



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: GDP YoY	3Q18	6.60%	6.70%
China: Industrial Production YoY	Sep	6.00%	6.10%
China: Retail Sales YoY	Sep	9.00%	9.00%
Japan: National CPI YoY	Sep	1.30%	1.30%

Source: Bloomberg

II. Macro News

- **Trump to Withdraw U.S. From Postal Treaty, Squeezing China.** President Donald Trump plans to withdraw the U.S. from a 192-nation treaty that gives Chinese companies discounted shipping rates for small packages sent to American consumers, another escalation of his economic confrontation of Beijing. [Bloomberg]
- **Money supply, credit growth boost stability.** China's money supply growth exceeded expectations last month and credit increased, further bolstering stable economic growth, the central bank said. In Sept, the broad money supply, known as M2, increased by 8.3% YoY, up from annual growth of 8.2% in August, according to the PBOC. [China Daily]
- **Australian Unemployment Drops to Lowest in More Than Six Years.** Australia's jobless rate fell in September to 5 percent, a level estimated by policy makers to signal the beginning of labor shortages -- but the driving force was fewer people seeking work. [Bloomberg]

III. Industry News

- **CSRC Said to Ask Beijing Orient Lenders Not to Force Share Sales.** Chinese regulators took action to try to prevent a public company's share pledges from jeopardizing its stability, according to people familiar with the matter, as a market plunge exposes the perils of using stocks as collateral for loans. [Bloomberg]
- **Saudis Buy Into Chinese Mega Oil Refinery.** Saudi Arabia will buy a stake in an upcoming Chinese mega refinery, its latest investment in the world's biggest oil market as it pursues a strategy of securing avenues for oil sales. Saudi Arabian Oil Co., or Aramco, will acquire a share of a 400k barrel-a-day plant at Zhoushan island in Zhejiang province. [Bloomberg]
- **Fed Officials Debated Hiking Rates to Restrictive Territory.** Federal Reserve officials stepped deeper into a debate over how high to push interest rates, as a majority favored an eventual and temporary move above the level they deem neutral for the economy in the long run. [Bloomberg]

IV. Corporate News

- **Huaneng Power Int'l, Inc. Power Generation within China Increases by 11.04% for First Three Quarters.** According to the preliminary statistics of Huaneng Power Int'l, Inc. in the third quarter of 2018, the Company's total power generation by power plants within China on consolidated basis amounted to 116.489bn kwh, representing an increase of 8.27% over the same period last year. [Bloomberg]
- **Sinopec 3Q Missed as Inventory, Chemicals in Focus.** Sinopec's net income alert shows its 3Q performance missed market expectations, analysts say, highlighting smaller inventory gains and declining profitability in the company's chemical business as key drivers. [Bloomberg]

- **TSMC's Profit Dips After the Release of Apple's New iPhones.** Taiwan Semiconductor Manufacturing Co., the sole supplier of iPhone processors, posted a slight decline in profit as it grapples with a stalling global smartphone market. Net income fell to NT\$89.1bn (\$2.9bn) in the three months ended Sept, the company said Thursday. [Bloomberg]
- **China Rescue Loops in Top State Bank to Aid Private Firms.** ICBC Ltd. has expanded a debt-to-equity swap program in wake of a record run of defaults. Shandong Chenming Paper Holdings Ltd. and Eternal Asia Supply Chain Mgmt Ltd. each signed 3n yuan (\$433mn) of such deals with ICBC, exchange filings showed. [Bloomberg]
- **HSBC Gears Up for China Listing Through Shanghai-London Link.** HSBC Holdings Plc is examining plans for the upcoming Shanghai-London trading link, a move that could see Europe's largest bank list shares in China. HSBC is the first U.K. company to publicly state an interest in taking part in the program, which will allow firms listed on exchanges in the two cities to issue depositary receipts on the other's venue. [Bloomberg]
- **SoftBank IPO Banks Said to Commit to \$9 Billion Vision Fund Loan.** SoftBank Group Corp. has lined up commitments for a loan of about \$9 billion for its massive Vision Fund, provided by banks including arrangers of its Japanese wireless business's initial public offering. [Bloomberg]
- **China's Fosun, Natixis Sign Cooperation Agreement.** Fosun Int'l and French bank Natixis signed a strategic cooperation agreement, the Shanghai-based company said in a statement. Through this partnership, Fosun "can leverage the vast network and resources of Natixis in Europe, Asia and Africa" to accelerate its growth strategy. [Bloomberg]
- **Innovent Biologics Seeks Up to HK\$3.31B in Hong Kong IPO.** Innovent Biologics offers 236.35m shares at HK\$12.50-HK\$14 apiece in Hong Kong initial public offering, according to statement to Hong Kong stock exchange. Trading expected to begin Oct. 31. [Bloomberg]
- **Tesla Wins Bid for Land Parcel in Shanghai for 973m Yuan.** Tesla won a bid for the 864,885-square-meter land in Lingang, Pudong district of Shanghai Wednesday, according to a statement on Shanghai Urban Planning and Land Resources Administration website. [Bloomberg]
- **Huawei Is Using Lawsuit to Seek China Dominance, Ex-Worker Says.** A former employee of Huawei Technologies Co. accuses the company of using a lawsuit against his Silicon Valley startup as part of a strategy to steal intellectual property and help China achieve technological dominance over the U.S. [Bloomberg]
- **Ucommune makes fifth acquisition this year as it seeks to battle co-working space rival WeWork in China.** Ucommune said on Thursday it has acquired competitor Fountown for an undisclosed amount, marking the fifth acquisition the Beijing-based co-working space unicorn has made this year. [SCMP]
- **Sinopec invests 2b yuan in poverty relief in 30 years.** China Petrochemical Corporation (Sinopec Group) has contributed 1.93bn yuan (\$279mn) to poverty reduction in the past three decades, according to a white paper released by the company. [China Daily]
- **Baidu becomes first Chinese member of US-led AI alliance.** China's search engine giant Baidu Inc has become the first Chinese member of the US-led alliance on artificial intelligence, the Partnership on AI, which is committed to addressing the challenges and impacts of artificial intelligence. [China Daily]
- **Qualcomm expects to cement strategic collaboration with China in wireless communication.** Qualcomm expects to participate in the first China Int'l Import Expo, and take the opportunity to further enhance strategic collaboration with Chinese cos in wireless communication, said Frank Meng, chairman of Qualcomm China. [China Daily]
- **Melco Int'l Dev: Spins Off, Lists Studio City in US; ADSs Priced at US\$12.5.** Melco Int'l Development announced the spin-off and separate listing of Studio City. The pricing of the was ADSs completed on 17 Oct (NY time), at a final offer price of US\$12.5/ADS. Trading in the ADSs on the NY Stock Exchange will commence on 18 Oct (NY time). [AASocks]
- **Sinopec Corp Predicts 1-3Q Profit Up RMB21B.** Sinopec issued positive profit alert, expecting the net profit attributable to equity shareholders of the Company for the nine months ended 30 Sept-18 under PRC Accounting Standards will increase by an amount between RMB21bn and RMB21.7bn vs. the corresponding period of previous year. [AASocks]

V. Overnight Market Recap

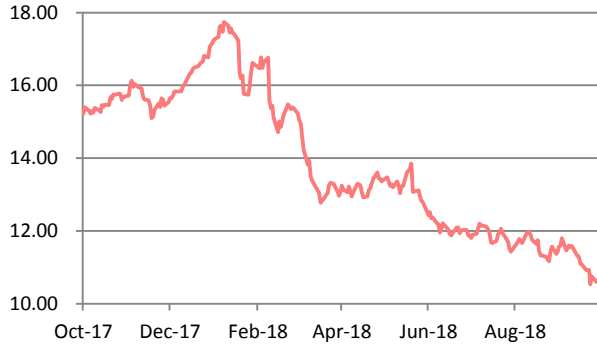
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,769	(40.4)	(1.4)	1.5	(4.8)	(1.3)	2.8	8.1	3.6
	Dow Jones	25,379	(327.2)	(1.3)	1.3	(3.9)	1.3	2.9	9.6	2.7
	Nasdaq Composite	7,485	(157.6)	(2.1)	2.1	(5.8)	(4.3)	3.4	13.3	8.4
	Russell 2000	1,561	(28.9)	(1.8)	1.0	(8.3)	(8.3)	(0.8)	3.9	1.6
	VIX Index	20.06	2.7	15.3	(19.7)	70.7	55.9	25.7	99.6	81.7
Europe Equity	Euro Stoxx 50	3,212	(31.5)	(1.0)	0.1	(4.7)	(7.5)	(7.9)	(10.8)	(8.3)
	DAX	11,589	(125.8)	(1.1)	0.4	(5.2)	(8.6)	(7.8)	(10.8)	(10.3)
	CAC	5,117	(28.2)	(0.5)	0.2	(5.1)	(5.5)	(5.1)	(4.7)	(3.7)
	FTSE 100	7,027	(27.6)	(0.4)	0.3	(4.1)	(8.6)	(4.1)	(6.6)	(8.6)
APAC Equity	HSI	25,455	(7.7)	(0.0)	(2.8)	(7.1)	(9.1)	(17.1)	(9.6)	(14.9)
	HSCEI	10,137	(61.6)	(0.6)	(2.9)	(5.6)	(3.7)	(17.2)	(10.7)	(13.4)
	HSI VIX	24.27	(0.1)	(0.6)	16.2	25.2	26.8	38.2	61.2	66.2
	CSI 300	3,044	(73.9)	(2.4)	(2.6)	(8.1)	(11.2)	(20.1)	(22.6)	(24.5)
	SH Composite	2,486	(75.2)	(2.9)	(3.8)	(9.0)	(10.3)	(20.2)	(26.2)	(24.8)
	SZ Composite	1,232	(34.5)	(2.7)	(4.8)	(13.4)	(21.8)	(32.1)	(37.9)	(35.1)
	Nikkei 225	22,658	(183.0)	(0.8)	0.3	(4.3)	(0.5)	2.1	5.6	(0.5)
Commodities (USD)	KOSPI	2,148	(19.2)	(0.9)	0.9	(6.9)	(5.9)	(13.6)	(13.1)	(12.9)
	Brent (Future)	79.29	(0.8)	(1.0)	(1.2)	0.3	8.8	7.9	36.4	18.6
	WTI (Future)	68.65	(1.1)	(1.6)	(3.3)	(3.3)	(1.0)	0.7	34.1	13.8
	Gold	1,226	3.5	0.3	0.1	1.8	0.3	(8.9)	(5.0)	(5.9)
	Copper (Future)	6,157	(62.0)	(1.0)	(1.4)	1.2	0.1	(12.3)	(11.9)	(15.0)
FX	Baltic Dry Index	1,554.00	(24.0)	(1.5)	2.6	13.2	(6.2)	29.4	(1.8)	13.8
	Dollar Index	95.90	0.3	0.3	0.9	1.3	0.9	7.0	2.7	4.1
	EUR	1.15	(0.0)	(0.4)	(1.2)	(1.9)	(1.6)	(7.2)	(3.3)	(4.6)
	JPY	112.21	(0.4)	(0.4)	0.0	0.1	0.3	(4.3)	0.3	0.5
	CNY	6.94	0.0	(0.1)	(0.7)	(1.1)	(3.2)	(9.6)	(4.5)	(6.2)
CDS	CNH	6.94	0.0	0.1	0.9	(1.3)	(2.2)	(9.6)	(4.9)	(6.2)
	ChinaGov CDS	65.74	(0.1)	(0.1)	0.3	18.9	1.7	12.4	20.5	31.2
	CDX Emerging Market	95.22	(0.3)	(0.3)	0.1	(0.6)	(1.5)	(3.1)	(1.4)	(3.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.30	(0.0)	(0.0)	2.3	2.2	2.0	1.8	1.1	1.4
	2-Year Treasury Yield	2.87	(0.0)	(0.5)	2.9	2.8	2.6	2.5	1.5	1.9
	5-Year Treasury Yield	3.03	(0.0)	(1.0)	3.0	2.9	2.8	2.8	2.0	2.2
	10-Year Treasury Yield	3.18	(0.0)	(0.8)	3.2	3.1	2.9	3.0	2.3	2.4
	2-10 Spread	29.82	(1.6)	(5.2)	30.4	26.8	29.8	49.9	78.3	51.8
China rates	O/N China Repo Rate	2.40	0.1	3.0	2.4	2.6	2.3	3.2	2.6	3.0
	1-Week China Repo Rate	2.40	(0.1)	(4.0)	2.5	2.7	2.3	3.4	3.0	3.1
	O/N SHIBOR	2.43	0.1	3.1	2.4	2.6	2.3	2.7	2.6	2.8
	1-Week SHIBOR	2.61	0.0	0.3	2.6	2.7	2.7	2.9	2.8	3.0

Source: Bloomberg

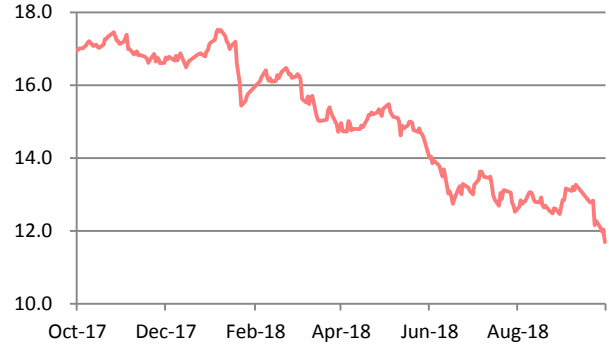
VI. Key Indicators

Hang Seng Index PE Ratio



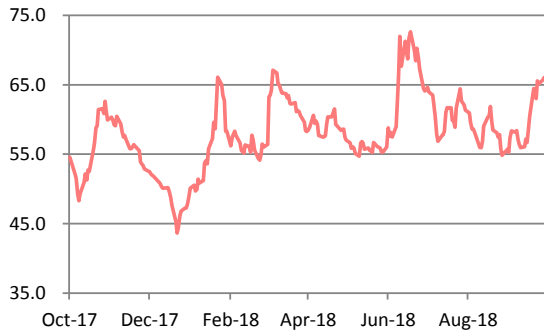
Source: Bloomberg

Shanghai Composite Index PE Ratio



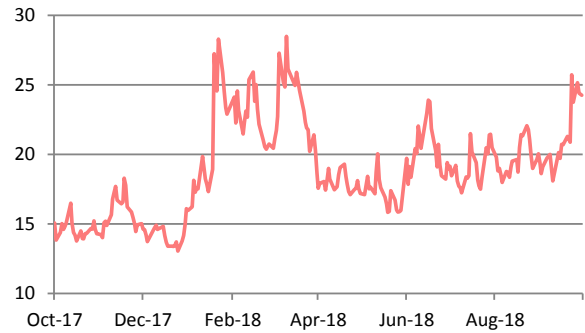
Source: Bloomberg

China 5Y CDS Index_USD



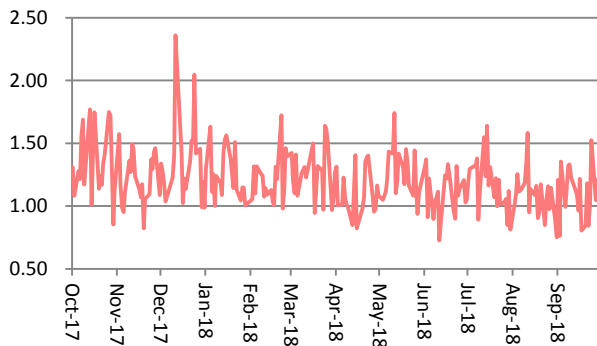
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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