

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
UK: CPI / core YoY	Dec	N/A	3.10% / 2.70%
UK: house price index YoY	Nov	N/A	4.50%
Japan: PPI YoY	Dec	3.20%	3.50%
S. Africa: gold / platinum production YoY	Nov	N/A	-0.90% / 2.70%

Source: Bloomberg

II. Macro News

- **German central bank to include yuan in its reserve pile.** Deutsche Bundesbank, the central bank of Germany, has decided to include the yuan in its reserves, a board member of the bank said on Monday. Bundesbank board member Andreas Dombret told the Asian Financial Forum in Hong Kong that the German central bank is following in the footsteps of the European Central Bank by diversifying part of its reserves into yuan. [SCMP]
- **IMF says China should 'look at its own barriers' to trade if it truly wants globalisation.** China should take a good look the restrictions it places on trade and investment if it wants to promote globalisation, a senior executive with the International Monetary Fund said in Hong Kong on Monday. [Bloomberg]
- **Trump Tension Fueled Anew as China Trade Surplus With U.S. Grows.** Almost a year after Donald Trump became president after pledging to shrink the huge U.S. trade deficit, America's biggest gap, with China, continues to widen. China's trade surplus with China increased \$25bn last year to \$275.8bn, according to Bloomberg calculations based on customs administration data. [Bloomberg]

III. Industry News

- **Hang Seng Index soars to record, as new listing rules chart bourse's path back to top of IPO markets.** Hong Kong's benchmark stock index soared at Monday's open to a historical high, propelled by gains among banks and finance-related companies, after the founder of the world's largest e-commerce shopping platform said he would consider listing the shares of Alibaba Group Holding on the local bourse. [SCMP]
- **Sector predicts slower moving sales growth in current year.** Car sales in China edged up to a record 28.88mn units last year, but the growth rate plunged to a meager 3% YoY, the lowest point in six years, according to the CAAM. The association also expects the growth rate to hover at a similar level in 2018. [Bloomberg]
- **U.S. Trade Court Rules China Aluminum Sheet Imports Causing Harm.** A U.S. trade tribunal said in a preliminary ruling that imports of aluminum sheet from China are hurting American industry, setting the stage for the Trump administration to impose tariffs. [Bloomberg]

IV. Corporate News

- **Hongqiao to Raise Net HK\$6.2bn in Placement and Resume Trading.** China Hongqiao agreed to issue 650m new shares at HK\$9.6 apiece to controlling shareholder Hongqiao Holdings in top-up placement, according to statement to Hong Kong stock exchange. [Bloomberg]
- **HNA Unit's Loan for Kai Tak Site Extended to July 15.** The bridge loan extension is for six months, HNA unit Hong Kong International Investment Group says in emailed statement Monday. The company is confident of securing sufficient capital to support development of project, which will proceed smoothly as planned. [Bloomberg]

- **Ping An Insurance Jan.-Dec. Life Premium Income 388.6 billion Yuan.** The gross premium of Ping An Insurance's property insurance unit were 216 billion yuan in January - December, according to a statement to Hong Kong stock exchange. [Bloomberg]
- **Yuzhou Properties to Buy Coastal Greenland Unit for 3.8bn Yuan.** Yuzhou Properties agrees to buy Century East Group from Coastal Greenland, Yuzhou Properties says in HKEX filing. The company believes that acquisition could enhance its earning capacity in the business of property development and investment. [Bloomberg]
- **China Jinmao plans to raise HK\$3.33bn.** China Jinmao Holdings plans to raise HK\$3.33bn from placing 900.124mnn new shares to Sinochem HK, its biggest shareholder. Sinochem will buy these new shares after selling the same number of existing shares to "no less than" six independent investors, incl. Kerry Holdings and New China Life Insurance. [SCMP]
- **Dao Sheng Financial Leasing Is Said to Plan \$300mn Hong Kong IPO.** Dao Sheng International Financial Leasing Co. is planning a Hong Kong initial public offering that could raise c.\$300mn. The Beijing-based co. aims to sell shares later this year and it is also seeking a round of funding before the planned IPO. [Bloomberg]
- **Hongqiao Seeks \$800mn in Top-Up Placement to Repay Debt.** China Hongqiao Group Ltd. is seeking to raise about \$800 million through a top-up share placement to help pay down the heavy debt burden it accumulated as it grew into the country's top aluminum producer. [Bloomberg]
- **Everbright Grand China Assets Says IPO to Raise Net HK\$113.7mn.** Everbright Grand China Assets prices 110.4mn IPO shares at HK\$1.41 apiece, according to statement to Hong Kong stock exchange. Trading expected to begin Jan. 16. [Bloomberg]
- **Richard Li's PCPD to Join Hong Kong Central Property Development.** Pacific Centuries Premium Developments to pay HK\$2.02b to CSI Properties for a joint development of the properties at 3-6 Glenealy in Hong Kong's Central area, near the entertainment district of Lan Kwai Fong, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Zhenro Properties Says to Raise Net HK\$3.84B From Hong Kong IPO.** Zhenro Properties prices 1b IPO shares at HK\$3.99 apiece, according to statement to Hong Kong stock exchange. Trading expected to begin Jan. 16. [Bloomberg]
- **China Is Said to Tighten Property Loans by Non-Bank Firms.** China has banned non-bank financial firms from channeling funds into the property and infrastructure sectors through entrusted loans, South China Morning Post reports. [Bloomberg]
- **HNA's Tianjin Tianhai Says It Has No Plans to Sell Ingram Micro.** Tianjin Tianhai Investment Co. said media reporting on the sale of its subsidiary Ingram Micro is incorrect, according to a filing to the Shanghai Stock Exchange. [Bloomberg]
- **China Jinmao Wins Bid for Partner's Ventures for 2.86bn Yuan.** China Jinmao unit won the bid for the 50% stake in each of Shanghai Yin Hui Real Estate Development and Shanghai International Shipping Service Center from Shanghai International Port for combined 2.86b yuan, according to statement to Hong Kong stock exchange. [Bloomberg]
- **ZTE Aiming to Launch 5G Smartphone in U.S. By Early 2019.** Chinese smartphone maker ZTE Corp. aims to launch a smartphone with faster 5G internet capabilities in about a year, according to Lixin Cheng, chief executive officer of the company's mobile device business. [Bloomberg]
- **Tencent to sell \$5b bonds on Jan 19.** Tencent is expected to sell four tranches of bonds worth \$5bn on Jan 19, according to the company's announcement. The 4 tranches include 5-, 10-, and 20-year fixed-rate bonds at 2.985%, 3.595%, and 3.925%, respectively, and 5-year floating-rate bonds at 0.605 percent over three-month LIBOR. [China Daily]
- **BHP sees softer iron ore market.** Mining giant BHP Billiton said it expects a slightly softer iron ore market in 2018 given construction is likely to grow at a slower pace globally. "The iron ore market in 2018 will be volatile and more focused on high-quality products," said Arnoud Balhuizen, chief commercial officer of BHP. [China Daily]

V. Overnight Market Recap

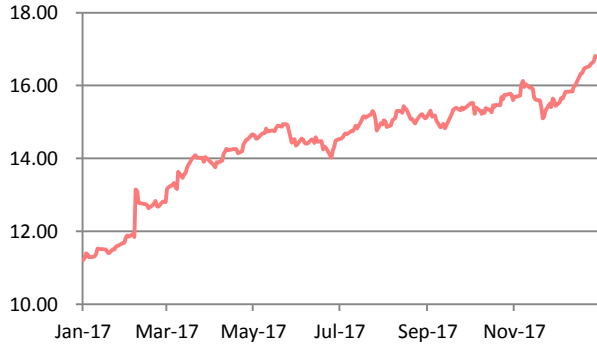
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,786	18.7	0.7	1.6	4.1	9.1	13.3	22.5	4.2
	Dow Jones	25,803	228.5	0.9	2.0	4.7	12.8	19.3	29.8	4.4
	Nasdaq Composite	7,261	49.3	0.7	1.7	4.7	9.9	15.0	30.3	5.2
	Russell 2000	1,592	5.2	0.3	2.0	4.0	5.9	11.4	16.0	3.7
	VIX Index	10.16	0.3	2.8	10.2	7.9	5.7	6.8	(9.5)	(8.0)
Europe Equity	Euro Stoxx 50	3,612	(0.8)	(0.0)	(0.1)	1.4	0.2	2.4	9.6	3.1
	DAX	13,201	(44.5)	(0.3)	(1.3)	0.7	1.5	4.5	14.2	2.2
	CAC	5,510	(7.4)	(0.1)	0.4	3.0	2.7	5.2	12.9	3.7
	FTSE 100	7,769	(9.5)	(0.1)	0.9	3.7	3.2	5.3	6.0	1.1
APAC Equity	HSI	31,339	(73.7)	(0.2)	1.4	8.6	9.2	18.8	37.9	4.7
	HSCEI	12,470	1.5	0.0	1.9	9.7	7.5	16.2	29.0	6.5
	HSI VIX	13.78	0.7	5.6	2.8	(7.7)	(1.0)	6.2	(6.1)	(5.6)
	CSI 300	4,225	0.2	0.0	1.6	6.1	8.0	14.1	27.3	4.8
	SH Composite	3,410	(18.5)	0.2	0.0	5.2	0.9	5.8	9.9	3.9
	SZ Composite	1,914	(35.2)	(0.9)	(1.7)	1.5	(4.6)	1.7	3.4	1.6
	Nikkei 225	23,715	61.1	0.3	-	5.2	11.6	17.9	24.2	4.2
Commodities (USD)	KOSPI	2,504	7.3	0.3	(0.4)	0.9	1.0	3.7	21.3	1.5
	Brent (Future)	70.26	0.4	0.6	3.7	11.1	22.9	43.7	26.7	5.1
	WTI (Future)	64.30	0.5	0.8	4.7	12.9	24.7	39.0	23.5	7.1
	Gold	1,340	2.4	0.2	1.5	6.3	3.6	8.8	11.6	3.0
	Copper (Future)	7,110	(30.5)	(0.4)	(0.2)	6.7	3.2	20.4	21.7	(1.9)
FX	Baltic Dry Index	1,279.00	(24.0)	(1.8)	(7.7)	(21.0)	(13.9)	42.1	40.5	(6.4)
	Dollar Index	90.97	-	-	(1.5)	(3.1)	(2.3)	(4.4)	(10.1)	(1.2)
	EUR	1.23	0.0	0.5	2.5	4.2	4.0	6.9	15.8	2.2
	JPY	110.54	(0.5)	(0.5)	(2.3)	1.8	1.5	1.9	3.3	2.0
	CNY	6.44	(0.0)	0.5	1.0	2.7	2.4	5.2	7.2	1.1
CDS	CNH	6.43	(0.0)	(0.5)	(1.0)	2.7	2.3	5.1	6.6	1.2
	ChinaGov CDS	47.27	0.5	1.0	4.3	(10.0)	(17.3)	(28.5)	(58.4)	(5.6)
	CDX Emerging Market	99.55	(0.0)	(0.0)	0.1	0.6	3.3	4.0	5.9	0.5

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.44	-	-	1.4	1.3	1.1	1.1	0.5	1.4
	2-Year Treasury Yield	2.00	-	-	2.0	1.8	1.5	1.3	1.2	1.9
	5-Year Treasury Yield	2.35	-	-	2.3	2.2	2.0	1.8	1.9	2.2
	10-Year Treasury Yield	2.55	-	-	2.6	2.4	2.3	2.3	2.4	2.4
	2-10 Spread	54.45	(0.2)	(0.3)	58.1	51.3	74.9	90.7	119.9	51.8
China rates	O/N China Repo Rate	3.20	0.4	14.3	2.5	2.7	2.6	2.8	2.7	3.0
	1-Week China Repo Rate	3.49	0.4	12.6	3.1	2.9	2.7	2.8	3.2	3.1
	O/N SHIBOR	2.79	(0.0)	(1.3)	2.5	2.7	2.6	2.7	2.1	2.8
	1-Week SHIBOR	2.86	(0.0)	(0.1)	2.7	2.9	2.8	2.8	2.4	3.0

Source: Bloomberg

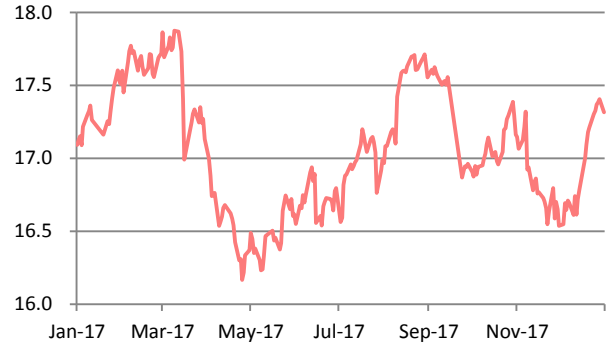
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



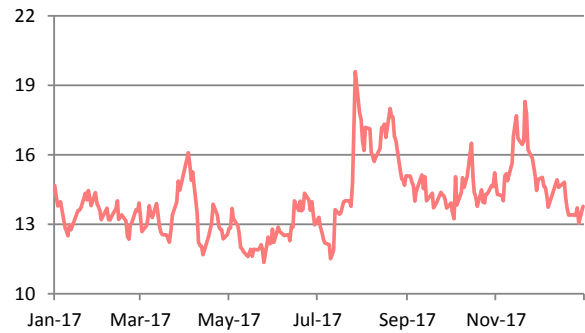
Source: Bloomberg

China 5Y CDS Index_USD



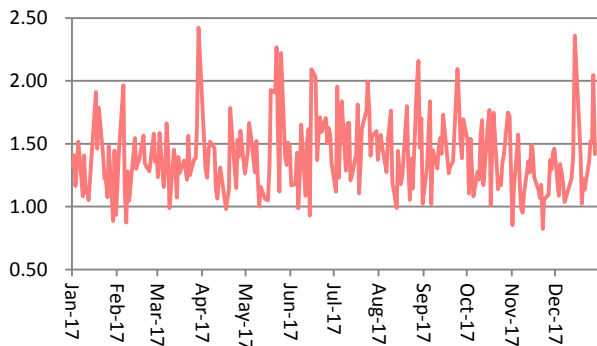
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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