

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Small Business Optimism	Jan	105.3	104.9
UK: CPI YoY	Jan	2.90%	3.00%
Japan: PPI YoY	Jan	2.80%	3.10%
Japan: Machine Tool Orders YoY	Jan	N/A	48.3%
Australia: NAB Business Confidence	Jan	N/A	11.0

Source: Bloomberg

II. Macro News

- **Consumer confidence to stay up this year.** China's Consumer Confidence Index or CCI will likely remain in positive territory in 2018, given the strong economic growth momentum and people's expectation of better employment and higher income, according to Nielsen China. [China Daily]
- **B&R helps SEZ upgrade.** With committed efforts of both Chinese and Cambodian governments, the Sihanoukville special economic zone or SEZ along the southwest coast of Cambodia is upgrading itself. Under the China-pioneered Belt and Road, or B&R, Initiative, the SEZ is recognized as a role model by the local government. [China Daily]
- **China Is Said to Call on Companies, Mutual Funds to Boost Stocks.** China has urged controlling investors in listed companies to boost their holdings and some mutual funds to limit equity selling this week, according to people familiar with the matter, as officials seek to stem the impact of the stock selloff. [Bloomberg]

III. Industry News

- **China Seeks to Calm Coal Market Nerves as Winter Weather Eases.** China's warming weather and shuttered factories for the Lunar New Year holiday will help keep coal supply sufficient after a cold snap drained utilities' stockpiles, according to the nation's top economic planner. [Bloomberg]
- **China Said to Target Lenders' Unlicensed Interbank Dealings.** The China Banking Regulatory Commission has asked lenders to wind down unlicensed operations in regions outside their home base, a move that is aimed at curbing smaller lenders' interbank business and forcing them to better serve the local economy. [Bloomberg]
- **China's steel industry improves as capacity reduction pays off.** China's steel industry posted higher prices and better profits last year as a result of progress made in reducing excessive capacity, according to MIIT. The steel price index came in at 121.8 at end-Dec, up 22.4% from the beginning of 2017. [China Daily]

IV. Corporate News

- **Sunny Optical Expects 2017 Net to Rise More Than 120% YoY.** The company cites "strong" year-on-year increase in shipment volume of handset lens sets, vehicle lens sets and handset camera modules, and better gross margins, according to Hong Kong stock exchange filing. [Bloomberg]
- **Huishang Bank Withdraws Application for A Share Offering.** Huishang Bank decides to withdraw application for A share offering, according to a HKEX filing. Bank says further negotiations with certain directors and shareholders are needed on matters stipulated by relevant laws and regulations and requests of the CSRC. [Bloomberg]

- **Baosteel Sees Industry in China Continuing to Improve This Year.** China's top mill Baoshan Iron & Steel Co Ltd. expects the industry will continue to improve this year after margins surged, though warned it's also wary of the risks of future price declines. [Bloomberg]
- **Wall Street Banks That Fed on HNA's Rise Now Get to Dismantle It.** Wall Street bankers gorged on fees from HNA Group Co. HNA doled out as much as \$200mn in advisory fees during a 3yr investment spree, according to Freeman & Co. Now strapped for cash and facing pressure from creditors, the Chinese company is planning to sell c.\$16bn of assets in the first half. [Bloomberg]
- **Barclays Bank Unit Charged by SFO Over 2008 Qatar Loan Deal.** Barclays Plc's operating unit faces a new criminal charge in relation to the lender's controversial 12 billion-pound (\$16.6bn) fundraising at the height of the financial crisis a decade ago. [Bloomberg]
- **Alibaba to take US\$486mn stake in China retail data firm.** Alibaba Group Holding will invest US\$486mn for a stake in a domestic big-data firm focused on hotels and retail, as part of a push to deepen its offline presence. The firm will buy a 38% stake in Shiji Retail Information Technology Co via its subsidiary Alibaba Investment Ltd. [SCMP]
- **Hon Hai plots move beyond iPhone assembly to AI, big data.** Hon Hai Precision Industry Co. Chairman Terry Gou plans to increase its focus on artificial intelligence and big data over the next few years as he seeks to transform the contract manufacturer into a more influential force in the global technology industry. [SCMP]
- **Casino mogul Steve Wynn gives up fight for ex-wife's stake in firm, ending 6yr court battle.** Scandal-hit casino supremo Steve Wynn has agreed to relinquish control of a minority stake in Wynn Resorts held by his ex-wife following sexual harassment allegations that forced him to step down as company chairman and chief executive last week. [SCMP]
- **Geely to build NEV production base in E China.** Zhejiang Geely Holding Group will set up a complex for new energy vehicles at a cost of more than \$5 billion in East China's Zhejiang province. The facility will consist of an assembly plant for vehicles, a gear box factory and an industrial park for auto parts, according to the agreement. [China Daily]
- **Audi to launch 7 new energy vehicle models in China by 2020.** The Sino-German auto JV FAW-Volkswagen will roll out seven new Audi models of new energy vehicles in China by 2020, the company said. The C-BEV, an electric sports utility vehicle with a 500-km range, will be among the new models, said a statement issued by the company. [China Daily]
- **Dongfeng Motor sets sights on being top electric car maker.** Japan's Nissan Motor Co is planning to develop its joint venture with China's Dongfeng Group into the largest electric vehicle maker in the Chinese market in five years, according to a plan released last week in Beijing. [China Daily]
- **Foxconn files prospectus for Shanghai listing.** Foxconn Industrial Internet has filed its prospectus with the China Securities Regulatory Commission for its Shanghai listing review. The company plans to use the proceeds of the flotation to fund eight new projects. [China Daily]
- **Poly Real Estate sales surge in Jan.** Poly Real Estate Group posted surging sales in January despite a cooling property market nationwide. Sales soared 106.4% YoY to RMB31.6bn (\$5bn) last month, the company said in a filing to the Shanghai Stock Exchange. It was faster growth than the 47.2% increase reported in 2017. [China Daily]
- **China's SGCC eyes share of German electricity grid.** The State Grid Corporation of China is likely to acquire a share of the North-East German electricity grid, German media reported. The company could take over a 20% stake of the private electricity network operator 50Hertz from the Australian investment fund IFM. [China Daily]
- **Dongfeng Peugeot Citroen recalls faulty automobiles.** Dongfeng Peugeot Citroen Automobile Company Ltd has begun to recall 3,681 problematic automobiles. The recall will involve C4 Aircross and Peugeot 4008 automobiles produced between Dec 5, 2014 and Oct 16, 2015, the General Administration of Quality Supervision, Inspection and Quarantine said in a statement. [China Daily]
- **Jack Ma hopes Alibaba will make Olympics different.** Alibaba's Founder and Executive Chairman Jack Ma hoped Alibaba's participation could make Olympic Games different and illustrate the greatness of small in an exclusive interview with Xinhua. [China Daily]

V. Overnight Market Recap

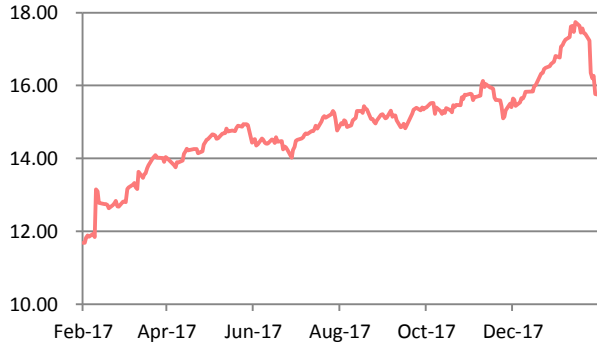
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,656	36.5	1.4	0.3	(4.7)	2.8	8.8	14.1	(0.7)
	Dow Jones	24,601	410.4	1.7	1.0	(4.7)	5.0	12.5	20.5	(0.5)
	Nasdaq Composite	6,982	107.5	1.6	0.2	(3.8)	3.4	11.6	21.8	1.1
	Russell 2000	1,491	13.1	0.9	(0.0)	(6.3)	1.1	8.5	7.1	(2.9)
	VIX Index	25.61	(3.5)	(11.9)	(31.4)	152.1	126.8	65.1	136.0	132.0
Europe Equity	Euro Stoxx 50	3,368	42.3	1.3	(3.2)	(6.8)	(5.8)	(1.1)	1.9	(3.9)
	DAX	12,283	175.3	1.4	(3.2)	(7.3)	(6.1)	2.2	4.3	(4.9)
	CAC	5,140	60.9	1.2	(2.8)	(6.8)	(3.8)	1.6	5.2	(3.2)
	FTSE 100	7,177	84.6	1.2	(2.2)	(7.7)	(3.2)	(1.8)	(1.4)	(6.6)
APAC Equity	HSI	29,460	(47.8)	(0.2)	(8.6)	(6.2)	1.0	9.6	24.2	(1.5)
	HSCEI	11,900	(1.4)	(0.0)	(11.7)	(4.6)	1.8	12.6	16.0	1.6
	HSI VIX	25.88	(2.4)	(8.5)	36.7	98.3	76.4	32.1	80.1	77.3
	CSI 300	3,890	49.5	1.3	(9.0)	(7.9)	(5.8)	6.7	13.2	(3.5)
	SH Composite	3,154	24.3	0.8	(9.6)	(8.0)	(8.5)	(1.7)	(1.9)	(4.6)
	SZ Composite	1,724	44.5	2.6	(4.6)	(11.6)	(15.7)	(6.5)	(12.3)	(9.2)
	Nikkei 225	21,383	(508.2)	(2.3)	(8.1)	(9.6)	(5.7)	8.4	10.3	(6.1)
KOSPI	2,385	21.6	0.9	(4.3)	(4.4)	(5.7)	2.8	14.8	(3.3)	
Commodities (USD)	Brent (Future)	62.59	(0.2)	(0.3)	(7.4)	(10.4)	(1.5)	20.1	10.4	(6.4)
	WTI (Future)	59.29	0.1	0.2	(7.6)	(7.6)	4.7	21.7	12.2	(1.7)
	Gold	1,323	6.1	0.5	(1.3)	(1.2)	3.6	3.3	8.1	1.6
	Copper (Future)	6,755	(90.0)	(1.3)	(4.1)	(4.9)	(0.8)	4.6	16.0	(6.8)
	Baltic Dry Index	1,125.00	19.0	1.7	4.0	(12.0)	(23.2)	(1.1)	60.3	(17.6)
FX	Dollar Index	90.44	(0.2)	(0.3)	0.7	(0.8)	(4.4)	(3.1)	(10.5)	(2.1)
	EUR	1.23	0.0	0.3	(0.6)	0.3	5.4	4.4	16.0	2.4
	JPY	108.66	(0.1)	(0.1)	(0.4)	1.7	4.5	0.8	4.6	3.6
	CNY	6.33	0.0	(0.4)	(0.6)	2.2	4.9	5.4	8.7	2.8
	CNH	6.32	0.0	0.2	0.2	1.7	5.3	5.8	8.7	3.0
CDS	ChinaGov CDS	65.02	(1.1)	(1.6)	13.5	37.5	5.6	(3.2)	(36.0)	29.8
	CDX Emerging Market	98.69	0.2	0.2	(0.3)	(0.9)	3.1	2.8	4.1	(0.4)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.57	0.0	1.0	1.5	1.4	1.2	1.0	0.5	1.4
	2-Year Treasury Yield	2.08	0.0	0.1	2.1	2.0	1.7	1.3	1.2	1.9
	5-Year Treasury Yield	2.56	0.0	0.6	2.5	2.3	2.1	1.8	1.9	2.2
	10-Year Treasury Yield	2.86	0.0	0.3	2.8	2.5	2.4	2.3	2.4	2.4
	2-10 Spread	77.91	0.5	0.7	69.1	54.6	68.0	92.0	123.0	51.8
China rates	O/N China Repo Rate	2.60	-	-	2.6	2.8	2.9	2.8	2.0	3.0
	1-Week China Repo Rate	3.10	0.4	14.8	2.7	3.1	3.3	3.4	3.0	3.1
	O/N SHIBOR	2.59	(0.0)	(0.9)	2.5	2.8	2.8	2.8	2.3	2.8
	1-Week SHIBOR	2.92	0.0	0.0	2.8	2.9	2.9	2.9	2.6	3.0

Source: Bloomberg

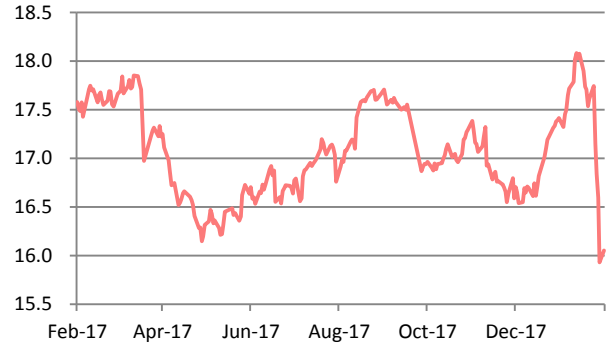
VI. Key Indicators

Hang Seng Index PE Ratio



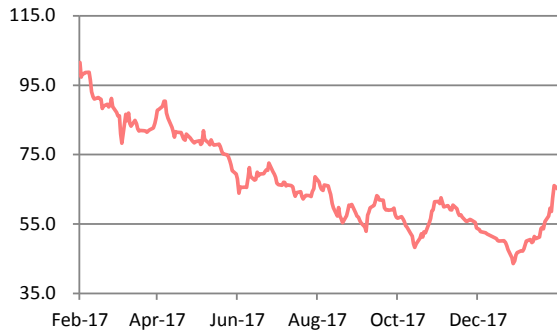
Source: Bloomberg

Shanghai Composite Index PE Ratio



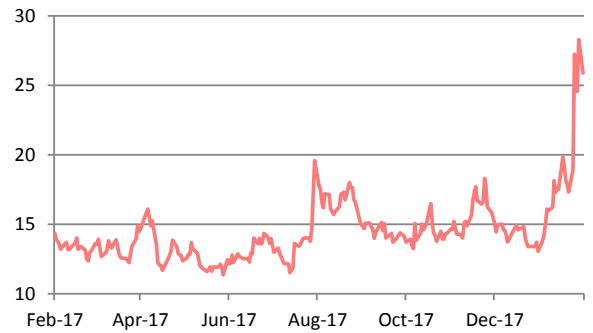
Source: Bloomberg

China 5Y CDS Index_USD



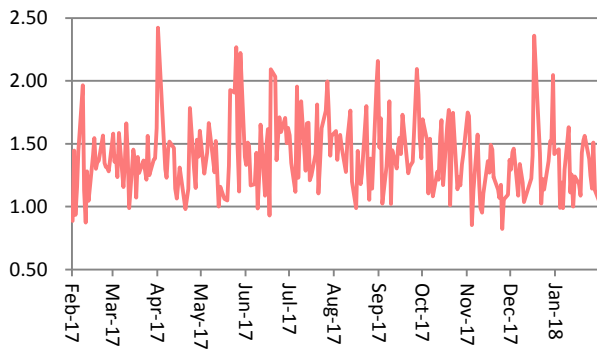
Source: Bloomberg

Hang Seng Index VIX



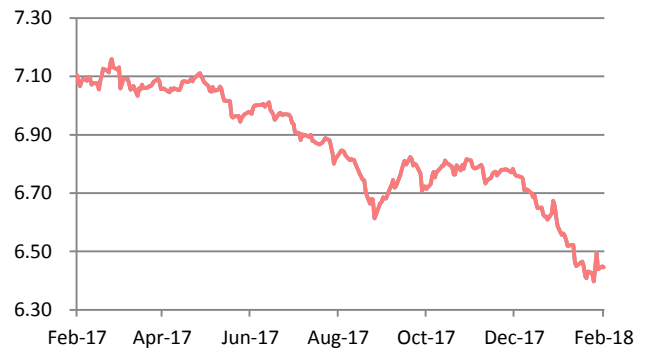
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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