

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: personal income / spending MoM	Dec	0.3%/0.5%	0.3%/0.6%
US: PCE core YoY	Dec	1.60%	1.50%
Italy: PPI YoY	Dec	N/A	2.80%
Brazil: total outstanding loans	Dec	N/A	BRL3064bn

Source: Bloomberg

## II. Macro News

- **China Economy Starts 2018 on Solid Trajectory After Profits Dip.** As the latest China data showed some softening at the end of an upbeat year, reports for this month are looking likely to show the economy keeping pace despite slowing industrial profits. [Bloomberg]
- **Mnuchin Considering Beijing Visit to Discuss Trade and Sanctions.** U.S. Treasury Secretary Steven Mnuchin said he's considering a trip to Beijing this year to discuss sanctions on North Korea and how to shrink America's trade deficit with China. [Bloomberg]
- **China, Canada pledge to further boost economic ties.** China and Canada pledged to further boost the economic and trade relations at a meeting between their senior officials on Thursday during the ongoing World Economic Forum in Davos, Switzerland. [China Daily]

## III. Industry News

- **China Is Said to Consider Banking, Insurance Watchdog Merger.** China is considering a merger of its banking and insurance regulators, as it seeks to better coordinate its attempts to counter financial risks in the world's second-largest economy. [Bloomberg]
- **China industrial profits surge 21% in 2017.** Profits of China's major industrial firms increased 21% YoY in 2017, the fastest pace since 2012, the National Bureau of Statistics said Friday. The reading was 12.5ppts faster than the growth rate registered in 2016, the NBS said in a statement. [China Daily]
- **China Fiscal Revenue Growth Posts First Acceleration Since 2012.** China's government revenue growth accelerated last year for the first time since 2012, underpinned by steady economic expansion and a pickup in factory inflation. Central and local govt revenue rose 7.4% YoY to RMB17.3tn, the ministry said in a statement on its website. [Bloomberg]

## IV. Corporate News

- **Swissport mulls a Switzerland IPO in 2018, opening up a funding avenue for cash-starved HNA.** Swissport, the world's biggest ground and cargo handler at airports, said it's aiming to raise capital through an initial public offering later this year in Switzerland, in a move that opens up a new funding source for its cash-starved parent HNA Group. [SCMP]
- **HNA ditches vanity purchases for Silk Road commodity deals to vie for Beijing's support.** To mark the completion of its US\$1 billion takeover of a Singaporean warehouse and delivery business, HNA Group chose to celebrate at a swanky hotel by the city's Clifford Pier, the historic landing point for many seafaring immigrants, including those from the buyer's home base of Hainan. [SCMP]

- **HNA Group Unit Sells Office Tower in Sydney for A\$205mn.** HNA Group's Hong Kong International Investment Group signed agreement Thursday to sell office tower One York for A\$205m to an unidentified independent party, it says in emailed statement. [Bloomberg]
- **HNA Technology Investments Expects to Post Net Profit for 2017.** The company says it expects to swing to profit for the year ended Dec. 31, 2017 after posting a net loss in the year to end-2016, according to a statement to the Hong Kong stock exchange. [Bloomberg]
- **Rusal Unit Sells \$500mn USD Fixed Rate Notes Due 2023.** Coupon rate set at 4.85% per annum and issue price at par, Rusal says in filing to Hong Kong stock exchange. Proceeds to be used for refinancing existing debts and general corporate purposes. [Bloomberg]
- **Future Land Dev Expects FY Net to Rise at Least 100% Year on Year.** The company cites net increase of Shanghai-listed unit Future Land Holdings for consolidated earnings gain, Future Land Development says in Hong Kong stock exchange filing. [Bloomberg]
- **Daphne Intl Expects FY Net Loss, Sees Operating Loss to Narrow.** Same-store sales of core brands in 4Q saw high-single-digit percentage decline on year, driven by decline in average selling price, Daphne Intl says in Hong Kong stock exchange filing. [Bloomberg]
- **Hisense Kelon Expects 2017 Net to Rise 70%-100% Year on Year.** The company sees full-year net profit of up to RMB2.18bn, vs. RMB1.09bn a year ago, according to statement to Hong Kong stock exchange.it cites disposal of equity interest in a property management co., and growth of air-conditioner business for net profit rise. [Bloomberg]
- **CRCC High-Tech Equipment Expects FY Net to Drop 85%-91% Year on Year.** CRCC High-Tech Equipment expects FY net to drop 85%-91% YoY, due to a 48%-54% decline in FY revenue and fixed costs, it says in a filing to the Hong Kong stock exchange. [Bloomberg]
- **Cathay 'on Reasonably Good Course' for 2018 Savings Goal.** Cathay Pacific is on track to cut HK\$4b in costs by 2020, Chairman John Slosar says in an interview. Cathay sought HK\$2b in savings last year; sees HK\$1bn this year and again in 2019. [Bloomberg]
- **HNA's Former Singapore Partner Is Said to Revive IPO Work.** AEP Investment Management Pte has resumed work on a long-delayed Singapore initial public offering of its property assets after Chinese conglomerate HNA Group Co. terminated its participation in the listing. [Bloomberg]
- **DiDi sets up AI labs.** Chinese ride-sharing giant Didi Chuxing has opened artificial intelligence labs to develop new transportation ideas, the company announced Friday. The labs are an expansion of DiDi's research network intended to attract top professionals to push the frontiers of smart traffic technology. [China Daily]
- **Yili aims to meet rising consumer expectations.** China's leading dairy producer Yili Group will continue to boost product quality, with changing tastes driving changes in the global market, said its executive president Jan 25 during the World Economic Forum in Davos, Switzerland. [China Daily]
- **Tencent Holdings Limited opens first cashierless pop-up outlet in Shanghai.** Tencent Holdings Limited has opened its first cashierless pop-up store in Shanghai, the latest player to delve into what could become a 65 billion yuan (\$10.2 billion) industry by 2020. [China Daily]
- **JD to compete with Amazon in US market.** Chinese e-commerce giant JD is preparing to make its United States debut with a beachhead in Los Angeles by the end of this year, seeking to best arch-rival Alibaba Group Holding Ltd and challenge Amazon.com Inc on its home turf. [China Daily]
- **Xiaomi beats Samsung in Indian market.** Xiaomi Corp has displaced Samsung as the top smartphone vendor in India, the world's fastest-growing major smartphone market, a new report said. Despite annual growth of 17 percent, Samsung failed to maintain its lead, shipping just over 7.3 million smartphones to take second place. [China Daily]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,873	33.6	1.2	2.2	7.5	11.3	16.2	25.2	7.5
	Dow Jones	26,617	223.9	0.8	2.1	7.7	13.6	21.9	32.5	7.7
	Nasdaq Composite	7,506	94.6	1.3	2.3	8.7	12.0	17.7	32.6	8.7
	Russell 2000	1,608	6.4	0.4	0.7	4.7	6.6	12.5	17.3	4.7
	VIX Index	11.08	(0.5)	(4.3)	(1.7)	0.4	13.1	7.7	4.7	0.4
Europe Equity	Euro Stoxx 50	3,647	17.3	0.5	(0.0)	4.1	(0.1)	5.2	10.4	4.1
	DAX	13,340	41.8	0.3	(0.7)	3.3	0.9	9.7	12.9	3.3
	CAC	5,529	47.9	0.9	0.0	4.1	0.6	7.8	14.2	4.1
	FTSE 100	7,666	49.7	0.7	(0.8)	(0.3)	2.1	4.0	6.7	(0.3)
APAC Equity	HSI	33,154	499.7	1.5	2.8	10.8	16.6	22.9	41.9	10.8
	HSCEI	13,724	335.8	2.5	4.1	17.2	17.9	27.6	40.0	17.2
	HSI VIX	17.53	(0.1)	(0.4)	9.8	20.1	16.3	28.6	37.4	20.1
	CSI 300	4,381	16.2	0.4	2.2	8.7	8.9	17.7	29.3	8.7
	SH Composite	3,558	9.8	0.3	2.0	7.6	4.1	9.4	12.6	7.6
	SZ Composite	1,950	(3.1)	(0.2)	1.5	2.7	(3.6)	4.4	1.7	2.7
	Nikkei 225	23,632	(37.6)	(0.2)	(0.7)	4.2	7.8	18.9	21.9	4.2
Commodities (USD)	KOSPI	2,575	12.5	0.5	2.2	5.5	4.2	8.4	24.9	5.5
	Brent (Future)	70.52	0.1	0.1	2.8	5.3	16.5	34.1	26.8	5.3
	WTI (Future)	66.14	0.6	1.0	4.4	9.7	23.0	33.3	24.7	9.7
	Gold	1,349	0.9	0.1	1.3	3.7	5.9	6.4	13.0	3.7
	Copper (Future)	7,085	(53.0)	(0.7)	0.6	(0.6)	1.4	11.9	21.0	(2.2)
FX	Baltic Dry Index	1,219.00	2.0	0.2	8.0	(10.8)	(21.2)	30.7	47.4	(10.8)
	Dollar Index	89.07	(0.3)	(0.4)	(1.7)	(3.3)	(6.2)	(4.5)	(11.4)	(3.3)
	EUR	1.24	0.0	0.3	1.7	3.5	6.6	4.9	16.2	3.5
	JPY	108.58	(0.8)	(0.8)	(2.0)	3.7	4.2	1.5	4.7	3.7
	CNY	6.33	0.0	(0.0)	1.2	3.4	5.0	6.7	8.8	2.8
CDS	CNH	6.33	(0.0)	(0.1)	(1.2)	3.1	5.1	6.5	8.6	3.1
	ChinaGov CDS	50.60	(0.6)	(1.1)	1.4	0.5	(0.7)	(21.0)	(53.1)	1.0
	CDX Emerging Market	99.39	0.0	0.0	0.0	0.3	2.9	3.6	5.7	0.3

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.41	(0.0)	(0.4)	1.4	1.4	1.1	1.1	0.5	1.4
	2-Year Treasury Yield	2.12	0.0	1.5	2.1	1.9	1.6	1.3	1.2	1.9
	5-Year Treasury Yield	2.47	0.1	2.1	2.4	2.2	2.0	1.8	1.9	2.2
	10-Year Treasury Yield	2.66	0.0	1.6	2.7	2.4	2.4	2.3	2.5	2.4
	2-10 Spread	53.96	1.1	2.1	58.5	51.8	79.1	93.9	126.2	51.8
China rates	O/N China Repo Rate	2.40	(0.1)	(5.5)	2.8	3.0	2.8	3.2	2.7	3.0
	1-Week China Repo Rate	3.40	0.5	17.2	3.0	3.1	3.4	3.4	2.6	3.1
	O/N SHIBOR	2.55	(0.0)	(0.5)	2.8	2.8	2.7	2.8	2.5	2.8
	1-Week SHIBOR	2.84	(0.0)	(0.3)	2.9	3.0	2.9	2.9	2.7	3.0

Source: Bloomberg

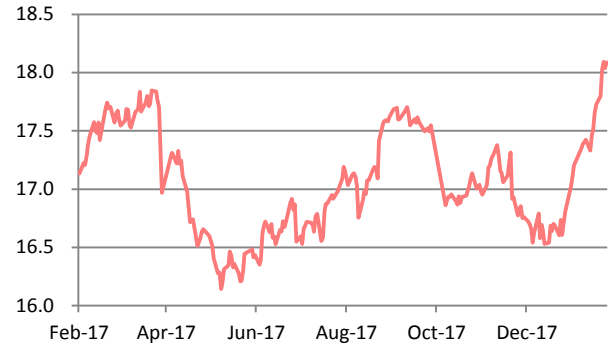
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



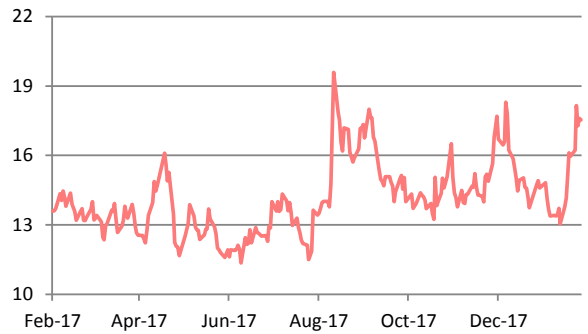
Source: Bloomberg

**China 5Y CDS Index\_USD**



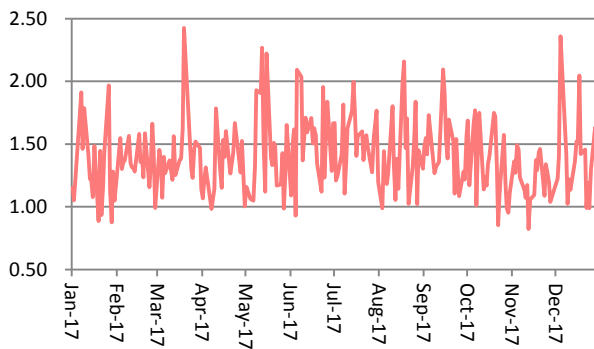
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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