



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Japan: Exports / Imports YoY	Sep	2.4%/13.8%	6.6%/15.4%
UK: Average Weekly Earnings 3-Month YoY	Aug	2.60%	2.60%
UK: Retail Sales YoY	Sep	3.60%	3.30%
Australia: Full / Part-Time Employment Changes	Sep	N/A	33.7k/10.2k
Argentina: National CPI YoY	Sep	N/A	34.40%

Source: Bloomberg

II. Macro News

- **China's September CPI up 2.5%, PPI up 3.6%.** China's consumer inflation, measured by consumer price index, edged up in September, according to the National Bureau of Statistics on Tuesday. CPI growth reached 2.5 percent last month, up from 2.3 percent in August. It was the highest level in seven months. [China Daily]
- **New Zealand Inflation Rises Faster Than Expected; Currency Jumps.** New Zealand inflation picked up in the 3Q amid higher fuel prices and construction costs. The currency rose. Prices gained 1.9% YoY, Statistics New Zealand said. That's up from 1.5% in the 2Q and faster than the 1.7% median forecast of economists surveyed. [Bloomberg]
- **U.S. Govt Deficit Grew 17% in Fiscal 2018.** The U.S. govt. ran its largest budget deficit in six years during the fiscal year that ended last month, an unusual development in a fast-growing economy and a sign that, so far at least, tax cuts have restrained govt. revenue gains. Deficit totaled \$779bn, up 17% from \$666bn in fiscal 2017, Treasury Dept. said. [WSJ]

III. Industry News

- **China Cuts U.S. Treasury Holdings for Third Straight Month.** China's holdings of U.S. Treasuries fell for a third consecutive month in August as the Asian nation struggles to prevent the yuan from weakening amid trade tensions with America. China's ownership of U.S. bonds, bills and notes was \$1.165tn, down from \$1.171tn in July, according to data released by the Treasury Department on Tuesday. [Bloomberg]
- **Listed property developers see slower sales growth in Sept.** Chinese listed property developers' sales grew in September but at a slower pace compared to the same period a year earlier, the China Securities Journal reported. As of Oct 14, 30 listed property developers have released their sales performances in September, with a total sales volume reaching 440.1bn yuan (\$63.6bn), up 37% YoY, the journal said. [China Daily]
- **China allocates 10b yuan to support inclusive finance.** China has allocated a special fund of 10 billion yuan (\$1.4 billion) to develop inclusive finance this year, the Ministry of Finance said. The amount rose 29.85 percent, or 2.3 billion yuan, from the level in 2017, according to a statement by the MOF. [China Daily]

IV. Corporate News

- **Bitmain, Canaan and Ebang IPO plans snared by Trump's tariffs on Chinese cryptocurrency mining gear.** Chinese cryptocurrency mining hardware maker Bitmain is bracing for harder times as the China-US trade war shifts into high gear, with shipments to one of its overseas markets facing new tariffs since August 23. [SCMP]
- **Google CEO says China search engine would serve 99 per cent of queries, takes a swipe at Baidu.** Google CEO Sundar Pichai publicly addressed his company's plans to re-enter the Chinese market with a search and news-oriented product for the first time on Monday, saying such a service would be capable of serving 99 per cent of queries. [SCMP]

- **Shareholders who vetoed HNA unit's sale of Beijing office building to China Vanke want 'better deal'.** Shareholders who rejected a plan by troubled HNA Group's flagship airline to sell a Beijing office block as part of its efforts to reduce a mountain of debt said they are hoping for a better deal. [SCMP]
- **Ford seeks China boost with new cars and electric vehicle venture during trade war.** Ford Motor is counting on the SUV, and a new electric car tie-up, to turn around its flagging fortunes in the world's largest car market. The Territory model will be the first of several SUVs Ford is rolling out in China to win customers who are passing on the company's ageing line-up amid a trade war that has further dented demand by boosting prices of imported models. [SCMP]
- **Temasek Is Said to Have Held Talks for Stake in China's Anbang.** Singapore's state investment firm, Temasek Holdings Pte, has held talks with Chinese authorities about acquiring a stake in Anbang Insurance Group Co. as well as some of its assets. [Bloomberg]
- **Gaw Capital Is Said to Join \$1.9 Billion Swire Office Tower Deal.** Gaw Capital is in talks to join Hengli Long Investments Ltd. in its HK\$15b (\$1.9b) acquisition of Swire Properties Ltd.'s Cityplaza Three and Cityplaza Four office buildings in Hong Kong. [Bloomberg]
- **IBM Wants its Cloud Services to Play Nice With Competitors.** International Business Machines Corp. is pressing deeper into its strategy of making cloud services more compatible with competitors, rather than trying to force customers into its own walled garden. [Bloomberg]
- **Amazon Will 'Continue to Support' Defense Department.** Amazon.com Inc. Chief Executive Officer Jeff Bezos said his company "will continue to support" the U.S. Defense Department, drawing a contrast with cloud-services rival Google, which has said it won't seek some military contracts following protests from its employees. [Bloomberg]
- **Blackstone Said to Be Among Investors to Weigh GEMS Stake Sale.** Blackstone Group LP and other investors in GEMS Education are weighing the sale of a 25 percent stake in the Dubai-based school operator after putting plans for an initial public offering on hold. [Bloomberg]
- **Ford Expects China Approval by Year-End for Electric-Car JV.** Ford Motor Co. expects to get Chinese regulatory approval by the year-end for its third joint venture in the country that will make pure electric cars, helping the automaker relieve pressures from sales declines and meet government requirements for EV production. [Bloomberg]
- **CGN sets up 3rd offshore wind farm.** Construction of the country's largest single offshore wind project, located off Nanpeng Island in Yangjiang, Guangdong province, kicked off on Monday. With a total installed capacity of 400 megawatts, the project is scheduled to be connected to the grid and start generating power by 2020, with a yearly generation capacity of 1.47bn kilowatt hours, according to CGN New Energy Holdings Co Ltd. [China Daily]
- **Microsoft Surface PCs get China debut.** Microsoft Corp unveiled its most powerful Surface personal computing product series in China on Monday with a tailor-made new color option for local customers, as the US tech giant seeks to increase its popularity among female users. [China Daily]
- **Volkswagen delivers 3m vehicles in China in Jan-Sept.** Volkswagen Group China, along with its two joint ventures in China - SAIC Volkswagen and FAW-Volkswagen - delivered a total of 3.04 million automobiles to the Chinese mainland and Hong Kong between January and September, up 50% YoY. [China Daily]
- **GM drives in China toward vision free of emissions, congestion.** General Motors Co envisions a world free of emissions, crashes and congestion with its electric vehicles, autonomous driving and V2X technology. In its largest market of China, the US automaker said it is charging ahead on the path toward that vision, starting with its electrification efforts. [China Daily]
- **CGN Power 9M18 Net Profit Down 14.5% YoY.** CGN Power announced that in accordance with the PRC Accounting Standards for Business Enterprises, its net profit declined 15.38% yearly to RMB7.456bn for the nine months ended 30 September 2018. During the period, the company's net profit dropped 14.46% yearly to RMB7.388bn in accordance with the IFRSs. [AASocks]

V. Overnight Market Recap

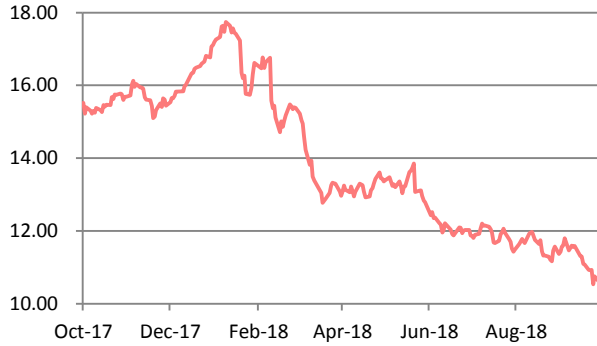
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,809	(0.7)	(0.0)	0.8	(3.3)	(0.2)	3.7	9.7	5.1
	Dow Jones	25,707	(91.7)	(0.4)	0.4	(2.1)	2.0	3.9	11.0	4.0
	Nasdaq Composite	7,643	(2.8)	(0.0)	3.0	(3.9)	(2.7)	4.8	15.4	10.7
	Russell 2000	1,590	(7.2)	(0.5)	0.9	(7.1)	(6.0)	0.4	5.6	3.5
	VIX Index	17.40	(0.2)	(1.2)	(24.2)	36.0	43.8	11.5	72.8	57.6
Europe Equity	Euro Stoxx 50	3,243	(14.3)	(0.4)	(0.7)	(3.4)	(6.9)	(7.1)	(10.4)	(7.4)
	DAX	11,715	(61.5)	(0.5)	0.0	(3.6)	(8.2)	(7.0)	(10.2)	(9.3)
	CAC	5,145	(28.1)	(0.5)	(1.2)	(4.1)	(5.6)	(4.4)	(4.4)	(3.2)
	FTSE 100	7,055	(4.8)	(0.1)	(1.3)	(3.4)	(8.1)	(3.6)	(6.5)	(8.2)
APAC Equity	HSI	25,462	17.2	0.1	(2.7)	(5.5)	(9.6)	(15.3)	(11.3)	(14.9)
	HSCEI	10,198	54.0	0.5	(2.1)	(2.5)	(3.7)	(14.3)	(11.8)	(12.9)
	HSI VIX	24.41	(0.8)	(3.0)	15.9	24.2	25.7	20.3	80.8	67.2
	CSI 300	3,118	17.3	0.6	(5.0)	(4.6)	(9.1)	(17.2)	(20.9)	(22.6)
	SH Composite	2,562	15.3	0.6	(6.0)	(5.1)	(8.1)	(17.1)	(24.3)	(22.5)
	SZ Composite	1,267	10.2	0.8	(8.4)	(9.8)	(20.2)	(29.8)	(36.7)	(33.3)
	Nikkei 225	22,841	291.9	1.3	(2.8)	(2.5)	0.2	3.1	6.9	0.3
Commodities (USD)	KOSPI	2,168	22.4	1.0	(2.7)	(6.1)	(5.4)	(12.6)	(12.7)	(12.2)
	Brent (Future)	80.05	(1.4)	(1.7)	(3.7)	2.6	10.9	11.8	38.3	19.7
	WTI (Future)	69.75	(2.2)	(3.0)	(4.7)	0.1	1.7	2.1	34.4	15.8
	Gold	1,222	(2.7)	(0.2)	2.3	2.0	(0.4)	(9.4)	(4.6)	(6.2)
	Copper (Future)	6,219	4.0	0.1	(0.3)	4.6	1.1	(9.6)	(11.5)	(14.2)
FX	Baltic Dry Index	1,578.00	(6.0)	(0.4)	5.7	16.4	(6.5)	40.4	0.8	15.5
	Dollar Index	95.58	0.5	0.6	0.1	1.1	0.6	6.8	2.2	3.7
	EUR	1.15	(0.0)	(0.6)	(0.2)	(1.5)	(1.2)	(7.1)	(2.5)	(4.2)
	JPY	112.65	0.4	0.4	0.3	(0.3)	0.2	(4.8)	0.2	0.0
	CNY	6.93	0.0	(0.2)	(0.0)	(1.0)	(3.2)	(9.3)	(4.4)	(6.1)
CDS	CNH	6.93	0.0	0.2	0.1	(1.0)	(2.6)	(9.5)	(4.4)	(6.0)
	ChinaGov CDS	65.83	(0.2)	(0.3)	4.5	18.1	2.5	13.0	18.1	31.4
	CDX Emerging Market	95.50	(0.1)	(0.1)	0.7	(0.0)	(1.2)	(2.9)	(1.0)	(3.6)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.30	0.0	0.3	2.3	2.2	2.0	1.8	1.1	1.4
	2-Year Treasury Yield	2.89	0.0	0.8	2.8	2.8	2.6	2.4	1.6	1.9
	5-Year Treasury Yield	3.06	0.0	1.1	3.0	2.9	2.7	2.8	2.0	2.2
	10-Year Treasury Yield	3.21	0.0	1.3	3.1	3.1	2.8	2.9	2.3	2.4
	2-10 Spread	31.45	2.1	7.1	29.7	25.2	24.5	47.8	77.9	51.8
China rates	O/N China Repo Rate	2.33	(0.0)	(1.3)	2.4	2.7	2.4	2.8	2.3	3.0
	1-Week China Repo Rate	2.50	(0.1)	(3.1)	2.4	2.7	2.5	3.2	2.7	3.1
	O/N SHIBOR	2.35	(0.0)	(0.8)	2.4	2.7	2.4	2.7	2.6	2.8
	1-Week SHIBOR	2.60	0.0	0.0	2.6	2.7	2.7	2.9	2.8	3.0

Source: Bloomberg

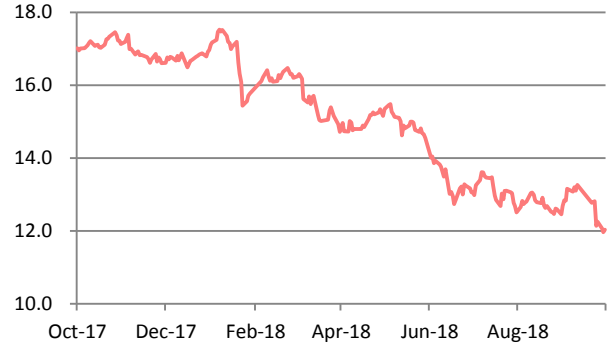
VI. Key Indicators

Hang Seng Index PE Ratio



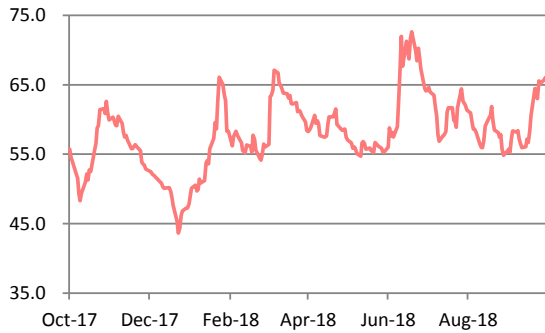
Source: Bloomberg

Shanghai Composite Index PE Ratio



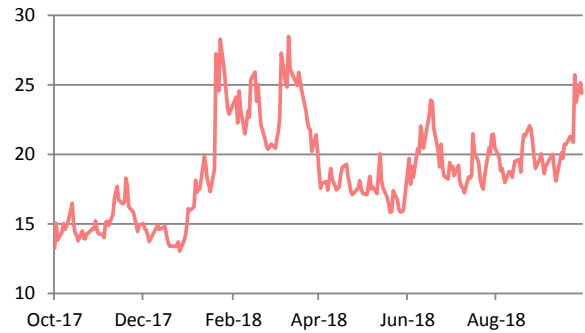
Source: Bloomberg

China 5Y CDS Index_USD



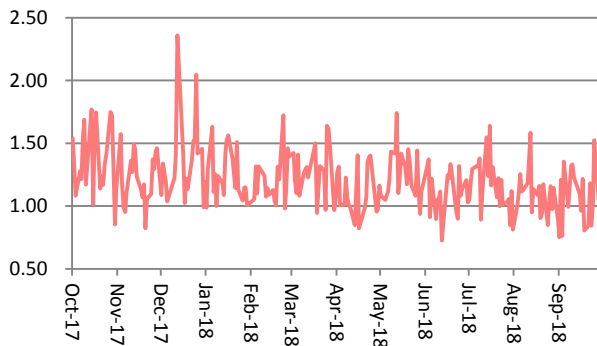
Source: Bloomberg

Hang Seng Index VIX



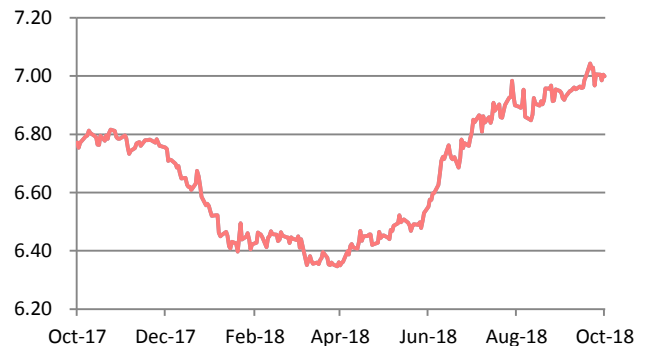
Source: Bloomberg

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

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