

I. Major Economic Release

Upcoming Economic Release

| Economic Indicator | Period | Market Survey | Prior Period |
|---|--------|---------------|--------------|
| US: CPI YoY | Aug | 2.80% | 2.90% |
| US: Real Average Weekly Earnings YoY | Aug | N/A | -0.20% |
| UK: Bank of England Bank Rate | 13-Sep | N/A | 0.75% |
| Australia: Full / Part-Term Employment Change | Aug | N/A | 19.3k/-23.2k |
| S. Africa: Gold Production YoY | Jul | N/A | -19.20% |

Source: Bloomberg

II. Macro News

- **Bilateral investment projects kick off with Russia.** Chinese investment group Tus-Holdings and the Russia-China Investment Fund (RCIF) announced a number of major technology and innovation joint investment projects on Tuesday, with one of these worth more than 90bn roubles (\$1.28bn). [China Daily]
- **US, Japan trade talks to resume next week.** Japan and the US are planning another go at finding common ground on trade. Officials are arranging a second round of talks on what they call "free, fair, and reciprocal" trade. Japan's Economic Revitalization Minister Toshimitsu Motegi and US Trade Representative Robert Lighthizer agreed to schedule a meeting for Friday of next week. [The Standard]
- **UK Industrial Output Up 0.1% MoM in Jul; Manufacturing Production Down 0.2%.** Data from Office for National Statistics reveal that, UK's industrial output edged up 0.1% MoM in July as compared with market projection of a 0.2% climb. In July, manufacturing output declined 0.2% month-on-month as compared with market prediction of a 0.2% advancement. [AAStocks]

III. Industry News

- **PBOC Resumes Injections After 15-Day Halt Drives Up Money Rates.** PBOC resumed cash injections via open-market operations after a 15-day halt as tighter liquidity helped to drive bond yields higher. The central bank on Wed offered 60bn yuan of seven-day reverse-repurchase agreements, and kept the interest rate unchanged at 2.55%. [Bloomberg]
- **Listed steel companies see profit surge in H1.** China's listed steel firms reported a surge in earnings in the first half of this year amid continued government efforts to cut overcapacity in the sector. Steel companies listed on the Shanghai Stock Exchange reported combined profits of 29.6bn yuan in H1, up 134% YoY, data from the exchange showed.
- **Jan-Aug trade up over 16 percent.** China's imports rose 20.9 percent year-on-year to \$1.41tn in the first eight months of the year. The country's two-way trade in goods during the period was 16.1% higher at \$3.01tn, with exports up 12.2% at \$1.6tn, according to the General Administration of Customs. [AAStocks]

IV. Corporate News

- **Tencent continues share buy-backs for third day as stock languishes near year low on gaming concerns.** Tencent Holdings repurchased 126,000 more shares on Tuesday, its third buy-back in the past three trading days after its shares hit a one-year low amid a global tech sell-off and regulatory uncertainties in China's gaming market. [SCMP]
- **Hong Kong's first pure digital insurance venture, Tencent-backed Blue, to start selling policies.** Blue, 20 per cent owned by Chinese internet giant Tencent and 40 per cent by British insurer Aviva, will offer a life and a critical illness policy via a mobile phone app and the internet, its chief executive said in an interview. [SCMP]

- **China Renaissance attracts Jack Ma's Ant Financial as cornerstone investor in Hong Kong IPO.** China Renaissance has tapped Ant Financial, a financial technology affiliate of Alibaba Group Holding, as well as LGT Group Foundation and Snow Lake Capital as cornerstone investors for its upcoming initial public offering in Hong Kong. [SCMP]
- **Warehouse operator GLP launches US\$2 billion China logistics fund with Singapore's GIC.** GLP, Asia's largest warehouse operator, has launched a US\$2bn China fund in partnership with Singapore sovereign wealth fund GIC as it continues to tap into the growing demand for warehousing fuelled by a boom in e-commerce and domestic consumption. [SCMP]
- **Tencent Steps Up Share Repurchase After First Buyback Since 2014.** Tencent Holdings Ltd. said it bought 124,000 shares for HK\$39.1mn (\$5mn) on Sept. 10, more than five times the amount it spent on Friday. The previous time Tencent bought stock was in April 2014, when it spent HK\$77mn buying shares. [Bloomberg]
- **China's Anta Said to Consider Bid for \$4B Rival Amer.** Anta Sports Products Ltd. is considering a potential deal for Amer Sports Oyj, the maker of Wilson tennis rackets and Salomon hiking boots. Anta has held discussions with banks about a potential acquisition of Helsinki-based Amer, which has a market value of about 3.4bn euros (\$3.9bn). [Bloomberg]
- **Alibaba Teams Up With Kremlin Fund, Mail.ru for Russia Expansion.** Alibaba Group Holding Ltd. is setting up a \$2 billion joint venture with a Kremlin-backed fund and billionaire Alisher Usmanov's internet holding company, Mail.ru Group Ltd., to grow its e-commerce business in Russia. [Bloomberg]
- **Chinese Consortium Said to Plan Dropping Pursuit of Yum China.** A Chinese consortium including Hillhouse Capital is planning to drop its pursuit of a takeover of Yum China Holdings Inc., the \$14 billion operator of KFC restaurants in the world's most populous nation. [Bloomberg]
- **BAIC steps up efforts on SUVs.** Beijing Automotive Group Co Ltd. said it will deploy more resources into developing its SUV business to compete with its established rivals. The main driving forces behind the move are diversifying tastes and families' demand for second vehicles, not only among Chinese consumers, but also in overseas markets such as South Africa, Brazil and members of the Association of Southeast Asian Nations, according to the company. [China Daily]
- **VW adds to its lure with new PLUS marketing drive.** Volkswagen Import, which issued the PLUS Spirit brand concept specifically tailored for China in June, said it has been maintaining a fast pace in bringing more of its authentic offerings to the country. [China Daily]
- **Didi suspends hitch service indefinitely.** Didi Chuxing will suspend its hitch service indefinitely, the Ministry of Transport said. Didi's hitch service will not resume until all hidden dangers are cleared, according to an urgent notice jointly released by the Ministry of Transport and the Ministry of Public Security. [China Daily]
- **China Mobile Succeeds in Super Intelligent System Pilots in Xiongan New Area.** China Mobile made deployment at pilots in Xiongan New Area, Hebei and successfully displayed its super intelligent system, as Xinhua News Agency quoted from the relevant persons in charge. [AASocks]
- **China State Construction 8M18 New Contracts \$82.5B.** China State Construction announced that the new contracts achieved during the eight months ended 31 August 2018 approximated \$82.51 billion, representing 68.8% of the full-year target (which had been raised to at least \$120.0 billion). [AASocks]
- **Hope Education Total Student Enrollment for 2018/19 Grows 43% YoY.** Hope Education announced that the group completed the student enrollment work for the 2018/2019 school year on 10 September 2018, and the total student enrollment increased 42.99% yearly to 31,000. [AASocks]
- **Dongfeng Group Aug PV Production, Sales Volume Fall 6.3%, 10.8%.** Dongfeng Group announced that the production and sales volume of passenger vehicles of the company in August reached 199,100 and 196,700 units, down 6.3% and 10.8% yearly. [AASocks]
- **Toyota Mulls Providing PHEV Tech for Geely.** Toyota is actively in seek of cooperation partners on Plug-in hybrid electric vehicle (PHEV) in China, and is in talks with Zhejiang Geely over the provision of PHEV technology, The Nikkei reported. Toyota pointed out that it adopts an open policy in terms of motorized technology, while the concrete content of its cooperation with Geely remains yet to ascertain. [AASocks]

V. Overnight Market Recap

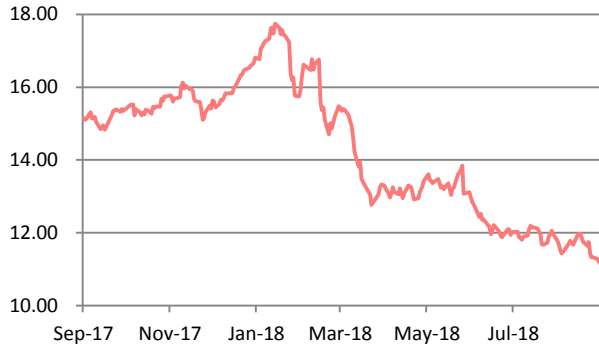
| | Close | Net Chg | Chg (%) | Performance (%) | | | | | | |
|-------------------|---------------------|----------|---------|-----------------|-------|--------|--------|--------|--------|--------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US Equity | S&P 500 | 2,889 | 1.0 | 0.0 | 0.0 | 2.4 | 4.1 | 4.5 | 15.6 | 8.1 |
| | Dow Jones | 25,999 | 27.9 | 0.1 | 0.1 | 3.2 | 3.2 | 4.0 | 17.3 | 5.2 |
| | Nasdaq Composite | 7,954 | (18.2) | (0.2) | (0.5) | 1.7 | 3.4 | 5.9 | 23.1 | 15.2 |
| | Russell 2000 | 1,716 | (2.7) | (0.2) | (0.7) | 2.4 | 2.3 | 7.8 | 20.2 | 11.7 |
| | VIX Index | 13.14 | (0.1) | (0.6) | (5.5) | (11.1) | 1.5 | (19.6) | 25.1 | 19.0 |
| Europe Equity | Euro Stoxx 50 | 3,327 | 14.9 | 0.5 | 0.3 | (2.4) | (4.4) | (2.1) | (5.6) | (5.1) |
| | DAX | 12,032 | 62.0 | 0.5 | (0.1) | (2.6) | (6.7) | (1.5) | (4.2) | (6.9) |
| | CAC | 5,332 | 48.3 | 0.9 | 1.4 | (1.5) | (2.2) | 1.7 | 2.2 | 0.4 |
| | FTSE 100 | 7,313 | 39.8 | 0.5 | (0.9) | (4.3) | (5.1) | 2.4 | (0.9) | (4.9) |
| APAC Equity | HSI | 26,345 | (77.5) | (0.3) | (2.3) | (5.7) | (14.3) | (16.6) | (5.6) | (11.9) |
| | HSCEI | 10,239 | (94.4) | (0.9) | (3.2) | (4.9) | (14.9) | (19.7) | (8.5) | (12.6) |
| | HSI VIX | 21.09 | (0.7) | (3.2) | 2.9 | 3.0 | 33.1 | 2.6 | 41.7 | 44.5 |
| | CSI 300 | 3,202 | (22.2) | (0.7) | (1.9) | (5.6) | (15.5) | (21.7) | (16.7) | (20.6) |
| | SH Composite | 2,656 | (8.7) | (0.3) | (1.3) | (4.7) | (12.9) | (19.8) | (21.5) | (19.7) |
| | SZ Composite | 1,404 | (5.7) | (0.4) | (2.0) | (7.7) | (18.9) | (25.9) | (29.6) | (26.1) |
| | Nikkei 225 | 22,605 | (60.1) | (0.3) | 0.1 | 4.5 | (0.5) | 4.0 | 15.0 | 0.4 |
| Commodities (USD) | KOSPI | 2,283 | (0.3) | (0.0) | (0.4) | 1.8 | (7.3) | (8.2) | (3.0) | (7.2) |
| | Brent (Future) | 79.74 | 0.7 | 0.9 | 3.2 | 9.5 | 3.6 | 23.0 | 44.1 | 18.9 |
| | WTI (Future) | 70.37 | 1.1 | 1.6 | 2.4 | 4.3 | 5.1 | 15.4 | 42.1 | 16.0 |
| | Gold | 1,206 | 7.7 | 0.6 | 0.8 | 1.0 | (7.2) | (9.1) | (8.8) | (7.4) |
| | Copper (Future) | 5,997 | 138.0 | 2.4 | 2.1 | (3.1) | (17.0) | (13.3) | (10.1) | (17.2) |
| FX | Baltic Dry Index | 1,439.00 | (43.0) | (2.9) | (2.6) | (15.8) | 2.5 | 22.1 | 7.6 | 5.3 |
| | Dollar Index | 94.80 | (0.5) | (0.5) | (0.4) | (1.6) | 1.4 | 5.7 | 2.5 | 2.9 |
| | EUR | 1.16 | 0.0 | 0.2 | (0.0) | 2.0 | (1.3) | (6.1) | (2.1) | (3.1) |
| | JPY | 111.26 | (0.4) | (0.3) | (0.2) | (0.6) | (0.9) | (4.3) | (0.8) | 1.2 |
| | CNY | 6.85 | (0.0) | 0.3 | (0.3) | 0.6 | (6.6) | (7.6) | (4.6) | (5.0) |
| CDS | CNH | 6.84 | (0.0) | (0.6) | (0.1) | 0.9 | (6.6) | (7.5) | (4.3) | (4.8) |
| | ChinaGov CDS | 57.19 | 0.4 | 0.6 | (6.6) | (11.2) | 2.2 | 5.1 | (0.2) | 14.2 |
| | CDX Emerging Market | 94.87 | 0.3 | 0.3 | 0.6 | 0.0 | (1.6) | (4.6) | (1.9) | (4.3) |

| | Close | Net Chg | Chg (%) | Value | | | | | | |
|-------------|------------------------|---------|---------|-------|------|------|------|------|------|------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US rates | 3-Month Treasury Yield | 2.14 | (0.0) | (0.1) | 2.1 | 2.1 | 1.9 | 1.8 | 1.0 | 1.4 |
| | 2-Year Treasury Yield | 2.75 | 0.0 | 0.2 | 2.6 | 2.6 | 2.6 | 2.3 | 1.3 | 1.9 |
| | 5-Year Treasury Yield | 2.86 | (0.0) | (0.2) | 2.7 | 2.8 | 2.8 | 2.6 | 1.8 | 2.2 |
| | 10-Year Treasury Yield | 2.96 | (0.0) | (0.4) | 2.9 | 2.9 | 2.9 | 2.8 | 2.2 | 2.4 |
| | 2-10 Spread | 21.04 | (1.7) | (7.5) | 23.6 | 25.7 | 37.0 | 54.1 | 83.7 | 51.8 |
| China rates | O/N China Repo Rate | 2.55 | 0.2 | 8.5 | 2.5 | 2.4 | 2.6 | 2.6 | 2.6 | 3.0 |
| | 1-Week China Repo Rate | 2.65 | 0.1 | 4.7 | 2.7 | 2.4 | 2.3 | 3.0 | 3.3 | 3.1 |
| | O/N SHIBOR | 2.56 | (0.0) | (1.3) | 2.5 | 2.3 | 2.6 | 2.6 | 2.7 | 2.8 |
| | 1-Week SHIBOR | 2.68 | (0.0) | (0.4) | 2.6 | 2.6 | 2.8 | 2.9 | 2.8 | 3.0 |

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



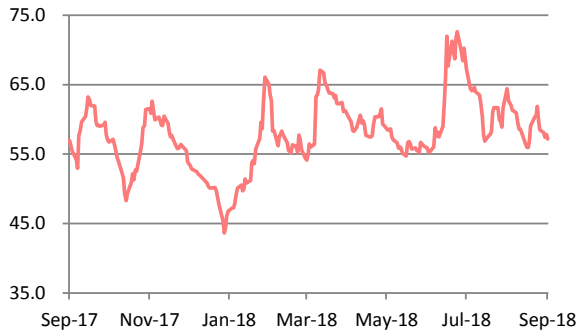
Source: Bloomberg

Shanghai Composite Index PE Ratio



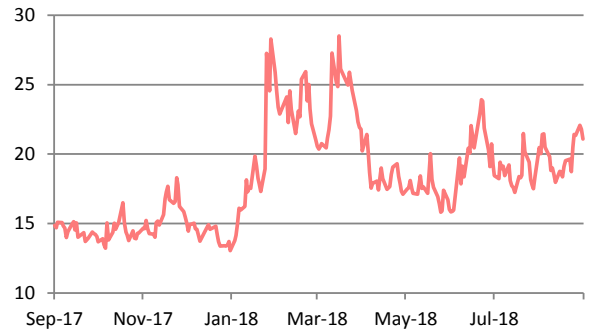
Source: Bloomberg

China 5Y CDS Index_USD



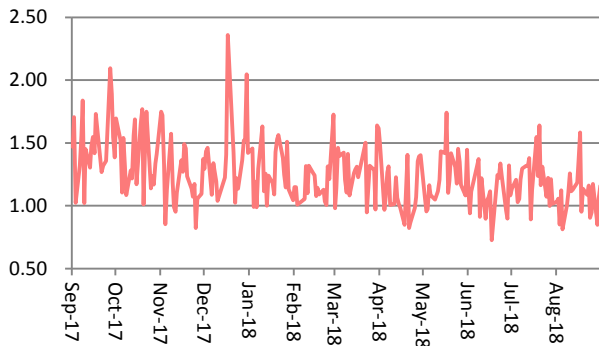
Source: Bloomberg

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

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China Securities (International) Research

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

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