

## I. Major Economic Release

### Upcoming Economic Release

| Economic Indicator                      | Period | Market Survey | Prior Period |
|---|--------|---------------|--------------|
| China: Swift Global Payment CNY         | Dec    | N/A           | 1.75%        |
| US: New Home Sales                      | Dec    | 675k          | 733k         |
| S. Korea: GDP YoY                       | 4Q17   | 3.40%         | 3.80%        |
| UK: Number of Finance Loans for Housing | Dec    | 39.8k         | 39.507       |

Source: Bloomberg

## II. Macro News

- **IMF pegs China growth at 6.6%.** China's year-on-year GDP growth is projected to reach 6.6 percent this year, 0.1 percentage point higher than its previous forecast, the International Monetary Fund said in its latest report. The World Bank said last week that it expected China's GDP growth this year to be 6.4 percent. [SCMP]
- **French Economy Maintains Momentum on Strongest Demand Since 2011.** France's private-sector output maintained its momentum at the start of 2018 as companies benefited from the strongest demand in more than six years. IHS Markit said its composite Purchasing Managers' Index rose to 59.7 from 59.6 in December. [Bloomberg]
- **Government green-lights foreign firms to be virtual network operators.** Foreign companies will be allowed to be virtual network operators in China, the government said in a draft rule on Wednesday, as it steps up push to open the multibillion-dollar telecom industry currently dominated by three State-owned enterprises. [China Daily]

## III. Industry News

- **With turnover close to HK\$200b, new HKEX platform can handle 60,000 trades per second.** HKEX will launch a new stock trading system next month, as it upgrades the bourse infrastructure to handle rising volumes and turnover. The new trading system will help to cope with the rising trading volume. The Orion Trading Platform can handle up to 60,000 transactions per second, twice that of the current system and has the capability to be expanded further.
- **Hong Kong Bourse Is Said to Mull New Remote Market-Maker Rules.** Hong Kong Exchanges & Clearing Ltd. has reached out to market participants to discuss potentially relaxing rules governing the location of market makers. [Bloomberg]
- **China Solar Subsidies Worth \$15.6bn Unpaid, Official Says.** The Chinese government owes solar developers 100 billion yuan (\$15.6 billion) in subsidies as surcharges to electricity bills aren't enough to cover the handouts, Cheng Chenlu, an official at the National Energy Administration, said at a conference in Beijing. [Bloomberg]

## IV. Corporate News

- **China Ministry Summons Alibaba Affiliate on Spam Message Issue.** The Ministry of Industry and Information Technology asks Alibaba's telecom affiliate to step up efforts to clean up spam message, according to a statement on the ministry's website. [Bloomberg]
- **Minsheng Investment Eyes Elderly Care Firms in Australia, U.S.** China Minsheng Investment Group, one of the country's largest private investment funds, is targeting senior care groups in Australia, the U.S. and Hong Kong, according to its Vice President Wang Hui. [Bloomberg]

- **Agile Sets Entitlement Ratio for A-Living Services Offering.** Agile Group investors can apply for 1 spinoff unit share for every 50 Agile shares held, according to statement to Hong Kong stock exchange. Agile has reserved 27.8m A-Living Services shares, representing ~8.35% of the offering, for qualifying shareholders. [Bloomberg]
- **JD.Com Considering Dual Listing for Logistics Unit.** JD.Com is considering a dual listing for its logistics unit. Hong Kong or China are potentials for logistics business dual listing, CNBC cites CEO and founder Richard Liu as saying in an interview. [Bloomberg]
- **Baotou Steel Expects 2017 Net to Rise 2252% on Year.** The company expects full-year net income to increase by 1.91bn yuan from year ago, according to a filing to stock exchange, citing steel price rise and government subsidies. [Bloomberg]
- **China Pharma Tycoon Said to Mull \$500 Million IPO of Clinic Arm.** Luye Life Sciences Group Ltd., run by acquisitive Chinese entrepreneur Liu Dianbo, is considering a Singapore initial public offering of its health-care services arm that could raise as much as \$500mn. [Bloomberg]
- **Baidu CEO, Others Nominated to China United Networks' Board.** Baidu CEO Robin Li, Tencent senior executive VP Lu Shan, JD.com Chief Strategy Officer Liao Jianwen and Alibaba senior VP Simon Hu are nominated as non-independent board directors for China United Networks, according to a statement to Shanghai stock exchange. [Bloomberg]
- **Yonghui Gets Exchange Inquiry on Carrefour China Investment Plan.** Yonghui Superstores said Shanghai stock exchange asked it to disclose more details on its plan for investing in Carrefour China in an inquiry letter received Tuesday, according to a regulatory filing. [Bloomberg]
- **Livzon Pharma Holder Proposes Cash Dividend, Bonus Shares.** Livzon Pharmaceutical received a notice from controlling shareholder Joincare Pharmaceutical Industry proposing distribution of dividend of RMB20 per 10 shares and issue of 3 bonus shares for every 10 shares to all shareholders by way of conversion of capital reserve. [Bloomberg]
- **Fiat's China Partner Plans Foray Into Electric-Car Batteries.** Guangzhou Automobile Group Co. is negotiating with both local and foreign makers of battery cells on a plan to jointly invest in a factory in the southern city of Guangzhou, where the automaker is based, Chairman Zeng Qinghong said. [Bloomberg]
- **Wharf Cut to 'BBB' at Fitch on Demerger; Outlook Stable.** Wharf cut to 'BBB' from 'A-' to reflect its business and financial profile following the spin off of the majority of its Hong Kong investment properties. Ratings are constrained by the size of the investment properties that remain in its portfolio after the spin off. [Bloomberg]
- **Shanghai Pharmaceuticals on the prowl for acquisitions in US and Europe.** Shanghai Pharmaceuticals Holding is scouting for acquisitions in the US and Europe, despite increased scrutiny of Chinese investments. Acquisitions, incl. overseas ones, is one of its two-pronged development strategy besides in-house R&D, according to its chairman. [SCMP]
- **HNA hotel arm puts Carlson at centre of ambitious global expansion plan.** HNA Hospitality Group will make the Carlson Rezidor Hotel Group it acquired a year ago the linchpin of a global expansion plan that includes more than doubling its portfolio in China in five years, according to its chairman Bai Haibo. [SCMP]
- **BAIC plans backdoor listing of EV subsidiary.** China's State-backed Beijing Automotive Group (BAIC) will take its electric vehicle unit public by injecting it into another listed subsidiary, boosting its financial muscle as the battle for the country's fiercely contested green energy car market heats up. [China Daily]
- **Nuclear giant ramps up mining of uranium in Namibia.** The Namibian Husab Uranium Mine operated by China's State-owned China General Nuclear Power Corp had produced over 1,000 metric tons of uranium oxide in 2017. The company will ramp up its throughput to ensure the mine reaches its design capacity by this year. [China Daily]
- **Alibaba paid 36.6bn yuan in taxes for 2017.** Chinese e-commerce giant Alibaba Group Holding Ltd said on Tuesday that it paid a total of 36.6 billion yuan (\$5.7 billion) in taxes in 2017, marking a sizeable increase from the 23.8 billion yuan paid in 2016. [China Daily]

## V. Overnight Market Recap

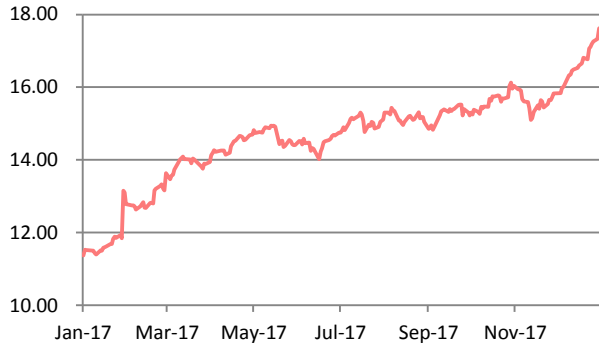
|                   |                     | Close    | Net Chg | Chg (%) | Performance (%) |        |        |        |        |        |
|-------------------|---------------------|----------|---------|---------|-----------------|--------|--------|--------|--------|--------|
|                   |                     |          |         |         | 1W              | 1M     | 3M     | 6M     | 1Y     | YTD    |
| US Equity         | S&P 500             | 2,838    | (1.6)   | (0.1)   | 1.2             | 5.7    | 11.0   | 14.5   | 23.5   | 6.1    |
|                   | Dow Jones           | 26,252   | 41.3    | 0.2     | 0.5             | 6.1    | 12.5   | 21.5   | 30.8   | 6.2    |
|                   | Nasdaq Composite    | 7,415    | (45.2)  | (0.6)   | 1.6             | 6.5    | 13.0   | 15.6   | 31.1   | 7.4    |
|                   | Russell 2000        | 1,600    | (11.1)  | (0.7)   | 0.8             | 3.7    | 7.1    | 10.3   | 15.7   | 4.2    |
|                   | VIX Index           | 11.47    | 0.4     | 3.3     | (3.7)           | 15.9   | 2.1    | 21.6   | 6.1    | 3.9    |
| Europe Equity     | Euro Stoxx 50       | 3,643    | (29.1)  | (0.8)   | 0.8             | 2.5    | 1.4    | 4.9    | 9.5    | 4.0    |
|                   | DAX                 | 13,415   | (144.9) | (1.1)   | 1.8             | 2.6    | 3.6    | 9.4    | 13.6   | 3.8    |
|                   | CAC                 | 5,495    | (40.1)  | (0.7)   | 0.0             | 2.4    | 2.2    | 6.5    | 12.7   | 3.4    |
|                   | FTSE 100            | 7,643    | (88.4)  | (1.1)   | (1.1)           | 0.7    | 2.6    | 2.8    | 6.7    | (0.6)  |
| APAC Equity       | HSI                 | 32,959   | 28.0    | 0.1     | 3.0             | 11.4   | 16.4   | 22.7   | 43.0   | 10.2   |
|                   | HSCEI               | 13,621   | 130.5   | 1.0     | 5.8             | 16.9   | 18.5   | 26.3   | 39.8   | 16.3   |
|                   | HSI VIX             | 17.28    | (0.9)   | (4.8)   | 15.2            | 25.8   | 18.4   | 50.1   | 38.2   | 18.4   |
|                   | CSI 300             | 4,390    | 7.3     | 0.2     | 3.3             | 8.6    | 10.4   | 18.0   | 30.0   | 8.9    |
|                   | SH Composite        | 3,559    | 13.0    | 0.4     | 3.3             | 8.0    | 4.8    | 9.7    | 13.0   | 7.6    |
|                   | SZ Composite        | 1,961    | 9.9     | 0.5     | 2.0             | 3.1    | (3.2)  | 6.1    | 3.0    | 3.2    |
|                   | Nikkei 225          | 23,941   | (183.4) | (0.8)   | 0.3             | 4.4    | 10.3   | 20.0   | 25.6   | 5.2    |
|                   | KOSPI               | 2,538    | 1.4     | 0.1     | 0.9             | 4.0    | 1.8    | 4.0    | 22.8   | 2.9    |
| Commodities (USD) | Brent (Future)      | 70.53    | 0.6     | 0.8     | 1.7             | 8.1    | 20.9   | 45.1   | 27.2   | 5.5    |
|                   | WTI (Future)        | 65.61    | 1.1     | 1.8     | 2.6             | 12.5   | 26.1   | 37.4   | 24.7   | 8.9    |
|                   | Gold                | 1,358    | 17.3    | 1.3     | 2.4             | 6.5    | 6.2    | 8.6    | 13.0   | 4.2    |
|                   | Copper (Future)     | 6,923    | (145.0) | (2.1)   | (2.2)           | (2.8)  | (1.2)  | 15.3   | 19.5   | (4.5)  |
|                   | Baltic Dry Index    | 1,157.00 | 28.0    | 2.5     | (0.6)           | (15.3) | (27.1) | 18.4   | 30.6   | (15.3) |
| FX                | Dollar Index        | 89.21    | (0.9)   | (1.0)   | (1.5)           | (4.4)  | (4.9)  | (5.1)  | (11.1) | (3.2)  |
|                   | EUR                 | 1.24     | 0.0     | 0.9     | 1.8             | 4.4    | 4.9    | 6.4    | 15.3   | 3.2    |
|                   | JPY                 | 109.22   | (1.1)   | (1.0)   | (1.9)           | 3.6    | 4.1    | 2.4    | 3.7    | 3.1    |
|                   | CNY                 | 6.36     | (0.0)   | 0.7     | 1.2             | 2.9    | 4.4    | 6.2    | 7.9    | 2.3    |
|                   | CNH                 | 6.35     | (0.0)   | (0.8)   | (1.3)           | 3.1    | 4.5    | 6.4    | 7.4    | 2.5    |
| CDS               | ChinaGov CDS        | 49.92    | 0.2     | 0.4     | 4.4             | (3.6)  | 1.2    | (24.0) | (53.6) | (0.3)  |
|                   | CDX Emerging Market | 99.39    | 0.0     | 0.0     | (0.2)           | 0.4    | 3.1    | 3.8    | 5.7    | 0.3    |

|             |                        | Close | Net Chg | Chg (%) | Value |      |      |      |       |      |
|-------------|------------------------|-------|---------|---------|-------|------|------|------|-------|------|
|             |                        |       |         |         | 1W    | 1M   | 3M   | 6M   | 1Y    | YTD  |
| US rates    | 3-Month Treasury Yield | 1.43  | (0.0)   | (0.4)   | 1.4   | 1.3  | 1.1  | 1.1  | 0.5   | 1.4  |
|             | 2-Year Treasury Yield  | 2.08  | 0.0     | 1.8     | 2.0   | 1.9  | 1.6  | 1.4  | 1.2   | 1.9  |
|             | 5-Year Treasury Yield  | 2.43  | 0.0     | 0.9     | 2.4   | 2.2  | 2.1  | 1.9  | 2.0   | 2.2  |
|             | 10-Year Treasury Yield | 2.65  | 0.0     | 1.3     | 2.6   | 2.5  | 2.5  | 2.3  | 2.5   | 2.4  |
|             | 2-10 Spread            | 56.64 | (0.4)   | (0.8)   | 57.8  | 57.2 | 84.2 | 94.5 | 127.4 | 51.8 |
| China rates | O/N China Repo Rate    | 2.61  | 0.0     | 1.6     | 2.8   | 2.6  | 2.7  | 3.1  | 2.1   | 3.0  |
|             | 1-Week China Repo Rate | 3.20  | 0.4     | 13.1    | 2.9   | 2.9  | 3.4  | 3.4  | 3.2   | 3.1  |
|             | O/N SHIBOR             | 2.57  | (0.0)   | (1.1)   | 2.8   | 2.6  | 2.7  | 2.8  | 2.2   | 2.8  |
|             | 1-Week SHIBOR          | 2.83  | (0.0)   | (1.1)   | 2.9   | 2.9  | 2.9  | 2.9  | 2.7   | 3.0  |

Source: Bloomberg

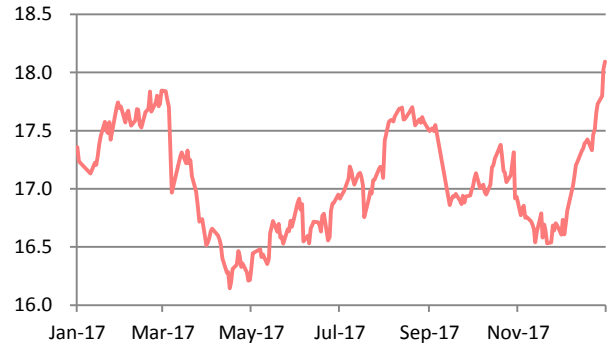
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



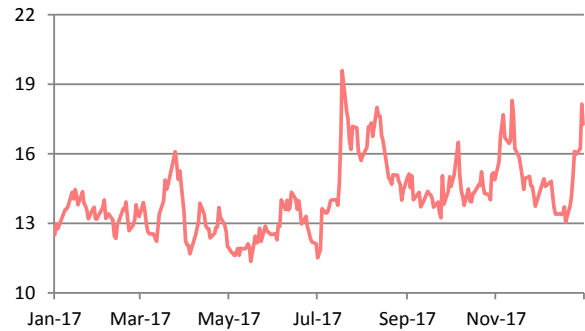
Source: Bloomberg

**China 5Y CDS Index\_USD**



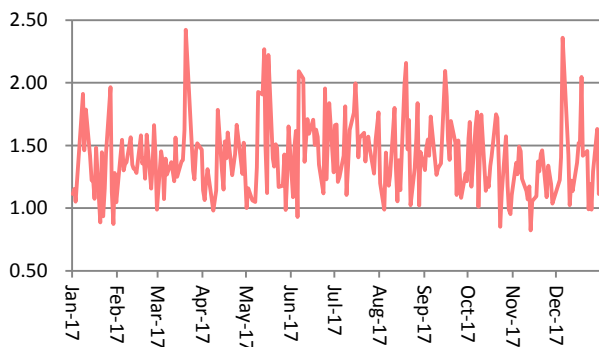
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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