

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: CPI / PPI YoY	Aug	2.1%/4.0%	2.1%/4.6%
UK: Industrial Production YoY	Jul	N/A	1.10%
UK: Manufacturing Production YoY	Jul	N/A	1.50%
Turkey: GDP YoY	2Q18	N/A	7.40%
Eurozone: Sentix Investor Confidence	Sep	N/A	14.70%

Source: Bloomberg

II. Macro News

- **Trump Says He's Preparing Tariffs on Further \$267 Billion in Chinese Imports.** President Trump said Friday that tariffs on another \$267 billion in Chinese goods are ready to go and could be rolled out on short notice, reinforcing earlier threats and signaling no end in sight for the growing trade dispute. [WSJ]
- **China's Export Growth in August Beats Forecasts in Yuan Terms.** China's trade surplus with the U.S. rose to a record in August, as Donald Trump ramps up pressure on Beijing. The nation's trade gap with the U.S. widened to \$31.1bn during the month, according to Bloomberg calculations. The increase came despite exports climbing at the slowest pace since March. Shipments rose 9.8% in dollar terms, the customs administration said Sat. Imports climbed 20%. [Bloomberg]
- **China's FAI grows fast since 1978.** China's FAI has maintained rapid growth since it began to implement the reform and opening up policy in 1978 and has been an important force behind China's economic growth, official data showed. Between 1981 and 2017, FAI totaled 490tn yuan, with an average annual growth rate of 20.2%, NBS said. [China Daily]

III. Industry News

- **Securities regulator eases buyback rules.** China's securities regulator has released draft revisions of company rules that will broaden circumstances under which companies are permitted to buy back shares and simplify the procedures for buybacks. China's securities regulator has released draft revisions of company rules that will broaden circumstances under which companies are permitted to buy back shares and simplify the procedures for buybacks. [China Daily]
- **China's top four banks generated most profit in 2017.** Industrial & Commercial Bank of China Ltd, China Construction Bank Corp, Agricultural Bank of China Ltd and Bank of China Ltd - were nation's most profitable listed companies in 2017, according to a report released by Warton Economic Institute. [China Daily]
- **Europe Avoids Deal with RUSAL under Sanctions.** As rumored in market, U.S. had imposed enlarged sanctions on Russia. The aluminum industry is meeting in Berlin next week to finalize 2019 metal supply agreements, yet European customers will avoid sealing deals with RUSAL, Reuters quoting people with knowledge of the matter. [AASocks]

IV. Corporate News

- **Jack Ma to unveil Alibaba's succession plan, paving the way for younger talent to take over.** Jack Ma will unveil a succession strategy next week, part of a management plan 10 years in the making for grooming a generation of younger executives to take over the reins of Asia's most valuable company. [SCMP]
- **Chinese hotpot giant Haidilao starts book building for Hong Kong IPO as it seeks up to US\$1bn.** China's biggest hotpot restaurant chain Haidilao will begin book building on Monday for its Hong Kong IPO where it is seeking to raise up to US\$1 billion, as the city braces for more listings of Chinese new economy firms in a sluggish stock market. [SCMP]

- **Tencent signs partnership deal with coffee startup Luckin in challenge to Alibaba-Starbucks tie-up.** Tencent announced a partnership with Chinese coffee start-up Luckin on Thursday. The tie-up comes a month after Alibaba Group's Ele.me unit signed a partnership with Starbucks. [SCMP]
- **China Renaissance completes first steps towards Hong Kong IPO, seeks up to US\$400 million.** Investment bank China Renaissance, a major investor in tech start-ups, has completed preliminary steps towards an initial public offering in Hong Kong, in which it is seeking to raise as much as US\$400 million. [SCMP]
- **Jack Ma Prepares for Life After Alibaba.** Jack Ma is laying the groundwork for a future away from Alibaba Group Holding Ltd.. The Alibaba chairman said he is dedicating more of his time and fortune to philanthropy with the creation of a foundation in his own name focused on education. [Bloomberg]
- **Geely speeds ahead as Chinese cars win more global confidence.** Geely plays a leading role in new energy and energy-saving technologies, Aziz Mekouar, ambassador of Morocco, said at the Geely Bo Rui GE Diplomatic Fleet Handover Ceremony at Diaoyutai State Guesthouse in Beijing on Friday. [China Daily]
- **BYD opens auto ecosystem access to app developers.** China's leading electric car maker BYD Co Ltd announced on Wednesday it will allow international app developers to access data and controls for its vehicles, encouraging them to produce third-party apps for its newly launched online driving ecosystem. [China Daily]
- **AIIB focuses on dispute resolution process.** The Asian Infrastructure Investment Bank, a multilateral financial institution headquartered in Beijing, held an international legal conference in the capital this week to examine and promote effective dispute resolution. [China Daily]
- **BAIC Group bets big on new energy.** BAIC Group is betting big on new energy vehicles as it faces increasingly tough competition in the world's largest car market. The new energy auto sector is one of the company's two trump cards together with SUVs, said Xu Heyi, president of the fifth-biggest Chinese auto group by unit sales. [China Daily]
- **Baidu, BYD to partner on mass production of self-driving cars.** Baidu Inc and automaker BYD announced their plan that aims to start mass producing self-driving cars in three years' time, reports Tencent News. Last year Baidu launched Project Apollo, named after the Apollo moon landing project, to mark the start of its push to get self-driving cars on the road in China. [China Daily]
- **CKH Holdings Completes Takeover of Italian Telecom Biz.** CKH Holdings announced that the acquisition of the entire interest of businesses which own and operate the telecommunications in Italy under the "3" and "Wind" brands has been completed on 7 September 2018. [AASocks]
- **Sunny Optical Handset Lens Shipment Surges 46.2% YoY in Aug.** Sunny Optical unveiled its data on August shipment. During the month, shipment of handset lens surged 46.2% year-on-year to 90.65 million units, driven by an increase in market share. Shipment of handset camera modules also jumped 36.4% year-on-year to 45.892mn units. [AASocks]
- **Greatwall Motor Aug Car Sales Drop 13% YoY to 64,000 Units.** Greatwall Motor announced that the sales volume of vehicles in August dropped 12.99% yearly to around 64,100 units, the production volume down 8.58% yearly to about 65,500 units. [AASocks]
- **CNPC Takes Over Stake in Brazil's TT Work, Taps into Latin American Mkt.** PetroChina Int'l Co., Ltd. and Brazilian TT Work had officially sealed the shareholder agreement to take over 30% stake of the latter. PetroChina has been granted TT Work's import quota and stable distribution channels of refined oil, being the first Chinese oil and gas company to take the lead in Latin American refined oil market. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,872	(6.4)	(0.2)	(1.0)	1.4	3.3	3.1	16.7	7.4
	Dow Jones	25,917	(79.3)	(0.3)	(0.3)	2.4	2.4	2.3	18.9	4.8
	Nasdaq Composite	7,903	(20.2)	(0.3)	(2.3)	0.8	3.4	4.5	24.3	14.5
	Russell 2000	1,713	(1.3)	(0.1)	(1.1)	1.6	2.4	7.3	22.4	11.6
	VIX Index	14.88	0.2	1.6	10.0	13.1	22.2	1.6	22.8	34.8
Europe Equity	Euro Stoxx 50	3,293	(2.6)	(0.1)	(2.9)	(3.9)	(4.5)	(3.7)	(4.5)	(6.0)
	DAX	11,960	4.4	0.0	(3.3)	(3.7)	(6.3)	(3.1)	(2.8)	(7.4)
	CAC	5,252	8.4	0.2	(2.9)	(3.0)	(3.6)	(0.4)	2.7	(1.1)
	FTSE 100	7,278	(41.3)	(0.6)	(2.1)	(5.1)	(5.3)	0.7	(1.4)	(5.3)
APAC Equity	HSI	26,973	(1.4)	(0.0)	(3.3)	(4.9)	(12.9)	(13.0)	(2.5)	(9.8)
	HSCEI	10,560	(19.0)	(0.2)	(2.9)	(3.5)	(13.2)	(15.1)	(5.3)	(9.8)
	HSI VIX	21.34	(0.1)	(0.4)	9.3	16.2	22.7	(3.8)	28.5	46.2
	CSI 300	3,278	14.8	0.5	(1.7)	(3.7)	(13.3)	(20.2)	(14.3)	(18.7)
	SH Composite	2,702	10.7	0.4	(0.8)	(3.3)	(11.9)	(18.3)	(19.7)	(18.3)
	SZ Composite	1,433	1.5	0.1	(1.2)	(5.4)	(18.2)	(24.0)	(27.5)	(24.5)
	Nikkei 225	22,307	(180.9)	(0.8)	(2.4)	0.0	(1.7)	3.9	15.7	(2.0)
	KOSPI	2,282	(6.0)	(0.3)	(1.8)	(0.1)	(6.9)	(7.2)	(2.7)	(7.5)
Commodities (USD)	Brent (Future)	76.83	0.3	0.4	(0.8)	2.9	(0.6)	19.4	41.0	14.9
	WTI (Future)	67.75	(0.0)	(0.0)	(3.6)	(2.1)	2.7	10.8	38.0	12.1
	Gold	1,197	(3.1)	(0.3)	(0.4)	(1.2)	(7.7)	(9.7)	(11.3)	(8.1)
	Copper (Future)	5,933	5.5	0.1	(0.7)	(3.9)	(19.1)	(14.6)	(14.0)	(18.1)
	Baltic Dry Index	1,484.00	7.0	0.5	(6.0)	(12.2)	6.7	23.6	11.4	8.6
FX	Dollar Index	95.37	0.3	0.4	0.2	0.2	2.1	6.4	4.0	3.5
	EUR	1.16	(0.0)	(0.6)	(0.4)	(0.4)	(2.1)	(6.9)	(3.9)	(3.8)
	JPY	110.99	0.2	0.2	(0.0)	0.4	(1.2)	(4.4)	(2.3)	1.5
	CNY	6.84	0.0	(0.1)	(0.2)	(0.2)	(6.6)	(7.6)	(5.2)	(4.9)
	CNH	6.87	0.0	0.4	0.3	(0.7)	(7.0)	(8.0)	(5.6)	(5.2)
CDS	ChinaGov CDS	58.48	(1.4)	(2.3)	(0.9)	(2.1)	3.1	2.4	(3.5)	16.8
	CDX Emerging Market	94.66	(0.0)	(0.0)	0.2	(2.2)	(2.1)	(4.6)	(2.0)	(4.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.13	0.0	0.2	2.1	2.0	1.9	1.7	1.0	1.4
	2-Year Treasury Yield	2.70	0.1	2.6	2.6	2.6	2.5	2.3	1.3	1.9
	5-Year Treasury Yield	2.82	0.1	2.9	2.7	2.8	2.8	2.7	1.6	2.2
	10-Year Treasury Yield	2.94	0.1	2.3	2.9	2.9	2.9	2.9	2.1	2.4
	2-10 Spread	23.21	(0.4)	(1.6)	23.1	27.6	44.4	63.2	78.5	51.8
China rates	O/N China Repo Rate	2.58	0.1	2.0	2.2	1.6	2.6	2.6	2.6	3.0
	1-Week China Repo Rate	2.50	(0.2)	(7.4)	2.5	2.4	2.7	2.6	2.6	3.1
	O/N SHIBOR	2.59	0.1	3.9	2.3	1.6	2.6	2.6	2.6	2.8
	1-Week SHIBOR	2.67	0.0	1.5	2.6	2.5	2.8	2.9	2.8	3.0

Source: Bloomberg

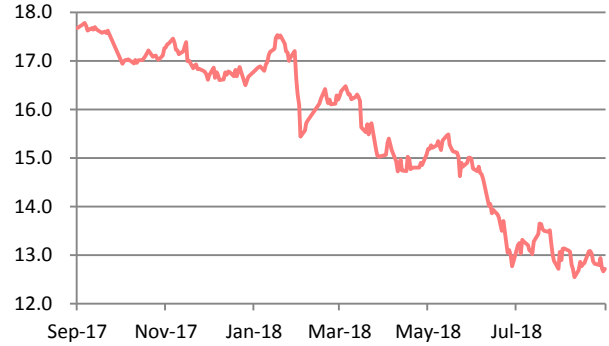
VI. Key Indicators

Hang Seng Index PE Ratio



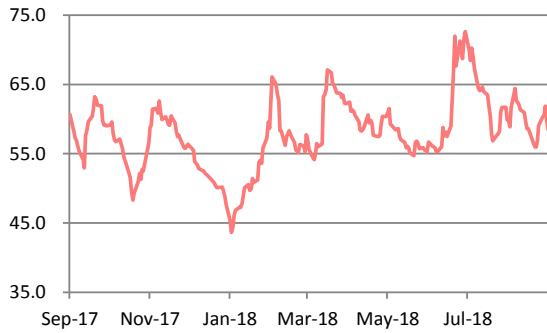
Source: Bloomberg

Shanghai Composite Index PE Ratio



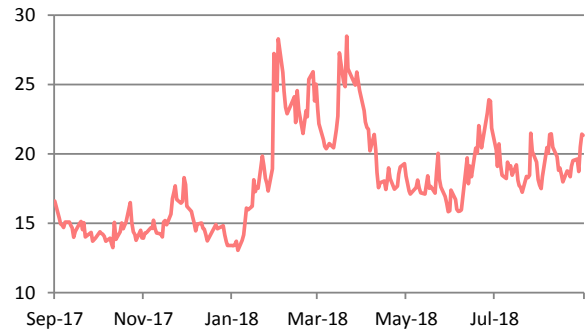
Source: Bloomberg

China 5Y CDS Index_USD



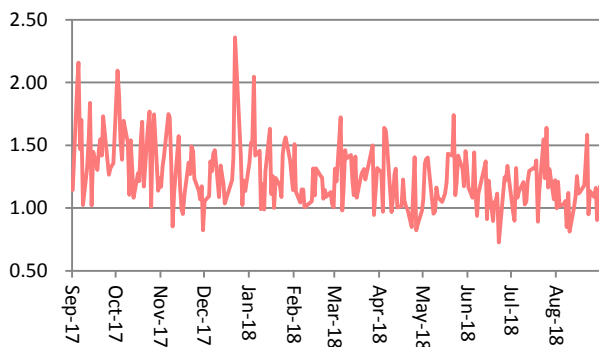
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven
Head of Research & TMT
(852) 3465 5652
stevenliu@csci.hk

CHAN Ka Yeung, Duncan
Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang
Automotive
(852) 3465 5775
tianyong@csci.hk

YAO Xue, Snowy
Power & Coal
(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas
Technology Hardware
(852) 3465 8689
thomasshen@csci.hk

XU Qiwen
Consumer Discretionary
(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron
Head of IST
(852) 3465 5633
ronxiang@csci.hk

HO Wen Hao, Jack
(852) 3465 5685
jackho@csci.hk

WANG Zhuo, Gary
(852) 3465 8655
wangzhuo@csci.hk

LEE Ying Ju, Rose
(852) 3465 5707
roselee@csci.hk

XIA Tian
(852) 3465 5670
xiatian@csci.hk

XU Xiaowei, Vincent
(852) 3465 5795
vincentxu@csci.hk

CHAU Manying, Angel
(852) 3465 5781
angelchau@csci.hk

LIU Honglin, Charlene
(852) 3465 8686
charleneliu@csci.hk

Disclosure of Interests

As of the date of this report,

1. The research analysts primarily responsible for the preparation of all or part of this report hereby certify that:
 - (i) the views expressed in this research report accurately reflect the personal views of each such analyst about the subject securities and issuers; and
 - (ii) no part of the analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.
2. The research analysts primarily responsible for the preparation of all or part of this report, or his/her associate(s), do not have any interest (including any direct or indirect ownership of securities, arrangement for financial accommodation or serving as an officer) in any company mentioned in this report,
3. This report has been produced in its entirety by China Securities (International) Brokerage Company Limited ("China Securities (International)") (CE Number: BAU373, regulated by the Securities and Futures Commission in Hong Kong)
4. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities have no financial interest, in aggregate, equal to or more than 1% of the market capitalization in the stocks reviewed in this report.
5. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may receive compensation from or mandates for investment banking services in the past 12 months from listed corporations whose stocks are being reviewed by China Securities (International) in this report.
6. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities do not have any individual employed by or associated with them serving as an officer of a listed corporation whose stocks are being reviewed by China Securities (International) in this report.
7. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may act as the market makers in the stocks reviewed by China Securities (International) in this report.

Disclaimer

This report is for information purposes only and should not be construed as an offer to sell or to solicitation of an offer to buy or sell any securities in any jurisdiction. The securities referred to in this research report to in this research report may not be eligible for sale in some jurisdictions. This information contained in this report has been compiled by China Securities (International) from sources that it believes to be reliable and the opinions, analysis, forecasts, projections and expectations contained in this report are based on such information and are expressions of belief only and no representation, warranty or guarantee is made or given by China Securities (International) or any its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of China Securities (International) as of the date of this report only and are subject to change without notice. Such opinions and estimates may be different from or contrary to the opinions presented by the other business departments, units or affiliates of China Securities (International), as different assumptions and standards, different views and analytical methods may be adopted in the preparation of such other materials, and China Securities (International) is under no obligation to bring such other materials to the attention of any recipient of this report. Neither China Securities (International) nor its holding companies and affiliates accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report or otherwise arising in connection therewith.

Any investment referred to herein may involve significant risk, may be illiquid and may not be suitable for all investors. The value of or income from any investment referred to herein may fluctuate and be affected by changes in exchange rates. Past performance is not indicative of future results. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors are expected to make their own investment decision without relying on this publication. Before entering into any transactions in any securities referred to in this research report investor should consider their own individual investment objectives and financial situation and seek professional financial, tax and legal advice, as necessary.

This report is strictly confidential to the recipient. It is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this report in other jurisdictions may be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions.

China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495