

Morning Coffee News (Asia)

21 February 2019

Top News* A Steve Jobs Rival Who Hit Hard Times Makes Remarkable Comeback

On Oct. 11, 2011, as tributes to Steve Jobs continued to pour in across the world, one man took out a \$16,000 full-page newspaper ad in Singapore to pay his respects to the Apple Inc. co-founder who had passed away. It said:

"Thank you for the great lessons. Thank you for the great products. Thank you for bringing a bit of us to the whole world." It was signed: "Sim Wong Hoo, Chairman & CEO, Creative Technology Ltd."

It was intriguing to many who picked up the paper that morning. Sim had been a household name in Singapore for his Sound Blaster cards that brought audio to more than 400 million personal computers. He had also gone to war with Jobs over their portable music players. As hostility escalated in 2006, he sued Apple for patent infringements over the iPod. In the end, Sim walked away with a \$100 million settlement.

Since then, the fortunes of the two companies have diverged dramatically. As the iPod became part of a remarkable business turnaround, it killed Sim's MP3 player, which was created in 1999, two years before Apple's device. It also marked the beginning of Creative's downfall. Shares traded on the Singapore exchange fell from a record of S\$64 (\$47) in March 2000 to hover around S\$1 in 2017.

Now, after many years and more than \$100 million of investment, Sim is finally back -- with a new piece of audio technology called the Super X-Fi that he thinks will be a game changer. Creative calls it "holographic audio."

Shares of the company rose sevenfold in seven days from Feb. 22 to March 5, boosted by news that Super X-Fi technology won the Best of CES Award 2018 in Las Vegas and positive analyst reports. The stock has since given up some of those gains, but the company's market value has stabilized at about S\$365 million, up from about S\$80 million in 2017.

Market News APAC

- Lenovo Group Ltd.'s quarterly profit topped the highest analyst's estimate on record revenue from its personal computer business and a recovery in smartphones. Net income was \$233 million in the December quarter, compared with analyst projections for \$200.1 million and a year earlier loss.
- Sun Hung Kai will gain Hong Kong residential sale market share this year despite likely greater competition from local and mainland Chinese builders. The developer is likely to beat its full-year contracted sales target for the fiscal year ending June. Separately, rival Sino Land's sales will surge on a strengthening pipeline.

Indices Asia	Last	Change	YTD
Nikkei225	21334.60	-0.45%	6.65%
KOSPI Comp	2215.21	-0.65%	8.67%
S&P/ASX200	6113.80	0.28%	7.78%
Hang Seng	28406.93	0.63%	10.32%
Shanghai Comp.	2756.64	0.04%	10.72%
TWSE Taiwan	10266.44	1.12%	5.60%
STI Singapore	3266.14	0.19%	6.83%
KLCI Malaysia	1721.35	0.87%	2.11%
JCI Indonesia*	6512.78	0.28%	5.14%
SET Thailand*	1645.38	0.59%	5.21%
PCOMP Philippines*	7934.90	1.29%	6.34%
VN-Index*	970.58	0.65%	8.74%
Sensex India*	35756.26	1.14%	-0.87%

*as of yesterday

Indices USA	Yesterday	Change	YTD
DJIA	25954.44	0.24%	11.26%
S&P500	2784.70	0.18%	11.08%
Nasdaq100	7062.34	-0.06%	11.57%
VIX	14.02	-5.78%	-44.85%

Indices Europe	Yesterday	Change	YTD
EuroStoxx50	3259.49	0.62%	8.60%
SMI	9315.63	0.64%	10.51%
DAX	11401.97	0.82%	7.98%
FTSE100	7228.62	0.69%	7.44%
CAC40	5195.95	0.69%	9.83%

Currencies	Last	Change	YTD
USD/CHF	1.0012	0.09%	-1.82%
EUR/USD	1.1335	-0.03%	-1.07%
GBP/USD	1.3031	-0.15%	2.27%
USD/JPY	110.6700	-0.16%	-0.89%
AUD/USD	0.7152	-0.18%	2.10%
NZD/USD	0.6843	-0.20%	2.25%
USD/KRW	1126.1000	0.22%	-1.22%
USD/HKD	7.8483	-0.01%	-0.21%
USD/SGD	1.3526	0.07%	0.86%
USD/THB	31.1350	0.14%	3.94%
USD/IDR	14060.0000	0.11%	2.46%
USD/INR	71.1200	-0.33%	-1.90%
USD/PHP	52.0710	0.08%	1.02%
USD/TWD	30.8290	0.04%	-0.87%
USD/CNH	6.7249	0.09%	2.30%

Treasury	Yield	Change	YTD
US10Y	2.65	0.00%	-3.95%
EUR10Y	0.10	-0.01%	-14.02%
JGB10Y	-0.04	0.00%	-3.90%
AUD10Y	2.12	0.02%	-20.11%
NZD10Y	2.25	0.02%	-0.30%
CNY10Y	3.12	0.00%	N.A.

Commodities	Last	Change	YTD
Gold	1338.27	-0.02%	4.51%
Silver	16.01	-0.27%	3.88%
Brent Crude Oil	66.84	0.59%	24.18%

Singapore Time: 09:36:43

What to Watch*

- Samsung Revamps Flagship Phones With 5G, Low-Cost Options
- 97-Year-Old Tycoon's Kids Race to Revive His Casino Empire
- Fidelity Bets Aussie Bank Debt Will Thrive Despite Sector Woes
- SoftBank's Fortress to Invest \$3.6 Billion in Japanese Property
- China's Debt Crackdown Will Fuel M&A, Says CDH Investments' Hu
- Citi Cuts Tencent Revenue, EPS Targets on Weaker PC Game Outlook
- Sapporo Sees China Consumer Demand Bucking Trade, Growth Risk

Market News EU & US

- Lyft Inc. could file as soon as next week for an initial public offering and plans to target a valuation of \$20 billion to \$25 billion, a person familiar with the matter said. The ride-hailing industry's No. 2 plans to begin marketing shares in a roadshow the week of March 18, said the person, who asked not to be identified because the plans weren't public. That may put Lyft ahead in its race to go public against its larger rival, Uber Technologies Inc. Lyft, which announced in December that it had filed its IPO application confidentially with the U.S. Securities and Exchange Commission, intends to list its shares on the Nasdaq market, the person said. The SEC's processing of that application overlapped with the 35-day shutdown of the federal government that delayed reviews by regulators. Uber and Lyft had both been targeting their IPOs for the first half of the year. The ride-hailing companies have attracted billions in venture capital, and 2019 will test whether the money-losing businesses withstand wider investor scrutiny. Yandex.Taxi, Russia's largest ride-hailing service part-owned by Uber, is also looking to list in 2019.
- Selling some stores won't be enough. That's the reality U.K. grocers J Sainsbury Plc and Asda face as their 7.3 billion-pound (\$9.5 billion) merger appears to be stymied by the U.K.'s antitrust regulator. Concerned about the loss of one of the Big Four supermarket chains, the Competition and Markets Authority stunned the combining grocers Wednesday, saying its initial view was that they would need to sell one of their well-known brands to get the deal through. That leaves the would-be combination's lawyers and advisers with a long road toward completing the merger, one that would reshape the British grocery sector. Sainsbury fell as much as 17

percent in London, the most since 2008. The report rippled through the industry with Wm Morrison Supermarkets Plc, which was seen as likely to buy some stores from Sainsbury and Asda, falling as much as 6 percent. With the addition of Asda, Walmart Inc.'s British grocery division, Sainsbury's was aiming to boost its scale and pricing power as the sector copes with competition from discounters like Lidl and Aldi. The Big Four have been squeezed as the shrinking effect of Brexit on the pound trickles down into consumers' bills.

Overnight News

- Fed Eyes End to Asset Runoff in 2019 While Unsure on Rate Hikes
- Trade War, Economy to Blame for Farm Bankruptcies, Perdue Says
- Credit Suisse Said to Impose Cost on Asia Bankers Who Quit
- UBS Faces Year of Lost Earnings After Shock French Tax Verdict

Earnings Releases (Singapore Time)

- Champion REIT (2778 HK)
- Genting Singapore (GENS SP)
- Lenovo (992 HK)
- Qantas (QAN AU)
- Sembcorp Industries (SCI SP)
- ST Engineering (STE SP)
- Sydney Airport (SYD AU)
- Wilmar (WIL SP)

Analyst Rating Changes (Source: Bloomberg)

- Fortescue (FMG AU) downgraded to neutral at Credit Suisse; PT A\$6
- China Gas (384 HK) upgraded to buy at Goldman; PT HK\$31.80
- China Education (839 HK) rated new buy at China Merchants; PT HK\$13.90
- Fosun Int'l (656 HK) rated new buy at Zhongtai Securities
- Fuji TV (4676 JP) upgraded to buy at Citi
- Inpex (1605 JP) upgraded to overweight at MUFJ-MS; PT 1,540 Yen
- Screen HD (7735 JP) downgraded to neutral at Mizuho; PT 5,000 Yen
- Shiseido (4911 JP) downgraded to neutral at Mizuho; PT 7,500 Yen
- BreadTalk (BREAD SP) upgraded to hold at Daiwa; PT S\$0.92

Key Economic Event for this Asia-Pacific Week (Last Update on 18 February 2019)

Time	SG/Country	Event	For	Survey	Prior
Monday, 18 February 2019					
07:50	JN	Core Machine Orders MoM	Dec	-1.00%	0.00%
07:50	JN	Core Machine Orders YoY	Dec	3.40%	0.80%
08:30	SI	Non-oil Domestic Exports YoY	Jan	-3.20%	-8.50%
10:30	TH	GDP YoY	4Q	3.60%	3.30%
10:30	TH	GDP SA QoQ	4Q	0.70%	0.00%
Tuesday, 19 February 2019 (Exchange Holiday: Thailand)					
12:00	JN	Tokyo Condominium Sales YoY	Jan	--	15.20%
Wednesday, 20 February 2019					
07:30	AU	Westpac Leading Index MoM	Jan	--	-0.21%
07:50	JN	Trade Balance	Jan	-¥1028.7b	-¥55.3b
Thursday, 21 February 2019					
08:30	JN	Nikkei Japan PMI Mfg	Feb P	--	50.3
08:30	AU	Employment Change	Jan	15.0k	21.6k
08:30	AU	Unemployment Rate	Jan	5.00%	5.00%
08:30	AU	Participation Rate	Jan	65.60%	65.60%
12:30	JN	All Industry Activity Index MoM	Dec	-0.20%	-0.30%
14:00	JN	Machine Tool Orders YoY	Jan F	--	-18.80%
16:30	HK	Unemployment Rate SA	Jan	2.90%	2.80%
Friday, 22 February 2019					
07:30	JN	Natl CPI YoY	Jan	0.20%	0.30%
07:30	JN	Natl CPI Ex Fresh Food YoY	Jan	0.80%	0.70%
10:00	NZ	Credit Card Spending YoY	Jan	--	4.50%
10:00	SL	CBSL Standing Deposit Rate	Feb-22	--	8.00%
11:30	TH	Customs Exports YoY	Jan	-1.10%	-1.72%
11:30	TH	Customs Imports YoY	Jan	-1.00%	-8.15%
11:30	TH	Customs Trade Balance	Jan	-\$0m	\$1065m
12:00	MA	CPI YoY	Jan	-0.40%	0.20%
15:00	MA	Foreign Reserves	Feb-15	--	\$102.1b
15:30	TH	Foreign Reserves	Feb-15	--	\$210.3b
16:00	TA	Export Orders YoY	Jan	-8.50%	-10.50%
16:30	HK	CPI Composite YoY	Jan	2.50%	2.50%

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Source: Bloomberg, unless otherwise stated.

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