

Morning Coffee News (Asia)

14 February 2024

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Top News* Nidec Could Grow Sales and Hit 20% Operating Margin on Machinery

Nidec's machinery business could achieve strong sales growth due to organic market-share gains and bolt-on acquisitions. The division could achieve 20% operating margin in 3-4 years versus around 10-15% at present, driven by a robust high-margin portfolio of advanced package-substrate inspection equipment, robots, speed reducers and machine tools.

Nidec could grow sales and operating profit over the next 4-5 years due to its industrial-machinery business. The company has a large portfolio of products with robust long-term growth potential such as factory apparatus, machine tools, speed reducers, chip-substrate package-inspection tools, and presses. Nidec could grow organically as well as via M&A, such as its 2021 acquisition of Mitsubishi Heavy Industries' machine-tool business (now Nidec Machine Tool Corp.), and the recent consolidation of lathe-machine maker Takisawa.

Nidec has particularly strong technological capability and high market share in advanced package-substrate inspection equipment, while robotic products for the semiconductor and display sector might be shielded from new competition in the long term.

Market News APAC

- Masayoshi Son has added ~USD 3.8 billion to his net worth this year as the surging stock price of Arm Holdings Plc bolsters the value of his holdings in SoftBank Group Corp. Son is personally benefiting from Arm's rally because he owns roughly a third of SoftBank Group, which holds 90% of the UK chip designer. Arm extended its three-day rally to 125% after its earnings report last week showed AI spending is boosting sales. The stock has now almost tripled from its initial public offering price of USD 51.00. SoftBank shares are trading near a three-year high. Arm gave a bullish forecast when it reported financial results last week, suggesting the company can push beyond its traditional smartphone business into artificial intelligence and other promising markets. Yamaguchi said investors are likely to take cues from Nvidia Corp.'s earnings next week to gauge whether the latest gains have been excessive.
- India plans to invest about USD 9 billion to power 10 million homes with rooftop solar panels, boosting the weakest segment of the country's booming renewable industry. Sluggish deployment of rooftop systems has cast doubt on India's target of almost quadrupling solar power generation capacity from 73 gigawatts by the end of the decade. Prime Minister Narendra Modi will seek to increase the pace of the solar-power rollout with a combination of subsidies and cheaper loans. India's plan to install 40 gigawatts of rooftop solar capacity by 2026 also echoes the strategy pursued in China to drive down energy prices by creating economies of scale in solar.

Indices Asia	Last	Change	YTD
Nikkei225	37963.97	2.89%	13.45%
KOSPI Comp	2649.64	1.12%	-0.21%
S&P/ASX200	7514.30	-1.17%	-1.01%
Hang Seng	15746.58	-0.83%	-7.63%
Shanghai Comp.	2865.90	1.28%	-3.67%
TWSE Taiwan	18096.07	0.20%	0.92%
MSCI Singapore	1300.60	0.00%	-2.68%
MSCI Malaysia	479.37	1.33%	3.94%
JCI Indonesia*	7209.74	-1.20%	-0.87%
SET Thailand*	1391.73	0.17%	-1.70%
PCOMP Philippines*	6827.92	0.30%	5.86%
VN-Index*	1198.53	0.85%	6.07%
Sensex India*	71555.19	0.68%	-0.95%

*as of yesterday

Indices USA	Yesterday	Change	YTD
DJIA	38272.75	-1.35%	1.55%
S&P500	4953.17	-1.37%	3.84%
Nasdaq100	17600.42	-1.58%	4.60%
VIX	15.85	13.78%	27.31%

Indices Europe	Yesterday	Change	YTD
EuroStoxx50	4689.28	-1.20%	3.71%
SMI	11142.79	-0.33%	0.04%
DAX	16880.83	-0.92%	0.77%
MSCI UK	7603.10	-0.87%	-3.86%
CAC40	7625.31	-0.84%	1.09%

Currencies	Last	Change	YTD
USD/CHF	0.8872	0.01%	-5.16%
EUR/USD	1.0710	0.01%	-2.98%
GBP/USD	1.2591	-0.01%	-1.10%
USD/JPY	150.7100	-0.06%	-6.42%
AUD/USD	0.6454	0.02%	-5.27%
NZD/USD	0.6058	-0.05%	-4.13%
USD/KRW	1328.0500	-0.02%	-3.01%
USD/HKD	7.8195	0.00%	-0.10%
USD/SGD	1.3512	0.01%	-2.29%
USD/THB	35.7130	-0.47%	-4.40%
USD/IDR	15594.5000	0.00%	-1.27%
USD/INR	83.0100	0.01%	0.24%
USD/PHP	55.9550	-0.12%	-1.02%
USD/TWD	31.3570	0.08%	-2.06%
USD/CNH	7.2308	-0.01%	-1.47%

Treasury	Yield	Change	YTD
US10Y	4.32	0.00%	11.22%
EUR10Y	2.39	0.03%	18.34%
JGB10Y	0.72	0.00%	18.67%
AUD10Y	4.28	0.10%	8.12%
NZD10Y	4.91	0.08%	0.33%
CNY10Y	2.44	0.02%	N.A.

Commodities	Last	Change	YTD
Gold	1991.84	-0.07%	-3.45%
Silver	22.09	-0.12%	-7.15%
Brent Crude Oil	82.77	0.94%	7.62%

Singapore Time: 7:36:16 AM

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What to Watch*

- China Taking On US Fuels USD 147 Billion Rally in Japan Chip Stocks
- China Opposes 'Illegal Sanctions' After Proposed EU Trade Curbs
- WuXi AppTec Objects to 'Misleading Allegations' by US Lawmakers
- Standard Chartered Weighs Breaking Up Corporate, Investment Bank
- CK Hutchison Cancels Sale of €3.4 Billion Italian Network Unit
- Shiseido Rises as Analysts See Bottom After 4Q: Street Wrap
- Tokyo Electron Soars After China Demand Boosts Outlook
- Indonesia's Election to Shape Reform Agenda in Post-Jokowi Era
- Indonesia's Next Leader Must Turn EV Dollars Into Jobs, Growth
- Australia's Biggest Bank CEO Cautions on Risks to Economy
- Australia Fossil Fuels Should Face New Climate Levy, Experts Say

Market News EU & US

- OpenAI's Sam Altman said the United Arab Emirates could serve as the world's "regulatory sandbox" to test artificial intelligence technologies and later spearhead global rules limiting their use. "It's very hard to get all the regulatory ideas right in a vacuum," Altman told the UAE's AI minister in a virtual appearance at the World Governments Summit. "And if there was a contained way that I could give people the future and let them experiment with it and then see what makes sense, what went wrong, what went right, that seems like an interesting experiment." The world will need a unified policy to rein in future advances in AI, said the OpenAI leader, whose ChatGPT thrust the technology into the mainstream. "I think, for a bunch of reasons, the UAE would be set up to be a leader in the discussions about that," he said on Tuesday. Sam Altman on screen during the World Governments Summit in Dubai, on Tuesday, 13 February 2024. The comments came as Altman courts investors in the Middle East for a semiconductor initiative to advance AI. The United Arab Emirates has invested heavily in AI and made it a key policy consideration, but its ties to China have raised some concern in the United States. On Monday, the CEO of G42, an Emirati AI company controlled by UAE National Security Adviser Sheikh Tahnoon bin Zayed Al Nahyan, told Bloomberg the company would scale back its presence in China to appease Washington's demands. G42 has partnerships with OpenAI, Microsoft

Corp., and Cerebras Systems Inc. In his remarks on Tuesday, Altman said OpenAI also plans to open-source some additional large-language models developed by his company, though it has yet to decide which ones. He also said the company would develop tools for poorer nations that can't shoulder the massive costs of developing their own AI systems. "We want to have an offering that makes sense for countries that want to offer AI services," said Altman. said.

- The Boeing Co. plans to build its 737 Max aircraft at a slower pace during the first half of this year as it tackles quality issues and supplier glitches under the close supervision of US aviation regulators, CFO Brian West said. The measures mean that the workhorse jets will roll out of Boeing's main 737 plant near Seattle at a rate below the 38-a-month tempo that Boeing established at the end of last year. The company expects output to climb toward that target during the second half of 2024, West said Tuesday at an investor conference hosted by TD Cowen. While Boeing intends to stabilize and grow its main commercial airplane division over time, the pace of work in its factories will be governed by US regulators, West said. "We have to be careful not to get ahead of ourselves." Boeing is pausing its production lines more frequently as it institutes new inspection protocols and catches up with out-of-sequence work. While that will drag on the company's near-term cash flow, its manufacturing processes will benefit over time from a Federal Aviation Administration quality audit imposed after a 05 January 2024 near-disaster with one of its almost-new 737 Max 9 aircraft, West said. The FAA barred the plane maker from increasing production rates on the 737 until it is satisfied that quality has improved. "If we go slow and we stay at these capped rates for longer, we respect that," West said. Boeing hasn't provided a delivery target for the 737 family this year and has refrained from setting annual financial goals amid the uncertainty caused by the accident on Alaska Airlines Flight 1282. But West has reassured shareholders that Boeing can maintain its medium-term financial goals even as the company navigates its biggest crisis since two 737 Max crashes led to a global grounding of the model in 2019. While CEO Dave Calhoun said on an earnings call last month that he was fully focused on improving safety and quality, the CFO told investors Boeing was "still confident" it could reach an annual cash flow target of about USD 10 billion in the 2025-2026 timeframe. That goal remains intact, although the timing is moving to the right, West said Tuesday, reiterating comments from the 31 January 2024 call. Boeing shares fell 2.8% as of 1:19 p.m. in New York. The stock has declined 22% this year, the biggest drop among members of the Dow Jones Industrial Average, as investors assess the impact of the crisis on aircraft shipments and cash flows.

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Overnight News

- America's ESG Hiring Boom Is Starting to Cool
- European Firms Nearly Doubled Purchase of Clean Power in 2023
- Bitcoin Hits USD 50,000 Milestone With the Help of Lunar New Year
- Apple's Longest-Serving Designer to Depart, Adding to Exodus
- Bezos Sells USD 4 Billion of Amazon Stock in Four Trading Days
- BlackRock's 53% Asset Surge Defies Historic Setback Gripping ESG
- BlackRock Gives Retail Clients Voting Power for S&P 500 ETF
- Walmart Is in Talks to Buy TV Maker Vizio, WSJ Reports
- Mid-Range Zero-Emission Aircraft Could Halve CO2 Output: BNEF
- Lyft Gains on Upbeat Forecasts, Corrects 2024 Margin Prediction
- Airbnb Sees Demand Moderating as Chesky Readies for Pivot
- Carlyle Joins Rush of Private Funds Tapping Europe's Wealthy
- Shopify Falls After Saying Expenses to Rise More Than Expected
- Instacart Cuts 250 Jobs in Push for Higher-Margin Businesses
- Firefox Maker Mozilla Is Cutting 60 Jobs After Naming New CEO
- France Cuts Electric Vehicle Bonus For Wealthiest Households

Earnings Releases (Source: Bloomberg)

- AMP Ltd. (AMP AU)
- Ai Holdings Corp. (3076 JP)
- Appier Group Inc. (4180 JP)
- Artience Co. (4634 JP)
- Asahi Intecc Co. (7747 JP)
- Bandai Namco Holdings Inc. (7832 JP)
- Coca-Cola Bottlers Japan Holding (2579 JP)
- Commonwealth Bank of Australia (CBA AU)
- Dai-ichi Life Holdings Inc. (8750 JP)
- Dentsu Group Inc. (4324 JP)
- Dentsu Soken Inc. (4812 JP)
- Dexu (DXS AU)
- Domain Holdings Australia Ltd. (DHG AU)
- Downer Edi Ltd. (DOW AU)
- Ebara Corp. (6361 JP)
- Elecom Co. (6750 JP)

- Evolution Mining Ltd. (EVN AU)
- Far East Hospitality Trust (FEHT SP)
- Ferrotec Holdings Corp. (6890 JP)
- Freee KK (4478 JP)
- Fuji Soft Inc. (9749 JP)
- GUD Holdings Ltd. (GUD AU)
- Gni Group Ltd. (2160 JP)
- GungHo Online Entertainment In (3765 JP)
- Horiba Ltd. (6856 JP)
- Idp Education Ltd. (IEL AU)
- Jac Recruitment Co. (2124 JP)
- Japan Post Bank Co. (7182 JP)
- Japan Post Holdings Co. (6178 JP)
- Japan Post Insurance Co. (7181 JP)
- Kintetsu Group Holdings Co. (9041 JP)
- Kirin Holdings Co. (2503 JP)
- Kose Corp. (4922 JP)
- Kubota Corp. (6326 JP)
- Lion Corp. (4912 JP)
- MS&AD Insurance Group Holdings (8725 JP)
- Mabuchi Motor Co. (6592 JP)
- MatsukiyoCocokara & Co. (3088 JP)
- Medley Inc. (4480 JP)
- Micronics Japan Co. (6871 JP)
- Mitani Corp. (8066 JP)
- Mitani Sekisan Co. (5273 JP)
- Modec Inc. (6269 JP)
- Nippon Express Holdings Inc. (9147 JP)
- Nippon Paint Holdings Co. (4612 JP)
- Nomura Micro Science Co. (6254 JP)
- Olympus Corp. (7733 JP)
- Open House Group Co. (3288 JP)
- Otsuka Holdings Co. (4578 JP)
- Outsourcing Inc. (2427 JP)
- PeptiDream Inc. (4587 JP)
- Persol Holdings Co. (2181 JP)
- Pksha Technology Inc. (3993 JP)
- Pola Orbis Holdings Inc. (4927 JP)
- Pressance Corp. (3254 JP)
- Rakuten Group Inc. (4755 JP)
- Resonac Holdings Corp. (4004 JP)
- Rizap Group Inc. (2928 JP)
- Roland Corp. (7944 JP)
- Royal Holdings Co. (8179 JP)
- Sanrio Co. (8136 JP)

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- Sapporo Holdings Ltd. (2501 JP)
 - Sawai Group Holdings Co. (4887 JP)
 - Seven Group Holdings Ltd. (SVW AU)
 - Skylark Holdings Co. (3197 JP)
 - Sompo Holdings Inc. (8630 JP)
 - Sony Group Corp. (6758 JP)
 - Sumco Corp. (3436 JP)
 - Sumitomo Forestry Co. (1911 JP)
 - Sumitomo Heavy Industries Ltd. (6302 JP)
 - Sumitomo Rubber Industries Ltd. (5110 JP)
 - Sundrug Co. (9989 JP)
 - T&D Holdings Inc. (8795 JP)
 - THK Co. (6481 JP)
 - Takara Bio Inc. (4974 JP)
 - Takara Holdings Inc. (2531 JP)
 - Takuma Co. (6013 JP)
 - Toei Co. (9605 JP)
 - Tokio Marine Holdings Inc. (8766 JP)
 - Tokyotokeiba Co. (9672 JP)
 - Toppan Holdings Inc. (7911 JP)
 - Topre Corp. (5975 JP)
 - Toridoll Holdings Corp. (3397 JP)
 - Toyo Tire Corp. (5105 JP)
 - Universal Entertainment Corp. (6425 JP)
 - Yamaha Motor Co. (7272 JP)
 - Yamazaki Baking Co. (2212 JP)
 - Seek Raised to Outperform at Macquarie; PT A\$29
 - Temple & Webster Raised to Buy at Citi; PT A\$13
 - Raised to Outperform at Macquarie; PT A\$12.30
 - Ansarada Group Cut to Hold at Morgans Financial Limited
 - Breville Cut to Neutral at Evans & Partners Pty Ltd; PT A\$26.02
 - CSL Cut to Market-Weight at Wilsons; PT A\$253.29
 - Cut to Neutral at Citi; PT A\$305
 - Seek Cut to Neutral at JPMorgan; PT A\$25.30
 - MMA Offshore Reinstated Buy at Bell Potter; PT A\$2.55
 - Recruit Raised to Outperform at Iwai Cosmo; PT 7,000 Yen
 - Bic Camera Cut to Neutral at Daiwa; PT 1,350 Yen
 - Glory Cut to Neutral Plus at Iwai Cosmo; PT 3,300 Yen
 - Mercari Cut to Neutral at Macquarie; PT 2,610 Yen
 - Nabtesco Cut to Sell at CLSA; PT 2,670 Yen
 - Nippon Paper Cut to Neutral at Tachibana Securities
 - SCSK Cut to Hold at Jefferies; PT 3,000 Yen
 - Shibaura Machine Cut to Neutral at Tokai Tokyo; PT 3,870 Yen
 - Tokyo Seimitsu Cut to Neutral at Tokai Tokyo; PT 10,500 Yen
 - PTT Global Chem Raised to Trading Buy at Trinity Securities
 - Siam Global Cut to Neutral at Macquarie; PT THB 17
 - Srisawad Power Cut to Hold at Finansia Syrus Securities
 - Unilever Indonesia Cut to Hold at Yuanta Securities; PT IDR 3,200
 - Vale Indonesia Cut to Hold at Sucor Sekuritas; PT IDR 3,730
- Rating Changes (Source: Bloomberg)**
- Breville Raised to Overweight at Wilsons; PT A\$27.60
 - Raised to Sector Perform at RBC; PT A\$24
 - James Hardie GDRs Raised to Overweight at Jarden Securities

Key Economic Event for this Asia-Pacific Week (Last Update on 12 February 2024)

Time	SG/Country	Event	For	Survey	Prior
Monday, 12 Feb 2024 (Exchange Holiday: China, Hong Kong, Japan, Malaysia, Singapore, Korea, Taiwan)					
7:30	CH	FDI YTD YoY CNY	Jan	--	-8.00%
Tuesday, 13 Feb 2024 (Exchange Holiday: China, Hong Kong, Taiwan)					
7:30	AU	Westpac Consumer Conf SA MoM	Feb	--	-1.30%
7:50	JN	PPI YoY	Jan	0.10%	0.00%
7:50	JN	PPI MoM	Jan	0.10%	0.30%
8:30	AU	NAB Business Confidence	Jan	--	-1
10:00	NZ	2Yr Inflation Expectation	1Q	--	2.76%
11:30	TH	Consumer Confidence	Jan	--	62
	ID	Consumer Confidence Index	Jan	--	123.8
Wednesday, 14 Feb 2024 (Exchange Holiday: China, Indonesia, Taiwan)					
4:00	NZ	REINZ House Sales YoY	Jan	--	14.10%
5:45	NZ	Card Spending Total MoM	Jan	--	-0.60%
5:45	NZ	Card Spending Retail MoM	Jan	--	-2.00%
5:45	NZ	Food Prices MoM	Jan	--	-0.10%
Thursday, 15 Feb 2024 (Exchange Holiday: China)					
7:50	JN	GDP Annualized SA QoQ	4Q P	1.10%	-2.90%
7:50	JN	GDP Deflator YoY	4Q P	4.00%	5.30%
7:50	JN	GDP Private Consumption QoQ	4Q P	0.00%	-0.20%
7:50	JN	GDP Business Spending QoQ	4Q P	0.20%	-0.40%
7:50	JN	Net Exports Contribution % GDP	4Q P	0.30%	-0.10%
8:00	SI	GDP SA QoQ	4Q F	1.40%	1.70%
8:00	SI	GDP YoY	4Q F	2.50%	2.80%
8:30	AU	Employment Change	Jan	25.0k	-65.1k
8:30	AU	Unemployment Rate	Jan	4.00%	3.90%
12:00	ID	Trade Balance	Jan	\$3000m	\$3300m
12:00	ID	Exports YoY	Jan	-2.51%	-5.76%
12:00	ID	Imports YoY	Jan	2.25%	-3.81%
	ID	External Debt	Dec	--	\$400.9b
Friday, 16 Feb 2024 (Exchange Holiday: China)					
5:00	SK	Import Price Index MoM	Jan	--	-1.70%
5:00	SK	Export Price Index MoM	Jan	--	-0.90%
5:30	NZ	BusinessNZ Manufacturing PMI	Jan	--	43.1
7:00	SK	Unemployment rate SA	Jan	3.10%	3.30%
7:50	JN	Foreign Buying Japan Stocks	9-Feb	--	¥308.4b
7:50	JN	Japan Buying Foreign Bonds	9-Feb	--	¥456.6b
7:50	JN	Foreign Buying Japan Bonds	9-Feb	--	¥394.4b
7:50	JN	Japan Buying Foreign Stocks	9-Feb	--	¥194.7b
8:30	SI	Electronic Exports YoY	Jan	--	-11.70%
8:30	SI	Non-oil Domestic Exports YoY	Jan	4.30%	-1.50%

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12:00	MA	GDP YoY	4Q F	3.40%	3.40%
12:00	MA	BoP Current Account Balance MYR	4Q	7.0b	9.1b
15:30	TH	Foreign Reserves	9-Feb	--	\$220.8b

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