

## Morning Coffee News (Asia)

12 March 2024

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### Top News\* Xiaomi Surges After Setting Sales Date for Tesla, BYD Challenger

Xiaomi Corp. shares rose as much as 7.5% in Hong Kong Tuesday, after the company announced it will start selling its long-awaited electric vehicles later this month.

The Beijing-based electronics firm, best known for its smartphones, has made a multibillion-dollar bet on breaking into the red-hot contest in China's EV market led by Tesla Inc. and BYD Co. It will make its SU7 series available for purchase on March 28 in 29 cities, the company said in a Weibo post, without disclosing pricing.

The foray into carmaking is led by billionaire co-founder Lei Jun, who has made it his primary focus after turning the firm's smartphone business into one of the world's largest. Lei, also a prolific venture investor, has called the EV endeavor his final entrepreneurial bet.

Xiaomi has partnered with state-owned Beijing Automotive Group Co. for these EVs, to avoid extending the protracted wait for a manufacturing permit from domestic regulators. The SU7 vehicles are entering a tough market, as state reimbursements for EV buyers of as much as 60,000 yuan (\$8,400) ended in 2022. The company has to vie for attention in an arena that now has hundreds of models from dozens of brands.

The SU7 name stands for Speed Ultra, and the vehicles can go from 0 to 100kmh in 2.78 seconds, Xiaomi said.

### Market News APAC

Japanese equities slid the most since Oct. 4, with both benchmarks declining more than 2% as growing speculation the Bank of Japan will raise interest rates lifted the yen and hurt exporters. The Topix closed 2.2% lower at 2,666.83 in Tokyo, with 31 of 33 sub-sectors dropping. The exporter-heavy Nikkei 225 declined 2.2% to 38,820.49, leading losses in Asia. Expectations the BOJ will tweak policy at the March 18-19 meeting were further fueled by reports that the bank is considering scrapping its yield curve control program, and that a rising number of policymakers are leaning toward ending negative rates due to expected larger wage increases this year.

Discount-store chain operator Trial Holdings Inc. and some shareholders raised about ¥38.85 billion (\$265 million) in Japan's largest initial public offering this year. About 22.85 million shares were sold at ¥1,700 each in the IPO, the top of the marketed range. It's the largest IPO in the country since Kokusai Electric Corp.'s \$844 million offering in October. There's an over-allotment option, and the expected listing date is March 21. After withdrawing an earlier IPO plan last April, Trial's listing on Tokyo's Growth market comes amid booming interest in Japanese stocks as investors flock to the market on improving shareholder returns and strong corporate profits.

Indices Asia	Last	Change	YTD
Nikkei225	38586.92	-0.60%	15.31%
KOSPI Comp	2671.35	0.43%	0.65%
S&P/ASX200	7712.90	0.11%	1.61%
Hang Seng	16806.48	1.32%	-1.44%
Shanghai Comp.	3054.12	-0.47%	2.67%
TWSE Taiwan	19891.41	0.84%	10.90%
MSCI Singapore	1335.19	0.00%	-0.04%
MSCI Malaysia	480.90	0.00%	4.63%
JCI Indonesia*	7381.91	0.11%	1.50%
SET Thailand*	1379.34	-0.06%	-2.46%
PCOMP Philippines*	6901.47	0.43%	6.97%
VN-Index*	1242.20	0.54%	9.73%
Sensex India*	73502.64	-0.83%	1.75%

\*as of yesterday

Indices USA	Yesterday	Change	YTD
DJIA	38769.66	0.12%	2.87%
S&P500	5117.94	-0.11%	7.30%
Nasdaq100	17951.69	-0.37%	6.69%
VIX	15.22	3.26%	22.25%

Indices Europe	Yesterday	Change	YTD
EuroStoxx50	4930.42	-0.62%	9.05%
SMI	11685.19	0.33%	4.91%
DAX	17746.27	-0.38%	5.94%
MSCI UK	7960.99	-0.47%	0.67%
CAC40	8019.73	-0.10%	6.32%

Currencies	Last	Change	YTD
USD/CHF	0.8772	-0.02%	-4.08%
EUR/USD	1.0937	0.10%	-0.93%
GBP/USD	1.2821	0.05%	0.69%
USD/JPY	147.4000	0.31%	-4.30%
AUD/USD	0.6618	0.06%	-2.86%
NZD/USD	0.6174	0.06%	-2.31%
USD/KRW	1311.0100	0.07%	-1.54%
USD/HKD	7.8226	0.01%	-0.14%
USD/SGD	1.3308	0.03%	-0.79%
USD/THB	35.5060	0.23%	-3.54%
USD/IDR	15590.0000	-0.41%	-1.23%
USD/INR	82.7350	-0.03%	0.54%
USD/PHP	55.3870	0.02%	0.02%
USD/TWD	31.4580	0.13%	-2.79%
USD/CNH	7.1816	0.02%	-0.79%

Treasury	Yield	Change	YTD
US10Y	4.10	0.00%	5.60%
EUR10Y	2.30	0.04%	13.87%
JGB10Y	0.77	0.01%	26.32%
AUD10Y	3.96	0.01%	0.15%
NZD10Y	4.54	0.00%	0.13%
CNY10Y	2.32	0.01%	N.A.

Commodities	Last	Change	YTD
Gold	2178.02	-0.22%	5.57%
Silver	24.44	-0.13%	2.59%
Brent Crude Oil	82.43	0.27%	7.28%

Singapore Time: 11:31:15 AM

\* Numbers and values in the tables were extracted later than, and may therefore vary from, the numbers and values mentioned in the news extracts.

### What to Watch\*

- Half of BOJ Watchers Still See April Move While March Bets Rise
- Pentagon's \$850 Billion Plan Would Tap Stockpiles for Taiwan
- Iron Ore Plunges Most Since 2022 as Inventories Pile Up in China
- Xi's Biggest Wins and Losses After More Than a Decade in Power
- China's Large Banks Could Have Starring Roles in Priority Shift
- Lower Raw-Material Prices Could Boost Budweiser APAC's Margins
- China Bottled Water Giant Nongfu Spring Drops on Boycott Calls
- Jollibee Targets Exponential Growth in China to Triple Profit
- Australia Warns of Critical Financial Risks From Climate Change

### Market News EU & US

- Reddit Inc. disclosed further details of what is set to be one of the year's biggest initial public offerings, with the company and some existing shareholders seeking to raise as much as \$748 million. Reddit and the holders are planning to sell 22 million shares for \$31 to \$34 each, the social media platform said in a filing Monday. About 15.3 million those shares will be sold by the company and the rest by the investors, who are Reddit employees. At the top of that range, Reddit, whose users helped create the meme stock frenzy of 2021, would have a market value of \$5.4 billion, based on almost 159 million shares outstanding. Fully diluted to include employee stock options and restricted share units, the company's valuation would be about \$6.4 billion, the filing with the US Securities and Exchange Commission shows. About 8% of the IPO shares are being set aside for Reddit users and moderators who created accounts before Jan. 1, as well as some board members and friends and family of some employees and directors. Those shares won't be subject to a lockup, meaning the owners can sell them on the opening day of trading, according to Reddit's filing that confirms an earlier report by Bloomberg News. The IPO is being led by Morgan Stanley, Goldman Sachs Group Inc., JPMorgan Chase & Co. and Bank of America Corp., according to Reddit's filings. Reddit plans for its shares to trade on the New York Stock Exchange under the symbol RDDT. The company intends to price the IPO on March 20 and begin trading the following day, according to people familiar with the matter who asked not to be identified because the information wasn't public.

- A seemingly unstoppable rally in BE Semiconductor Industries NV has come to an abrupt halt in just two days. Shares of the Dutch chip equipment maker fell almost 9% on Monday, extending Friday's 16% drop that was caused by worries over delays in the uptake of a key technology. That erased nearly the entire year-to-date gain in a stock that more than doubled in 2023. The stock's drop was triggered by a report on Friday from Korean news website ZDNet, saying chipmakers plan to relax the standard that determines the thickness of next-generation memory chips. At stake is BE Semiconductor's hybrid bonding equipment, an emerging technology used to connect chips and enhance their performance. While the technology may be essential in future chip packaging processes, analysts said it's expensive and its adoption by memory chip producers – including Samsung Electronics Co. and Micron Technology Inc. – probably won't happen until after 2026. Should the industry standard be relaxed as the report indicated, chipmakers could afford to sit out on BE Semiconductor's most advanced tools until newer technology standards come in, according to analysts. BE Semiconductor was the best-performing technology stock in Europe last year, soaring 141% as its hybrid bonding tools gained traction. Prior to the two-day slide, it had been among the sector's top gainers in 2024.

### Overnight News

- Biden's \$7.3 Trillion Budget Sets Up Tax Fight With Trump
- Oracle Jumps After Big Cloud Contracts Spur Bookings Growth
- Boeing Extends 2024 Drop Past 25% as Max Crisis Deepens
- ECB Officials Are Leaning Toward Keeping Minimum Reserve at 1%
- Murdoch's News Corp. Said to Eye Joint Telegraph Bid With Rivals
- Nidec, KPS Said to Vie for Siemens's €3 Billion Innometrics

### Earnings Releases (Source: Bloomberg)

- Fit Hon Teng Ltd. (6088 HK)
- Kura Sushi Inc. (2695 JP)
- Mitsui High-Tec Inc. (6966 JP)
- Wharf Holdings Ltd. (4 HK)
- Zhen Ding Technology Holding L (4958 TT)

### Rating Changes (Source: Bloomberg)

- Mainfreight Raised to Outperform at Macquarie; PT NZ\$80
- Zip Co. Raised to Buy at Citi; PT A\$1.40
- Transurban Cut to Neutral at Macquarie; PT A\$13.69

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- Flat Glass H Shares Raised to Accumulate at CLSA; PT HK\$23.50
- Proya Cosmetics Cut to Neutral at Goldman; PT 103 yuan
- Wangsu Science Cut to Underweight at Morgan Stanley
- Initiations
- By-health Rated New Accumulate at CLSA; PT 18.20 yuan
- CGN Mining Rated New Outperform at CCB Intl; PT HK\$2.28
- CSI Solar Rated New Underperform at Daiwa; PT 12 yuan
- GoodWe Technologies Co Ltd Rated New Buy at BOCOM Intl
- Sungrow Power Supply Rated New Buy at BOCOM Intl; PT 125.50 yuan
- United Imaging Rated New Overweight at Morgan Stanley
- Weichai Power A Shares Rated New Outperform at Macquarie
- Sony Raised to Outperform at Macquarie; PT 15,000 Yen
- Sanwa Cut to Equal-Weight at Morgan Stanley; PT 2,550 Yen
- Electricity Generating Rated New Buy at Maybank; PT THB150

### Key Economic Event for this Asia-Pacific Week (Last Update on 11 March 2024)

Time	SG/Country	Event	For	Survey	Prior
<b>Monday, 11 Mar 2024</b>					
<b>(Exchange Holiday: Indonesia)</b>					
7:50	JN	GDP SA QoQ	4Q F	0.30%	-0.10%
7:50	JN	GDP Annualized SA QoQ	4Q F	1.10%	-0.40%
7:50	JN	GDP Nominal SA QoQ	4Q F	0.70%	0.30%
7:50	JN	GDP Deflator YoY	4Q F	3.80%	3.80%
7:50	JN	GDP Private Consumption QoQ	4Q F	-0.20%	-0.20%
7:50	JN	GDP Business Spending QoQ	4Q F	2.40%	-0.10%
7:50	JN	Inventory Contribution % GDP	4Q F	0.00%	0.00%
7:50	JN	Net Exports Contribution % GDP	4Q F	0.20%	0.20%
14:00	JN	Machine Tool Orders YoY	Feb P	--	-14.00%
18-Mar	CH	FDI YTD YoY CNY	Feb	--	-11.70%
14-Mar	NZ	REINZ House Sales YoY	Feb	--	4.90%
15-Mar	CH	New Yuan Loans CNY	Feb	1550.0b	4920.0b
15-Mar	CH	Money Supply M2 YoY	Feb	8.80%	8.70%
15-Mar	CH	Money Supply M1 YoY	Feb	2.00%	5.90%
15-Mar	CH	Aggregate Financing CNY	Feb	2340.0b	6500.0b
<b>Tuesday, 12 Mar 2024</b>					
<b>(Exchange Holiday: Indonesia)</b>					
5:45	NZ	Card Spending Total MoM	Feb	--	2.00%
5:45	NZ	Card Spending Retail MoM	Feb	--	1.70%
7:50	JN	PPI YoY	Feb	0.50%	0.20%
7:50	JN	PPI MoM	Feb	0.10%	0.00%
7:50	JN	BSI Large All Industry QoQ	1Q	--	4.8
7:50	JN	BSI Large Manufacturing QoQ	1Q	--	5.7
9:00	PH	Imports YoY	Jan	-5.00%	-5.10%
9:00	PH	Exports YoY	Jan	7.90%	-0.50%
9:00	PH	Trade Balance	Jan	-\$4695m	-\$4013m
12:00	MA	Manufacturing Sales Value YoY	Jan	--	-4.20%
12:00	MA	Industrial Production YoY	Jan	2.00%	-0.10%
<b>Wednesday, 13 Mar 2024</b>					
5:45	NZ	Food Prices MoM	Feb	--	0.90%
6:00	AU	CBA Household Spending YoY	Feb	--	3.60%
6:00	AU	CBA Household Spending MoM	Feb	--	3.10%
<b>Thursday, 14 Mar 2024</b>					
5:45	NZ	Net Migration SA	Jan	--	7260
16:30	HK	PPI YoY	4Q	--	3.00%
16:30	HK	Industrial Production YoY	4Q	--	4.40%
<b>Friday, 15 Mar 2024</b>					
5:30	NZ	BusinessNZ Manufacturing PMI	Feb	--	47.3
9:20	CH	1-Yr Medium-Term Lending Facility Rate	15-Mar	2.50%	2.50%

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9:20	CH	1-Yr Medium-Term Lending Facilities Volume	15-Mar	550.0b	500.0b
10:00	ID	Trade Balance	Feb	\$2425m	\$2015m
10:00	ID	Exports YoY	Feb	-6.25%	-8.06%
10:00	ID	Imports YoY	Feb	9.30%	0.36%
12:30	JN	Tertiary Industry Index MoM	Jan	0.10%	0.70%

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