

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: PPI Final Demand YoY	Dec	3.00%	3.10%
Germany: GDP YoY	2017	2.40%	1.90%
Eurozone: Industrial Production YoY	Nov	3.00%	3.70%
India: Exports / Imports YoY	Dec	N/A	30.6%/19.6%
US: PPI Final Demand YoY	Dec	3.00%	3.10%

Source: Bloomberg

II. Macro News

- **Xi, Macron celebrate joint progress.** President Xi Jinping and his French counterpart Emmanuel Macron marked the first completion of a European pressurized water reactor at a ceremony and witnessed the signing of 20 bilateral cooperative documents after their Tuesday talk in Beijing. [China Daily]
- **China's consumer inflation surges to 1.8% in Dec.** China's consumer inflation accelerated to 1.8% in December and its factory-gate prices rose by 4.9%, official data released on Wednesday showed. The CPI rose by 1.6% in 2017, lower than the yearly control target of 3%, the NBS said on its website. Last year, the reading was 2%. [China Daily]
- **World Bank forecast broad-based recovery for global economy.** World Bank raised its forecast for global economic growth in 2018 to 3.1%, saying that a broad-based recovery was underway across the world. The forecast was 0.2ppt higher than its projections in June last year, said the Washington-based lender in its flagship Global Economic Prospects report. [China Daily]

III. Industry News

- **China relaxes regulations for investors in free trade zones.** State Council has decided to ease regulations for enterprises investing in free trade zones to promote reform and opening up, a notice said. China will allow wholly foreign-owned entertainment venues to provide services in FTZs and permit foreign investors to invest in Internet access businesses. [China Daily]
- **China's mobile phone shipments fall in 2017.** China's mobile phone shipments reached 491 million last year while only 1,054 new types of cellphones were rolled out, down 12.3% and 27.1% respectively, according to the China Academy of Information and Communications Technology. [China Daily]
- **China's central bank resumes open market operations.** China's central bank resumed open market operations Wednesday after 12 work days of suspension. The PBOC said on its website it conducted 60 billion yuan (\$9.2 billion) of seven-day reverse repos and another 60 billion yuan of 14-day reverse repos on Wednesday. [China Daily]

IV. Corporate News

- **Lenovo to take one-time US\$400mn hit due to US tax reform, but eyes long-term gains.** Lenovo Group said on Wednesday it will book a one-off US\$400mn charge stemming from the US President Trump's tax overhaul, for the nine months ended in December due to a reassessment of its US deferred tax assets. [SCMP]
- **China's Industrial Bank teams up with Microsoft to build digital and cloud power.** Mid-sized Industrial Bank has signed a strategic partnership with Microsoft China in Shanghai to shore up its smart banking capabilities, the latest evidence of mainland Chinese banks embracing technology-driven innovation. [SCMP]

- **Fosun in biotech push as unit eyes US venture.** Shanghai Fosun Pharmaceutical (Group) said it planned to boost the capital of Futuo, a biotechnology firm controlled by it, by RMB102mn while maintaining its stake at 51%, according to a filing to the HKEX yesterday. [SCMP]
- **Noble Group exits global oil trade in restructuring.** Noble Group is closing its London oil desk and winding down its Asia oil operations, as heavy losses and high debt force it to restructure. The closures follow the sale of its larger oil trading business in the US to Vitol, announced in Oct last year, and a nine-month loss of c.USD3bn a month later. [SCMP]
- **Huawei hires Wonder Woman to say ‘Wow Way’ to break into US.** Huawei Technologies had hired Scarlett Johansson and Gal Gadot to advertise its P9 smartphone model for the worldwide market. For the US launch of its latest flagship model, Huawei had a special mission for Gadot, the highest-paid and highest-grossing actress of 2017. [SCMP]
- **Huawei defends its privacy record, calling AT&T snub a ‘big loss’.** Huawei Technologies consumer chief Richard Yu Chengdong said the breakdown in talks to distribute its flagship smartphone through US phone carrier AT&T was a “big loss” to both parties, while defending the Chinese company’s track record in privacy and security protection. [SCMP]
- **Huawei and Sodexo sign global partnership deal.** French business outsourcing service provider Sodexo signed a global partnership agreement on Tuesday with world’s leading information and communications technology company Huawei Technologies Co Ltd, under which Sodexo will provide integrated facilities management services to Huawei. [China Daily]
- **French search engine entering China market.** French search engine Qwant said on Tuesday that it will tap into the Chinese market and will set up its official website in China in the coming four or five months, as the two countries further strengthen their cooperation in emerging fields including technology. [China Daily]
- **JD, Fives forge \$119mn smart logistics deal.** Fives Group, a French company specializing in industrial engineering, will supply equipment worth over 100mn euros (\$119.28mn) to smarten the logistics of JD, a Chinese online marketplace, in coming years. [China Daily]
- **China carmaker FAW to roll out 17 models by 2025.** Chinese automaker FAW Group said it will introduce 17 car models, mostly electric, by 2025. FAW Group chairman Xu Liuping said that with the new Hongqi (Red Flag) models, the State-owned carmaker will make strides in new energy vehicles and intelligent connectivity. [China Daily]
- **Didi to start bicycle rental services soon.** Didi Chuxing, China's largest ride-sharing company, said on Tuesday that it will soon unveil its own-brand bike-sharing service, as part of its broad efforts to build a comprehensive platform within its app, which will integrate Ofo Inc, Bluegogo, and other potential bike-sharing partners. [China Daily]
- **Great Wall Motor misses 2017 sales target.** Great Wall Motor Co Ltd sold 1.07 million vehicles in 2017, missing its sales target of 1.25 million units for the year. Sales fell 0.4% YoY after a 16.6% decline in December, the carmaker said in a statement to the Shanghai Stock Exchange. [China Daily]
- **BYD launches unmanned driving system for monorail.** China's biggest electric carmaker BYD launched an unmanned driving system for its monorail train in Yinchuan, capital of the Ningxia Hui autonomous region, on Wednesday. The system will be officially put into use in the second quarter of 2018. [China Daily]
- **Alibaba sees returns of suspected fake goods fall.** The ratio of product return requests of goods bought on Alibaba’s online shopping portal Taobao last year on suspicion of them being knockoffs dropped 29 percent year-on-year, the e-commerce giant said in a report published on Wednesday. [China Daily]
- **Tencent Plans to Issue U\$10B Notes; S&P Global Assigns A+ Rating.** Tencent initiated US\$10 billion Global Medium Term Note Programme whereby the notes may be issued to professional investors within a period of 12 months. S&P Global assigned A+ rating on the related notes proposed to be issued by Tencent. [AASocks]

V. Overnight Market Recap

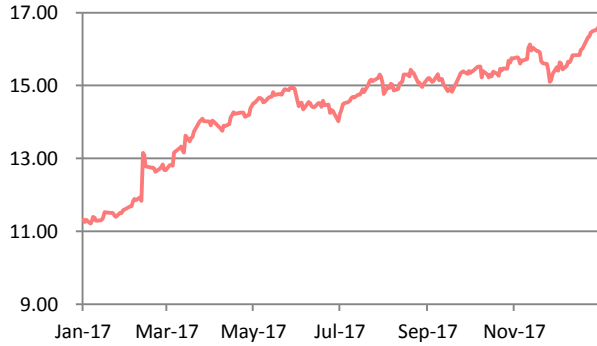
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,748	(3.1)	(0.1)	1.3	3.3	7.6	13.3	20.8	2.8
	Dow Jones	25,369	(16.7)	(0.1)	1.8	4.0	10.9	18.5	27.1	2.6
	Nasdaq Composite	7,154	(10.0)	(0.1)	1.2	4.1	8.3	15.5	28.6	3.6
	Russell 2000	1,560	(0.3)	(0.0)	0.5	2.6	3.5	10.4	13.6	1.6
	VIX Index	9.82	(0.3)	(2.6)	7.3	5.1	(0.3)	(9.8)	(12.8)	(11.1)
Europe Equity	Euro Stoxx 50	3,610	(13.0)	(0.4)	2.8	0.8	0.1	4.2	9.1	3.0
	DAX	13,281	(104.3)	(0.8)	2.3	1.2	2.4	6.8	14.0	2.8
	CAC	5,505	(19.3)	(0.3)	3.3	2.2	2.7	7.1	12.6	3.6
	FTSE 100	7,749	17.5	0.2	1.0	4.0	2.8	5.7	6.3	0.8
APAC Equity	HSI	31,074	62.3	0.2	1.7	7.3	9.5	20.1	35.5	3.9
	HSCEI	12,289	33.5	0.3	1.7	7.5	7.7	18.0	26.3	5.0
	HSI VIX	13.44	0.1	0.4	(5.1)	(15.3)	(5.5)	(1.2)	(5.7)	(7.9)
	CSI 300	4,208	18.5	0.4	2.3	3.4	7.8	14.6	26.2	4.4
	SH Composite	3,422	7.9	0.2	1.6	3.0	1.0	6.8	9.1	3.5
	SZ Composite	1,946	(6.5)	(0.3)	0.6	1.4	(4.0)	2.9	(1.2)	2.4
	Nikkei 225	23,788	(61.8)	(0.3)	4.4	3.7	13.9	17.8	22.8	4.5
Commodities (USD)	KOSPI	2,500	(10.5)	(0.4)	0.5	1.1	1.7	4.3	20.5	1.3
	Brent (Future)	69.20	0.4	0.6	2.0	9.1	22.2	47.6	29.0	3.5
	WTI (Future)	63.57	0.6	1.0	3.2	9.4	23.7	40.9	21.5	5.0
	Gold	1,317	4.0	0.3	0.3	6.1	2.0	8.2	10.6	1.1
	Copper (Future)	7,102	(23.0)	(0.3)	(1.4)	8.1	6.5	21.9	27.0	(2.0)
FX	Baltic Dry Index	1,395.00	10.0	0.7	10.5	(18.0)	(1.6)	70.1	50.6	2.1
	Dollar Index	92.33	(0.2)	(0.2)	0.2	(1.7)	(1.0)	(3.8)	(9.5)	0.2
	EUR	1.19	0.0	0.1	(0.6)	1.6	0.8	4.3	13.0	(0.4)
	JPY	111.44	(1.2)	(1.1)	(1.0)	2.0	1.0	2.3	3.6	1.2
	CNY	6.51	(0.0)	0.3	(0.1)	1.7	1.0	4.5	6.4	(0.0)
CDS	CNH	6.52	(0.0)	(0.2)	0.4	1.5	0.8	4.3	5.6	(0.1)
	ChinaGov CDS	44.39	0.7	1.7	(10.6)	(20.0)	(23.1)	(36.0)	(61.0)	(11.4)
	CDX Emerging Market	99.42	(0.1)	(0.1)	0.1	3.0	3.2	4.2	5.9	0.3

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.42	(0.0)	(0.4)	1.4	1.3	1.1	1.0	0.5	1.4
	2-Year Treasury Yield	1.97	0.0	0.2	2.0	1.8	1.5	1.4	1.2	1.9
	5-Year Treasury Yield	2.33	(0.0)	(0.1)	2.3	2.2	1.9	1.9	1.9	2.2
	10-Year Treasury Yield	2.56	0.0	0.1	2.5	2.4	2.3	2.3	2.4	2.4
	2-10 Spread	58.03	(0.0)	(0.1)	49.7	57.0	80.1	97.7	118.3	51.8
China rates	O/N China Repo Rate	2.70	0.2	7.6	2.4	2.6	2.6	2.7	2.1	3.0
	1-Week China Repo Rate	3.10	-	-	2.7	2.9	2.8	3.1	2.5	3.1
	O/N SHIBOR	2.64	0.1	4.5	2.5	2.7	2.7	2.7	2.1	2.8
	1-Week SHIBOR	2.78	0.0	1.2	2.8	2.8	2.9	2.8	2.4	3.0

Source: Bloomberg

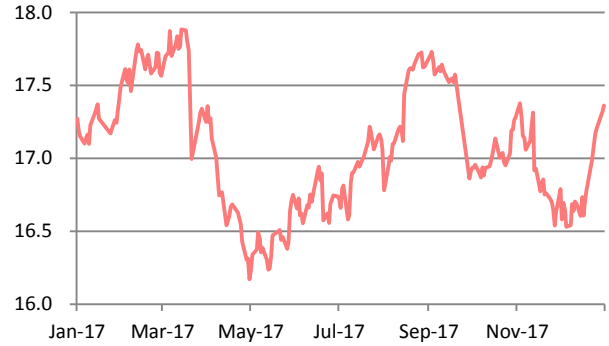
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



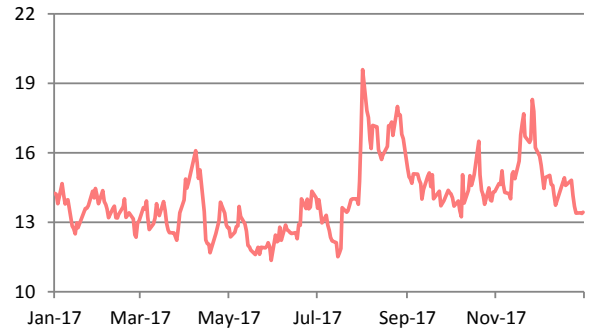
Source: Bloomberg

China 5Y CDS Index_USD



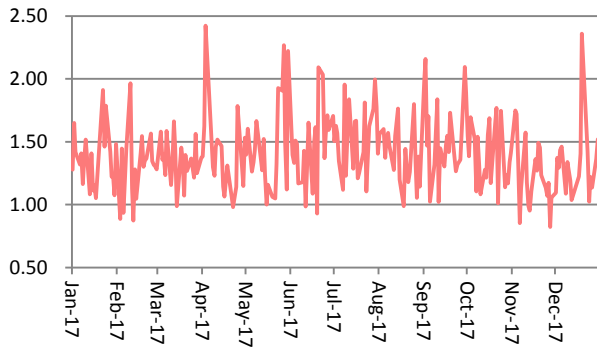
Source: Bloomberg

Hang Seng Index VIX



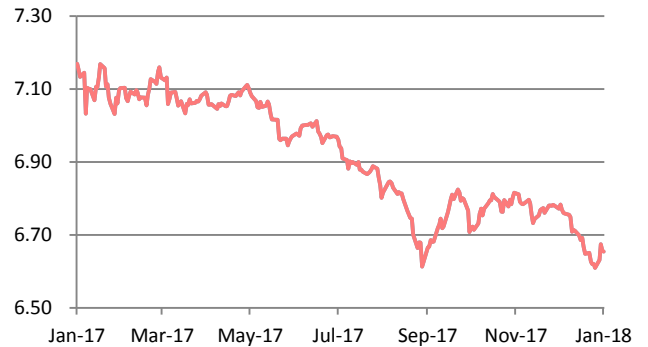
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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