

Morning News & Views - Asia

A Summary of Select Global Markets Research

Thursday 09 June 2022

KEY FORECAST CHANGES

SECURITY / SECTOR	TICKER	RATING		CURR	TARGET PRICE			CURR	CUR YEAR EPS		NEXT YEAR EPS	
		OLD	NEW		OLD	NEW	U/D%		OLD	NEW	OLD	NEW
COMPANY RATING CHANGES												
Hanwha Aerospace	012450 KS	Not Rated	Buy	KRW	N/A	70000.00	+22.8	KRW	N/A	5,404	N/A	5,603
Hanwha Systems	272210 KS	Not Rated	Neutral	KRW	N/A	17000.00	+4.3	KRW	N/A	572.00	N/A	605.00
Korea Aerospace Industries	047810 KS	Not Rated	Buy	KRW	N/A	80000.00	+40.6	KRW	N/A	1,027	N/A	1,474
LIG Nex1	079550 KS	Not Rated	Buy	KRW	N/A	110000.00	+33.8	KRW	N/A	6,414	N/A	6,761
TARGET PRICE CHANGES												
Hello Group	MOMO US	Neutral	-	USD	8.00	6.50	+4.2	CNY	8.48	6.42	9.05	7.22
Samsung Electronics	005930 KS	Buy	-	KRW	90000.00	84000.00	+28.6	KRW	7,642	7,323	7,379	6,936
Wuxi Bio	2269 HK	Buy	-	HKD	100.87	95.75	+48.1	CNY	1.08	99.94c	1.49	1.40

*U/D % = Potential Up/Downside %

HIGHLIGHTS FOR TODAY

Samsung Electronics (005930 KS) (Buy) - Weaker earnings due to macro headwinds (TP KRW 90,000→KRW 84,000)

CW Chung - NFIK / Jung Cho - NFIK

Cut TP to KRW84,000, but maintain Buy

Macro headwinds' impact on earnings; cut 2Q/2022F OP by 6%/4%. Since mid-2Q, the impact of macro headwinds and weak consumer IT demand from re-opening on SEC has been above our previous expectation. To date we see rising negative demand impact from mid-to-low end IT models. Yet, if the global rate hike trend continues, it can eventually result in a demand slowdown even in the high-end market, in our view. As we lower our key revenue assumptions for set products and semi shipment beyond 2Q22, we cut our 2Q OP estimates from KRW15.9tn to KRW15tn and 2022 OP from KRW66.4tn to KRW63.5tn. MX/CE: cut OP on lower demand and cost burden; Semi: mainly lower shipment estimates. We forecast 2Q SP (smartphone) shipments to decline 15% q-q to 63mn (vs. previous 72mn). While the shipment impact is mainly from mid-to-low end models, profitability is affected by a strong USD and sales decline. Thus, we lower our Mobile eXperience (MX) OP forecast from KRW3.7tn to KRW3.0tn.

Anchor Report: Korea Aerospace & Defense - Riding out the economic headwinds

Eon Hwang - NFIK

Government's military budget expansion and emerging countries' order increases already started

Aerospace/defense our most preferred among Korea industrials; top pick KAI. We prefer aerospace and defense stocks the most among Korea industrials. We are positive on Korea's defense stocks, as: 1) we expect the defense companies to record 16.0% OP growth p.a. in 2021-24F; 2) significant order pool (KRW27tn, on our number) from the companies; and 3) new space investment led by the newly elected government. Strong earnings growth and new orders expectation, in a period of possible global economic recession, will act as a valuation re-rating factor as seen in 2014-15, in our view. In June 2022, the scheduled launch of Korea's rocket Nuri-ho 2 and the bidding results of Malaysia's trainer jet project (contract value KRW1.1tn) are potential catalysts, in our view. As well, we await the bidding results of Australia's Land 400 IFV (KRW5.0tn) and Columbia's trainer (KRW0.8tn) in 3Q22F.

- Hanwha Systems (272210 KS, Not Rated→Neutral, TP KRW 17,000)
- Korea Aerospace Industries (047810 KS, Not Rated→Buy, TP KRW 80,000)
- LIG Nex1 (079550 KS, Not Rated→Buy, TP KRW 110,000)

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

- **Hanwha Aerospace (012450 KS, Not Rated→Buy, TP KRW 70,000)**

AROUND THE WORLD

Quick Note - Daiichi Sankyo (4568 JP) (Neutral) - Presentation on ASCO 2022 announcements (TP JPY 3,400)

Motoya Kohtani - NSC / Raghavendra Divekar, CFA - NSC

Presentation on data releases at ASCO 2022 and ESMO 2022. On 8 June Daiichi Sankyo held a presentation for investors to discuss the latest trial results it had announced at the American Society of Clinical Oncology (ASCO) General Meeting 2022 and the European Society for Medical Oncology (ESMO) Congress 2022. Results from the DESTINY-Breast04 Phase 3 study, which carried the highest expectations, provided fresh evidence of Enhertu's potential to become the standard therapy for HER2-low breast cancer. The company is due to file an NDA before the end of 23/3 H1. Elsewhere, (1) it provided the latest data from its Phase 1 study of DS-6000a. The study was in heavily pretreated ovarian cancer and renal cell carcinoma patients, and of the 20 evaluable patients with measurable disease, 20% had confirmed partial response (PR) and 10% unconfirmed PR.

Macro Strategy Insight - May foreign bond and equity transactions and investor trends

Naka Matsuzawa - NSC

Lifers join banks in a bearish stance on foreign bonds and foreign equities

Please also see today's edition of Matsuzawa Morning Report (Upward spiral in prices and wages might be starting in Japan / Wage growth of around 3% is the goal in both Japan and the US). In this report, we analyze Japanese investor trends based on the May International Transactions in Securities. In early May, the trend marked by weak bonds and equities and strong USD picked up, and 10yr UST yields reached 3.15% at one point as the UST market's yield curve bear steepened. From mid-May, the UST market bull steepened in response to dovish statements from Fed officials, and 10yr yields returned to 2.70% temporarily while share prices rapidly recovered through the end of the month. DXY set a high for this period in the middle of the month, but JPY strengthened further on risk-off flows, and USD/JPY rates fell to the 126 level through the end of the month.

Matsuzawa Morning Report - Upward spiral in prices and wages might be starting in Japan

Naka Matsuzawa - NSC

Wage growth of around 3% is the goal in both Japan and the US

Today's Japanese markets. In Japanese markets on Wednesday, we expect bonds to rebound and equities to also remain solid (in overnight futures trading on the previous day, bonds and equities were up 14 sen and JPY150, respectively, over OSE). We continue to see a pattern in which negative news for the economy is positive news for bonds and equities, and yesterday, renewed concerns about spending in the US led to replacement buying of US bonds. Ahead of tomorrow's ECB meeting, the market nudged down its near-term rate hike expectations, and priced in a 25bp rate hike at the July meeting (peak of 36bp on 6 June), reversing forecasts for a 50bp rate hike. However, oil prices continued to rise and the MOVE Index remained high, indicating that it is too early to assume that stability has returned to the US bond market.

ALSO INSIDE TODAY...

REGIONAL / REGIONAL MARKET STRATEGY / REGIONAL SECTOR STRATEGY / REGIONAL ECONOMIC ANALYSIS

Quick Note - Asia Display - Weakness may continue into 2H22

Joel Ying, CFA - NIHK / CW Chung - NFIK / Yu Okazaki - NSC

Over the past two months, the panel price downward trend has continued and, we believe, the downtrend may further extend into 2H22F. Given the current demand situation globally, we expect an overall gloomy demand outlook for the display market in FY22F. From a short-term perspective, we expect some weakness in panel price to continue in 3Q22F (rather than a potential turnaround), despite 2H generally being the peak season for the display market. We now turn more cautious on the overall display sector for the rest of 2022, and believe that potential capacity control/ reduction by suppliers might be one of the solutions to emerge for this cycle. Panel price downward trend - not slowing but accelerating in 2Q22. Assessing panel price performance by quarter (Fig. 3), we note that most applications have suffered from an accelerating declining price trend in 2Q22, compared with 1Q22, mainly due to weakening demand and order cuts from major downstream players.

Asia Insights - India: RBI is still catching up with the curve

Sonal Varma - NSL / Aurodeep Nandi - NFASL / Nathan Sribalasundaram - NSL

Inflation risks are still underestimated, in our view.

A predictable rate hike: The RBI hiked the repo rate by 50bp to 4.90%, while leaving the cash reserve ratio (CRR) unchanged, both as expected. For FY23, it raised its CPI inflation projection from 5.7% y-o-y to 6.7%, while retaining GDP growth at 7.2%. Ambivalent guidance: While inflation is the RBI's top priority, Governor Das balanced the hawkishness with comments about supporting growth to calm expectations on terminal rates, in our view. Otherwise, the RBI was ambivalent on future actions. Inflation risks are (still) underestimated: We view the RBI's new inflation forecast as still optimistic. We don't think inflation has peaked yet and will remain above 6% in all quarters of FY23, averaging 7.2% in FY23, with risks skewed to the upside (RBI: 6.7%). We expect the RBI to revise up its inflation forecast again in August.

Asia Insights - Thailand: BOT surprises with a hawkish hold

Charon Boonnuch - NSL / Euben Paracuelles - NSL / Nathan Sribalasundaram - NSL

We now expect the first rate hike by 25bp at the next meeting in August, followed by another 25bp in September.

The Bank of Thailand (BOT) left its policy rate unchanged at 0.5%, as widely expected. However, BOT surprised with a 4-3 vote (against our expectation of a unanimous vote), with the dissenters calling for a 25bp hike, citing increased upside risks to growth and inflation. The BOT said that it "will assess the appropriate timing for a gradual policy normalization" and it deemed that "a very accommodative monetary policy will be less needed going forward" amid sharply rising inflation. The BOT raised its headline inflation forecasts significantly to 6.2% from 4.9% in 2022 and to 2.5% from 1.7% in 2023 and its core inflation forecasts to 2.2% from 2.0% in 2022 and to 2.0% from 1.7% in 2023. The BOT raised its 2022 GDP growth forecast slightly to 3.3% from 3.2% but lowered its 2023 forecast to 4.2% from 4.4%. Does this change our view? Yes. We now expect a total of 50bp in policy rate hikes in H2 2022, against our previous forecast of H1 2023.

HONG KONG / CHINA

Quick Note - ACM Research (ACMR US) (Buy) - LIVE from NIFA 2022 (TP USD 41.67)

Donnie Teng - NIHK / Aaron Jeng, CFA - NITB

We hosted ACMR's management at the Nomura Investment Forum Asia 2022 on 8 June. Our key takeaways are: 1) shipment momentum remains seemingly strong, with sequential growth in each of the quarter in 2022 likely, to be driven by front-end semiconductor customers. However, there is some order slowdown from OSATs due to smartphone market weakness; 2) new products and customers business development are on track. More sales contribution from non-wafer cleaning equipment is likely in 2023F, including copper plating, furnaces, and other two newly developed products; and 3) ACMR has announced to change auditor effective 2Q22, and it will file its 2022 annual report officially by the end of March 2023, ensuring its full compliance with US regulations, and allowing it to be removed from SEC's provisional list. We maintain our Buy rating and TP of USD41.7 (based on 7x 2022F EV/sales) for ACMR. Operation and market updates post Shanghai reopening.

Quick Note - Anta Sports Products (2020 HK) (Buy) - NIFA 2022 takeaways (TP HKD 141.5)

Cathy Xiao - NIHK

Anta attended our Nomura Investment Forum Asia (NIFA) on 7 June. Management sees signs of improving momentum driven by the reopening of stores. In the mid- to long-term, we expect Anta to further gain market share given its multi-brand portfolio, which we believe should help the company weather the industry slowdown. We maintain our Buy rating for the stock and our TP of HKD141.5, based on 37x FY22F P/E (1.8 SD above the long-term average P/E). The stock currently trades at 24x FY22F P/E (EPS of CNY3.21). Key takeaways are below: Recent sales trend shows an improvement. 2Q22 is challenging as stores were suspended due to lockdowns and stringent restriction measures. By brands, FILA /Descente/Kolon are more affected due to higher exposure in high-tier cities while Anta core brands are more focused on tier-3 to tier-4 cities. Management indicated an improving momentum in the second half of May as the stores are gradually reopening, and the trend continues in June.

Quick Note - Kingdee (268 HK) (Buy) - Galaxy Ultimate version launched (TP HKD 20.5)

Bing Duan - NIHK / Joel Ying, CFA - NIHK / Ethan Zhang - NIHK

Kingdee launched Galaxy Ultimate today, which is a premium version of Galaxy based on the Cosmic PaaS platform. Moreover, the company launched its HR SaaS solution under the Constellation brand on 7 May, which is based on the lighthouse project with Huawei (unlisted) HR business line. At the Nomura Investment Forum Asia 2022 (NIFA) group call yesterday, management noted that the growth outlook remained unchanged for 2022 and beyond: 20%+ y-y revenue growth in FY22, 50%+ ARR (annual recurring revenue) CAGR in FY22-24F, despite short-term uncertainties over project delivery in 2Q22, owing to the recent lockdown in China. We think the launch of Galaxy Ultimate and Constellation HR SaaS solutions would help the company tap more customer segments and application verticals, leading to more sustainable growth in the SaaS market going forward. We maintain our Buy rating and DCF-based TP of HKD20.5, implying 9x FY23F P/S. The stock is currently trading at 7x FY23F P/S now.

Wuxi Bio (2269 HK) (Buy) - NIFA 2022 takeaways (TP HKD 100.87→HKD 95.75)

Jialin Zhang, CFA, CPA - NIHK / John Nie - NIHK

Maintain Buy, lower TP to HKD95.75

We hosted Wuxi Biologics at the Nomura Investment Forum Asia 2022 on 8 June. We summarize the key takeaways as below: Updates on Unverified List (UVL) and Shanghai production resumption. Wuxi Bio's management reiterated limited impact on UVL: no contract cancelled and inventory is adequate or can be procured from other sources. It mentioned that final discussion with US Bureau of Industry Security and China Commerce Department (to conduct inspection) is ongoing. Regarding the lockdown impact, management updated that Shanghai is gradually returning to normalcy with Wuxi's capacity run at 100%. Wuxi also applied methods such as COVID-19 tests to prepare for potential lockdowns. Growth target unchanged: topline at 45% y-y while some gross margin pressure likely. Management also reaffirmed FY22 guidance: topline growth unchanged at 45% y-y and adjusted net profit growth of around 40% y-y.

China Overseas Land & Investment (688 HK) (Neutral) - No margin turnaround yet (TP HKD 23)

Jizhou Dong, CFA - NIHK / Stella Guo - NIHK

Quick margin recovery unlikely, despite COLI's visible market share gain in 2022-24F; remain Neutral

Gradual sales recovery while margin remains under pressure. China Overseas Land & Investment (COLI) attended the Nomura Investment Forum Asia 2022 on 8 June; management shared recent updates of the company. In particular: COLI recorded contracted sales of CNY26bn in May, down 23% y-y; the better-than-peers' (down by 50-60% y-y on average) sales performance was due to the solid sales progress at the company's Hong Kong project, as well as COLI's well-received market perception among homebuyers as a state-owned enterprise developer. Management has noticed positive signs for property sales recently, including increasing homebuyers' visits to COLI's showrooms, thanks to the government's various policy relaxations and reopening of the economy, according to management. COLI has gained less-competitive open land markets in 1H22 for its land bank replenishment (purchasing total land bank of 2,783k sqm in 5M22 with land premium of CNY36.5bn).

Quick Note - Daqo New Energy Corp (DQ US) (Neutral) - LIVE from NIFA 2022 (TP USD 53)

Donnie Teng - NIHK

We hosted Daqo New Energy's management at the Nomura Investment Forum Asia 2022 on 8 June. Our key takeaways are: 1) polysilicon supply tightness remains, reflecting strong overseas demand and faster expansion from solar downstream; 2) favorable polysilicon price and margin outlooks are driven by solid module demand and reducing raw materials costs; and 3) manufacturing know-how, cost advantage, and economies of scale are obstacles for new entrants to overcome. We maintain our Neutral rating and TP of USD53. Positive polysilicon supply/demand outlook, more supply in place in 2022F/23F. Daqo expects 250k/350k metric tons of incremental new polysilicon capacity in the market by end-2022F/23F, translating into c.40%/40% y-y capacity growth. Moreover, management believes that production volume is a more meaningful supply/demand index than capacity, as it normally takes six months to fully ramp up capacity.

Hello Group (MOMO US) (Neutral) - Ramping up cost controls to support margins (TP USD 8→USD 6.5)

Thomas Shen - NIHK / Jialong Shi - NIHK

Maintain Neutral; lower TP to USD6.5

1Q22 results largely in line; 2Q revenue guidance missed. Hello Group's (Momo) 1Q22 total revenue dropped 9% y-y to CNY3.1bn in 1Q22, in line with our estimate. Consolidated non-GAAP operating margin was down 4.4pp y-y at 14.6%, vs our estimate of 14.2% on lower-than-expected losses from Tantan (CNY158mn loss in 1Q, vs our CNY198mn loss estimate thanks to lower marketing spending). Non-GAAP EPS dropped 33% y-y to CNY1.94, better than the Street's CNY1.67 and our CNY1.63 estimates on higher non-operating income. Management guided for a 14-17% y-y decline in its 2Q22 revenue, below the latest Bloomberg consensus of a 10% y-y drop. Ramping up cost controls for Tantan to support margins. Tantan's revenue recovery has been affected by the pandemic since March, which has taken a toll on dating demand. As a result, Tantan's MAU and paying users recorded 5%/4% q-q declines in 1Q, and the trend may continue in 2Q, in our view.

Quick Note - Kingsoft Cloud Holdings (KC US) (Neutral) - A good restart after business strategy change (TP USD 5.5)

Joel Ying, CFA - NIHK / Bing Duan - NIHK / Ethan Zhang - NIHK

In-line 1Q22 with some healthy momentum evident; 2Q22 to be impacted by COVID-19 situation in China market. Kingsoft Cloud (KC) reported 1Q22 results before US market open on 8 Jun. The company delivered revenue of CNY2.2bn, registering 20% y-y growth and a 18% q-q decline, slightly above the high-end of its original guidance. Looking at the results by segment, KC delivered a 1% y-y and 10% q-q decline in the public cloud segment, as it started to have tight control over its CDN (content deliver network) business, in order to deliver high-quality growth. On the other hand, the company delivered 89% y-y growth of the enterprise cloud segment, helped by the consolidation of Camelot (unlisted) and showing a healthy momentum, while having a 30% q-q decline from the peak season for project delivery in 4Q21. KC reported a 2.7pp y-y decline in 1Q22 GPM, while it improved 2.6pp q-q from 4Q21 (mainly helped by a 16% q-q decline from IDC cost), showing a recovery trend.

INDIA

Quick Note - Larsen & Toubro (LT IN) (Buy) - Key takeaways from NIFA 2022 (TP INR 1,995)

Priyankar Biswas, CFA - NFASL / Neelotpal Sahu, CFA - NFASL

We hosted Larsen & Toubro's (L&T) management at the Nomura Investment Forum Asia 2022 on 8 June 2022. Key takeaways from our interaction follow: L&T addresses concerns on macro; capex level could sustain if crude oil prices are within the USD80-100/bbl range. Management views the central government's estimate of revenue receipts of INR27trn as conservative, based on current tax collection trends. Further, with the RBI's estimate of 7.2% GDP growth and 6% inflation (or 13-14% nominal GDP growth) for FY23, tax collections could be higher than budgeted by the government. Management believes there is adequate fiscal space for providing relief to Indian consumers on inflation, and at the same time maintain the trend of infra investments. With general elections due in early 2024, management expects ordering momentum to remain strong in the near term.

Quick Note - India Insurance: May-22 volumes - Underlying growth trends moderating

Amit Nanavati - NFASL / Nilanjan Karfa - NFASL / Punit Bahlani - NFASL

Life insurance individual new business annualized premium equivalent (NBAPE) grew 10% on a three-year CAGR basis (for May-19 to May-22), led by private insurers, which grew 12% (3-year CAGR). Growth trends are distorted by the Covid wave-2 base, and hence it is best to look at a 3-year CAGR, which we have been highlighting is pointing towards a moderation of growth trends (especially on a trailing 3m basis) over the past few months now. Even looking at the historical m-m growth trends in May (pre-COVID), the private sector averaged +30% m-/m growth in May (Fig. 6) vs <20% m-m growth in May-22, again pointing towards moderation. Within private insurers, agency insurers continue to deliver well - 18% three-year CAGR in May-22 (13% - trailing-3M 3yr CAGR), while banca growth trends remain muted at 10% (3-year CAGR) both in May-22 and trailing 3M basis.

INDONESIA

Indonesia Telecom - Rational behavior

Heng Siong Kong - NSM

Overweight on Indonesian telecom sector

With the expected improvements in cellular industry dynamics; we see better risk-reward profiles for Indonesian telecom stocks. Specifically, this related to data pricing which has been major earnings drivers. Based on our research, market leaders, particularly Telkomsel (TSEL, unlisted), have gradually raised prices across several data packages over the past three months. With market leaders such as TSEL becoming more rational in data pricing, we believe this will give room for smaller operators, including Indosat (ISAT IJ, Buy) and XL Axiata (EXCL IJ, Buy), to hike data prices as well, although the magnitude of price increases may differ, largely due to their different subscriber profiles. Indeed, in the recent development (as shown in Fig. 1-2), we have seen major operators recording increased data traffic per user and increased data spending per user (ARPU). We expect these to ultimately drive up data revenue growth (and more stable pricing).

MALAYSIA

Quick Note - Inari Amertron (INRI MK) (Buy) - Live from NIFA 2022 (TP MYR 3.46)

Heng Siong Kong - NSM / Rahul Dohare - NSFSP

We hosted Inari's management at the Nomura Investment Forum Asia (NIFA) 2022 being held between 6 June and 10 June. Management shared its key operational updates and near-term business strategy. Below are our key takeaways: Inari's radio frequency (RF) division chalked up revenue growth of 11% y-y for 9MFY22. The unit now houses 1,250 units of testers, with 24 system-in-package lines. Management expects a higher RF content in 2022 smartphone models to drive growth for FY23, with mass production for new builds likely to start in July 2022. Beyond that, the group is looking to finalize a new double-sided molding SiP technology that could go into mass production over the next 1-2 years. Under its optical communication segment, production of transceiver modules for an unnamed Customer L has started since Dec-2021, and management is now looking for more products transfers from the said customer.

Quick Note - V.S. Industry (VSI MK) (Buy) - Live from NIFA 2022 (TP MYR 1.5)

Heng Siong Kong - NSM / Rahul Dohare - NSFSP

We hosted VS's management at the Nomura Investment Forum Asia (NIFA) 2022 being held 6-10 June. Management shared its key business updates and near-term outlook. Below are our key takeaways: VS now houses >3mn sq ft of manufacturing floor space (across three countries, i.e., Malaysia, China and Indonesia) with total workforce of 10k. Specifically in Malaysia, the group has over 2mn sq ft of built-up floor space and a staff force of ~8k headcount (local:foreign mix of 40:60). For its existing major customer X (premium home appliances brand), the company targets FY22 revenue of MYR1.3-1.4bn (~MYR1.5bn in FY21) due to the current labor shortage. It,

however, expects an additional ~MYR800mn in annual revenue come FY23, as it has secured some new contracts following customer X's decision to terminate a competitor of VS as one of its key suppliers.

SINGAPORE

Quick Note - Singapore Technologies Engineering (STE SP) (Buy) - Live from NIFA 2022 (TP SGD 4.58)

Ahmad Maghfur Usman - NSM / Divya Thomas - NSFSP

We hosted ST Engineering's (STE SP) management (CEO Vincent Chong and Investor Relations head Lina Poa) at the Nomura Investment Forum Asia (NIFA) 2022 being held between 6 June and 10 June. Below are our key takeaways: Strategic vision: The company continues to focus on strengthening its core business lines and growing the Smart City, International Defence and Digital (AI, cloud, cybersecurity) businesses. With large acquisitions in recent years (MRAS, Newtec and TransCore), the focus going forward will be on finding inorganic opportunities (if any) that align with the strategic focus areas and generate adequate returns. With a balance sheet that remains rated AAA (negative outlook) by Moody's and AA+ by S&P even after the SGD3.6bn TransCore acquisition, there is still opportunity to lever up for suitable acquisition opportunities while maintaining investment grade ratings.

UPCOMING EVENTS

Date	Location	Event
Jun 6-10	Virtual	19th Nomura Investment Forum Asia
Jun 16-17, 23-24	Virtual	Virtual Greater China Corporate Day 2022

INDICES

	Last Price	1D%	YTD
TOPIX Index (Tokyo)	1969.98	1.2%	-1.1%
Nikkei 225	28234.29	1.0%	-1.9%
Dow Jones Industrial Average	32910.9	-0.8%	-9.4%
NASDAQ	12086.27	-0.7%	-22.7%
S&P 500	4115.77	-1.1%	-13.6%
FTSE 100	7593.0	-0.1%	2.8%
CAC	6448.63	-0.8%	-9.8%
Xetra DAX	14445.99	-0.8%	-9.1%
Hang Seng	22014.59	2.2%	-5.9%
Shanghai A shares	3419.7	0.7%	-10.3%
CSI 300	4219.81	1.0%	-14.6%
HSCEI	7679.6	2.8%	-6.8%
TWSE	16670.51	1.0%	-8.5%
KOSPI	2626.15	0.0%	-11.8%
SET	1636.89	0.3%	-1.3%
Straits Times	3225.8	-0.2%	3.3%
Kuala Lumpur Composite	1523.86	-0.1%	-2.8%
Jakarta Composite Index	7193.31	0.7%	9.3%
Philippines Stock Exchange PSEi Index	6769.62	0.2%	-5.0%
ASX 200	7121.1	0.4%	-4.3%
SENSEX 30	54892.49	-0.4%	-5.8%

Source: Bloomberg

COMMODITY PRICES AND RISK INDEX

	Last Price	1D%	YTD
Brent crude future	124.02	2.9%	64.7%
Crude (Brent oil price)	124.02	2.9%	59.5%
Gold spot price	1851.73	0.0%	1.2%
CBOE SPX Volatility	23.96	-0.2%	39.1%
REUTERS CRB Index	329.13	0.6%	41.6%
US Generic Govt 10 Year Yield	3.02	1.7%	100.2%

Source: Bloomberg

MAJOR CURRENCIES AGAINST US\$

	Last Price	1D%	YTD
AUD*	0.72	-0.6%	-1.0%
EURO*	1.07	0.1%	-5.8%
GBP*	1.25	-0.4%	-7.3%
JPY	134.29	1.3%	-14.3%
KRW	1253.63	-0.3%	-5.1%
CNY	6.68	0.2%	-4.9%

CNH	6.7	0.4%	-5.1%
HKD	7.85	0.0%	-0.7%
SGD	1.38	0.2%	-2.0%

* Per one US dollar, except GBP, EURO and AUD
Source: Bloomberg
Note: earnings changes refer to next year.

UPCOMING CORPORATE EARNINGS CALENDAR

Company	Ticker	Earnings Date	C/E/T*
Bilibili Inc	BILI US	Jun 9	C
Chow Tai Fook Jewellery	1929 HK	Jun 9	C
GD Express	GDX MK	Jun 9	E
NIO Inc	NIO US	Jun 9	C
Top Glove	TOPG MK	Jun 9	C
CTOS Digital	CTOS MK	Jun 13	E
Qudian	QD US	Jun 14	E
Sinobiopharma	1177 HK	Jun 14	E
Cafe De Coral	341 HK	Jun 15	C
UWC	UWC MK	Jun 15	E
V.S. Industry	VSI MK	Jun 15	E
Wijaya Karya Persero	WIKA IJ	Jun 15	E

Source: Bloomberg
*C- Confirmed, E- Expected, T -Tentative

Appendix A-1

Any Authors named on this report are Research Analysts unless otherwise indicated

Analyst Certification

Each research analyst identified herein certifies that all of the views expressed in this report by such analyst accurately reflect his or her personal views about the subject securities and issuers. In addition, each research analyst identified in this report hereby certifies that no part of his or her compensation was, is, or will be, directly or indirectly related to the specific recommendations or views that he or she has expressed in this research report, nor is it tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

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As at 31 March 2022.

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STOCKS

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Transactions involving foreign equities are subject to a domestic sales commission of up to 1.045% (tax included) of the transaction amount (which equals the local transaction amount plus local fees and taxes in the case of a purchase or the local transaction amount minus local fees and taxes in the case of a sale) (for transaction amounts of ¥750,000 and below, maximum domestic sales commission is ¥7,810 (tax included)). Local fees and taxes in foreign financial instruments markets vary by country/territory. When foreign equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Foreign equities carry the risk of losses owing to factors such as price fluctuations and foreign exchange rate fluctuations.

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Transactions involving convertible bonds are subject to a sales commission of up to 1.10% (tax included) of the transaction amount (or a commission of ¥4,400 (tax included) if this would be less than ¥4,400). When convertible bonds are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When bonds are purchased via public offerings, secondary distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For JI17 and subsequent issues, the maturity value shall not undercut the face amount.

Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.5% (tax included) of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.5% (tax included/annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding

such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract.

In interest rate swap transactions and USD/JPY basis swap transactions ("interest rate swap transactions, etc."), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.

In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors.

Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥11,000 (tax included) per issue transferred depending on volume. No account fee will be charged for marketable securities or monies deposited.

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