

Morning Coffee News (Asia)

9 April 2024

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Top News* TSMC Gets \$11.6 Billion in US Grants, Loans for Chip Plants

The US plans to award Taiwan Semiconductor Manufacturing Co. \$6.6 billion in grants and as much as \$5 billion in loans to help the world's top chipmaker build factories in Arizona, expanding President Joe Biden's effort to boost domestic production of critical technology.

Its shares rose as much as 3.7% Tuesday, notching their biggest gain in more than a month. Under the preliminary agreement announced by the US on Monday, TSMC will construct a third factory in Phoenix, adding to two facilities in the state that are expected to begin production in 2025 and 2028. In total, the package will support more than \$65 billion in investments at the three plants by TSMC, the go-to chipmaker for companies such as Apple Inc. and Nvidia Corp.

TSMC's third fabrication site, or fab, will rely on next-generation 2-nanometer process technology, and is slated to be operational before the end of the decade. US Commerce Secretary Gina Raimondo said the 2nm chips are essential to emerging technologies including artificial intelligence, as well as for the military.

TSMC's award marks another milestone in Biden's push to boost the US semiconductor industry with the 2022 Chips and Science Act. It's one of the largest announced under the program, which set aside \$39 billion in direct grants – plus loans and guarantees worth \$75 billion – to persuade semiconductor companies to build factories in America after decades of shifting production abroad.

Market News APAC

- Zinc smelters are the latest casualty of overcapacity in Chinese metals markets. The companies that refine the metal, used to galvanize steel, are grappling with the same collapse in profits that's afflicting the copper industry. China is by far the biggest processor of both and similar conditions apply: too much capacity is coinciding with not enough ore, forcing smelters to drop their fees as they compete for less work. The implication is that production will suffer this year if firms are to protect their margins. Most of China's zinc concentrate is purchased on a spot basis, and those treatment charges on imports have hit a six-year low. They're near a two-year low for domestic ore. The annual benchmark is set via deals with Canadian miner Teck Resources Ltd., and that was settled at its weakest in three years earlier this month.
- Lai Sun Development will sell remaining 10% stake in AIA Central to a subsidiary of AIA Group at initial consideration of HK\$1.42 billion (\$181 million), AIA Central is a 38-storey office tower in Central, Hong Kong. AIA Group will hold the entire stake in the building after the completion of deal. LSD Group is expected to record a loss on the disposal of about HK\$155m.

Indices Asia	Last	Change	YTD
Nikkei225	39561.58	0.55%	18.11%
KOSPI Comp	2711.83	-0.21%	2.30%
S&P/ASX200	7820.60	0.40%	3.12%
Hang Seng	16892.13	0.95%	-0.97%
Shanghai Comp.	3040.95	-0.20%	2.22%
TWSE Taiwan	20690.88	1.34%	15.33%
MSCI Singapore	1367.67	0.00%	2.60%
MSCI Malaysia	486.74	0.00%	5.78%
JCI Indonesia*	7286.88	0.45%	0.19%
SET Thailand*	1375.58	0.12%	-2.84%
PCOMP Philippines*	6741.07	-0.07%	4.51%
VN-Index*	1251.95	0.13%	10.66%
Sensex India*	74742.50	0.67%	3.46%

*as of yesterday

Indices USA	Yesterday	Change	YTD
DJIA	38892.80	-0.03%	3.19%
S&P500	5202.39	-0.04%	9.07%
Nasdaq100	18100.19	-0.05%	7.57%
VIX	15.19	-5.24%	22.01%

Indices Europe	Yesterday	Change	YTD
EuroStoxx50	5046.05	0.62%	11.60%
SMI	11547.14	0.45%	3.68%
DAX	18318.97	0.79%	9.36%
MSCI UK	8157.02	0.63%	3.14%
CAC40	8119.30	0.72%	7.64%

Currencies	Last	Change	YTD
USD/CHF	0.9050	-0.04%	-7.01%
EUR/USD	1.0857	-0.02%	-1.60%
GBP/USD	1.2656	0.01%	-0.54%
USD/JPY	151.8700	0.03%	-7.10%
AUD/USD	0.6605	0.02%	-2.94%
NZD/USD	0.6041	0.15%	-4.29%
USD/KRW	1354.6000	0.10%	-4.88%
USD/HKD	7.8305	-0.02%	-0.25%
USD/SGD	1.3476	0.01%	-1.99%
USD/THB	36.6600	0.04%	-6.81%
USD/IDR	15845.0000	-0.30%	-2.83%
USD/INR	83.3150	0.03%	-0.13%
USD/PHP	56.4920	-0.04%	-1.96%
USD/TWD	32.1120	0.02%	-4.37%
USD/CNH	7.2464	0.06%	-1.64%

Treasury	Yield	Change	YTD
US10Y	4.40	-0.02%	13.42%
EUR10Y	2.43	0.04%	20.40%
JGB10Y	0.78	0.00%	28.62%
AUD10Y	4.18	-0.01%	5.79%
NZD10Y	4.73	0.04%	0.23%
CNY10Y	2.28	0.00%	N.A.

Commodities	Last	Change	YTD
Gold	2343.07	0.17%	13.58%
Silver	27.80	-0.16%	16.98%
Brent Crude Oil	90.70	0.35%	18.20%

Singapore Time: 10:44:29 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*

- BOJ's Timing for Next Hike in Focus as Ueda Starts Second Year
- South Korea Election Hinges on Urban Voters and Inflation Worry
- US, UK and Australia Weigh Adding Japan to Pact to Counter China
- UBS Mulls Credit Suisse China Stake Swap With Beijing Government
- China's EV Makers Bet They Can Dethrone Japan Brands in Thailand
- Blackstone Said to Near Buyout of Skin-Care Company L'Occitane
- Australian Consumer Confidence Slumps as Prices, Rates Take Toll

Market News EU & US

- When Elon Musk announced he will unveil a Tesla Inc. robotaxi in August, it was a clear attempt to arrest a spiral for the once high-flying carmaker. Tesla shares already had been sinking before the company reported anemic quarterly delivery figures on April 2. Days later, Reuters reported the automaker was shelving plans for a cheaper electric vehicle, extending the tailspin. Musk's vague denial did not do the trick – the stock closed last week as the worst performer in the S&P 500 this year. So the chief executive officer turned to his tried-and-true playbook: change the narrative by dangling a new product. Splashy events have long been part of Tesla's strategy to generate buzz while spending next to nothing on traditional advertising. Musk has mastered the craft of keeping investors focused on the future instead of current pain points, though it usually takes years for Tesla put products that its CEO shows into production. As for robotaxis, Musk has failed to make good on more than a decade of predictions about autonomous vehicles. Tesla has suggested that its next-generation vehicle platform will underpin both a cheaper car and the dedicated robotaxi, and the vehicles are expected to be similar: one will have a steering wheel, the other won't. Whether investors are willing to buy into Musk's latest moonshot will be clearer in the weeks to come, with Tesla slated to report first-quarter earnings on April 23.
- Germany's ruling coalition will forge ahead this quarter with a sweeping overhaul of the nation's armed forces with orders worth as much as €7 billion (\$7.6 billion) for two navy frigates and hundreds of armored transport vehicles. The government will exercise an option to buy

two additional navy F126 frigates for about €3 billion, taking the total number to six, according to people familiar with the plans, who asked not to be identified discussing confidential information. The government will also firm up an order worth as much as €4 billion for as many as 900 Fuchs armored transporters manufactured by Rheinmetall Landsysteme GmbH for delivery starting in 2025, the people said. The main contractor for the frigate project is a unit of Damen Schelde Naval Shipbuilding BV of the Netherlands, and its partners are Thales SA of France and Germany's Blohm+Voss. The jump in outlays has enabled Germany to meet NATO's goal of spending at least 2% of gross domestic product annually on the military this year for the first time since it was agreed by the alliance's defense ministers in 2006.

Overnight News

- Boeing's 777 Gliders Signal More Cash Woes Amid Max Turmoil
- Apple Fights Back on Watch Ban Amid Masimo-Heart Monitor Dispute
- Dimon Likens AI's Transformational Impact to Steam Engine

Earnings Releases (Source: Bloomberg)

- Aeon Delight Co. (9787 JP)
- Aeon Financial Service Co. (8570 JP)
- Aeon Mall Co. (8905 JP)
- Izumi Co. (8273 JP)
- PAL Group Holdings Co. (2726 JP)
- United Super Markets Holdings (3222 JP)

Rating Changes (Source: Bloomberg)

- Liberty Financial Group Ltd Raised to Buy at Citi; PT A\$4.25
- Henderson Land Raised to Overweight at JPMorgan; PT HK\$26.50
- Swire Properties Raised to Overweight at JPMorgan; PT HK\$18
- Wharf Real Estate Cut to Underweight at JPMorgan; PT HK\$22
- GLP J-Reit Raised to Outperform at SMBC Nikko; PT 165,000 Yen

Key Economic Event for this Asia-Pacific Week (Last Update on 8 April 2024)

Time	SG/Country	Event	For	Survey	Prior
Monday, 8 Apr 2024					
(Exchange: Indonesia, Thailand)					
7:30	JN	Labor Cash Earnings YoY	Feb	1.80%	2.00%
7:30	JN	Real Cash Earnings YoY	Feb	-1.40%	-0.60%
7:30	JN	Cash Earnings - Same Sample Base YoY	Feb	2.00%	2.00%
7:30	JN	Scheduled Full-Time Pay - Same Base YoY	Feb	2.00%	2.00%
7:50	JN	BoP Current Account Balance	Feb	¥3050.0b	¥438.2b
7:50	JN	BoP Current Account Adjusted	Feb	¥1995.0b	¥2727.5b
7:50	JN	Trade Balance BoP Basis	Feb	-¥189.5b	-¥1442.7b
9:30	AU	Owner-Occupier Loan Value MoM	Feb	--	-4.60%
9:30	AU	Home Loans Value MoM	Feb	2.00%	-3.90%
9:30	AU	Investor Loan Value MoM	Feb	--	-2.60%
12:00	MA	Manufacturing Sales Value YoY	Feb	--	3.20%
12:00	MA	Industrial Production YoY	Feb	1.80%	4.30%
15:00	PH	BSP Overnight Borrowing Rate	8-Apr	6.50%	6.50%
15:00	PH	BSP Standing Overnight Deposit Facility Rate	8-Apr	6.00%	6.00%
Tuesday, 9 Apr 2024					
(Exchange: Indonesia, Philippines)					
13:00	JN	Consumer Confidence Index	Mar	39.5	39.1
14:00	JN	Machine Tool Orders YoY	Mar P	--	-8.00%
16:00	TA	CPI Core YoY	Mar	--	2.90%
16:00	TA	PPI YoY	Mar	--	0.32%
16:00	TA	CPI YoY	Mar	2.50%	3.08%
17-Apr	TH	Consumer Confidence Economic	Mar	--	57.7
Wednesday, 10 Apr 2024					
(Exchange: Indonesia, Malaysia, Philippines, Shanghai, Shenzhen)					
7:50	JN	PPI YoY	Mar	0.80%	0.60%
7:50	JN	PPI MoM	Mar	0.30%	0.20%
9:00	PH	Unemployment Rate	Feb	--	4.50%
10:00	NZ	RBNZ Official Cash Rate	10-Apr	5.50%	5.50%
15:05	TH	BoT Benchmark Interest Rate	10-Apr	2.50%	2.50%
16:00	TA	Exports YoY	Mar	7.20%	1.30%
16:00	TA	Imports YoY	Mar	-2.50%	-17.80%
16:00	TA	Trade Balance	Mar	\$7.50b	\$7.89b
Thursday, 11 Apr 2024					
(Exchange: Indonesia, Malaysia)					
9:00	AU	Consumer Inflation Expectation	Apr	--	4.30%
9:00	PH	Imports YoY	Feb	4.00%	-7.60%
9:00	PH	Exports	Feb	--	\$5940.0m
9:00	PH	Exports YoY	Feb	10.70%	9.10%
9:00	PH	Trade Balance	Feb	-\$3993m	-\$4221m

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9:00	PH	Imports	Feb	--	\$10160.0m
9:30	CH	PPI YoY	Mar	-2.80%	-2.70%
9:30	CH	CPI YoY	Mar	0.40%	0.70%
10:00	JN	Tokyo Avg Office Vacancies	Mar	--	5.86%
Friday, 12 Apr 2024					
(Exchange: Indonesia, Thailand)					
6:45	NZ	Card Spending Total MoM	Mar	--	-1.90%
6:45	NZ	Card Spending Retail MoM	Mar	--	-1.80%
6:45	NZ	Food Prices MoM	Mar	--	-0.60%
8:00	SI	GDP YoY	1Q A	3.10%	2.20%
8:00	SI	GDP SA QoQ	1Q A	0.60%	1.20%
12:30	JN	Industrial Production MoM	Feb F	--	-0.10%
12:30	JN	Industrial Production YoY	Feb F	--	-3.40%
12:30	JN	Capacity Utilization MoM	Feb	--	-7.90%
--	CH	Trade Balance	Mar	\$69.10b	\$39.71b
--	CH	Exports YoY	Mar	-2.00%	5.60%
--	CH	Imports YoY	Mar	1.00%	-8.20%

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