



I. Major Economic Release

Upcoming Economic Release

| Economic Indicator | Period | Market Survey | Prior Period |
|-------------------------------------|--------|---------------|--------------|
| Japan: Consumer Confidence Index | Sep | 43.1 | 43.3 |
| Australia: CBA Manufacturing PMI | Sep | N/A | 53.2 |
| Australia: RBA Cash Rate Target | 2-Oct | 1.50% | 1.50% |
| UK: Nationwide House Px NSA YoY | Sep | 1.90% | 2.00% |
| S. Korea: Industrial Production YoY | Aug | 1.30% | 0.90% |

Source: Bloomberg

II. Macro News

- **China's manufacturing activity expands slower in September.** China's manufacturing sector expanded at a slower pace in September, official data showed Sunday. The country's manufacturing purchasing managers' index came in at 50.8 in September, narrowing from 51.3 in August, according to the National Bureau of Statistics. [China Daily]
- **Japan's Industrial Output Rebounds as Retail Sales Accelerate.** Japan's industrial production expanded for the first time in four months and retail sales accelerated, providing signs of resilience in an economy that's battling headwinds in the current quarter. [Bloomberg]
- **Japan Aug Adjusted Jobless Rate Sinks to 2.4%.** After seasonal adjustment, Japan's unemployment rate inched down to 2.4% monthly in August, as compared to market expectation of staying at 2.5%, Ministry of Internal Affairs and Communications reported. [AASocks]

III. Industry News

- **London stock link debut soon.** The Shanghai-London Stock Connect mechanism is likely to launch in early Dec, according to reports. Shanghai Securities News reported the Shanghai Stock Exchange will start 24-hr technical debugging tests at securities brokerages from Oct 15 to mid-Nov. Another 3 tests are scheduled from late Oct to late Nov. [China Daily]
- **US 2Q18 GDP (Final) Growth Quickens to 4.2%, Close to 4-Yr High.** The US Department of Commerce announced that the US real GDP (final) recorded an accelerated growth to 4.2% at an annualized rate in the second quarter of 2018, being the strongest since the third quarter of 2014. [AASocks]
- **Greece's Piraeus Bank Is Said to Face Capital-Raising Deadline.** Greece's second-biggest lender has been told by the European Central Bank to increase its capital this year, a task complicated by the country's limited access to bond markets. Accordingly, Piraeus Bank must raise about 500m euros (\$584mn) by selling tier 2 bonds under a plan agreed with the ECB's Single Supervisory Mechanism. [Bloomberg]

IV. Corporate News

- **Alibaba, Other Chinese Cos. Looking at Assets in Turkey.** Multiple Chinese cos are looking at opportunities in Turkey, Reuters reports. Companies incl. Alibaba, China Life Insurance and China Merchants Group. Talks with Turkish firms started in mid-Aug; cos. showed interest in infrastructure, mining, energy, retail and insurance sectors. [Bloomberg]
- **BMW CFO Says He's Still 'Confident' in China Despite Tariffs.** BMW can maintain its place in the world's largest auto market, despite the U.S.-China trade war that spurred the luxury automaker to lower its profit forecast for the first time in a decade. [Bloomberg]

- **SoftBank Is Said to Seek Investment in Chinese Education Startup.** SoftBank Vision Fund is seeking to invest about \$500 million in China's Zuoyebang as it seeks a stake in the country's vast online education market. The education technology startup has already raised more than \$500 million in funding. [Bloomberg]
- **Vanke Sells 347 Flats on Offer in H.K. Even After Rate Hike.** All 347 units on offer at Vanke Property (Hong Kong)'s project in Tuen Mun are sold as relatively low prices outweigh buyer concerns over interest rates and falling value, South China Morning Post reports. [Bloomberg]
- **SEC Sues Musk and Seeks Ban for His Tweets on Go-Private Deal.** Elon Musk was sued by the Securities and Exchange Commission for his explosive August tweet about taking Tesla Inc. private, putting him suddenly in jeopardy of losing control over the electric-car company he founded. [Bloomberg]
- **China Mobile Under Investigation by China Antitrust.** China Mobile is being investigated by the antitrust regulator, the State Administration for Market Regulation, which is looking into alleged "market domination" by the country's largest state-owned telecom, Capitol Forum writes. [Bloomberg]
- **U.S.-Led Group Seeks to Counter Huawei's PNG Internet Cable Bid.** The U.S. says it's banding with Japan and Australia to compete with China's Huawei Technologies Co. in its bid to build an Internet cable network for Papua New Guinea. "We are working on a counter offer," James Carouso, the U.S. chargé d'affaires in Australia, said in an interview with the Australian Broadcasting Corp. on Friday. [Bloomberg]
- **DaFa Properties Seeks Up to \$127m in Hong Kong IPO.** DaFa Properties Group Ltd. offers 200m shares at HK\$3.28 to HK\$4.98 apiece in its Hong Kong IPO, according to terms for the deal obtained by Bloomberg. Price range implies a market capitalization of \$334m to \$508m, assuming the over-allotment option isn't exercised. [Bloomberg]
- **Tencent-Backed Meituan Reveals a Blowout \$4.2B Loss.** Meituan Dianping's losses more than doubled in the first half after the on-demand services app backed by Tencent Hldgs Ltd. spent furiously to drive deeper into businesses from bike rentals to online travel. It posted a whopping 28.8bn (\$4.2bn) net loss for first six months, swelled mostly by changes in the value of preferred shares. Excluding that impact, its operating loss still tripled to 3.9bn yuan. [Bloomberg]
- **China Shanshui to Settle Hedge Fund Lawsuit on Bond Buyback Plan.** China Shanshui Cement Group Ltd. said it has reached preliminary settlement with a hedge fund after unveiling a restructuring agreement that includes buying back its bonds, a U.S. court filing shows. [Bloomberg]
- **Tencent restructures with eye on industrial internet as gaming business slows.** Tencent Holdings reshuffled its business units this week in a bid to focus more on the industrial internet, as China seeks to upgrade its manufacturing amid a trade war with the world's biggest economy. [SCMP]
- **Bytedance financing prospects fuel talk of value surge.** Beijing Bytedance Technology Co Ltd, parent company of China's popular news aggregator Toutiao and short-video app Douyin, may raise around \$1.5bn in a new round of financing from SoftBank and Primavera Capital, which could value the 6-year-old startup at as much as \$75bn, according to a report by tech media outlet The Information. [China Daily]
- **State Grid set to expand network of charging stations.** State Grid Corp of China will accelerate the construction of public charging networks in China's central and eastern regions, aiming to make medium and long-range trips in electric vehicles an everyday reality. [China Daily]
- **ICBC has big plans for small firms.** China's largest State-owned commercial bank by assets will strengthen financial inclusion, ensuring more than one-third of its new corporate loans are issued to small and microenterprises in the next three years, according to the bank's chairman. [China Daily]
- **China Glass to Buy Italian Medicinal Glass Equipment Producer with nearly HK\$200M.** China Glass announced that on 27 Sept, the company (being the purchaser) and the vendors have entered into the sale and purchase agreement. The company has conditionally agreed to purchase the entire equity interest in the target company (i.e. Olivotto Glass Technologies S.p.A.), at consideration of EUR21.4451m (HK\$197mn). [AASocks]

V. Overnight Market Recap

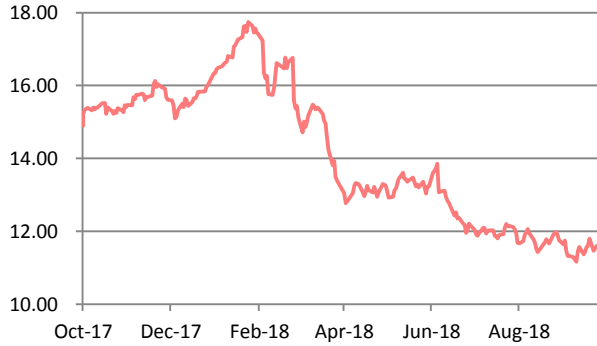
| | Close | Net Chg | Chg (%) | Performance (%) | | | | | | |
|-------------------|---------------------|----------|---------|-----------------|-------|-------|--------|--------|--------|--------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US Equity | S&P 500 | 2,925 | 10.6 | 0.4 | 0.2 | 0.8 | 7.3 | 13.3 | 15.6 | 9.4 |
| | Dow Jones | 26,651 | 192.9 | 0.7 | 0.3 | 2.6 | 9.6 | 12.7 | 18.1 | 7.8 |
| | Nasdaq Composite | 8,037 | (9.1) | (0.1) | 0.6 | (0.9) | 6.2 | 17.0 | 23.3 | 16.4 |
| | Russell 2000 | 1,673 | (23.6) | (1.4) | (1.9) | (3.9) | 1.1 | 12.1 | 10.8 | 9.0 |
| | VIX Index | 12.00 | (0.1) | (1.0) | (1.6) | (6.7) | (23.1) | (49.2) | 27.0 | 8.7 |
| Europe Equity | Euro Stoxx 50 | 3,414 | 15.0 | 0.4 | 0.1 | 0.6 | 1.2 | 1.6 | (5.2) | (2.6) |
| | DAX | 12,339 | 92.3 | 0.8 | (0.1) | (0.2) | 0.8 | 2.0 | (4.4) | (4.5) |
| | CAC | 5,507 | 13.3 | 0.2 | 0.6 | 1.8 | 4.4 | 6.6 | 2.9 | 3.7 |
| | FTSE 100 | 7,496 | (14.5) | (0.2) | 0.5 | 0.9 | (0.7) | 6.2 | 0.8 | (2.5) |
| APAC Equity | HSI | 27,789 | 72.9 | 0.3 | 1.1 | (0.4) | (4.0) | (7.7) | 0.9 | (7.1) |
| | HSCEI | 11,018 | 78.9 | 0.7 | 2.1 | 1.3 | (0.5) | (8.2) | 1.0 | (5.9) |
| | HSI VIX | 18.10 | (0.8) | (4.4) | (2.8) | (7.3) | (11.5) | (30.8) | 29.2 | 24.0 |
| | CSI 300 | 3,439 | 35.3 | 1.0 | 3.9 | 3.1 | (2.1) | (11.8) | (10.4) | (14.7) |
| | SH Composite | 2,821 | 29.6 | 1.1 | 3.4 | 3.5 | (0.9) | (11.0) | (15.8) | (14.7) |
| | SZ Composite | 1,442 | 11.9 | 0.8 | 1.5 | (0.7) | (10.3) | (22.2) | (27.5) | (24.1) |
| | Nikkei 225 | 24,246 | 125.7 | 0.5 | 1.6 | 6.0 | 11.2 | 13.4 | 18.8 | 6.5 |
| Commodities (USD) | KOSPI | 2,339 | (4.2) | (0.2) | 1.3 | 0.7 | 3.0 | (4.3) | (2.3) | (5.2) |
| | Brent (Future) | 84.98 | 2.3 | 2.7 | 4.7 | 9.8 | 7.0 | 20.9 | 47.7 | 27.1 |
| | WTI (Future) | 75.30 | 2.1 | 2.8 | 4.5 | 8.2 | 2.1 | 19.9 | 49.3 | 25.0 |
| | Gold | 1,189 | (1.9) | (0.2) | (0.8) | (0.9) | (4.2) | (11.3) | (6.4) | (8.7) |
| | Copper (Future) | 6,249 | (9.0) | (0.1) | (1.6) | 4.6 | (5.7) | (6.9) | (3.6) | (13.8) |
| FX | Baltic Dry Index | 1,540.00 | 16.0 | 1.0 | 7.4 | (2.5) | 8.3 | 46.0 | 16.0 | 12.7 |
| | Dollar Index | 95.30 | 0.2 | 0.2 | 1.2 | 0.2 | 0.9 | 5.7 | 2.4 | 3.4 |
| | EUR | 1.16 | (0.0) | (0.2) | (1.5) | (0.4) | (0.5) | (5.9) | (1.3) | (3.6) |
| | JPY | 113.93 | 0.2 | 0.2 | 1.0 | (2.5) | (2.7) | (7.1) | (1.1) | (1.1) |
| | CNY | 6.87 | (0.0) | 0.3 | (0.2) | (1.0) | (3.5) | (8.3) | (3.0) | (5.3) |
| CDS | CNH | 6.89 | 0.0 | 0.2 | 0.3 | (0.8) | (2.9) | (9.0) | (3.1) | (5.4) |
| | ChinaGov CDS | 56.07 | 0.1 | 0.2 | (3.6) | (7.0) | (21.3) | (12.0) | (9.4) | 11.9 |
| | CDX Emerging Market | 95.73 | (0.0) | (0.0) | 0.2 | 1.5 | (0.3) | (2.4) | (0.4) | (3.4) |

| | Close | Net Chg | Chg (%) | Value | | | | | | |
|-------------|------------------------|---------|---------|-------|------|------|------|------|------|------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US rates | 3-Month Treasury Yield | 2.19 | (0.0) | (0.1) | 2.2 | 2.1 | 2.0 | 1.7 | 1.0 | 1.4 |
| | 2-Year Treasury Yield | 2.82 | 0.0 | 0.0 | 2.8 | 2.6 | 2.5 | 2.3 | 1.5 | 1.9 |
| | 5-Year Treasury Yield | 2.96 | 0.0 | 0.3 | 3.0 | 2.7 | 2.7 | 2.6 | 1.9 | 2.2 |
| | 10-Year Treasury Yield | 3.08 | 0.0 | 0.7 | 3.1 | 2.9 | 2.8 | 2.8 | 2.3 | 2.4 |
| | 2-10 Spread | 26.07 | 2.2 | 9.4 | 25.3 | 23.1 | 30.1 | 49.5 | 85.4 | 51.8 |
| China rates | O/N China Repo Rate | 2.80 | 0.6 | 27.3 | 2.5 | 2.2 | 2.3 | 2.5 | 3.0 | 3.0 |
| | 1-Week China Repo Rate | 2.90 | 0.3 | 12.0 | 2.8 | 2.5 | 2.5 | 2.5 | 3.4 | 3.1 |
| | O/N SHIBOR | 2.65 | 0.2 | 8.5 | 2.5 | 2.3 | 2.4 | 2.6 | 2.9 | 2.8 |
| | 1-Week SHIBOR | 2.77 | 0.0 | 1.3 | 2.7 | 2.6 | 2.7 | 2.9 | 3.0 | 3.0 |

Source: Bloomberg

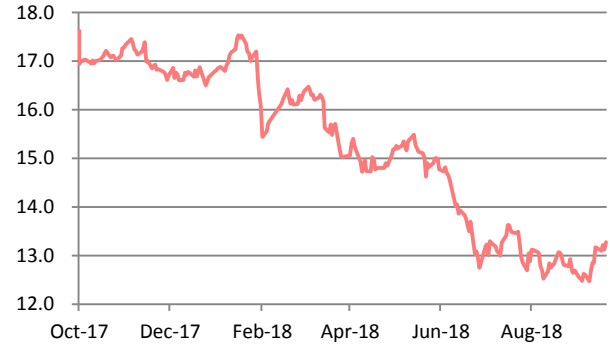
VI. Key Indicators

Hang Seng Index PE Ratio



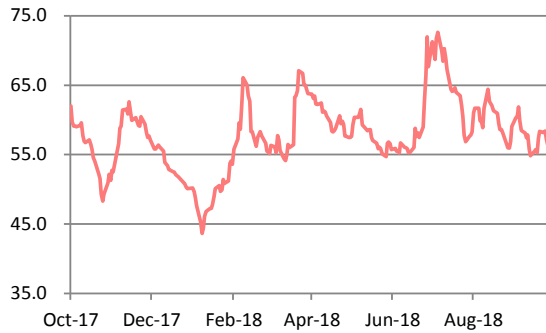
Source: Bloomberg

Shanghai Composite Index PE Ratio



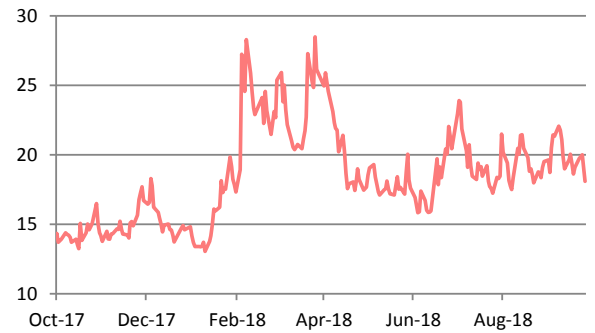
Source: Bloomberg

China 5Y CDS Index_USD



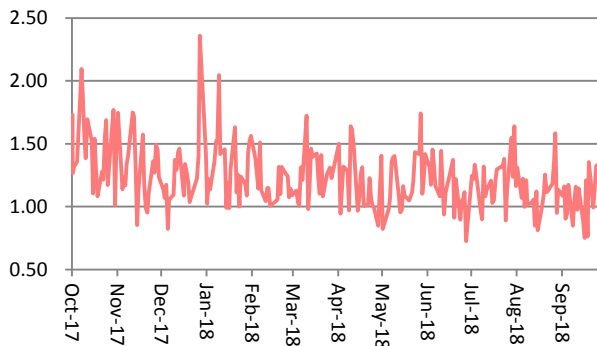
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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