	(0.4)	(2.8)	(17.9)	2.7	2.3	23.2	(3.0)	(11.0)
	CSI 300	4,050	34.1	0.8	0.9	(1.2)	5.7	14.6	19.9	22.4
	SH Composite	3,303	22.2	0.7	0.3	(3.7)	(2.0)	5.5	5.2	6.4
	SZ Composite	1,916	14.7	0.8	1.9	(5.4)	(3.9)	3.4	(2.2)	(2.7)
	Nikkei 225	22,758	(108.1)	(0.5)	2.6	1.7	14.9	14.5	18.2	19.1
KOSPI	2,481	19.6	0.8	0.3	(1.2)	4.9	5.2	22.5	23.1	
Commodities (USD)	Brent (Future)	62.44	(0.9)	(1.4)	2.0	(1.1)	13.2	28.2	12.1	9.9
	WTI (Future)	56.60	(0.5)	(1.0)	1.1	2.0	13.8	27.0	11.3	5.7
	Gold	1,256	11.0	0.9	(0.6)	(2.1)	(5.7)	(0.5)	9.7	9.3
	Copper (Future)	6,729	66.0	1.0	2.7	(2.4)	2.7	17.7	18.3	21.6
	Baltic Dry Index	1,743.00	16.0	0.9	4.4	24.1	28.1	101.5	73.8	81.4
FX	Dollar Index	93.43	(0.7)	(0.7)	(0.2)	(1.1)	1.0	(3.7)	(7.6)	(8.6)
	EUR	1.18	0.0	0.7	0.3	0.3	(0.7)	5.5	12.3	12.5
	JPY	112.54	(1.0)	(0.9)	0.2	0.6	(2.2)	(2.8)	3.8	3.7
	CNY	6.62	(0.0)	0.0	(0.1)	0.3	(1.2)	2.7	4.3	4.9
	CNH	6.61	(0.0)	(0.2)	(0.1)	0.4	(1.0)	2.7	4.8	5.6
CDS	ChinaGov CDS	53.67	(0.3)	(0.5)	(4.4)	(12.8)	(5.7)	(21.1)	(53.4)	(54.1)
	CDX Emerging Market	98.84	1.9	1.9	2.5	3.2	2.1	3.2	5.6	5.5

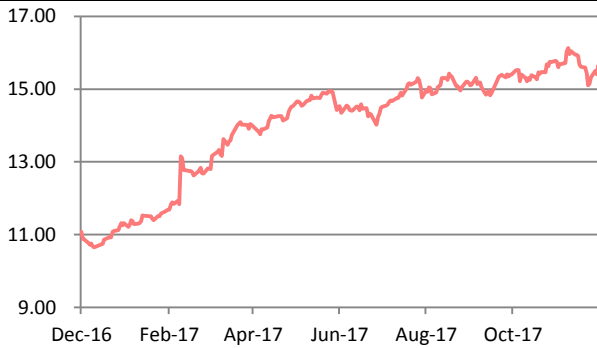
  

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.30	(0.0)	(2.1)	1.3	1.2	1.0	1.0	0.5	0.5
	2-Year Treasury Yield	1.77	(0.1)	(2.9)	1.8	1.7	1.4	1.4	1.3	1.2
	5-Year Treasury Yield	2.10	(0.1)	(3.1)	2.1	2.1	1.8	1.8	2.0	1.9
	10-Year Treasury Yield	2.34	(0.1)	(2.5)	2.4	2.4	2.2	2.2	2.6	2.4
	2-10 Spread	56.38	(0.6)	(1.1)	55.7	68.0	81.9	80.8	129.9	125.0
China rates	O/N China Repo Rate	2.80	0.2	7.7	2.6	2.9	2.7	2.9	2.3	2.2
	1-Week China Repo Rate	3.00	0.1	4.9	2.8	3.3	3.4	2.9	3.2	2.6
	O/N SHIBOR	2.79	0.1	2.3	2.6	2.8	2.7	2.8	2.3	2.2
	1-Week SHIBOR	2.85	0.0	0.7	2.8	2.9	2.8	2.9	2.5	2.5

Source: Bloomberg

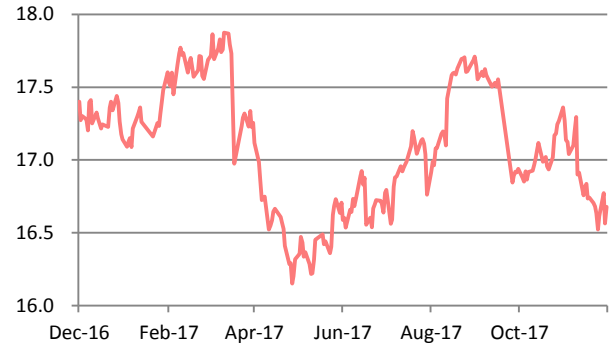
## VI. Key Indicators

**Hang Seng Index PE Ratio**



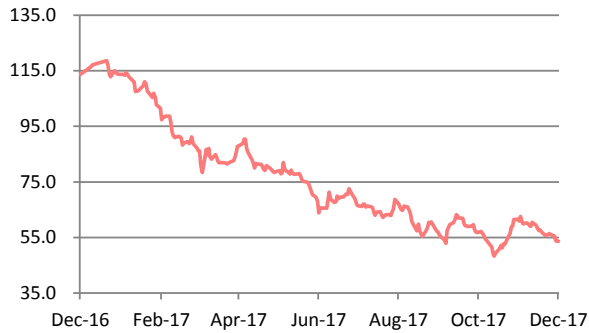
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



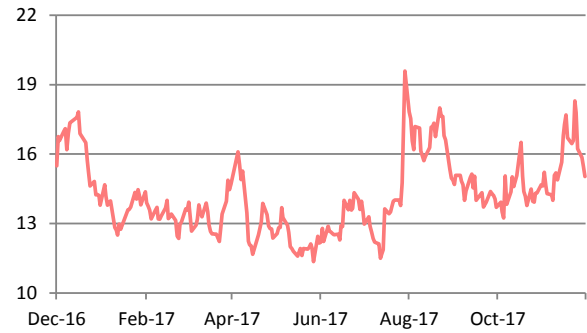
Source: Bloomberg

**China 5Y CDS Index\_USD**



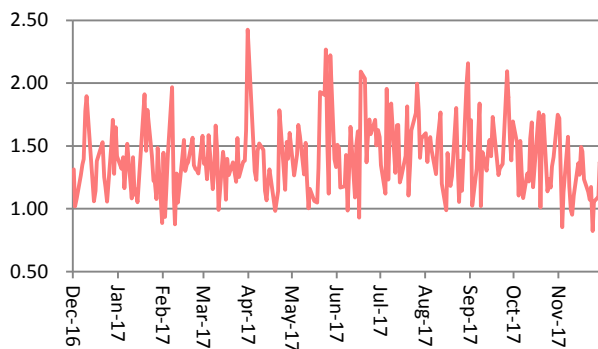
Source: Bloomberg

**Hang Seng Index VIX**



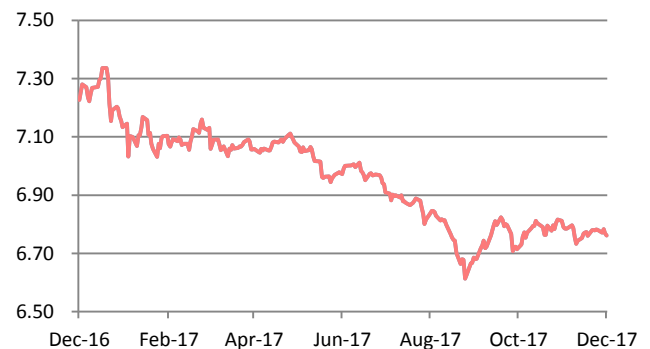
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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