



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin Manufacturing PMI	Oct	50.0	50.0
US: ISM Manufacturing Index	Oct	59.0	59.8
S. Korea: Exports / Imports YoY	Oct	18.0%/19.9%	-8.2%/-2.1%
Indonesia: Nikkei Manufacturing PMI	Oct	N/A	50.7
Thailand: Nikkei Manufacturing PMI	Oct	N/A	50.0

Source: Bloomberg

II. Macro News

- **China Feels Trade War Pain as Export Gauge Signals Worse to Come.** The first official gauge of China's economy in October showed manufacturing activity continued to worsen. The manufacturing purchasing managers index fell to 50.2 this month, lower than projected in a Bloomberg survey of forecasters. [Bloomberg]
- **Australia's Core Inflation Weaker Than Forecast in Third Quarter.** Australia's annual core inflation was weaker than forecast in the three months through September, suggesting the central bank's prolonged interest-rate pause has further to run. Quarterly trimmed-mean inflation, the key core measure, rose 0.4% vs an estimated 0.4%; annual trimmed mean advanced 1.8% vs a forecast 1.9%. [Bloomberg]
- **India Seeks to Ease RBI Standoff After Citing Never-Used Power.** India sought to defuse growing tensions with its central bank following reports that the government had cited a never-used legal provision in trying to resolve disagreements with the monetary authority. [Bloomberg]

III. Industry News

- **PBOC's First Bill Sale in HK Can Lend Support to Yuan.** The PBOC plans to sell bills in Hong Kong for the first time on Nov. 7, an attempt to improve the yield curve in the offshore yuan center. To give a sense for the scale of the bill sale (it isn't big), it will be a total of 20bn yuan, vs 618bn yuan of yuan deposits in HK as of end- Aug, according to HKMA. [Bloomberg]
- **BoJ Keeps Monetary Policy Unchanged, Lowers GDP Forecast.** Bank of Japan decided to keep interest rate unchanged at -0.1% on 7 votes to 2 votes, while 10-year national note yield rate target was maintained at 0. The bank also lowered FY18 GDP forecast. The growth estimate median is now 1.4%, vs. 1.5% in previous estimate in July. [AASocks]
- **Coal consumption posts strong growth on back of power generation demand.** China's energy consumption experienced continuous rebound during the first three quarters in 2018. Coal consumed in electricity, steel, chemicals and construction material industries all increased, according to preliminary statistics, and coal used to produce electricity took up 53.9% of the total coal consumed during the period, about 2.3ppts YoY higher. [China Daily]

IV. Corporate News

- **Standard Chartered profit rises 35pc in the third quarter, boosting CEO's turnaround plan.** Standard Chartered said on Wednesday that its earnings rose 35 per cent in the third quarter, providing ammunition to chief executive Bill Winters as he seeks to defend his turnaround plan amid rising investor frustration over the bank's performance. [SCMP]
- **Wanda offloads tourism assets.** Sunac China Holdings Ltd, the Chinese mainland's fourth-largest developer by sales, said it will invest 6.28 billion yuan (\$902mn) to acquire all the design, construction and management companies under Wanda Culture Travel Innovation Group. [China Daily]

- **HNA Seeks to Sell 60% Stake in Lucky Air to China Eastern.** HNA seeks to sell 60% stake in Lucky Air to China Eastern; plans to divest remaining 40% to state-owned asset regulator Yunnan Sasac, FT reports, citing unidentified former owners of the carrier who oppose the sale. [Bloomberg]
- **Baidu Sees Hit From China Slowdown as Forecast Trails Estimates.** Baidu Inc. predicted sales below analyst estimates as the Chinese search giant warned about a potential hit from regulatory changes, a slowing economy and the overhaul of its medical ads business. [Bloomberg]
- **HNA Is Said to Try Offloading Airbus Planes to Leasing Firms.** HNA Group Co. has been trying for months to offload passenger planes it ordered from Airbus SE. The Chinese group asked the leasing arms of Industrial & Commercial Bank of China Ltd. and China Minsheng Banking Corp., among others, to take over at least 10 of HNA's plane orders. [Bloomberg]
- **StanChart CEO Bill Winters Eyes Fresh Plan to Revive Returns.** Standard Chartered Plc is working on a three-year plan to improve profitability as a share slump this year puts pressure on the emerging markets lender to boost returns. The bank said on Wednesday that the bank will present its strategy in February to improve "financial returns" after the stock dropped by almost a third in 2018. [Bloomberg]
- **ICBC to Work With China Bond Insurance to Help Private Firms.** Industrial & Commercial Bank of China will team up with China Bond Insurance Co. as the lender explores ways to ease refinancing difficulties of privately-owned firms. [Bloomberg]
- **MGM China Third Quarter Adjusted Ebitda HK\$1.12 Bln.** MGM China reported adjusted Ebitda for the third quarter of HK\$1.12 billion. 3Q revenue HK\$4.75 billion. 9M revenue HK\$13.82 billion. 9M adjusted Ebitda HK\$3.42 billion. [Bloomberg]
- **Bank of China, 13 Philippine Banks Agree on Peso-Yuan Trading.** Bank of China and 13 Philippine banks signed a memorandum of agreement to facilitate direct foreign exchange trading of Chinese renminbi and Philippine peso, Bank of China says statement. [Bloomberg]
- **Baidu Sales Forecast Misses Estimates as China's Economy Slows.** Baidu Inc. forecast revenue that fell short of analysts' estimates amid fears that China's slowing economy and a looming trade war could hit consumer spending and advertising sales. [Bloomberg]
- **Midea Sales Trail Estimates as Slowdown in Chinese Economy Hits.** Midea Group Co., the world's largest appliance maker, reported quarterly sales that were worse-than-expected amid a slowing Chinese economy and weakening property demand. [Bloomberg]
- **Sinopec's Mixed Bag of Results Show Oil Rally Denting Margins.** China Petroleum & Chemical Corp.'s earnings growth may be losing momentum as the oil rally that has aided its upstream business also challenges the world's largest refiner's profits from processing crude into fuels. [Bloomberg]
- **Standchart Reportedly Involves in Iran-related Probe Again; Admits Liaison with Regulators.** Standard Chartered was said to be involved in investigations related to Iran of late again. CEO Bill Winters said there was no information that could be disclosed at this moment and mentioned only the bank was in touch with regulators for a constructive dialogue. [AASocks]
- **BYD Company to Develop US, African Mkt Together with German PV Co.** Germany-based MA Solar Technology AG announced a strategic global partnership with BYD Company. Both companies will now expand the partnership to jointly address additional markets with a high growth potential such as the US and African markets. Collaboration will cover solar power storage and sales. [AASocks]
- **R&F Properties reported 1-3Q Net Profit Up 66.7% Year on Year to RMB4.5 Billion.** R&F Properties announced that the net profit rose 66.7% yearly to RMB4.504 billion for the first three quarters ended 30 September 2018. The EPS was RMB1.39. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,712	29.1	1.1	2.1	(7.3)	(3.6)	2.1	5.1	1.4
	Dow Jones	25,116	241.1	1.0	2.2	(5.8)	(0.9)	4.2	7.2	1.6
	Nasdaq Composite	7,306	144.2	2.0	2.8	(9.1)	(5.2)	2.5	8.8	5.8
	Russell 2000	1,511	4.8	0.3	2.9	(9.7)	(9.5)	(2.5)	1.2	(1.6)
	VIX Index	21.23	(2.1)	(9.1)	(15.9)	76.9	61.4	37.1	108.1	92.3
Europe Equity	Euro Stoxx 50	3,198	50.4	1.6	2.1	(6.3)	(8.9)	(9.6)	(13.5)	(8.7)
	DAX	11,448	160.1	1.4	2.3	(7.2)	(10.1)	(9.2)	(15.0)	(11.4)
	CAC	5,093	114.9	2.3	2.8	(7.5)	(7.4)	(7.7)	(7.6)	(4.1)
	FTSE 100	7,128	92.3	1.3	2.4	(4.9)	(6.9)	(5.2)	(4.8)	(7.3)
APAC Equity	HSI	24,980	394.2	1.6	(1.1)	(10.1)	(11.9)	(18.9)	(12.6)	(16.5)
	HSCEI	10,139	139.7	1.4	(0.9)	(8.0)	(7.6)	(17.8)	(12.9)	(13.4)
	HSI VIX	25.87	(2.0)	(7.1)	(1.7)	42.9	40.1	48.1	79.8	77.2
	CSI 300	3,154	43.6	1.4	(1.1)	(8.3)	(8.5)	(16.1)	(21.1)	(21.8)
	SH Composite	2,603	34.7	1.4	(0.0)	(7.7)	(7.9)	(15.6)	(23.4)	(21.3)
	SZ Composite	1,294	17.8	1.4	(0.2)	(10.2)	(16.5)	(27.1)	(35.4)	(31.9)
	Nikkei 225	21,920	463.2	2.2	(0.8)	(10.5)	(4.6)	(3.6)	(3.2)	(4.7)
KOSPI	2,030	15.0	0.7	(3.2)	(13.0)	(11.8)	(19.1)	(20.4)	(17.6)	
Commodities (USD)	Brent (Future)	75.04	(0.4)	(0.6)	(0.9)	(12.1)	3.2	2.2	23.5	11.7
	WTI (Future)	65.31	(0.9)	(1.3)	(2.3)	(13.7)	(3.9)	(3.3)	19.7	7.6
	Gold	1,215	(8.2)	(0.7)	(1.5)	2.3	0.1	(6.7)	(4.6)	(6.6)
	Copper (Future)	5,992	(40.0)	(0.7)	(3.0)	(4.3)	(4.9)	(12.0)	(12.4)	(17.3)
	Baltic Dry Index	1,513.00	(9.0)	(0.6)	(0.2)	(2.7)	(14.0)	14.0	1.1	10.8
FX	Dollar Index	97.13	0.1	0.1	0.7	1.8	2.5	4.9	2.3	5.3
	EUR	1.13	(0.0)	(0.3)	(0.7)	(2.2)	(2.9)	(5.6)	(2.5)	(5.7)
	JPY	112.94	(0.2)	(0.2)	0.6	1.0	(1.0)	(2.6)	1.2	(0.1)
	CNY	6.98	0.0	(0.1)	(0.5)	(1.5)	(2.3)	(9.2)	(4.9)	(6.7)
	CNH	6.97	0.0	0.1	0.4	(1.3)	(2.2)	(9.2)	(5.3)	(6.6)
CDS	ChinaGov CDS	71.65	(0.5)	(0.7)	3.2	27.8	23.9	24.6	37.3	43.0
	CDX Emerging Market	95.27	(0.0)	(0.0)	0.0	(0.5)	(1.8)	(2.8)	(1.3)	(3.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.33	0.0	0.1	2.3	2.2	2.0	1.8	1.2	1.4
	2-Year Treasury Yield	2.87	0.0	0.6	2.8	2.8	2.7	2.5	1.6	1.9
	5-Year Treasury Yield	2.97	0.0	0.6	3.0	3.0	2.9	2.8	2.0	2.2
	10-Year Treasury Yield	3.14	0.0	0.7	3.1	3.1	3.0	2.9	2.4	2.4
	2-10 Spread	27.26	0.5	1.8	26.6	24.8	32.0	46.6	75.4	51.8
China rates	O/N China Repo Rate	2.39	0.8	54.2	2.2	2.8	2.0	2.6	2.5	3.0
	1-Week China Repo Rate	2.71	0.2	6.3	2.5	2.9	2.3	2.8	2.9	3.1
	O/N SHIBOR	2.37	0.8	51.3	2.2	2.7	2.0	2.7	2.7	2.8
	1-Week SHIBOR	2.72	0.1	4.5	2.6	2.8	2.6	2.9	2.9	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



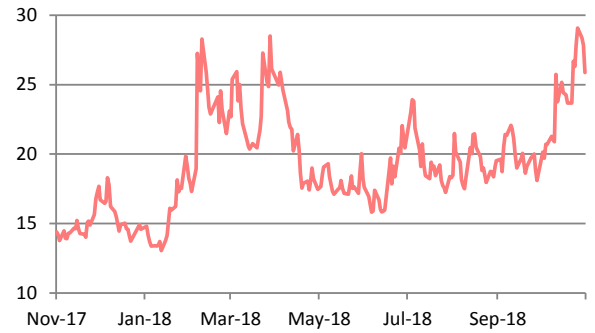
Source: Bloomberg

China 5Y CDS Index_USD



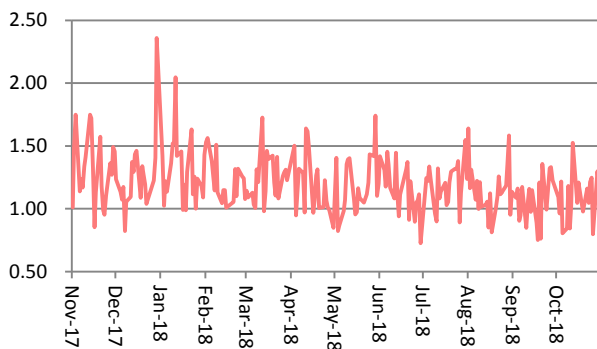
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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