

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin Composite PMI	Dec	N/A	51.6
India: Nikkei Composite PMI	Dec	N/A	50.3
UK: Nationwide House Prices YoY	Dec	2.00%	2.50%
US: ADP Employment Change	Dec	190k	190k

Source: Bloomberg

II. Macro News

- **More supply-side reform on agenda.** China will take more concrete steps to further its supply-side structural reform and push for high-quality development in 2018, focusing on cutting overcapacity and fostering new growth drivers in the real economy, said officials and analysts. [China Daily]
- **China, Georgia FTA takes effect.** Quarantine authorities of China's Shandong province issued a certificate of origin for a batch of mirror boards to be exported to Georgia, the first such certificate signed under the free trade agreement between the two countries. [China Daily]
- **New tax breaks to tempt foreign investors to keep their profits in China.** China recently gave the green to foreign investors from being temporarily exempt from withholding taxes on profits gained from their Chinese investments, but only if the earnings are reinvested back into industries, high on the government's priority list. [SCMP]

III. Industry News

- **China's solar power development gains momentum.** China's solar power generation has picked up amid the government's efforts to expand clean energy to curb pollution. Solar power generation totaled 106.9bn kilowatt hours in first 11 months of 2017, up 72% YoY, according to data released by the National Energy Administration. [China Daily]
- **A sign of things to come? Chinese investment banks dominated Hong Kong listings market in 2017.** Chinese investment banks are playing a more dominant role in Hong Kong's initial public offering market compared with 10 years ago, taking up half of the top 10 spots when it comes to underwriting new listings in the city. [SCMP]
- **Chinese smartphone makers post higher quarterly profits.** Combined profits of Chinese smartphone brands crossed \$1.5 billion for the first time in a single quarter as they ratcheted up resources to make inroads into the premium segments, a new report said. [China Daily]

IV. Corporate News

- **Jiangxi Copper to Sell 2.42B Yuan Entrusted Accounts Receivables.** Two units agreed to dispose of combined 2.42b yuan entrusted accounts receivables to China Cinda's Shanghai branch, Jiangxi Copper says in filing to Hong Kong stock exchange. [Bloomberg]
- **China's Ant Drops MoneyGram Deal in Face of U.S. Opposition.** Ant Financial Services Group abandoned its plan to merge with MoneyGram International Inc. after the companies failed to win approval from the Committee on Foreign Investment in the U.S., a national-security panel that has become more active in blocking Chinese investments in American companies. [Bloomberg]

- **Hengtou Securities Holders to Sell 29.94% Stake for 9B Yuan.** Nine shareholders entered into legal binding framework agreement to sell combined 779.7m Hengtou Securities domestic shares, representing ~29.94% of issued share capital, to Citic Guoan Group for an estimated 9b yuan, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Clear Media Says Employee Misappropriated 76M Yuan.** An employee in the finance department “reported and confessed” to Chinese police of misappropriate funds deposited with a bank in China, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Al-Futtaim Acquires Marks & Spencer’s Retail Ops in H.K., Macau.** Marks & Spencer sale of 27 stores in Hong Kong, Macau completed Dec. 30, co. says in statement. Al-Futtaim now operates 72 Marks & Spencer stores across 11 markets in Asia, Middle East. [Bloomberg]
- **Online retailer JD.com opens offline fresh-food store, heating up its rivalry with Alibaba.** JD.com, China’s second largest e-commerce company, will launch its first offline fresh-food supermarket, called 7Fresh, in Beijing this Thursday, ratcheting up its rivalry with Alibaba Group Holding in this growing segment of the domestic retail market. [SCMP]
- **Fitch downgrades Wanda Commercial on offshore funding concerns.** Fitch Ratings has downgraded Dalian Wanda Commercial Property two notches, blaming its inability to access offshore funding channels. Fitch also maintained its ‘Rating Watch Negative’ to reflect the continued lack of definitive funding channels to boost Wanda’s offshore liquidity. [SCMP]
- **Wanda Network shrinks its tech workforce as Wang Jianlin’s transformation strategy falters.** Wanda Network Technology Group, a unit of the property conglomerate founded by one of China’s biggest overseas asset buyers, is slashing its workforce, the latest sign that the technology ambition of one of the country’s wealthiest men is faltering. [SCMP]
- **Alipay witnesses increase in online payment.** More users of Alibaba’s third party online payment service platform Alipay used it for mobile payment in 2017 than previous year, the company said. About 82% of the 520mn Alipay users paid for goods and services via the platform in 2017, compared with 71% of 450mn Alipay users in 2016. [China Daily]
- **Agricultural Bank of China debuts facial recognition withdrawal in Tibet.** The Agricultural Bank of China has introduced facial recognition technology at its automatic teller machines in Tibet autonomous region. By end 2017, 20 ATMs with facial recognition technology had been installed, with 14 in capital Lhasa and its vicinity, and the rest in other localities. [China Daily]
- **China Power enters into EPC Contracting Agreement, Paying RMB50.5mn.** China Power announced that on 3 Jan, Yaomeng Power Plant (a wholly-owned subsidiary) entered into an EPC Contracting Agreement with State Nuclear Institute pursuant to which the parties agreed that the contractor will provide technical, procurement, engineering and installation services for the construction of the Yaomeng Project. [AASocks]
- **Zijin Mining sells 6.483mn shares in Pretium Resources; Investment Income RMB215mn.** Zijin Mining announced that Jin Huang Mining, an overseas wholly-owned subsidiary of the company, recently disposed of approximately 6.483 million shares it held in Pretium Resources Inc. in accumulation. [AASocks]
- **Yanzhou Coal Controlling Shareholder Releases Pledge on 520mn A Shares.** Yanzhou Coal announced that Yankuang Group, the controlling shareholder of the company, released the pledge of 520 million unrestricted tradable A shares of the company that it pledged to The Export-Import Bank of China. [AASocks]
- **Tencent Granted Fund Selling Licence.** China Securities Regulatory Commission of Shenzhen announced that a wholly owned subsidiary of Tencent (namely “騰安信息科技”) was approved to extend its business scope into fund selling. [AASocks]
- **Country Garden Acquires Stake in E-House (China); Shareholding Reportedly Reaches 15%.** E-House (China) chairman Zhou Xin announced that the company introduced six property developers led by Country Garden on 7 Dec 2017, and the latter became a new shareholder of the company, The Paper reported. [AASocks]

V. Overnight Market Recap

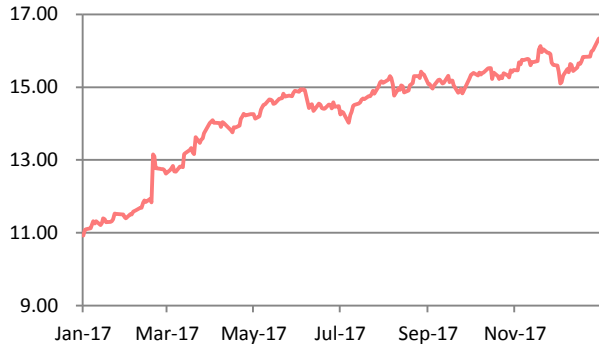
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,713	17.3	0.6	1.2	2.8	6.9	11.7	19.5	1.5
	Dow Jones	24,923	98.7	0.4	0.7	2.6	10.0	16.0	25.0	0.8
	Nasdaq Composite	7,066	58.6	0.8	1.9	4.3	8.1	15.6	29.0	2.3
	Russell 2000	1,553	2.6	0.2	0.5	1.3	3.0	8.8	11.9	1.1
	VIX Index	9.15	(0.6)	(6.3)	(10.7)	(21.7)	(5.0)	(18.4)	(22.8)	(17.1)
Europe Equity	Euro Stoxx 50	3,510	19.7	0.6	(1.2)	(1.9)	(2.4)	0.9	5.8	0.2
	DAX	12,978	106.8	0.8	(0.7)	(0.6)	0.1	4.4	12.0	0.5
	CAC	5,331	42.7	0.8	(0.6)	(1.1)	(0.6)	3.0	8.8	0.4
	FTSE 100	7,671	23.0	0.3	1.0	4.5	2.7	4.3	6.7	(0.2)
APAC Equity	HSI	30,561	130.8	0.4	3.7	5.3	8.1	20.9	38.7	2.6
	HSCEI	12,089	54.5	0.5	4.5	5.4	6.5	17.8	28.6	3.7
	HSI VIX	14.16	(0.7)	(4.5)	(3.9)	(13.9)	3.3	1.1	(9.9)	(3.0)
	CSI 300	4,111	24.0	0.6	3.0	2.3	7.2	13.6	22.1	2.0
	SH Composite	3,369	20.8	0.6	2.8	1.8	0.6	5.9	6.7	1.9
	SZ Composite	1,934	14.8	0.8	2.9	1.6	(2.7)	2.0	(3.7)	1.8
	Nikkei 225	22,765	(19.0)	(0.1)	(0.6)	1.8	14.1	15.9	21.5	2.0
KOSPI	2,486	6.7	0.3	1.9	(1.2)	3.3	3.9	20.9	0.2	
Commodities (USD)	Brent (Future)	67.84	1.3	1.9	1.2	8.6	21.6	36.7	20.1	1.4
	WTI (Future)	61.63	1.3	2.1	2.8	7.5	23.6	31.3	16.0	2.3
	Gold	1,313	(4.4)	(0.3)	2.4	2.4	2.5	6.8	12.3	0.3
	Copper (Future)	7,147	(58.0)	(0.8)	0.3	4.6	9.6	20.6	29.9	(1.4)
	Baltic Dry Index	1,230.00	(136.0)	(10.0)	(20.5)	(26.0)	(6.8)	41.2	26.9	(10.0)
FX	Dollar Index	92.16	0.3	0.3	(0.9)	(1.0)	(1.3)	(4.1)	(10.2)	0.1
	EUR	1.20	(0.0)	(0.4)	1.1	1.2	2.1	5.9	14.5	0.0
	JPY	112.51	0.2	0.2	(0.7)	(0.3)	0.0	0.5	4.0	(0.1)
	CNY	6.50	0.0	(0.1)	0.4	1.7	2.2	4.5	6.6	(0.0)
	CNH	6.50	(0.0)	(0.1)	(0.9)	1.7	2.2	4.6	5.5	0.1
CDS	ChinaGov CDS	49.45	(0.5)	(1.1)	(4.2)	(11.4)	(17.2)	(28.9)	(58.3)	(1.3)
	CDX Emerging Market	99.32	0.1	0.1	0.3	3.0	3.2	4.1	5.9	0.2

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.39	0.0	0.2	1.4	1.3	1.1	1.0	0.5	1.4
	2-Year Treasury Yield	1.93	0.0	0.6	1.9	1.8	1.5	1.4	1.2	1.9
	5-Year Treasury Yield	2.24	(0.0)	(0.1)	2.2	2.1	1.9	1.9	1.9	2.2
	10-Year Treasury Yield	2.45	(0.0)	(0.7)	2.4	2.4	2.3	2.4	2.4	2.4
	2-10 Spread	51.18	(2.8)	(5.3)	51.9	52.8	85.7	96.7	122.1	51.8
China rates	O/N China Repo Rate	2.49	0.4	18.6	3.0	2.5	3.0	2.5	2.1	3.0
	1-Week China Repo Rate	2.67	(0.2)	(7.9)	6.0	2.8	3.4	2.7	2.8	3.1
	O/N SHIBOR	2.56	(0.1)	(3.5)	2.7	2.6	2.9	2.5	2.2	2.8
	1-Week SHIBOR	2.79	(0.1)	(1.9)	2.9	2.8	3.0	2.8	2.5	3.0

Source: Bloomberg

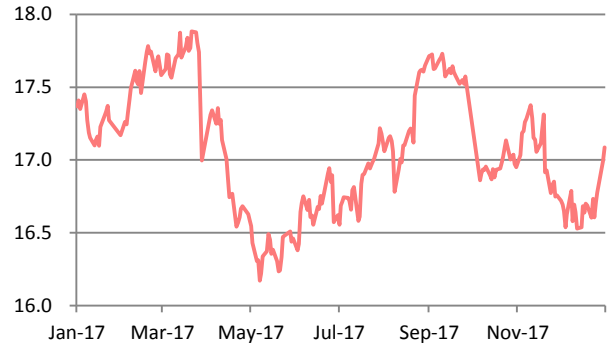
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



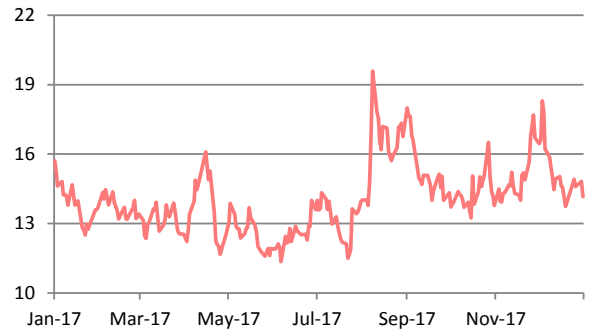
Source: Bloomberg

China 5Y CDS Index_USD



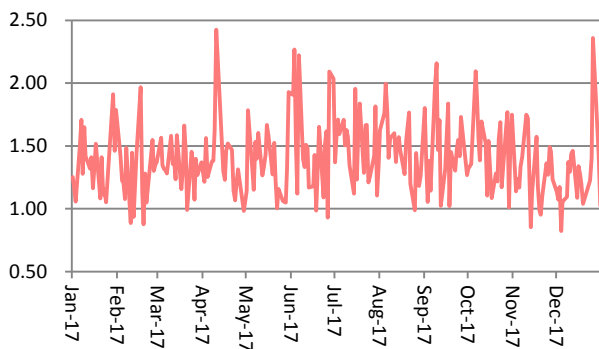
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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