

## I. Major Economic Release

### Upcoming Economic Release

| Economic Indicator                     | Period | Market Survey | Prior Period |
|--|--------|---------------|--------------|
| China: Aggregate Financing CNY         | Sep    | N/A           | RMB1.52tn    |
| US: PPI Final Demand YoY               | Sep    | 2.70%         | 2.80%        |
| Japan: Core Machine Orders YoY         | Aug    | 2.00%         | 13.9*0%      |
| Australia: Westpac Consumer Confidence | Oct    | N/A           | 100.5        |

Source: Bloomberg

## II. Macro News

- **IMF Cuts Forecast for Global Growth as Trade War Takes Its Toll.** The International Monetary Fund said the world economy is plateauing as the lender cut its growth forecast for the first time in more than two years, blaming escalating trade tensions and stresses in emerging markets. [Bloomberg]
- **Pakistan Says It Will Seek IMF Bailout as Reserves Dwindle.** Pakistan will seek a bailout from the IMF as the govt seeks to stabilize the economy and plug dwindling finances. After consulting with “leading economists”, Pakistan will formally approach the IMF for support and Finance Minister Asad Umar will hold talks with officials during the lender’s annual meetings in Bali this week, the Finance Ministry said in a statement. [Bloomberg]
- **Venezuela’s 2018 Inflation to Hit 1.37 Million Percent, IMF Says.** Venezuela’s annual inflation rate will surge to 1.37 million percent by the end of the year as the government fails to cover a widening budget shortfall by printing money, according to a report from the International Monetary Fund published Tuesday. [Bloomberg]

## III. Industry News

- **China Regulator Simplifies Review Procedure for Small M&As.** China Securities Regulatory Commission has introduced more simplified reviews for mergers and acquisitions with small transaction value and share sale amount, the regulator says in its official micro blog. Also says it will continue to improve regulatory mechanism for mergers. [Bloomberg]
- **Oil Prices Leave Japan With Trade Deficit, Curb Current Account.** Higher oil prices helped drive a sharp rise in imports that left Japan with a trade deficit in August. Oil, liquefied natural gas and coal dominated imports. The value of imports rose 17.5% from a year earlier, while exports jumped 7.6%, according to data from the finance ministry. [Bloomberg]
- **Singapore Opens Door for Bondholders to Chase Default Losses.** Singapore is giving liquidators of insolvent companies a new tool to retrieve funds for bondholders and other creditors. Court-appointed managers will now be able to seek funding from investors unrelated to the case to pay the cost of pursuing claims, in exchange for part of the proceeds. [Bloomberg]

## IV. Corporate News

- **TCL Puts Out Feelers to Buy ASM Int’l’s HK Unit, But Strikes No Deal.** TCL Group has only tentatively contacted ASM Int’l to acquire its HK unit, but no deal has been signed, TCL announced in reply to media reports. The initial contact with ASM Int’l has thus far yielded no written deal and no information subject to a disclosure obligation has been withheld, per the announcement. [Bloomberg]
- **Sumitomo Corp. Signs Deal on Vietnam’s Van Phong 1 Coal Plant.** Sumitomo Corp. signed a contract with Vietnam to develop a 1,320 megawatt coal-fired power plant in the country’s southeast Khanh Hoa province, according to Japan’s foreign ministry. [Bloomberg]

- **VW Is Said to Near Hiring Top Banks for Truck Unit IPO.** Volkswagen AG is close to hiring advisers to work on an initial public offering for its heavy-truck division. The IPO would generate funds for the division's expansion plans, especially outside Europe, to challenge global truck market leaders Daimler AG and Volvo AB. [Bloomberg]
- **Apple Tells Congress That Global Supply Chain Wasn't Compromised.** Apple Inc. told U.S. lawmakers that its servers weren't compromised and sought to assure them that the company's global supply chain is secure. Apple disputed a Bloomberg report that Chinese spies used a microchip to infiltrate American computer networks. [Bloomberg]
- **China Warns Central Asia Gas Allies May Waiver as Winter Nears.** China National Petroleum Corp. warned Tuesday that there are uncertainties over whether Uzbekistan, Turkmenistan and Kazakhstan can guarantee deliveries to China this winter after some of them cut supplies a year ago. [Bloomberg]
- **Jiangsu Shagang Markets \$180m Debut Loan To Syndication.** The steel producer based in China's Jiangsu province has mandated StanChart to arrange the 3Y facility, which would be its first offshore dollar-denominated loan, according to data compiled by Bloomberg. [Bloomberg]
- **R&F Properties Says CSRC Approves Up to 13B Yuan Bond Sale.** The company has received approval from the China Securities Regulatory Commission to issue yuan bonds, R&F Properties says in Hong Kong stock exchange filing. The corporate bonds shall be issued in tranches within 24 months. [Bloomberg]
- **China Approves Three Coal-Bed Methane Foreign JV Projects.** The National Development and Reform Commission approves three projects in Shanxi province, with total investment of 7.79b yuan, the top planning body says. The foreign partners are Asian American Gas, Greka Energy and a unit of China Gas Holdings. [Bloomberg]
- **Germany listing set for Qingdao Haier.** Qingdao Haier Co Ltd announced on Friday it is moving ahead with plans to list on the China Europe International Exchange's D-Shares Market in Frankfurt, making Haier, which is one of the world's largest home appliances makers, the first Chinese company with such a plan. [China Daily]
- **Lenovo seeks more share in IoT sector.** Lenovo Group Ltd. will step up its push to tap into the internet of things market, focusing on demand from corporate clients, its chairman Yang Yuanqing said. Yang said after decades of development, Lenovo is no longer just a company that targets individual consumers. [China Daily]
- **Jack Ma Buys New Startup For \$250M, Saying "This is Where the Future Lies".** Jack Ma has just invested half of his wealth into a new project which he believes will shape the future of the financial industry. Jack Ma now looks set to take the world of blockchain technology by storm. On Saturday, Jack Ma finalised a \$250mn deal with Bitcoin Software, saying that "the future of finance depends upon people having access to the best possible resources." [China Daily]
- **Tencent to Invest US\$180M in Brazilian Fintech Firm.** Tencent will invest US\$180 million in Brazilian fintech company Nubank, reported Reuters. Founded in 2013, Nubank currently has 5 million credit cards issued and 2.5 million registered clients using its digital payment accounts. [AASocks]
- **Wisdom Edu Int'l Consolidated Affiliated Entity Buys Foshan Land.** Wisdom Edu Int'l's consolidated affiliated entity Guangdong Guangzheng made a successful bid for the land use rights of the land situated at Shunde District, Foshan City and entered into agreement with the Land Reserve Development Centre on 8 Oct in respect of the acquisition at a consideration of c.RMB276mn, and the proposed development of a boarding school on the land. [AASocks]
- **Three Audi Employees Investigated in Probe of Vehicle Certifications.** German prosecutors have launched an investigation into three employees of Volkswagen AG's luxury car unit Audi suspected of falsifying documents to obtain roadworthiness certifications needed for vehicles to be exported to South Korea, a Munich prosecutor said. [WSJ]
- **Philippines security token exchange readies for trading in Hong Kong.** Inbase Partners, a Taiwan-based adviser for companies issuing digital tokens, said its licensed security token exchange CEZEX in the Philippines will start offering trading services in Hong Kong in the first quarter of 2019, vying to become the first exchange that offers regulated security token trading. [SCMP]

## V. Overnight Market Recap

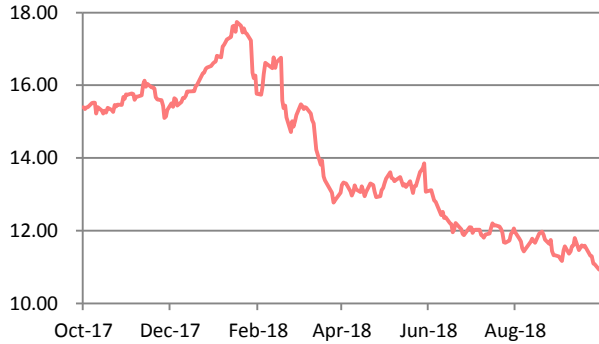
|                   | Close               | Net Chg  | Chg (%) | Performance (%) |       |       |        |        |        |        |
|-------------------|---------------------|----------|---------|-----------------|-------|-------|--------|--------|--------|--------|
|                   |                     |          |         | 1W              | 1M    | 3M    | 6M     | 1Y     | YTD    |        |
| US Equity         | S&P 500             | 2,880    | (4.1)   | (0.1)           | (1.5) | 0.1   | 3.1    | 8.4    | 12.9   | 7.7    |
|                   | Dow Jones           | 26,431   | (56.2)  | (0.2)           | (1.3) | 2.2   | 6.1    | 8.3    | 15.8   | 6.9    |
|                   | Nasdaq Composite    | 7,738    | 2.1     | 0.0             | (3.3) | (2.3) | (0.3)  | 9.1    | 17.5   | 12.1   |
|                   | Russell 2000        | 1,622    | (7.7)   | (0.5)           | (2.1) | (5.6) | (4.3)  | 5.1    | 7.6    | 5.6    |
|                   | VIX Index           | 15.95    | 0.3     | 1.7             | 32.9  | 12.6  | 26.2   | (22.1) | 58.2   | 44.5   |
| Europe Equity     | Euro Stoxx 50       | 3,322    | 12.1    | 0.4             | (2.0) | 0.4   | (4.4)  | (3.4)  | (7.7)  | (5.2)  |
|                   | DAX                 | 11,977   | 30.1    | 0.3             | (2.9) | (0.1) | (5.0)  | (3.4)  | (7.5)  | (7.3)  |
|                   | CAC                 | 5,319    | 18.3    | 0.3             | (2.7) | 0.9   | (2.1)  | 0.2    | (0.8)  | 0.1    |
|                   | FTSE 100            | 7,238    | 4.3     | 0.1             | (3.2) | (0.6) | (5.9)  | (0.4)  | (4.0)  | (5.9)  |
| APAC Equity       | HSI                 | 26,173   | (29.7)  | (0.1)           | (3.5) | (1.7) | (8.7)  | (14.8) | (8.1)  | (12.5) |
|                   | HSCEI               | 10,421   | 27.3    | 0.3             | (3.1) | (0.1) | (3.7)  | (15.4) | (8.7)  | (11.0) |
|                   | HSI VIX             | 21.07    | (0.2)   | (1.0)           | 4.6   | (4.5) | 10.3   | (5.6)  | 47.5   | 44.3   |
|                   | CSI 300             | 3,289    | (2.2)   | (0.1)           | (2.7) | 1.8   | (5.2)  | (16.3) | (15.5) | (18.4) |
|                   | SH Composite        | 2,721    | 4.5     | 0.2             | (2.2) | 1.9   | (3.8)  | (14.7) | (19.6) | (17.7) |
|                   | SZ Composite        | 1,385    | (1.2)   | (0.1)           | (3.6) | (1.6) | (12.7) | (24.8) | (31.8) | (27.1) |
|                   | Nikkei 225          | 23,469   | (314.3) | (1.3)           | (3.2) | 4.9   | 5.7    | 7.7    | 12.7   | 3.1    |
| Commodities (USD) | KOSPI               | 2,254    | (13.7)  | (0.6)           | (3.8) | (1.2) | (1.4)  | (7.8)  | (5.9)  | (8.7)  |
|                   | Brent (Future)      | 85.00    | 1.1     | 1.3             | 0.2   | 10.6  | 8.9    | 23.8   | 52.4   | 27.1   |
|                   | WTI (Future)        | 74.96    | 0.7     | 0.9             | (0.4) | 10.7  | 0.9    | 14.1   | 46.8   | 23.7   |
|                   | Gold                | 1,190    | 1.7     | 0.1             | (1.1) | (0.5) | (5.2)  | (11.1) | (7.6)  | (8.6)  |
|                   | Copper (Future)     | 6,292    | 114.0   | 1.8             | 0.2   | 6.1   | (1.5)  | (7.9)  | (5.6)  | (13.2) |
| FX                | Baltic Dry Index    | 1,530.00 | (6.0)   | (0.4)           | (2.5) | 3.2   | (1.6)  | 57.1   | 7.9    | 12.0   |
|                   | Dollar Index        | 95.67    | (0.1)   | (0.1)           | 0.2   | 0.3   | 1.7    | 6.5    | 2.1    | 3.8    |
|                   | EUR                 | 1.15     | (0.0)   | (0.0)           | (0.5) | (0.7) | (2.0)  | (6.9)  | (2.5)  | (4.1)  |
|                   | JPY                 | 112.96   | (0.3)   | (0.2)           | (0.6) | (1.6) | (1.7)  | (5.1)  | (0.4)  | (0.2)  |
|                   | CNY                 | 6.92     | (0.0)   | 0.1             | (0.8) | (1.0) | (4.4)  | (8.9)  | (4.3)  | (6.0)  |
| CDS               | CNH                 | 6.92     | (0.0)   | (0.1)           | 0.5   | (0.6) | (3.8)  | (9.2)  | (5.0)  | (5.8)  |
|                   | ChinaGov CDS        | 63.98    | (0.5)   | (0.8)           | 11.9  | 10.1  | (6.6)  | 4.6    | 7.3    | 27.7   |
|                   | CDX Emerging Market | 95.23    | 0.2     | 0.2             | (0.6) | 0.6   | (1.7)  | (3.0)  | (1.1)  | (3.9)  |

|             | Close                  | Net Chg | Chg (%) | Value |      |      |      |      |      |      |
|-------------|------------------------|---------|---------|-------|------|------|------|------|------|------|
|             |                        |         |         | 1W    | 1M   | 3M   | 6M   | 1Y   | YTD  |      |
| US rates    | 3-Month Treasury Yield | 2.23    | 0.0     | 1.2   | 2.2  | 2.1  | 2.0  | 1.7  | 1.1  | 1.4  |
|             | 2-Year Treasury Yield  | 2.89    | 0.0     | 0.0   | 2.9  | 2.7  | 2.6  | 2.3  | 1.5  | 1.9  |
|             | 5-Year Treasury Yield  | 3.06    | (0.0)   | (0.4) | 3.0  | 2.8  | 2.8  | 2.6  | 2.0  | 2.2  |
|             | 10-Year Treasury Yield | 3.21    | (0.0)   | (0.8) | 3.2  | 2.9  | 2.8  | 2.8  | 2.4  | 2.4  |
|             | 2-10 Spread            | 31.71   | (2.7)   | (7.7) | 30.5 | 21.7 | 26.7 | 47.0 | 84.4 | 51.8 |
| China rates | O/N China Repo Rate    | 2.49    | (0.0)   | (1.2) | 2.8  | 2.6  | 2.4  | 2.6  | 2.6  | 3.0  |
|             | 1-Week China Repo Rate | 2.55    | -       | -     | 2.9  | 2.6  | 2.8  | 3.0  | 3.3  | 3.1  |
|             | O/N SHIBOR             | 2.50    | (0.0)   | (1.3) | 2.7  | 2.6  | 2.4  | 2.6  | 2.7  | 2.8  |
|             | 1-Week SHIBOR          | 2.63    | (0.0)   | (0.9) | 2.8  | 2.7  | 2.7  | 2.8  | 2.9  | 3.0  |

Source: Bloomberg

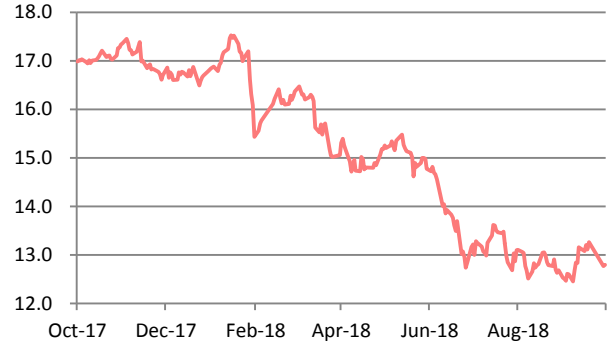
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



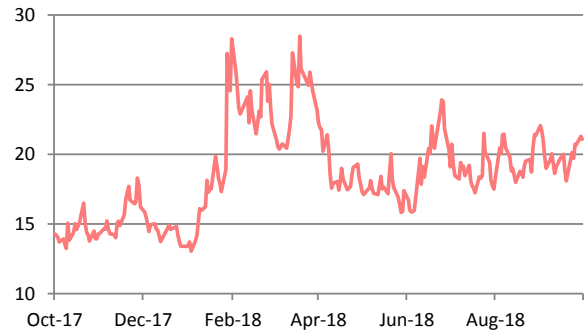
Source: Bloomberg

**China 5Y CDS Index\_USD**



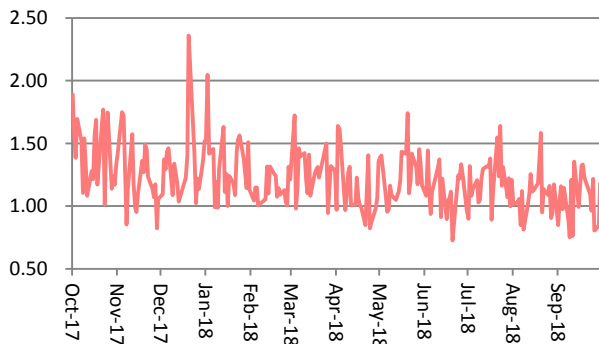
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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