

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: NFIB Small Business Confidence	Sep	109.0	108.8
Germany: Trade Balance	Aug	EUR16.3bn	EUR16.5bn
Australia: NAB Business Confidence	Sep	N/A	4.00
UK: BRC Retail Sales Like-For-Like YoY	Sep	0.20%	0.20%

Source: Bloomberg

II. Macro News

- **H1 results confirm real economy strong.** Strong performance of listed Chinese companies in the first half offered a glimpse into the strength and positive changes in the country's economy. Combined revenues of all listed companies on the market stood at 20.81tn yuan (\$3tn) in the first half, while the net profits were about 2tn yuan, both rising by more than 10% YoY, new data from the bourses showed. [China Daily]
- **China Sep Caixin Services PMI Up to 3-mth High 53.1.** Caixin announced that after seasonal adjustments, China Caixin Services PMI picked up to 53.1 monthly in September, topping estimates of 51.4 and setting a three-month high. However, the index was lower than that in early 2018 and below the historical average. [AASocks]
- **Philippine Inflation Approaching 7% Signals More Rate Hikes.** Consumer prices in the Philippines rose at the fastest pace in more than nine years in Sept, paving the way for the central bank to forge ahead with interest-rate hikes. Inflation accelerated to 6.7% from 6.4% in Aug, the Philippine Statistics Authority said. [Bloomberg]

III. Industry News

- **German Industrial Output Unexpectedly Falls for a Third Month.** Germany's industry unexpectedly showed further signs of weakness as global trade tensions placed a strain on manufacturers. Output fell 0.3% in August, missing the median estimate for a 0.3% rise. The decline, the third in a row, was led by capital goods and construction. [Bloomberg]
- **PBOC Adviser Says China Should Keep Mkt-Oriented FX Reform.** China should let the market play a bigger role in setting the exchange rate, and enhance yuan two-way flexibility, Economic Daily reports, citing PBOC adviser Liu Shijin. [Bloomberg]
- **PRC In Talks with 27 Countries for 12 Free Trade Pacts, May Upgrade Talks.** Beijing is currently in talks with 27 countries on 12 free trade pacts, or upgrading their negotiation, such as the second phase of China-Japan-Korea, China-Norway and China-Sri Lanka free trade pacts, People's Daily reported. [AASocks]

IV. Corporate News

- **Faraday Future tries to scrap Evergrande stake sale after spending initial US\$800mn investment.** Faraday Future, the California-based electric car start-up founded by Chinese tech entrepreneur Jia Yueting, is seeking to terminate a stake sale deal to Evergrande Health Industry Group after spending its initial investment of US\$800mn, according to a filing by the Chinese real estate giant Evergrande Group's unit to the Hong Kong stock exchange. [SCMP]
- **Great Wall Motor pins future hopes on pickups.** Pickup trucks are set to replace sports utility vehicles as the main growth driver in China's automobile market, according to the country's largest producer of SUVs. "Great Wall is poised to improve its annual sales volume for pickups from about 120,000 units to 200,000 units by 2020 and forge itself into China's first pickup brand as well as one of the world's top three," VP Ning Shuyong said. [China Daily]

- **BAIC exec calls for more mergers, acquisitions to bolster industry.** "Only when domestic brands merge with each other and pool their resources - the sooner the better - will it be possible for us to stand out when faced with international rivals," said Xu Heyi, chairman of Beijing Automotive Group Co, or BAIC Group. [China Daily]
- **WM Motor starts delivery.** Chinese electric car startup WM Motor, backed by internet giant Tencent with a plant capable of producing 200k vehicles in Wenzhou, Zhejiang province, started volume delivery of its first model, the EX5 SUV, late last month, marking its first foray into the country's booming market for new energy vehicles. [China Daily]
- **FF claims Evergrande broke deal.** US-based electric car startup Faraday Future said Monday China's property developer Evergrande has failed to live up to its end of the bargain by not making the promised payments, in a response to arbitration seeking to end a deal with the real estate company. [China Daily]
- **Geely Auto's Sales Jan-Sep Vol. Soars 37%, Completing 72% of FY Target.** Geely Auto announced that total sales volume of the group (incl sales volume of LYNK & CO-branded vehicles sold by the group's 50%-owned JV) for the month of Sept 2018 was 124,429 units, an increase of c.14% over the same period last year, but down c.1% from Aug 2018. [AASocks]
- **XTEP Int'l 3Q18 SSS Records Mid-Teens Growth.** Xtep International announced that 3Q18 average same store sales performance recorded a mid-teens growth in comparison to the same period in 2017. The retail discount levels remained at low levels of 20-25%, and the retail inventory was kept at a healthy level of around 4 months. [AASocks]
- **Anbang Conducting Next Phase of Strategic Review Over Vivat, May Sell Controlling Stake.** Netherlands-based insurer Vivat unveiled that it has been informed by its parent Anbang Insurance Group that it has commenced the next phase of the strategic review regarding its shareholding in Vivat. [AASocks]
- **NWD, Tencent To Jointly Nurture Smart Retail Startups.** New World Development announced that Eureka Nova, a platform owned by NWD with a focus on nurturing startups, cooperates with Tencent's "Tencent Smart Retail" and "WeStart" to nurture smart retail startups based in the Greater Bay Area, encouraging the adoption of new technology to improve consumption experience, boost retail operating efficiency and change shopping behaviors. [AASocks]
- **China Overseas Land Sept. Property Contract Sales About HK\$26.4b. Jan.-Sept.** contract sales about HK\$226.4 billion, China Overseas Land & Investment says in a Hong Kong stock exchange filing. For the month, bought five land parcels in Jinan, Harbin, Beijing, Changchun, Ezhou, co. said in a separate statement. [Bloomberg]
- **Sinopec's Shale Gas Output From Fuling Field Reaches 20 Bcm.** Shale gas output from Sinopec's Fuling field in Chongqing reached 20bn cbm since its first test production in 2012. Its Fuling field produced 10bcm from Mar-17 to Oct.6. Site produced 4.5bcm ytd, with 321 producing wells, and has 438 wells that are being drilled. [Bloomberg]
- **U.S. Preparing to Charge Ex-StanChart Bankers Over Iran.** U.S. prosecutors have told Standard Chartered they are preparing to bring criminal charges against two of the bank's former employees over alleged sanction breaches involving Iran-linked companies, FT reports. [Bloomberg]
- **China's TCL Says Held Initial Talks With Chip Gear Maker ASMI.** TCL Corp. said it's had preliminary contact with ASM International NV, responding to a Bloomberg News report that the Chinese electronics giant was considering acquiring the Dutch chip gear maker's \$1 billion stake in a local affiliate. [Bloomberg]
- **Microsoft Invests in Grab as Ride Hailer Adopts Azure Platform.** Microsoft Corp. will invest an unspecified amount in Grab as the ride-hailing giant adopts the U.S. company's Azure as its preferred platform for cloud services. Under the 5-yr deal, the companies will collaborate on technologies incl. big data, AI and connected car platforms. [Bloomberg]
- **GE unit buys 5pc stake in Abu Dhabi state driller.** A subsidiary of General Electric Co has agreed to purchase a 5-percent stake in the drilling arm of Abu Dhabi's state oil company for US\$550mn. Baker Hughes values the drilling subsidiary of Abu Dhabi National Oil Co. at around US\$11bn. ADNOC says that valuation includes some US\$1b in debt. [The Standard]

V. Overnight Market Recap

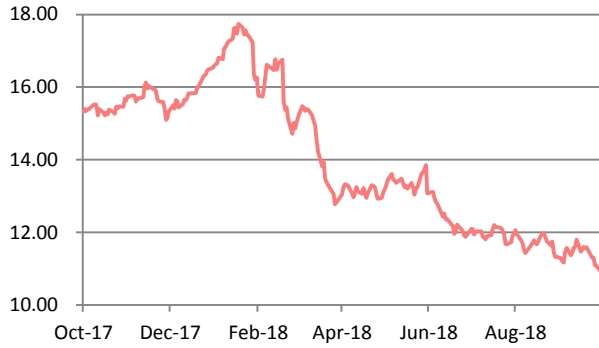
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,884	(1.1)	(0.0)	(1.4)	0.4	3.6	10.4	13.3	7.9
	Dow Jones	26,487	39.7	0.2	(0.6)	2.2	6.9	10.5	16.4	7.2
	Nasdaq Composite	7,736	(52.5)	(0.7)	(3.7)	(2.1)	(0.3)	11.3	17.6	12.1
	Russell 2000	1,630	(2.6)	(0.2)	(2.6)	(4.9)	(4.4)	7.6	8.4	6.1
	VIX Index	15.69	0.9	5.9	30.8	5.4	17.4	(27.0)	62.6	42.1
Europe Equity	Euro Stoxx 50	3,310	(35.8)	(1.1)	(3.1)	0.5	(4.4)	(3.1)	(8.3)	(5.5)
	DAX	11,947	(164.7)	(1.4)	(2.4)	(0.1)	(4.8)	(2.6)	(7.9)	(7.5)
	CAC	5,300	(59.1)	(1.1)	(3.8)	0.9	(1.8)	0.7	(1.2)	(0.2)
	FTSE 100	7,233	(85.2)	(1.2)	(3.5)	(0.6)	(5.9)	0.5	(3.7)	(5.9)
APAC Equity	HSI	26,203	(370.0)	(1.4)	(5.7)	(2.9)	(8.7)	(13.3)	(7.5)	(12.4)
	HSCEI	10,393	(137.0)	(1.3)	(5.7)	(1.6)	(3.5)	(13.9)	(8.7)	(11.2)
	HSI VIX	21.29	0.6	2.9	17.6	(0.2)	4.9	(7.9)	47.9	45.8
	CSI 300	3,291	(148.0)	(4.3)	(3.5)	0.4	(4.9)	(14.6)	(15.2)	(18.4)
	SH Composite	2,717	(104.8)	(3.7)	(2.9)	0.5	(3.5)	(13.4)	(19.5)	(17.9)
	SZ Composite	1,386	(55.3)	(3.8)	(4.1)	(3.3)	(12.0)	(24.3)	(31.2)	(27.0)
	Nikkei 225	23,784	(191.9)	(0.8)	(1.4)	6.6	9.2	10.3	14.9	4.5
Commodities (USD)	KOSPI	2,254	(13.7)	(0.6)	(3.8)	(1.2)	(1.4)	(7.8)	(5.9)	(8.7)
	Brent (Future)	83.91	(0.3)	(0.3)	(1.3)	9.2	8.8	25.0	50.9	25.5
	WTI (Future)	74.29	(0.1)	(0.1)	(1.3)	9.6	0.5	17.0	49.7	22.9
	Gold	1,188	(15.6)	(1.3)	(0.1)	(0.6)	(5.5)	(11.0)	(7.4)	(8.7)
	Copper (Future)	6,178	5.0	0.1	(1.1)	4.1	(1.7)	(8.7)	(7.3)	(14.8)
FX	Baltic Dry Index	1,536.00	(18.0)	(1.2)	(1.2)	3.1	(4.5)	61.3	8.9	12.4
	Dollar Index	95.76	0.1	0.1	0.5	0.4	1.9	6.3	2.1	3.9
	EUR	1.15	(0.0)	(0.3)	(0.7)	(0.9)	(2.2)	(6.7)	(2.1)	(4.3)
	JPY	113.23	(0.5)	(0.4)	(0.6)	(1.7)	(2.0)	(5.6)	(0.4)	(0.4)
	CNY	6.93	0.1	(0.9)	(0.9)	(1.1)	(4.5)	(9.0)	(4.4)	(6.1)
CDS	CNH	6.92	0.0	0.4	0.5	(0.8)	(4.3)	(9.0)	(4.5)	(5.9)
	ChinaGov CDS	64.46	3.9	6.5	15.0	10.9	(7.8)	3.2	8.9	28.7
	CDX Emerging Market	95.03	0.1	0.1	(0.7)	0.4	(1.9)	(3.1)	(1.3)	(4.1)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.21	-	-	2.2	2.1	2.0	1.7	1.1	1.4
	2-Year Treasury Yield	2.89	-	-	2.8	2.7	2.6	2.3	1.5	1.9
	5-Year Treasury Yield	3.07	-	-	3.0	2.8	2.7	2.6	2.0	2.2
	10-Year Treasury Yield	3.23	-	-	3.1	2.9	2.8	2.8	2.4	2.4
	2-10 Spread	34.37	-	-	24.8	23.2	27.8	49.0	85.1	51.8
China rates	O/N China Repo Rate	2.52	(0.3)	(10.0)	2.8	2.6	2.2	2.3	3.0	3.0
	1-Week China Repo Rate	2.55	(0.4)	(12.1)	2.9	2.5	2.6	2.7	3.4	3.1
	O/N SHIBOR	2.54	(0.1)	(4.4)	2.7	2.6	2.3	2.6	2.7	2.8
	1-Week SHIBOR	2.66	(0.1)	(3.9)	2.8	2.7	2.7	2.8	2.9	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



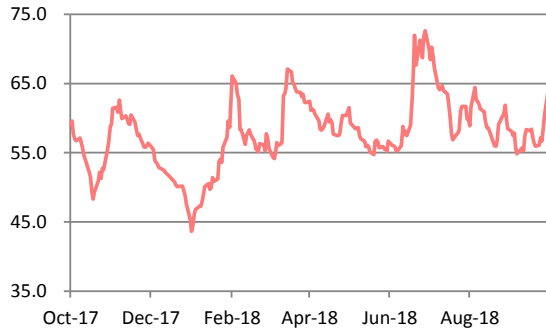
Source: Bloomberg

Shanghai Composite Index PE Ratio



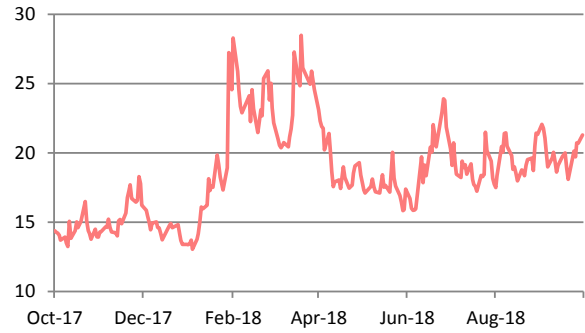
Source: Bloomberg

China 5Y CDS Index_USD



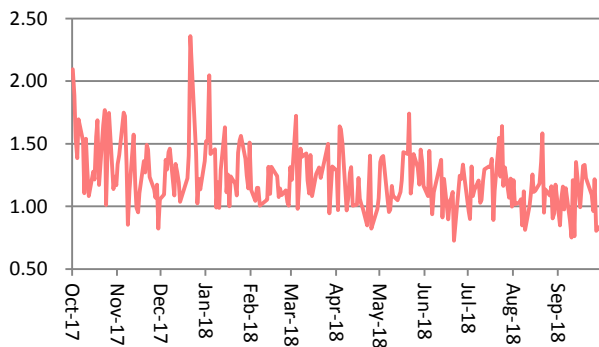
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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