

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin Manufacturing PMI	Jan	51.5	51.5
Australia: Building Approvals YoY	Dec	11.50%	17.10%
S. Korea: Nikkei Manufacturing PMI	Jan	N/A	49.9
Taiwan: Nikkei Manufacturing PMI	Jan	N/A	56.6
Indonesia: Nikkei Manufacturing PMI	Jan	N/A	49.3

Source: Bloomberg

II. Macro News

- **Chinese economy beats expectations in 2017.** The country's economy achieved 6.9 percent annual growth in 2017, beating market consensus of around 6.8 percent and the preset target of around 6.5 percent. And it is the first time that China's expansion rate picked up since 2010, with GDP totaling 82.7 trillion yuan in 2017. [SCMP]
- **China's Factory Gauge Slipped in Jan.** China's official factory gauge missed estimates, falling to an 8-month low in Jan as a financial cleanup moderated output at home and stronger yuan trimmed export demand. The manufacturing PMI slipped to 51.3 vs. 51.6 forecast in Bloomberg's economist survey and 51.6 prior month. [Bloomberg]
- **New Zealand, Hong Kong Exchanges Sign MOU for Market Development.** NZX Ltd. and Hong Kong Exchanges and Clearing Limited signed a MOU, where both will seek to promote market development by considering opportunities in areas including foreign investment, derivatives, depository receipts, listed debt, dual listings and exchange traded funds, according to filing on NZX. [Bloomberg]

III. Industry News

- **China approves restructuring of leading nuclear power companies.** The State Council has approved the restructuring of two leading Chinese nuclear power companies, China National Nuclear Corporation and China Nuclear Engineering and Construction Group Corporation Limited, according to an official announcement Wednesday. [China Daily]
- **Chinese investment driving growth in UK.** The top 30 Chinese companies in the United Kingdom employ more than 5,000 people and have a combined annual turnover of more than 11bn pounds (\$15.4bn), according to a report by business advisers Grant Thornton LLP. [China Daily]
- **Hong Kong Exchange Fund Income Rose to Record in 2017.** The Hong Kong Exchange Fund, which protects the stability of the city's dollar and is managed by its de facto central bank, posted a record HK\$252 billion (\$32 billion) in investment income in 2017, helped by buoyant global markets. [Bloomberg]

IV. Corporate News

- **Internet giants invest in Wanda Commercial.** Commercial property giant Wanda Commercial Properties Co has signed strategic investment agreements with several internet giants to upgrade its retail business, a deal expected to pave the way for its planned initial public offering in August this year. [SCMP]
- **Tencent, China Mobile and other China new-economy stocks set to join H-share index.** China Mobile, CNOOC and other mainland companies that are incorporated overseas may be added to the Hang Seng China Enterprises Index as part of a regular review next week, according to CICC. China Unicom, China Resources Land and Tencent Holdings have also been shortlisted as new candidates for the so-called H-share gauge. [SCMP]

- **Chinese smartphone maker Xiaomi said to aim for Hong Kong IPO in Sept.** Xiaomi is said to be aiming for an IPO in HK in September to raise funds as it embarks on a global expansion drive. The company may price the IPO shares at 60x its earnings, valuing the firm at as much as US\$110bn in market cap, wallstreetcn.com reported earlier. [SCMP]
- **PetroChina Says Profit May Triple Amid Cost Cuts, Higher Oil.** PetroChina Co. forecast that full-year profit rebounded off a record low and may have tripled amid cost cutting and higher energy prices. Net income for 2017 may have jumped by as much as 16 billion yuan (\$2.5b), it said in a filing to the Hong Kong stock exchange. [Bloomberg]
- **Datang Power Expects FY Net to Be 1.28B-1.75B Yuan.** It compared with net loss of 2.62b yuan in 2016, according to a statement to Shanghai Stock Exchange. Company cites rising power generation for the net income. [Bloomberg]
- **Huaneng Power Expects FY Net Income to Fall Up to 86% on Year.** Company expects 2017 net income to fall 78%-86% from restated net income of 10.4b yuan in 2016, according to a statement to Shanghai Stock Exchange. The company cites rising coal prices for the profit declines. [Bloomberg]
- **Huadian Power Expects FY Net to Drop 83%-93% on Year.** Huadian Power sees FY net income to decrease by 2.78b-3.1b yuan, co. says in Hong Kong stock exchange filing. The company cites significant increase in thermal coal price as reason. [Bloomberg]
- **Cosco Shipping Expects 2017 Net Income of 2.7B Yuan.** That is compared with net loss of 9.91b yuan year ago, Cosco Shipping says in statement to Shanghai stock exchange. The company cites recovery in container shipping market, increased shipping capacity of unit after restructuring. [Bloomberg]
- **Jiangxi Copper Expects FY Net to Rise 100%-130% on Year.** Company expects 2017 net income to increase by 788m-1.02b yuan from a year earlier, according to a statement to Shanghai Stock Exchange. The company cites rising metal product prices on profit gain. [Bloomberg]
- **China Life Expects 2017 Net Income to Jump 55% to 75% on Year.** The company expects 2017 net income to increase by c.10.5b-14.3b yuan, it says in filing to Hong Kong stock exchange. It cites increased investment income and the impact of the update of discount rate assumption of reserves of traditional insurance contracts as reasons. [Bloomberg]
- **Chalco Expects FY Net Income to Rise 239% on Year.** Company expects 2017 net income to rise by about 960m yuan from a year earlier, according to a statement to Shanghai Stock Exchange. The company cites cost reduction, rising gross profit for the net income increase. [Bloomberg]
- **China Modern Dairy Expects FY Net Loss to Be at Least 900M Yuan.** Company cites impairment loss related to trade receivables from some dealers, lower selling price of raw milk and non-cash loss from cancellation of share options as reasons, according to Hong Kong stock exchange filing. [Bloomberg]
- **China Molybdenum Expects 2017 Net to Rise 170%-190% on Year.** Company expects 2017 net to increase by 1.7b-1.9b yuan, according to statement to HKEX. Company cites acquisition of niobium and phosphorus minerals business in Brazil, and the copper and cobalt minerals business in Congo, increase in market prices of metal products. [Bloomberg]
- **HNA Unit HKICIM Terminates Deal to Acquire Part of Sapphire.** Hong Kong International Construction Investment Management has terminated sale and purchase agreements related to its proposed acquisition of shares in Sapphire, co. says in a stock exchange filing. [Bloomberg]
- **Ping An Submits Plan to List 'Good Doctor' on Hong Kong Exchange.** Ping An Insurance (Group) Co. submitted plans to spin off and list its health-care portal, known as Good Doctor, as the company seeks to bolster value from its Internet operations. [Bloomberg]
- **Evergrande Sells HK\$18B 4.25% Convertible Bonds Due 2023.** Initial conversion price is HK\$38.99/shr, representing 40% premium to last close, according to statement to HKEX. Assuming full conversion at HK\$38.99 apiece, bonds will be converted into 461.7m shares, representing c3.39% of enlarged issued share capital. [Bloomberg]
- **Wanda Unit Gets \$5.4bn Investment; IPO Pressure Eased.** Dalian Wanda Group Co. said it is getting a 34 billion yuan (\$5.4 billion) investment in its property arm from a group of investors and will strive to take the company public as soon as possible, easing pressure on the conglomerate to meet a listing deadline. [Bloomberg]

V. Overnight Market Recap

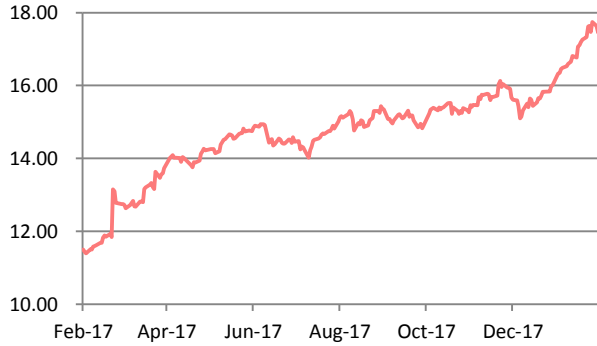
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,824	1.4	0.0	(0.5)	5.6	9.5	14.0	23.9	5.6
	Dow Jones	26,149	72.5	0.3	(0.4)	5.8	11.6	19.1	31.5	5.8
	Nasdaq Composite	7,411	9.0	0.1	(0.0)	7.4	10.3	16.5	31.3	7.4
	Russell 2000	1,575	(7.8)	(0.5)	(1.5)	2.6	5.5	10.3	15.7	2.6
	VIX Index	13.54	(1.3)	(8.5)	18.0	22.6	32.7	34.2	14.6	22.6
Europe Equity	Euro Stoxx 50	3,609	2.5	0.1	(0.9)	3.0	(2.4)	3.8	10.8	3.0
	DAX	13,189	(8.2)	(0.1)	(1.7)	2.1	(2.0)	7.7	13.1	2.1
	CAC	5,482	8.2	0.1	(0.2)	3.2	(0.6)	6.9	14.3	3.2
	FTSE 100	7,534	(54.4)	(0.7)	(1.4)	(2.0)	0.6	1.5	6.0	(2.0)
APAC Equity	HSI	32,887	280.0	0.9	(0.2)	9.9	15.0	19.4	41.0	9.9
	HSCEI	13,562	172.3	1.3	(0.4)	15.8	16.5	23.0	39.0	15.8
	HSI VIX	18.26	(0.9)	(4.6)	5.7	25.1	26.9	35.3	34.3	25.1
	CSI 300	4,276	19.8	0.5	(2.6)	6.1	7.0	13.4	26.2	6.1
	SH Composite	3,481	(7.2)	(0.2)	(2.2)	5.3	2.5	5.7	10.2	5.3
	SZ Composite	1,878	(31.8)	(1.7)	(4.2)	(1.1)	(6.3)	(0.2)	(2.1)	(1.1)
	Nikkei 225	23,098	(193.7)	(0.8)	(3.5)	1.5	3.0	15.6	20.6	1.5
KOSPI	2,566	(1.3)	(0.1)	1.1	4.0	0.4	5.9	23.4	4.0	
Commodities (USD)	Brent (Future)	68.89	0.0	0.0	(2.1)	3.0	12.3	30.8	23.7	3.0
	WTI (Future)	64.73	0.2	0.4	(1.3)	7.5	19.6	32.1	20.5	7.5
	Gold	1,345	6.6	0.5	(1.0)	3.3	5.6	6.1	11.2	3.3
	Copper (Future)	7,050	(35.0)	(0.5)	1.8	(2.7)	2.7	11.5	21.1	(2.7)
	Baltic Dry Index	1,191.00	(23.0)	(1.9)	(0.8)	(12.8)	(21.7)	25.9	48.9	(12.8)
FX	Dollar Index	89.13	(0.0)	(0.0)	(0.1)	(3.2)	(5.7)	(4.0)	(10.4)	(3.2)
	EUR	1.24	0.0	0.1	0.1	3.4	6.9	5.3	15.3	3.5
	JPY	109.19	0.4	0.4	(0.0)	3.2	4.6	1.1	3.7	3.2
	CNY	6.29	(0.0)	0.6	1.1	3.5	5.5	7.0	9.5	3.5
	CNH	6.30	(0.0)	(0.5)	(0.8)	3.6	5.0	7.0	8.6	3.5
CDS	ChinaGov CDS	54.10	0.3	0.6	8.4	8.0	5.5	(14.0)	(51.3)	8.0
	CDX Emerging Market	99.36	0.1	0.1	(0.0)	0.3	3.0	3.5	5.6	0.3

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.46	0.0	0.9	1.4	1.4	1.2	1.1	0.5	1.4
	2-Year Treasury Yield	2.14	0.0	0.8	2.1	1.9	1.6	1.3	1.2	1.9
	5-Year Treasury Yield	2.51	0.0	0.3	2.4	2.2	2.0	1.8	1.9	2.2
	10-Year Treasury Yield	2.71	(0.0)	(0.5)	2.6	2.5	2.3	2.2	2.5	2.4
	2-10 Spread	56.04	(3.1)	(5.3)	52.9	54.0	73.3	87.8	125.3	51.8
China rates	O/N China Repo Rate	2.58	0.1	3.2	2.5	2.6	2.6	2.8	2.7	3.0
	1-Week China Repo Rate	3.20	0.1	3.2	2.9	3.1	3.0	2.9	2.6	3.1
	O/N SHIBOR	2.59	0.0	1.6	2.6	2.7	2.6	2.8	2.5	2.8
	1-Week SHIBOR	2.83	(0.0)	(0.3)	2.8	2.8	2.9	2.9	2.7	3.0

Source: Bloomberg

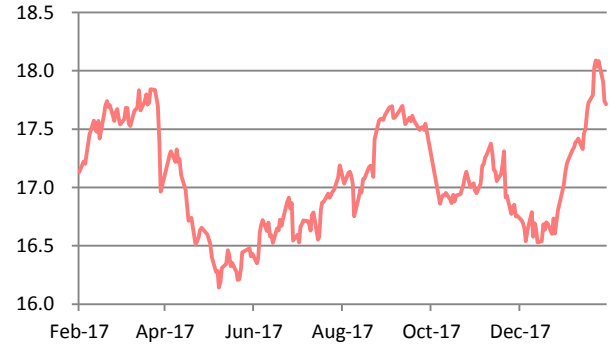
VI. Key Indicators

Hang Seng Index PE Ratio



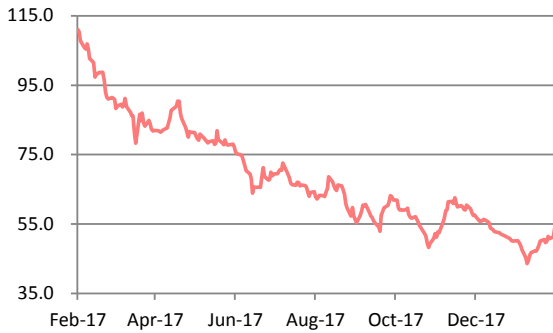
Source: Bloomberg

Shanghai Composite Index PE Ratio



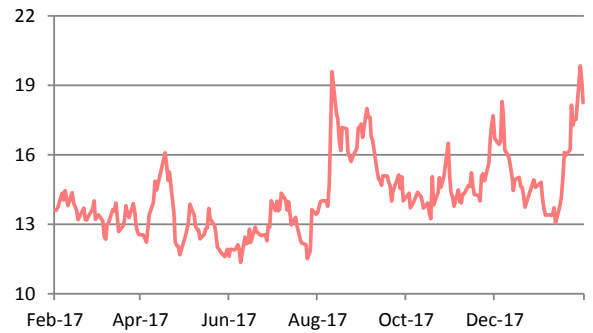
Source: Bloomberg

China 5Y CDS Index_USD



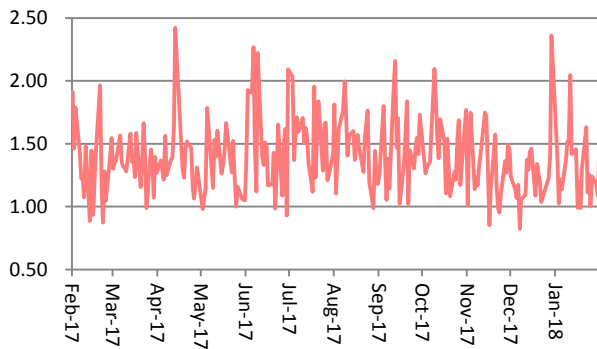
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven

TMT
(852) 3465 5652
stevenliu@csci.hk

SO Lai Shan, Jennifer

Consumer
(852) 3465 5781
jenniferso@csci.hk

CHAN Ka Yeung, Duncan

Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang

Automotive
(852) 3465 5775
tianyong@csci.hk

SUN Lingxiao, Roger

Industrials
(852) 3465 5785
rogersun@csci.hk

YAO Xue, Snowy

(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas

(852) 3465 8689
thomasshen@csci.hk

XU Qiwen

(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron

(852) 3465 5633
ronxiang@csci.hk

HO Wen Hao, Jack

(852) 3465 5685
jackho@csci.hk

WANG Zhuo, Gary

(852) 3465 8655
wangzhuo@csci.hk

LEE Ying Ju, Rose

(852) 3465 5707
roselee@csci.hk

XIA Tian

(852) 3465 5670
xiatian@csci.hk

XU Xiaowei, Vincent

(852) 3465 5795
vincentxu@csci.hk

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China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495