

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Japan: Industrial Production YoY	Dec	N/A	3.60%
S. Korea: Industrial Production YoY	Dec	N/A	- 1.60%
UK: GfK Consumer Confidence	Jan	N/A	- 13.0
Australia: Private Sector Credit YoY	Dec	N/A	5.40%

Source: Bloomberg

II. Macro News

- **U.K. Consumer Confidence Increases.** Britons are starting 2018 with renewed optimism as a measure of consumer confidence rose by the most in a year in January. The jump was driven by the biggest increase in households' assessment of their financial position in the past month since Nov 2014, according to YouGov and the Centre for Economics and Business Research. [Bloomberg]
- **Japan Consumer Spending Softens, Labor Market Remains Tight.** A flurry of economic indicators on Tuesday showed that while Japan's labor market is the tightest in decades, consumers remain cautious about spending until they see wages rise. Household spending fell 0.1 percent from a year ago (estimate +1.3 percent). [Bloomberg]
- **US Treasury forecasts borrowing at US\$441bn.** With the government's budget deficit rising, the Treasury Department announced Monday that it expects to borrow US\$441bn in the current Jan-Mar quarter, the largest amount in eight years. The Treasury said this figure compares to actual borrowing of US\$282bn in the Oct-Dec quarter. [The Standard]

III. Industry News

- **Power producers want more coal to tide over shortages.** China's four major power generation groups have asked the NDRC to increase coal supplies and regulate, reduce coal prices after snowstorms sweeping across central and southern provinces led to major losses for the thermal power sector. [China Daily]
- **China policy bank sees drop in bad loans.** China Development Bank Governor Zheng Zhijie said the ratio of non-performing loans (NPL) had remained below 1 percent for 51 consecutive quarters at the end of 2017, a level markedly lower than the 1.74 percent of commercial banks in the third quarter of last year. [China Daily]
- **China's listed firms see higher earnings amid economic restructuring.** So far, over half of listed companies on the country's two major exchanges have reported their 2017 performance, and nearly 70 percent of them saw profit gains, according to the Xinhua-run Shanghai Securities News. [SCMP]

IV. Corporate News

- **China Eastern Cancels Holiday Flights Amid Dispute With Taiwan.** China Eastern Airlines Corp. and Xiamen Airlines Co. canceled 176 additional flights to Taiwan after failing to gain approval from the island's authorities amid an escalating dispute between the two governments. [Bloomberg]
- **Blackstone in Talks to Buy Thomson Reuters' Financial Unit.** Blackstone Group LP is in talks to buy a controlling stake in Thomson Reuters Corp.'s key business that provides data, analytics and trading platforms to Wall Street and financial professionals around the world. [Bloomberg]

- **Wanda Puts Two U.S. Real Estate Projects Up for Sale.** Chinese billionaire Wang Jianlin's Dalian Wanda Group Co. has put its last two overseas property developments up for sale, according to people familiar with the matter, in the latest unwinding of a decade-long overseas buying spree that put it in the cross-hairs of Chinese regulators. [Bloomberg]
- **China's e-commerce trio invest US\$5.4bn in Wanda's bricks-and-mortar retail business.** Tencent Holdings has partnered with Suning Commerce Group, JD.com and Sunac China Holdings to buy a 14% cent stake in Wanda Commercial Properties, Wang's property arm, for RMB34bn, according to a statement by Dalian Wanda Group. [SCMP]
- **Huawei's US expansion hits another speed bump as Verizon bails out of smartphone deal.** American mobile network operator Verizon Communications has dropped all plans to sell smartphones by Huawei Technologies, including the new Mate 10 Pro, under pressure from the US government. [SCMP]
- **Tencent buys minor stake in Hollywood company.** Tencent Holdings Ltd is buying a stake in Skydance Media LLC, the Hollywood production company behind Terminator, as it expands its entertainment portfolio to draw a larger audience from home and abroad. [China Daily]
- **Tencent in Superstores buy.** Internet giant Tencent Holdings's (0700) affiliate Linzhi Tencent Technology is to buy a 15% stake in mainland-listed Yonghui Superstores' supply chain Yonghui Yunchuang Technology for RMB187.5mn yuan (HK\$231.5mn). [The Standard]
- **Lee & Man Paper Expects 2017 Net to Rise More Than 75% YoY.** Lee & Man Paper Manufacturing cites increase in product selling prices and rise in profit margin, according to statement to HKEX. That compares with avg earnings est. of HK\$4.88bn (HK\$4.09b-HK\$5.63b) from 20 analysts, according to data compiled by Bloomberg. [Bloomberg]
- **Yanzhou Coal Expects 2017 Net Income to Jump 193%-245% on Year.** Yanzhou Coal expects FY net income to increase by 3.99b-5.07b yuan, company says in a filing to Hong Kong stock exchange. It cites "significantly" higher selling price of commercial coal and increase of sales volume of self-produced coal as reasons. [Bloomberg]
- **China Shenhua Expects FY Net Income of 47.9b Yuan.** That represents a 92% increase from 2016 net income of 24.9b yuan, Shenhua Energy says in statement to Hong Kong stock exchange, citing significant coal price growth, higher coal sales volume. [Bloomberg]
- **Road King Infrastructure Expects FY Profit to Rise at Least 75%.** The company cites improvement in the average selling price and gross profit margin of delivered properties for profit increase, Road King Infrastructure says in stock exchange filing. [Bloomberg]
- **Chongqing Iron Flags Potential Suspension of A-Share Listing.** The company says its A shares may be suspended from the Shanghai Stock Exchange due to negative audited net profit in 2015 and 2016, and negative audited net assets by end of 2016, according to a statement to the Hong Kong stock exchange. [Bloomberg]
- **Alibaba, Foxconn Invest \$350mn in Chinese Car Startup.** Chinese e-commerce giant Alibaba Group Holding Ltd. and Foxconn Technology Group led a new fundraising round by electric carmaker Xiaopeng Motors, investing RMB2.2bn (\$350mn) in the startup as a push toward battery-powered vehicles intensifies. [Bloomberg]
- **Sino Oil & Gas Agrees to Issue 3.38bn Subscription Shares.** The company says it has conditionally agreed to issue 3.38bn of subscription shares at a price of 0.053 HKD per share, according to a HKEX statement. [Bloomberg]
- **Kingsoft Cloud to Raise \$200mn From Latest Preferred Share Issue.** Kingsoft Cloud to raise \$100m by issuing series D preferred shares to FutureX Capital and another \$100mn to Kingsoft, according to Kingsoft's filing to Hong Kong stock exchange. [Bloomberg]
- **Alibaba expands into mobile gaming in India with eye on digital payments, e-commerce.** HK-listed AGTech Holdings and India-based Paytm, both controlled by Alibaba, will set up a JV to introduce Gamepind, a mobile gaming and e-commerce platform, in India. [SCMP]
- **BYD's e-trucks lead in US market.** BYD, the Shenzhen, Guangdong-headquartered electric vehicle manufacturer, is expanding into the US market where it will make and sell electric short-haul trucks. Outside of a few startups, BYD will likely face few challengers in the near term in the US. [China Daily]

V. Overnight Market Recap

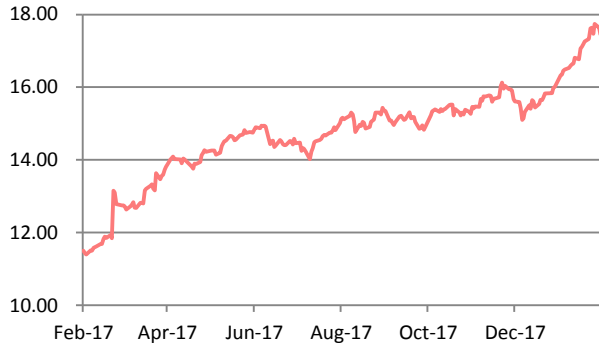
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,822	(31.1)	(1.1)	(0.6)	5.6	9.6	14.3	23.9	5.6
	Dow Jones	26,077	(362.6)	(1.4)	(0.5)	5.5	11.5	19.1	31.3	5.5
	Nasdaq Composite	7,402	(64.0)	(0.9)	(0.8)	7.2	10.0	16.6	31.8	7.2
	Russell 2000	1,583	(15.3)	(1.0)	(1.7)	3.1	5.3	11.1	16.2	3.1
	VIX Index	14.79	1.0	6.9	33.2	34.0	45.3	44.2	23.4	34.0
Europe Equity	Euro Stoxx 50	3,607	(36.3)	(1.0)	(1.8)	2.9	(1.8)	4.6	11.6	2.9
	DAX	13,198	(126.8)	(1.0)	(2.7)	2.2	(0.2)	8.9	14.4	2.2
	CAC	5,474	(47.8)	(0.9)	(1.1)	3.0	(0.5)	7.5	15.3	3.0
	FTSE 100	7,588	(83.6)	(1.1)	(1.9)	(1.3)	1.3	2.9	6.9	(1.3)
APAC Equity	HSI	32,607	(359.6)	(1.1)	(1.0)	9.0	15.4	19.3	39.6	9.0
	HSCEI	13,389	(270.2)	(2.0)	(0.7)	14.3	16.4	23.7	36.6	14.3
	HSI VIX	19.15	(0.7)	(3.5)	5.5	31.2	27.3	42.6	50.1	31.2
	CSI 300	4,256	(45.9)	(1.1)	(2.9)	5.6	6.2	13.9	25.6	5.6
	SH Composite	3,488	(35.0)	(1.0)	(1.6)	5.5	2.8	6.6	10.4	5.5
	SZ Composite	1,910	(10.2)	(0.5)	(2.1)	0.5	(4.6)	1.6	(0.4)	0.5
	Nikkei 225	23,292	(337.4)	(1.4)	(3.5)	2.3	5.8	16.9	22.3	2.3
KOSPI	2,568	(30.5)	(1.2)	1.2	4.1	1.8	6.9	24.2	4.1	
Commodities (USD)	Brent (Future)	69.02	(0.4)	(0.6)	(1.3)	3.2	13.3	31.4	25.0	3.2
	WTI (Future)	64.50	(1.1)	(1.6)	0.1	5.6	17.3	27.2	20.8	5.6
	Gold	1,339	(1.7)	(0.1)	(0.2)	2.8	5.3	5.5	10.6	2.8
	Copper (Future)	7,085	-	-	0.2	(2.2)	3.7	12.0	20.1	(2.2)
	Baltic Dry Index	1,214.00	(5.0)	(0.4)	4.9	(11.1)	(20.9)	30.1	48.8	(11.1)
FX	Dollar Index	89.16	(0.1)	(0.2)	(1.1)	(3.2)	(5.7)	(4.4)	(11.2)	(3.2)
	EUR	1.24	0.0	0.2	0.8	3.3	6.6	4.8	14.9	3.4
	JPY	108.78	(0.2)	(0.2)	(1.4)	3.6	4.5	1.4	3.7	3.6
	CNY	6.32	(0.0)	0.3	1.3	2.9	5.1	6.4	8.9	2.9
	CNH	6.33	(0.0)	(0.2)	(1.1)	2.9	4.8	6.3	7.8	2.9
CDS	ChinaGov CDS	53.72	2.5	4.9	8.2	7.2	2.9	(16.5)	(51.0)	7.2
	CDX Emerging Market	99.24	(0.0)	(0.0)	(0.1)	0.1	2.8	3.3	5.6	0.1

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.44	0.0	2.8	1.4	1.4	1.2	1.1	0.5	1.4
	2-Year Treasury Yield	2.12	0.0	0.4	2.1	1.9	1.6	1.4	1.2	1.9
	5-Year Treasury Yield	2.51	0.0	0.6	2.4	2.2	2.0	1.8	1.9	2.2
	10-Year Treasury Yield	2.72	0.0	1.0	2.6	2.4	2.4	2.3	2.5	2.4
	2-10 Spread	59.15	1.8	3.2	56.6	51.8	75.4	90.8	124.5	51.8
China rates	O/N China Repo Rate	2.50	0.2	8.7	2.6	3.0	2.5	3.0	2.7	3.0
	1-Week China Repo Rate	3.10	0.2	5.1	3.2	3.1	2.9	3.4	2.6	3.1
	O/N SHIBOR	2.55	(0.0)	(0.5)	2.6	2.8	2.7	2.8	2.5	2.8
	1-Week SHIBOR	2.84	(0.0)	(0.1)	2.8	3.0	2.9	2.9	2.7	3.0

Source: Bloomberg

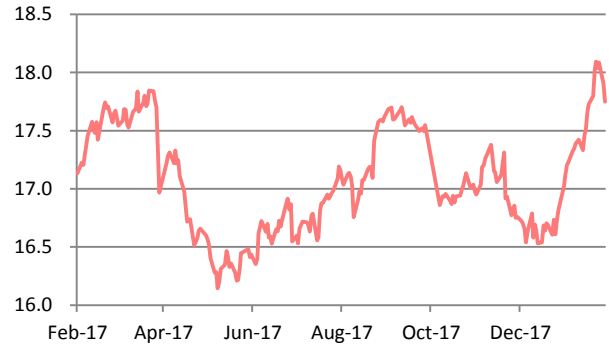
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



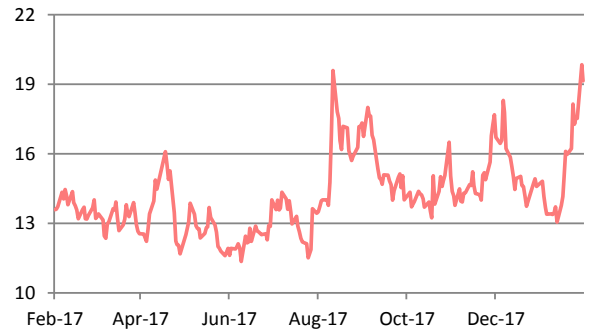
Source: Bloomberg

China 5Y CDS Index_USD



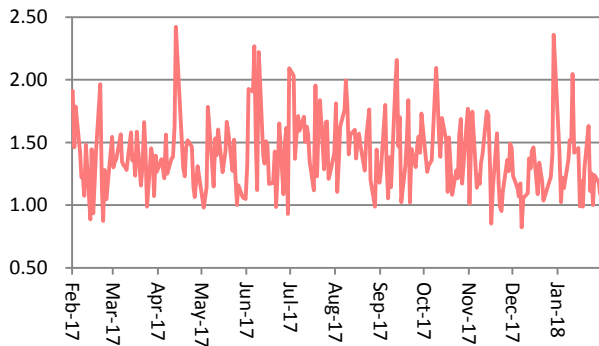
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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