

# GEMWeekly (9 Feb 2024): China macro; Hyundai Motor, SMIC, Tencent, TSMC, Baidu

## Executive summary

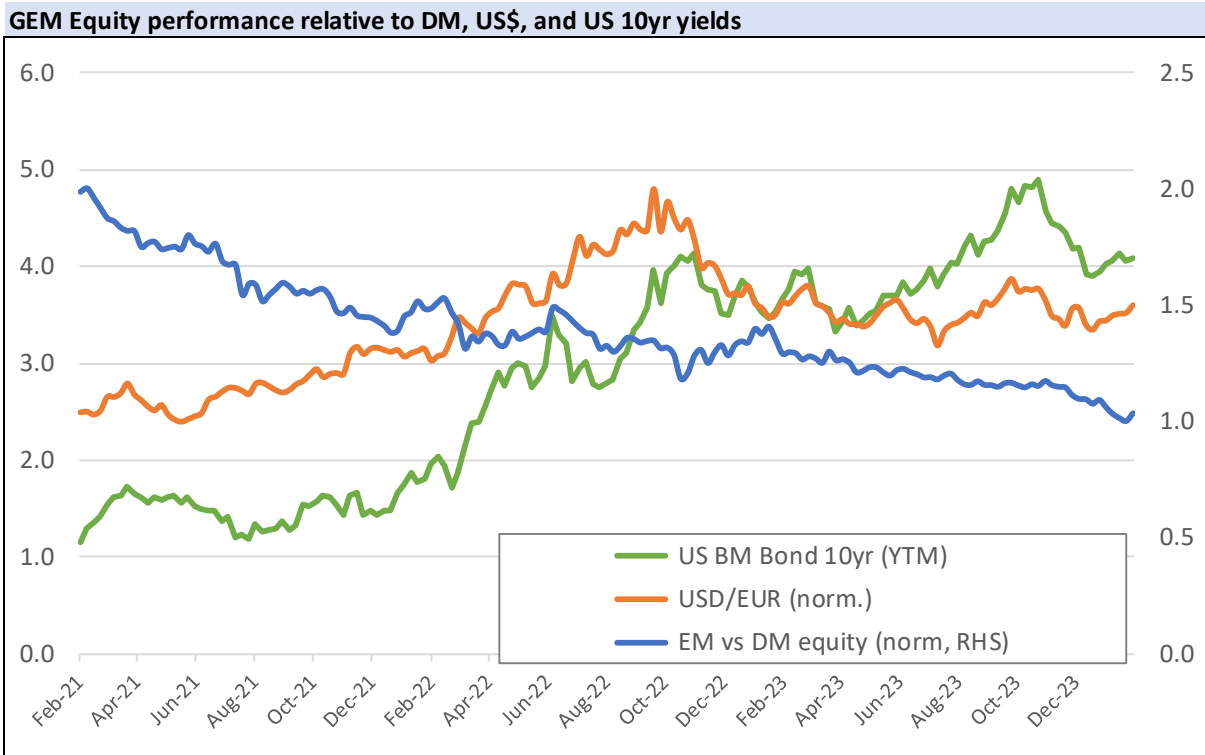
- The Global Emerging Markets Weekly summarizes the key news and related developments impacting the largest countries and constituents of the Global Emerging Markets equity indices.
- **Macro data points:** Chinese CPI and PPI inflation data points.
- **Companies mentioned:** [Hyundai Motor](#), [SMIC](#), [Tencent](#), [TSMC](#), [Baidu](#)

## Detail

### Market performance

US\$ performance	1wk	1m	3m	6m	YTD	1yr	3yr
iShares MSCI Emerging Markets ETF	3.1%	1.5%	5.9%	0.6%	-1.6%	0.1%	-25.3%
iShares MSCI ACWI ETF	2.9%	4.2%	13.7%	10.0%	3.2%	17.7%	15.6%

Source: FactSet financial data and analytics



Source: FactSet financial data and analytics

### Global Emerging Markets Macro news

- **China** reported a CPI decline of -0.8%/y in January, worse than consensus expectations of -0.5% decline, and accelerating from the -0.3% decrease reported in December. PPI was reported at -2.5%/y in January, just lower than consensus expectations of -2.6%, and moderating from the -2.7% reported in December.

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Best performers over the past week	Country	Sector	LC	US\$
Hyundai Motor Company	Korea (South)	Consumer Discretionary	31.6%	31.7%
Hana Financial Group Inc.	Korea (South)	Financials	22.2%	22.3%
KB Financial Group Inc.	Korea (South)	Financials	20.9%	21.0%
SAMSUNG C&T CORP	Korea (South)	Industrials	20.7%	20.8%
Yum China Holdings, Inc.	China	Consumer Discretionary	16.5%	16.5%
Kia Corp.	Korea (South)	Consumer Discretionary	15.5%	15.6%
New Oriental Education & Technology Group, Inc.	China	Consumer Discretionary	14.1%	14.1%
State Bank of India	India	Financials	13.0%	13.1%
Hyundai Mobis Co., Ltd	Korea (South)	Consumer Discretionary	11.6%	11.7%
POSCO Future M	Korea (South)	Industrials	11.2%	11.3%

Source: FactSet financial data and analytics

Worst performers over the past week	Country	Sector	LC	US\$
America Movil SAB de CV Class B	Mexico	Communication	-5.8%	-5.2%
Gold Fields Limited	South Africa	Materials	-6.7%	-8.9%
First Abu Dhabi Bank P.J.S.C.	United Arab Emirates	Financials	-6.8%	-6.8%
LARGAN Precision Co., Ltd.	Taiwan	Information Technology	-7.6%	-7.8%
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-7.9%	-7.9%
United Microelectronics Corp.	Taiwan	Information Technology	-8.0%	-8.2%
Cemex SAB de CV Cert Part Ord Repr 2 ShsA & 1 ShsB	Mexico	Materials	-8.7%	-8.1%
Commercial International Bank - Egypt (CIB) S.A.E.	Egypt	Financials	-9.6%	-9.5%
Banco Bradesco SA Pfd	Brazil	Financials	-12.2%	-12.7%
Wuxi Biologics (Cayman) Inc.	China	Health Care	-15.5%	-15.6%

Source: FactSet financial data and analytics

#### Company news

- **Hyundai Motor:** It was reported this week that Hyundai Motor is considering an IPO of its India unit later this year which could value the company at between \$22-\$28 billion, raising around \$3.3-3.5 billion. India is the third largest market for Hyundai Motor and the listing would be part of South Korea's recent pledge to improve shareholder value
- **SMIC:** It was reported this week that SMIC could start to produce 5nm semiconductors this year, one generation behind current leading edge 3nm chips. The production would likely be based on existing US and Dutch-made equipment. Although this indicates some degree of catch-up from the Chinese manufacturer, cost remains an issue as SMIC is reportedly charging 40-50% more for products from 5nm and 7nm fab nodes than TSMC, and SMIC's yield is also less than a third of TSMC's.
- **Tencent:** It seems that Tencent has been working to adapt the acclaimed action role-playing console game "Elden Ring" into a mobile version as it searches for a new hit to refresh its ageing stock of games. Tencent acquired the licensing rights for the game, from FromSoftware, in 2022 and set up a team of a few dozen people to work on a prototype, the same year it bought a 16% stake in the game maker.
- **TSMC:** TSMC is expanding its output in Japan with plans to build a second semiconductor fab, adding Toyota Motor Corp as a new investor in Japan Advanced Semiconductor Manufacturing (JASM), TSMC's majority-owned manufacturing subsidiary in Kumamoto. The TSMC board approved an injection of \$5.26 billion in JASM. The facility will be close to the first TSMC plant in Kumamoto in southwestern Japan. TSMC stated that it would be adding 6/7nm process technology, advancing the technology produced on that campus. The second fab is scheduled to begin operation by the end of 2027. TSMC stated that the two factories in the Kumamoto site will have a total monthly production capacity of more than 100,000 12-inch wafers.
- **Baidu:** Baidu has partnered with Lenovo to feature its generative AI technology, including its Ernie large language model (LLM), on Lenovo's smartphones, similar to the collaboration with Samsung, announced last month. Ernie is already embedded in the browser and app store apps of Lenovo's PCs and tablets.

**Notable earnings releases, recent and upcoming**

Date	Name	Event	Sales Surprise	EPS Surprise
2-Feb-24	NAVER Corp.	Q4 2023	-1.6%	-2.5%
2-Feb-24	Tata Motors Limited	Q3 2024	1.8%	38.6%
2-Feb-24	Southern Copper Corporation	Q4 2023	-7.8%	-22.7%
3-Feb-24	State Bank of India	Q3 2024	-0.1%	-28.5%
5-Feb-24	Saudi National Bank	Q4 2023	-0.9%	
5-Feb-24	Bharti Airtel Limited	Q3 2024	0.5%	-15.3%
5-Feb-24	Itau Unibanco Holding S.A.	Q4 2023	1.3%	2.1%
6-Feb-24	Advanced Info Service Public Co., Ltd.	Q4 2023	1.1%	-9.6%
6-Feb-24	Novatek Microelectronics Corp.	Q4 2023	0.0%	2.7%
6-Feb-24	Yum China Holdings, Inc.	Q4 2023	7.5%	56.3%
7-Feb-24	KB Financial Group Inc.	Q4 2023	-0.6%	
7-Feb-24	Ecopro BM Co., Ltd.	Q4 2023	-24.0%	-647.5%
7-Feb-24	Banco Bradesco S.A.	Q4 2023	-7.0%	-31.7%
7-Feb-24	Nestle India Ltd.	Q4 2023	-2.1%	3.8%
7-Feb-24	Power Grid Corporation of India Limited	Q3 2024	-5.7%	16.8%
7-Feb-24	Tata Consumer Products Limited	Q3 2024	0.1%	-24.1%
7-Feb-24	Alibaba Group Holding Limited	Q3 2024	-0.2%	-0.8%
8-Feb-24	Shinhan Financial Group Co., Ltd.	Q4 2023	-3.1%	
8-Feb-24	Zomato Ltd.	Q3 2024	4.3%	23.1%
8-Feb-24	Banco do Brasil S.A.	Q4 2023	15.8%	2.2%
8-Feb-24	Credicorp Ltd.	Q4 2023	-2.8%	-0.7%
10-Feb-24	Oil & Natural Gas Corp. Ltd.	Q3 2024		
13-Feb-24	Hindalco Industries Limited	Q3 2024		
13-Feb-24	America Movil SAB de CV Class B	Q4 2023		
14-Feb-24	Wal-Mart de Mexico SAB de CV	Q4 2023		

Source: FactSet financial data and analytics

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