

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: ISM Manufacturing PMI	Dec	58.2	58.2
Hong Kong: Retail Sales Volume / value YoY	Nov	3.90%/4.20%	3.60%/3.90%
Germany: CPI Brandenburg YoY	Dec	N/A	1.60%
Thailand: Nikkei Manufacturing PMI	Dec	N/A	50.0

Source: Bloomberg

II. Macro News

- **France Aims to Build Trade Backbone to Beijing Via Moscow.** France looking to China and Russia to act as a counterweight to increasingly uncertain trade relations with the U.S. and Britain, WSJ reports, citing a December interview with France's Economy and Finance Minister Bruno Le Maire. [Bloomberg]
- **China Targets 732bn Yuan Rail Fixed-Asset Investment in 2018.** China aims to complete 3.25bn trips of rail passenger transportation and 3.02b tons cargo transportation this year, according to Peoplerrail.com, a website run by China Railway Corp. [Bloomberg]
- **China's economy to remain stable in 2018.** China's economic growth results are expected to remain stable not only in 2017 economic reports but also in 2018, despite a slight decline in a major index measuring expansion of the manufacturing sector in Dec. Analysts said the country's GDP growth may register up to 6.9% for 2017. [China Daily]

III. Industry News

- **China meets annual railway investment targets.** China spent 801 billion yuan (\$123 billion) on railway projects and put 3,038 km of new tracks into operation in 2017, meeting its annual targets of 800 billion yuan of investment and 2,100 km of new lines, according to the China Railway Corporation. [China Daily]
- **Airbnb boosting China listings, strengthening government ties.** Airbnb Inc, a US-based home-sharing service provider, will optimize the quality of its listings, invest in customer service and strengthen cooperation with local governments to expand its presence in China, according to its head of Chinese operations. [China Daily]
- **Russia Tightens Oil Grip in Top Market as China Opens 2nd Pipe.** A second Sino-Russian oil pipeline began operations on New Year's Day, doubling China's capacity to import crude from the East Siberia-Pacific Ocean system. China can now import 30mn tons annually (c.600k barrels/day) of Russian ESPO crude via pipeline, up from 15mn tons before the second branch opened, official Xinhua News Agency reported. [Bloomberg]

IV. Corporate News

- **Dongfeng Motor Seeks to Sell Honda China Stake for 94.9M Yuan.** Dongfeng Motor will sell all 10% stake in Honda Automobile (China) from Tuesday, according to a statement on website of Shanghai United Assets and Equity Exchange. [Bloomberg]
- **China, South Korea to Push Power Grid Interconnection Project.** State Grid Corp. of China and Global Energy Interconnection Development and Cooperation Organization in Dec agreed with Korea Electric Power Corp. to push a grid- interconnection project in the two countries, GEIDCO, backed by State Grid, says in a statement. [Bloomberg]

- **Bank of Gansu Seeks to Raise Up to HK\$6.12B in Hong Kong IPO.** Bank of Gansu offers 2.21b shares at HK\$2.61-HK\$2.77 apiece in its proposed Hong Kong IPO, according to statement published in South China Morning Post. [Bloomberg]
- **Yuexiu Property to Raise HK\$376.5mn From Yuexiu REIT Placement.** Unit Dragon Yield, Yuexiu International Investment signed agreement to sell 77m Yuexiu REIT units at HK\$4.89 each, Yuexiu Property says in filing to Hong Kong stock exchange. [Bloomberg]
- **GFG Alliance Is Said to Near Purchase of Glencore's Tahmoor Mine.** Liberty House Group's GFG Alliance joint venture, which last year bought steel assets in Australia, is nearing an acquisition of Glencore Plc's Tahmoor coal mine in the country. [Bloomberg]
- **Bourse Requires More Info on Baiyunshan Pharma's Asset Purchase.** Shanghai stock exchange requires Guangzhou Baiyunshan Pharmaceutical to disclose supplementary information by Jan. 6 on asset purchase plan for Guangzhou Pharmaceuticals, according to a statement to Shanghai stock exchange. [Bloomberg]
- **Xtep International Plans to Buy Back Up to HK\$150M Shares.** Shares have been trading at a level which Xtep says "significantly undervalues" company's performance and underlying value, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Chenming Paper Unit Proposes Issue of Up to \$1B of Bonds.** Maturity will not be more than 5 years, according to statement to Hong Kong stock exchange. Proceeds to be used for repaying bank borrowings, replenishing working capital. Issue is subject to shareholders' approval at a meeting to be held Feb. 13. [Bloomberg]
- **China Top Developers Head Into 2018 on Back of Buoyant Sales.** China Evergrande Group's full-year sales exceeded its annual target by 14 percent, rising to 513bn yuan (\$79bn), while Country Garden Holdings Co.'s sales surged 78 percent from the previous year to a record 550bn yuan, according to the data firm. [Bloomberg]
- **C-Mer Eye Care seeks mainland growth as it targets HK\$571mn from share sale.** Hong Kong ophthalmic company C-Mer Eye Care Holdings said yesterday that it was aiming to raise up to HK\$571mn from an initial public offering later this month and most the proceeds would be used to expand its mainland operations. [SCMP]
- **CGN faces revenue blow from project delays.** The third commissioning delay in two years at CGN Power's nuclear project in Taishan, Guangdong province, will lead to a further deferral of 5 billion yuan (HK\$5.9bn) in annual revenues and potentially more cost overruns, according to ratings agency Moody's Investors Service. [SCMP]
- **Trump's tax changes to blow a US\$5bn hole in Goldman's profits.** Goldman Sachs said Trump's radical US tax changes will knock c.US\$5bn off its profits this year. It said most of the cost would come from Trump's "repatriation tax" designed to encourage multinationals to bring back the trillions of dollars they hold overseas to avoid tax. [SCMP]
- **Veteran insider named Bank of China (HK) chief.** Bank of China (HK) has named veteran group insider Gao Yingxin as chief executive and vice-chairman, as it moves ahead with a plan to take over the parent's Southeast Asian operations. Gao replaced Yue Yi, another long-time employee who has stepped down due to age, effective Jan 1. [SCMP]
- **Hong Kong eye care company seeks up to HK\$571mn from IPO, attracts Pony Ma investment.** Hong Kong ophthalmic company C-Mer Eye Care Holdings said on Tuesday it was aiming to raise up to HK\$571mn (US\$73.1mn) from an IPO later this month, and that a majority of the proceeds would be used to expand its mainland operations. [SCMP]
- **Qihoo's back-door listing approval could be followed by a select few other former US-listed Chinese tech firms.** Qihoo 360 Technology's approved back-door listing in Shanghai is unlikely to reopen the floodgates to many others, after firms were banned from buying shell companies in June 2016 to stop dozens of US-listed Chinese firms from returning to the A-share market. [SCMP]
- **Nio, GAC set up joint venture to develop smart car business.** A conventional and an emerging carmaker have joined hands in Guangzhou to market what may be the first mass-produced electric vehicle by a Chinese technology startup, in hopes of boosting the companies' value. [China Daily]

V. Overnight Market Recap

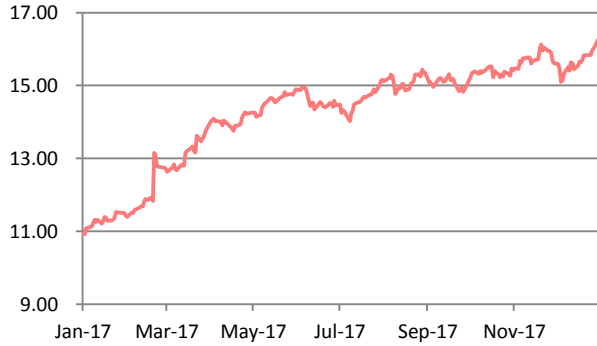
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,696	22.2	0.8	0.5	2.0	6.4	11.0	19.4	0.8
	Dow Jones	24,824	104.8	0.4	0.3	2.4	9.6	15.6	24.9	0.4
	Nasdaq Composite	7,007	103.5	1.5	0.7	2.3	7.3	14.7	29.1	1.5
	Russell 2000	1,550	14.5	0.9	0.5	0.8	2.5	8.6	13.5	0.9
	VIX Index	9.77	(1.3)	(11.5)	(1.3)	(14.5)	2.7	(12.9)	(24.0)	(11.5)
Europe Equity	Euro Stoxx 50	3,490	(13.8)	(0.4)	(2.3)	(1.1)	(3.2)	(0.0)	5.3	(0.4)
	DAX	12,871	(46.3)	(0.4)	(1.8)	0.1	(0.2)	3.2	11.1	(0.4)
	CAC	5,289	(24.0)	(0.5)	(1.8)	(0.5)	(1.5)	1.8	7.9	(0.5)
	FTSE 100	7,648	(39.7)	(0.5)	0.6	4.8	2.4	3.7	6.6	(0.5)
APAC Equity	HSI	30,515	596.2	2.0	3.9	5.0	8.3	18.3	37.8	2.0
	HSCEI	12,069	359.7	3.1	4.1	5.4	6.8	15.9	27.6	3.1
	HSI VIX	14.82	0.2	1.5	4.5	(11.3)	3.3	9.0	(10.1)	1.5
	CSI 300	4,087	56.5	1.4	1.1	2.2	6.5	12.0	22.3	1.4
	SH Composite	3,348	41.2	1.2	2.1	0.9	(0.0)	4.8	6.8	1.2
	SZ Composite	1,919	19.9	1.0	1.9	0.1	(3.5)	0.7	(3.4)	1.0
	Nikkei 225	22,765	(19.0)	(0.1)	(0.6)	(0.2)	11.8	13.6	19.1	-
	KOSPI	2,480	12.2	0.5	2.1	0.2	3.6	3.6	21.3	0.5
Commodities (USD)	Brent (Future)	66.57	(0.3)	(0.5)	2.0	4.5	18.6	38.9	17.2	(0.4)
	WTI (Future)	60.37	(0.1)	(0.1)	3.3	3.5	19.9	28.4	15.5	0.0
	Gold	1,318	14.8	1.1	3.4	3.4	3.8	8.2	13.9	1.3
	Copper (Future)	7,247	(42.0)	(0.6)	2.3	6.1	11.8	22.1	30.9	-
	Baltic Dry Index	1,366.00	(64.0)	(4.5)	(14.0)	(6.3)	(9.1)	57.0	42.1	-
FX	Dollar Index	91.87	(0.4)	(0.4)	(1.5)	(1.1)	(1.8)	(3.9)	(10.1)	(0.3)
	EUR	1.21	0.0	0.4	1.7	1.7	2.7	6.2	16.0	0.5
	JPY	112.29	(0.3)	(0.3)	(0.8)	0.2	0.6	1.1	5.0	0.4
	CNY	6.49	(0.0)	0.2	0.8	2.0	2.5	4.7	7.0	0.2
	CNH	6.50	(0.0)	(0.2)	(0.6)	1.9	2.6	4.6	7.1	0.3
CDS	ChinaGov CDS	50.18	0.1	0.2	(3.5)	(10.1)	(16.0)	(27.8)	(57.7)	0.2
	CDX Emerging Market	99.22	0.1	0.1	0.2	2.9	3.0	4.0	5.8	0.1

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.39	0.0	0.9	1.4	1.3	1.1	1.0	0.5	1.4
	2-Year Treasury Yield	1.92	0.0	1.9	1.9	1.8	1.5	1.4	1.2	1.9
	5-Year Treasury Yield	2.25	0.0	1.9	2.2	2.1	1.9	1.9	1.9	2.2
	10-Year Treasury Yield	2.46	0.1	2.4	2.4	2.4	2.3	2.3	2.4	2.4
	2-10 Spread	54.02	2.2	4.2	51.6	56.2	84.6	91.7	122.6	51.8
China rates	O/N China Repo Rate	2.59	(0.4)	(12.8)	3.2	2.6	3.0	2.5	1.9	3.0
	1-Week China Repo Rate	3.07	(0.0)	(1.0)	2.9	3.0	3.4	2.7	2.7	3.1
	O/N SHIBOR	2.66	(0.2)	(6.4)	2.7	2.6	2.9	2.6	2.2	2.8
	1-Week SHIBOR	2.84	(0.1)	(3.9)	2.9	2.8	3.0	2.8	2.6	3.0

Source: Bloomberg

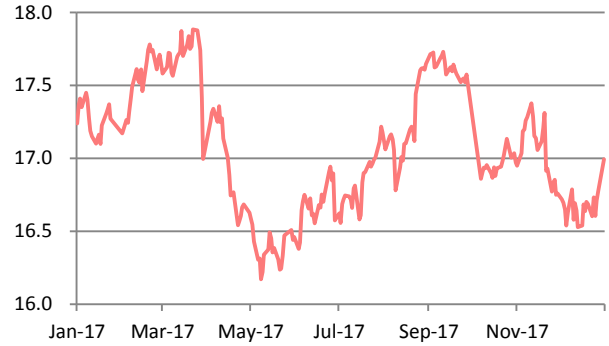
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



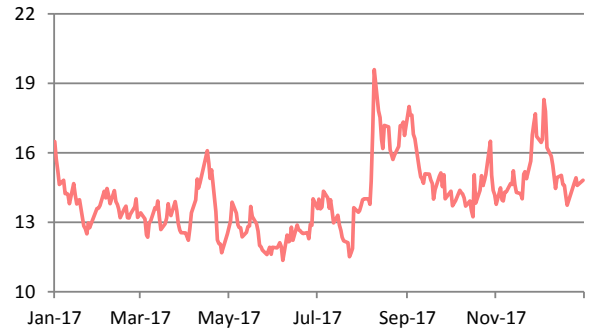
Source: Bloomberg

China 5Y CDS Index_USD



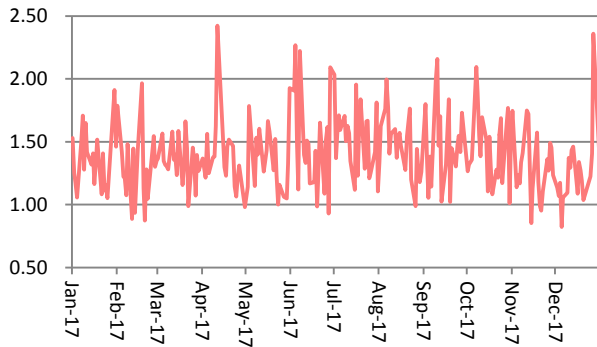
Source: Bloomberg

Hang Seng Index VIX



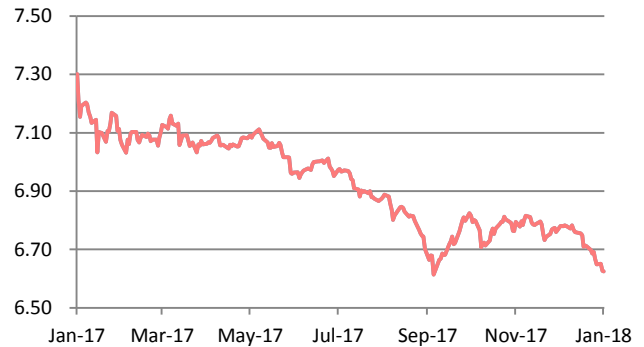
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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