

What's Hot Today:

► China Autonomous Driving – L3 vehicles approved for highway trials

In a significant regulatory move, the Ministry of Industry & Information Technology (MIIT) has granted licenses to test Level 3 advanced driver-assistance systems (ADAS) to two models namely, Arcfox (極狐汽車) Alpha S6 and Changan Deepal SL03. The Arcfox will undergo trials on selected highways in Beijing at speeds up to 80km/h while the Deepal will be tested in congested urban areas of Chongqing at a maximum speed of 50km/h. Under current regulations, L3 vehicles still require a human driver to remain behind the wheel, ready to take control in case of emergency.

In terms of hardware, the Alpha S6 is equipped with 3 LiDARs units and 34 high-precision sensors. Deepal also features 34 sensors but does not include LiDAR. Both models utilize Huawei's autonomous driving system.

Separately, BYD has reportedly already conducted extensive testing in Shenzhen, covering over 150,000 kilometers, while Xpeng and Li Auto are set to begin trials in Guangzhou and Beijing, respectively. MIIT is expected to continue issuing test licenses to other automakers.

The shift to Level 3 represents a significant technological and legal advancement. According to MIIT officials, liability for accidents will be shared among the driver, the automaker, and the autonomous driving system provider according to the situation of the event and whether the system is engaged. This framework is crucial for building consumer trust and stimulating demand in a market facing reduced subsidies.

Our view: We believe this regulatory catalyst is positive for both automotive and autonomous component industries. Among automakers, we consider BYD (1211 HK, HK\$95.25, HK\$350bn) to be another prepared player, having already conducted extensive testing. Xpeng (9868 HK, HK\$72.30, HK\$138bn) also stands out well as a software-centric contender. In addition, Hesai (2525 HK, HK\$169.40, HK\$26.5bn) and Robosense (2498 HK, HK\$36.16, HK\$17.1bn) are likely to benefit from rising volume demand. However, the road ahead involved navigating liability and insurance complexities, suggesting that full commercial deployment may still be a multi-year journey.

China & HK Indices	CLOSE	1D	YTD
HSI	25,468	0.9%	27.0%
HSCEI	8,843	1.0%	21.3%
HSCCI	4,060	0.0%	7.4%
CSI300	4,579	1.8%	16.4%
Shanghai A	4,058	1.2%	-7.8%
Shanghai B	246	-0.1%	-7.8%
Shenzhen A	2,571	1.7%	25.6%
Shenzhen B	1,265	0.1%	4.4%

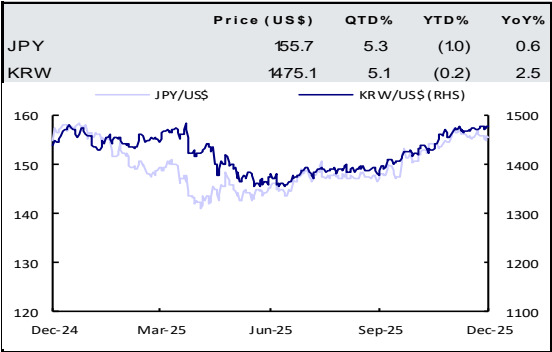
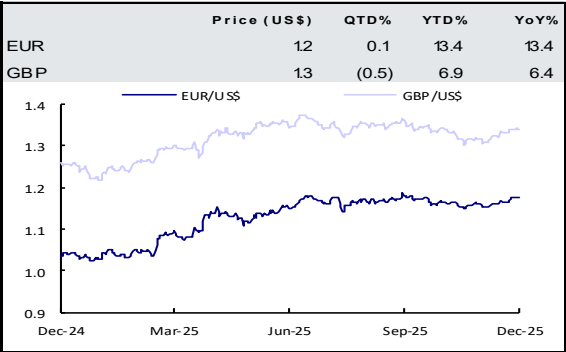
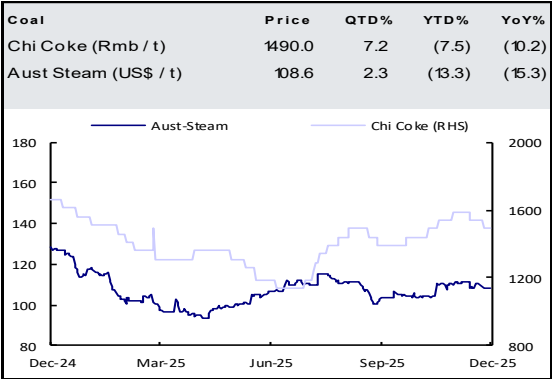
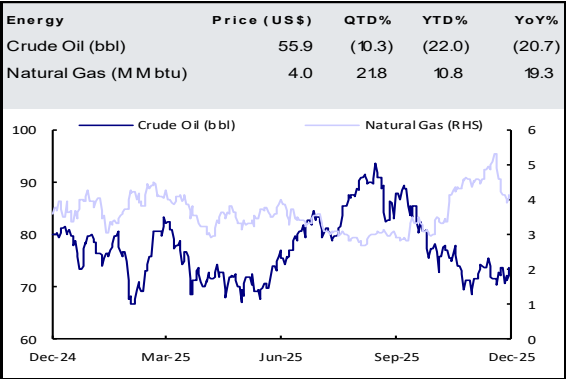
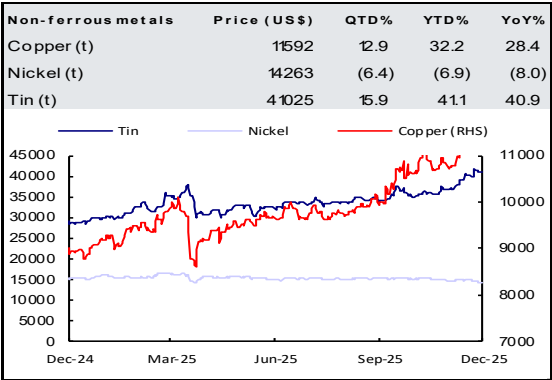
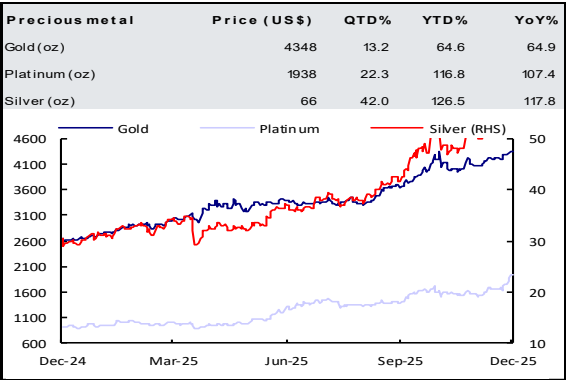
Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	47,885	-0.5%	12.6%
S&P 500	6,721	-1.2%	14.3%
Nasdaq	22,693	-1.8%	17.5%
NIKKEI Index	49,512	0.3%	24.1%
FTSE Index	9,774	0.9%	19.6%
CAC Index	8,086	-0.2%	9.6%
DAX Index	23,960	-0.5%	20.3%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,338	0.8%	65.4%
STEEL (US\$/oz.)	2,536	0.0%	42.0%
SILVER (US\$/oz.)	66	3.9%	130.1%
CRUDE OIL (US\$/bbl)	55	1.2%	-20.6%
COPPER (US\$/oz.)	11,592	0.7%	32.2%
ALUMINIUM (US\$/oz.)	2,876	0.3%	12.7%
PLATINUM (US\$/oz.)	1,902	3.1%	110.6%
ZINC (US\$/oz.)	3,041	-2.7%	2.1%
WHEAT (US\$/bu)	506	-2.8%	-8.2%
CORN (US\$/bu)	440	0.2%	-3.2%
SUGAR (US\$/lb)	N/A	N/A	-30.8%
SOYBEAN (US\$/bu)	1,068	-1.2%	3.3%
PVC (US\$/t.)	N/A	N/A	-18.9%
CRB	291	-1.3%	3.0%
BDI			121.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.781	0.852	155.690	0.796	7.044
HKD	0.129		0.110	20.010	10.226	0.905
EUR	1.174	9.135		182.800	1.071	8.273
JPY	0.006	4.997	0.547		0.511	0.045
CHF	1.257	9.779	1.071	195.727		8.860
RMB	0.142	1.105	0.121	22.096	0.113	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	17	11.7%
Source: Bloomberg		

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
New home Sales	MoM		18-Dec-25
Initial Jobless Claims	WoW		18-Dec-25
Housing Starts / Building Permits	MoM		19-Dec-25
Existing Home Sales	MoM		19-Dec-25
Business Inventories	MoM		22-Dec-25
Durable Goods Orders	MoM		23-Dec-25
GDP	QoQ		23-Dec-25
Consumer Confidence	MoM		23-Dec-25
Industrial Production	MoM		23-Dec-25
Retail Sales	MoM		27-Dec-25
Factory Orders	MoM		1-Jan-26
Trade Balance	MoM		1-Jan-26
ISM Manufacturing PMI	MoM		5-Jan-26
Employment Report	MoM		9-Jan-26
CPI	MoM		13-Jan-26
PPI	MoM		14-Jan-26
Personal Income & Spending	MoM		29-Jan-26
Wholesale Inventories	MoM		
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Dec-25
Foreign Exchange Reserves	QoQ		7-Jan-26
Money Supply - M2	MoM		9-Jan-26
Trade Balance	MoM		14-Jan-26
PPI	MoM		
CPI	MoM		
Retail Sales	MoM		
Industrial Production	MoM		
GDP	YoY		

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		22-Dec-25
Trade Balance	MoM		29-Dec-25
Money Supply - M2	MoM		31-Dec-25
Retail Sales	MoM		2-Jan-26
PMI	MoM		6-Jan-26
Foreign Currency Reserve	MoM		7-Jan-26
Unemployment Rate	MoM		20-Jan-26
GDP	QoQ		30-Jan-26
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Composite Interest Rate	MoM		

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