



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Retail Sales YoY	Oct	9.20%	9.20%
China: Industrial Production YoY	Oct	5.80%	5.80%
China: Fixed Asset Ex-Rural YTD YoY	Oct	5.50%	5.40%
Australia: Westpac Consumer Confidence	Nov	N/A	101.5
Japan: GDP Annualized SA QoQ	3Q18	-1.00%	3.00%

Source: Bloomberg

II. Macro News

- **Tax, fee reductions in pipeline.** China will continue to reduce taxes and fees, maintaining fiscal expenditure at a relatively high level to back the private sector and stabilize economic growth, Finance Minister Liu Kun said. "The Finance Ministry will continually study and implement tax cuts of a larger scale and more significant fee reduction for companies, to better promote the healthy development of the real economy," he said in an article. [China Daily]
- **Bank of Japan's Hoard of Assets Is Now Bigger Than the Economy.** The Bank of Japan's massive asset purchase program has taken it into uncharted territory, with its ballooning holdings now larger than the country's annual economic output. Its holding reached a staggering 553.6tn yen, vs. nominal GDP of 552.8tn yen at end-Jun. [Bloomberg]
- **China Seen Challenging EU as Biggest Natural Gas Buyer by 2040.** China, the driver of global demand, is forecast to become the world's largest gas-buying country with net imports approaching the level of the European Union by 2040, according to the International Energy Agency's the World Energy Outlook. [Bloomberg]

III. Industry News

- **China's mobile phone shipments edge up 0.9% in October.** China's mobile phone shipments grew 0.9 percent year-on-year to 38.53mn units in Oct, ending a four-month decline streak, according to a report. Total shipments during the January-October period reached 343mn units, down 15.3% YoY, CAICT said in its report. [China Daily]
- **PBOC to Further Promote Bank Account Mgmt Reform.** PBOC Deputy Governor Fan Yifei says the Chinese central bank will further promote reform of bank account management Xinhua reports. PBOC aims to enhance ability to provide payment and settlement services to private enterprises, and small and micro businesses. [Bloomberg]
- **MSCI May Drop Walmart Supplier From Its Indexes in Review.** MSCI Inc. will announce the results from its semi-annual review on Nov. 13, and Walmart Inc. supplier Li & Fung Ltd. may be on the chopping block. The company's market cap has slumped to \$1.76bn, well below the \$3.19bn minimum required for MSCI's developed-market gauges. [Bloomberg]

IV. Corporate News

- **Fosun Tourism Gets Listing Approval From Hong Kong Bourse.** Fosun Tourism Group has received approval for initial public offering that's expected to raise up to \$1 billion, the South China Morning Posts reports, citing an unidentified person familiar with the deal. [Bloomberg]
- **Innovent Biologics Says China Accepts Arthritis Drug Application.** China National Medical Products Administration has accepted new drug application for its adalimumab biosimilar, an antibody solely for the treatment of ankylosing spondylitis, rheumatoid arthritis and psoriasis, Innovent Biologics said in statement to HK stock exchange. [Bloomberg]

- **Tongcheng-Elong Seeks to Raise \$232M in Hong Kong IPO.** Tongcheng-Elong offers 143.8m shares at HK\$9.75–HK\$12.65 apiece in Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. Trading expected to begin Nov. 26. [Bloomberg]
- **China's Sinopec to Raise Winter Gas Supply by 18% to 18.2 BCM.** Sinopec plans to boost natural gas supply by 18% this winter to 18.2 billion cubic meters from a year earlier, co. says in emailed statement. The company plans to increase gas supply to seven northern provinces and cities including Beijing and Tianjin by 29%. [Bloomberg]
- **CapitaLand Fund in JV w/ GIC to Buy Shanghai Towers for S\$2.54b.** CapitaLand, through Raffles City China Investment Partners III, has formed a joint venture with Singapore's GIC to acquire Shanghai's tallest twin towers for RMB12.8 billion, or about S\$2.54 billion, according to SGX filing. [Bloomberg]
- **Chinese Luxury Giant to Slow M&A After \$4 Billion Overseas Spree.** Ruyi Holding Group, the Chinese apparel firm that agreed in February to buy control of Bally International AG, will slow its dealmaking after announcing more than \$4 billion of overseas acquisitions in the past three years. [Bloomberg]
- **HNA's Container Lessor Is Said to Attract Orix, Ontario Teachers.** HNA Group Co.'s sale of container-leasing business Seaco has attracted potential bidders including Japanese financial firm Orix Corp. and Bermuda-based Triton International Ltd. Seaco has also drawn preliminary interest from investment funds including Ontario Teachers' Pension Plan, which owns rival lessor SeaCube Container Leasing Ltd. [Bloomberg]
- **BMW Is Said to Hold Sale Talks for Its Branded Credit-Card Unit.** BMW AG may be getting out of the credit-card business. The world's second-biggest luxury carmaker has held talks with banks as it considers a sale of its credit-card portfolio. [Bloomberg]
- **Bank of China to Sell Bonds to Fund Greater Bay Area Development.** Bank of China Ltd. is marketing its first offshore bond that backs projects in the Greater Bay Area covering Hong Kong, Macau and mainland China. Proceeds will be used to back infrastructure projects including the Hong Kong-Zhuhai-Macau bridge, investments for the private sector and corporate cross-border finance projects. [Bloomberg]
- **Skoda looks to double up its share of the Chinese market.** Skoda Auto aims to grasp a larger share of the Chinese market, backed by the automaker's "Simply Clever" solutions. "At present, Skoda accounts for 1.6 to 1.7% of the Chinese auto market, which is not enough. Our goal is to double that," said Bernhard Maier, CEO of Skoda Auto. [China Daily]
- **HSBC Stages Comeback to Brazilian Mkt, May Hire 200 More Staff.** HSBC Holdings set to return to Brazilian market, plans to increase the number of staff at the local investment banking unit to 200 or above from about 80 currently to facilitate the growth recovery plan as raised by CEO John Flint, Financial Times said. [AASocks]
- **FTSE Russell Plans to Include CN Bond Mkt into Index.** FTSE Russell is in talks with related departments about including Chinese bond market into its index, with a hope that the inclusion criteria can be laid out as soon as possible, China Securities Journal cited the responsible person of FTSE Russell. [AASocks]
- **China Resources Power Oct Subsidiary Power Generation Up 6.9% YoY.** China Resources Power announced that total net generation of subsidiary power plants in Oct-18 increased by 6.9% yearly to 10,501,500 MWh. Total net generation of subsidiary power plants for the first ten months of 2018 increased by 3% yearly to 130,000,000 MWh. [AASocks]
- **VTech interim falls to US\$90m.** VTech reported a 13 percent decline in interim net profit to US\$90.1 million (HK\$702.7 million) from US\$103.6 million in the same period last year, due to the overall weak performance of the group's telecommunication products. [The Standard]
- **Cathay defends delay in data-leak report.** Cathay Pacific claims it was only able to report a data leak affecting 9.4 mn passengers 7 months after it first occurred as it was focused on combating cyberattacks that lasted three months. The airline explained in a paper to lawmakers yesterday why it only announced the leak last month even though its system had been attacked since March. [The Standard]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,722	(4.0)	(0.1)	(1.2)	(1.6)	(4.1)	(0.3)	5.6	1.8
	Dow Jones	25,286	(100.7)	(0.4)	(1.4)	(0.2)	(0.1)	1.6	8.0	2.3
	Nasdaq Composite	7,201	0.0	0.0	(2.4)	(3.9)	(8.5)	(2.8)	6.9	4.3
	Russell 2000	1,515	(4.0)	(0.3)	(2.7)	(2.1)	(10.5)	(5.3)	3.0	(1.3)
	VIX Index	20.02	(0.4)	(2.1)	0.3	(6.1)	50.4	54.8	72.7	81.3
Europe Equity	Euro Stoxx 50	3,225	30.7	1.0	0.5	1.0	(5.4)	(9.6)	(9.3)	(8.0)
	DAX	11,472	146.8	1.3	(0.1)	(0.4)	(7.2)	(11.6)	(12.0)	(11.2)
	CAC	5,102	42.8	0.8	0.5	0.1	(5.6)	(7.9)	(4.0)	(4.0)
	FTSE 100	7,054	0.7	0.0	0.2	0.8	(7.3)	(8.5)	(4.9)	(8.2)
APAC Equity	HSI	25,793	159.7	0.6	(1.3)	(0.0)	(7.1)	(18.2)	(11.5)	(13.8)
	HSCEI	10,479	38.4	0.4	(1.4)	1.7	(2.5)	(16.5)	(9.7)	(10.5)
	HSI VIX	23.75	0.3	1.4	(9.4)	(0.0)	18.5	35.9	62.3	62.7
	CSI 300	3,237	32.2	1.0	(0.2)	2.1	(4.0)	(17.2)	(21.0)	(19.7)
	SH Composite	2,655	24.4	0.9	(0.2)	1.8	(4.5)	(16.4)	(22.6)	(19.7)
	SZ Composite	1,384	22.2	1.6	2.8	6.8	(8.6)	(24.1)	(31.7)	(27.1)
	Nikkei 225	21,811	(459.4)	(2.1)	(1.5)	(3.4)	(1.9)	(4.1)	(2.0)	(3.7)
KOSPI	2,071	(9.2)	(0.4)	(0.9)	(4.5)	(8.6)	(16.6)	(18.3)	(16.3)	
Commodities (USD)	Brent (Future)	65.47	(4.7)	(6.6)	(9.2)	(18.6)	(9.8)	(15.1)	3.7	(2.1)
	WTI (Future)	55.69	(4.2)	(7.1)	(10.5)	(22.0)	(17.0)	(21.5)	(0.1)	(7.9)
	Gold	1,202	1.9	0.2	(2.0)	(2.0)	0.7	(8.4)	(6.1)	(7.7)
	Copper (Future)	6,073	24.0	0.4	(1.4)	(3.6)	(1.3)	(12.5)	(11.9)	(16.2)
	Baltic Dry Index	1,125.00	(22.0)	(1.9)	(19.4)	(28.8)	(34.8)	(23.8)	(19.9)	(17.6)
FX	Dollar Index	97.30	(0.2)	(0.3)	1.0	2.2	0.9	5.2	3.0	5.6
	EUR	1.13	0.0	0.6	(1.2)	(2.3)	(0.3)	(5.2)	(4.2)	(5.8)
	JPY	113.81	(0.0)	(0.0)	0.3	(1.9)	(2.4)	(3.7)	(0.4)	(1.1)
	CNY	6.96	(0.0)	0.1	(0.5)	(0.6)	(0.9)	(8.9)	(4.5)	(6.5)
	CNH	6.95	(0.0)	(0.3)	0.3	(0.3)	(0.7)	(8.8)	(4.4)	(6.2)
CDS	ChinaGov CDS	65.59	0.9	1.4	(1.4)	(0.1)	1.8	12.2	6.6	30.9
	CDX Emerging Market	95.58	(0.3)	(0.3)	(0.4)	0.3	0.8	(2.0)	(0.2)	(3.6)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.34	(0.0)	(0.3)	2.4	2.3	2.1	1.9	1.2	1.4
	2-Year Treasury Yield	2.89	(0.0)	(1.1)	3.0	2.9	2.6	2.6	1.7	1.9
	5-Year Treasury Yield	2.98	(0.1)	(1.7)	3.1	3.0	2.7	2.9	2.1	2.2
	10-Year Treasury Yield	3.14	(0.0)	(1.3)	3.2	3.2	2.9	3.1	2.4	2.4
	2-10 Spread	24.44	(0.9)	(3.7)	27.5	29.7	25.0	50.7	68.0	51.8
China rates	O/N China Repo Rate	2.10	(0.2)	(9.1)	2.0	2.4	2.3	2.5	2.9	3.0
	1-Week China Repo Rate	2.50	(0.1)	(3.8)	2.6	2.4	2.5	3.1	3.3	3.1
	O/N SHIBOR	2.47	0.2	6.9	2.1	2.4	2.3	2.8	2.8	2.8
	1-Week SHIBOR	2.63	0.0	0.3	2.6	2.6	2.6	2.8	2.9	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



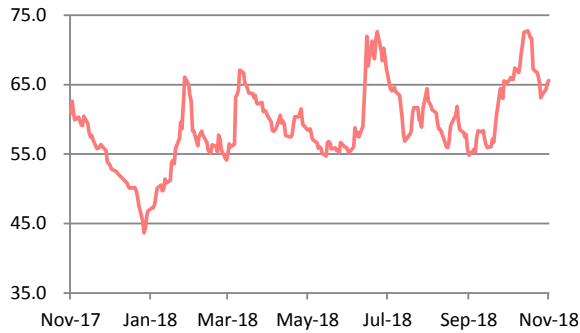
Source: Bloomberg

Shanghai Composite Index PE Ratio



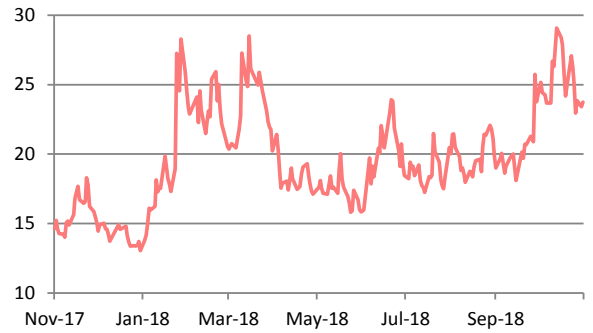
Source: Bloomberg

China 5Y CDS Index_USD



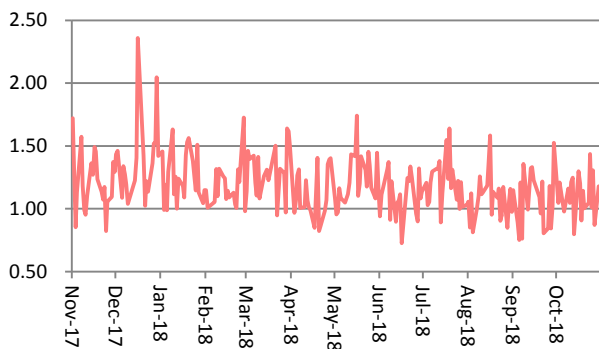
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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