

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Hong Kong: GDP YoY	3Q18	N/A	3.50%
Malaysia: GDP YoY	3Q18	4.70%A	4.50%
Argentina: National CPI YoY	Oct	N/A	40.5%
New Zealand: Business NZ Manufacturing PMI	Oct	N/A	51.7
US: Industrial Production MoM	Oct	0.20%	0.30%

Source: Bloomberg

II. Macro News

- **Global Economy Shows Strain as U.S. Steams Ahead.** The global economy has hit a soft patch, putting the U.S.'s robust growth at risk should the slowdown persist. Economic output in Japan and Germany contracted in the third quarter, while in October consumer spending in China hit its slowest pace in five months and bank lending fell. [WSJ]
- **Eurozone GDP Growth Slows to 0.2% QoQ in 3Q, In-line.** Eurozone's seasonally adjusted preliminary GDP gained 0.2% quarter-on-quarter during the third quarter, in-line with estimates, Eurostat data disclosed. On a yearly basis, eurozone's third quarter GDP hiked 1.7%, in-line with projections as well. [AASocks]
- **China's fiscal revenue down 3.1% in October.** China's fiscal revenue growth entered negative territory for the first time this year with a 3.1 percent year-on-year decline in October, official data showed. The country's fiscal revenue stood at 1.57 trillion yuan (\$226 billion) last month, according to the Ministry of Finance. [China Daily]

III. Industry News

- **China Is Leading the World to an Electric Car Future.** The world's biggest market for electric vehicles wants to get even bigger, so it's giving automakers what amounts to an ultimatum. Starting in January, all major manufacturers operating in China have to meet minimum requirements there for producing NEVs. A complex govt. equation requires that a sizeable portion of their production or imports must be green in 2019, with escalating goals thereafter. [Bloomberg]
- **EU Would Hit Back Against Any U.S. Car Tariffs, Trade Chief Says.** The European Union would retaliate against any U.S. decision to impose tariffs on car imports, though the bloc hopes it can avoid such a confrontation, European Trade Commissioner Cecilia Malmstrom said. [Bloomberg]
- **China's power use sees milder growth in October.** China's power consumption rose at a slower pace in October than the previous month, data showed Thursday. The country's electricity use increased 6.7 percent year-on-year last month, compared with 8 percent in September, according to the NDRC. [China Daily]

IV. Corporate News

- **Philips signs strategic cooperation agreement with medical group.** Philips (China) Investment Co Ltd and the China Strategic Alliance of Industry Technology Innovation for Minimal Invasive Tumor Therapy, the only national association approved by the Ministry of Science in the field of clinical medicine, signed a strategic cooperation agreement to promote minimal invasive tumor ablation treatment. [China Daily]
- **Geely in talks with Hainan to land its flying car.** One year after its acquisition of US flying-car maker Terrafugia, Chinese private automaker Geely has launched talks with South China's Hainan province for a landing of its flying car project, Hainan Daily reported. [China Daily]

- **Chinese automaker Zotye plans US sales by 2020.** Chinese automaker Zotye Auto says it plans to start selling vehicles in the United States in 2020. Zotye says it will work with an American partner, HAAH Automotive Holdings. The companies said Wednesday the first model for the U.S. market will be an SUV but gave no details. [The Standard]
- **Beijing Gas Blue Sky Says Operations Normal After Shrs Sink 44%.** The company is unaware of any reasons for share price and volume movements or of any information which must be announced, co. says in a filing to stock exchange. Operations remain normal and the management has full confidence in the future development. [Bloomberg]
- **Cathay Tries to Pacify Angry Hack Victims With 'Exciting Offers'.** Cathay Pacific Airways Ltd. is seeking to regain customer trust with "exciting offers" including better in-flight dining and entertainment. The marquee carrier is attempting to soothe angry customers by promising better services on board after coming under fire for the seven-month delay in disclosing the breach detected back in March. [Bloomberg]
- **JD Group Prepares to Sell FTLife, Involving Up to US\$2.5B.** Chinese integrated investment firm JD Group intends to sell its Hong Kong business FTLife Insurance for US\$2 billion to US\$2.5 billion, Reuters citing sources. The group has purportedly engaged Citigroup in the disposal, with second-round bids coming in a few weeks. [AASocks]
- **China Southern Airlines Changes COO.** China Southern Airlines announced that Wang Ren Jie was appointed as the Chief Operation Officer of the Company and that Zhang Zheng Rong will no longer act as the Chief Operation Officer of the Company and will remain as the Executive Vice President of the Company. [AASocks]
- **China Southern Airlines Not to Renew SkyTeam Membership Agreement from 2019.** China Southern Airlines announced that based on the needs of the company's development strategy and to better align with the new trend of cooperation model in the global aviation industry, the company decided not to renew its SkyTeam Membership Agreement from 1 January 2019 and will complete the transition arrangements in 2019. [AASocks]
- **Geely Auto, GWM Come to Peaceful Settlement on Malicious PR Activities.** Rumours had it that some netizens with links to Geely Auto were trying to polish the brand name of the automaker on online platforms while discrediting Greatwall Motor. The two car makers made a joint announcement saying that people were pretending to be employees of Geely to attack Greatwall Motor with false accusations. There will be no more litigation about this case. [AASocks]
- **CCB Rolls Out 26 Initiatives to Back Private, Small Enterprise Development.** CCB announced a notice in relation to further support on the development of civilian-run and small-micro enterprises, where it raised 26 initiatives and requirements to step up its bolster on such enterprises' development. [AASocks]
- **Tencent Seeking to Acquire Amer Sports.** Tencent is now in talks with a group of Chinese investors about making an acquisition proposal to Finland-based sports product company Amer Sports, sources quoted as saying by Bloomberg. Anta Sports may also join the consortium for the acquisition as a minority investor, it was reported. [AASocks]
- **PetroChina Vice Chairman Resigns.** PetroChina announced that due to the adjustment of positions, Zhang Jianhua tendered his resignation to the Company and ceased to hold the positions of Vice Chairman, Director and President of the Company with immediate effect. Zhang Jianhua also ceased to serve as the chairman of the Investment and Development Committee of the Board. [AASocks]
- **HSBC Holdings Scrip Dividend New Shr Sales from 21 Nov.** HSBC Holdings announced to declare the third interim dividend for 2018 of US\$0.1 per ordinary share. The dividend is payable on 21 November 2018 to holders of record on 12 October 2018 on the Principal Register or Branch Register. [AASocks]
- **China Life 10M18 Accumulated Premium Income about RMB492 Billion.** China Life announced that the accumulated premium income for the period from 1 January 2018 to 31 October 2018 was about RMB492 billion, up about 4.8% year on year. [AASocks]
- **Ant Financial CEO: No Schedule for IPO.** Looking forward, Ant Financial's core business will be technology services rather than merely payment services, despite Alipay's transformation into a flagship consumer product, said CEO Eric Jing in a CNBC interview. Jing revealed that Ant Financial has never set any initial public offering timetable, believing the focus of the company should be laid upon technological development. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,730	28.6	1.1	(2.7)	(2.8)	(3.9)	0.3	5.6	2.1
	Dow Jones	25,289	208.8	0.8	(3.4)	(2.0)	(1.1)	2.1	7.8	2.3
	Nasdaq Composite	7,259	122.6	1.7	(3.6)	(5.1)	(7.0)	(1.9)	6.9	5.2
	Russell 2000	1,524	21.6	1.4	(3.4)	(4.6)	(9.6)	(5.7)	2.5	(0.7)
	VIX Index	19.98	(1.3)	(6.0)	22.1	13.4	48.6	48.9	69.9	81.0
Europe Equity	Euro Stoxx 50	3,190	(15.1)	(0.5)	(1.5)	(2.1)	(5.5)	(10.5)	(10.5)	(9.0)
	DAX	11,354	(58.9)	(0.5)	(1.5)	(3.6)	(7.2)	(12.6)	(13.0)	(12.1)
	CAC	5,034	(35.2)	(0.7)	(1.9)	(2.7)	(5.9)	(9.6)	(5.7)	(5.3)
	FTSE 100	7,038	4.2	0.1	(1.4)	(0.3)	(6.9)	(9.0)	(4.7)	(8.5)
APAC Equity	HSI	26,103	448.9	1.7	(0.5)	2.5	(3.7)	(16.1)	(10.0)	(12.8)
	HSCEI	10,555	150.3	1.4	(1.4)	3.5	0.7	(15.1)	(8.5)	(9.9)
	HSI VIX	24.10	(0.3)	(1.2)	5.0	(1.3)	12.3	33.1	64.6	65.1
	CSI 300	3,242	37.4	1.2	0.9	4.6	(1.0)	(16.7)	(21.0)	(19.6)
	SH Composite	2,668	35.9	0.0	1.2	2.5	(1.4)	(15.8)	(21.5)	(20.4)
	SZ Composite	1,398	20.0	(0.1)	4.8	7.5	(4.7)	(23.7)	(30.4)	(27.5)
	Nikkei 225	21,804	(42.9)	(0.2)	(3.0)	(3.3)	(1.8)	(4.0)	(2.4)	(4.2)
KOSPI	2,088	20.0	1.0	(0.2)	(2.7)	(6.8)	(15.1)	(17.6)	(15.4)	
Commodities (USD)	Brent (Future)	66.62	0.5	0.8	(5.7)	(17.5)	(5.9)	(15.1)	7.7	(0.4)
	WTI (Future)	56.46	0.2	0.4	(6.9)	(21.4)	(13.6)	(20.9)	2.6	(6.4)
	Gold	1,213	2.5	0.2	(0.9)	(0.9)	3.4	(5.9)	(5.0)	(6.8)
	Copper (Future)	6,090	17.0	0.3	(1.0)	(3.4)	0.8	(11.5)	(9.9)	(16.0)
	Baltic Dry Index	1,009.00	(55.0)	(5.2)	(18.0)	(36.3)	(41.6)	(31.3)	(26.6)	(26.1)
FX	Dollar Index	96.93	0.1	0.1	0.2	2.0	0.2	4.0	3.3	5.2
	EUR	1.13	0.0	0.2	(0.3)	(2.1)	(0.4)	(4.1)	(3.8)	(5.6)
	JPY	113.64	0.0	0.0	(0.4)	(1.1)	(2.3)	(2.8)	(0.4)	(0.8)
	CNY	6.94	(0.0)	0.2	(0.1)	(0.3)	(0.1)	(8.1)	(4.5)	(6.2)
	CNH	6.93	(0.0)	(0.2)	(0.2)	(0.2)	(0.9)	(8.3)	(4.2)	(5.9)
CDS	ChinaGov CDS	67.06	1.3	2.0	6.3	1.5	8.1	14.4	9.8	33.9
	CDX Emerging Market	95.51	(0.1)	(0.1)	(0.4)	(0.1)	(0.0)	(1.9)	(0.5)	(3.6)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.36	(0.0)	(0.7)	2.3	2.3	2.0	1.9	1.3	1.4
	2-Year Treasury Yield	2.85	(0.0)	(0.4)	2.9	2.9	2.6	2.5	1.7	1.9
	5-Year Treasury Yield	2.94	(0.0)	(0.6)	3.0	3.1	2.7	2.9	2.1	2.2
	10-Year Treasury Yield	3.11	(0.0)	(0.5)	3.2	3.2	2.9	3.1	2.4	2.4
	2-10 Spread	25.23	(0.2)	(0.9)	25.4	31.4	25.3	50.5	66.3	51.8
China rates	O/N China Repo Rate	2.34	0.0	0.9	2.1	2.3	2.6	2.5	2.8	3.0
	1-Week China Repo Rate	2.58	0.3	11.7	2.6	2.5	2.6	2.7	2.9	3.1
	O/N SHIBOR	2.34	0.0	0.6	2.0	2.4	2.6	2.6	2.8	2.8
	1-Week SHIBOR	2.63	(0.0)	(0.1)	2.6	2.6	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



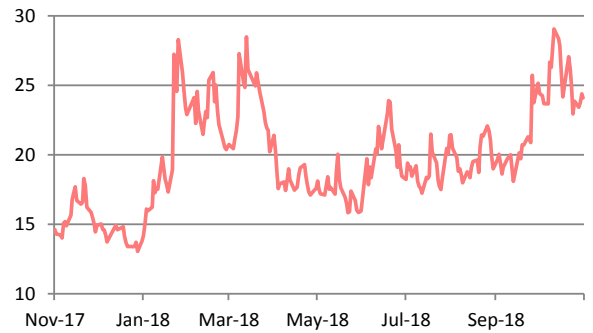
Source: Bloomberg

China 5Y CDS Index_USD



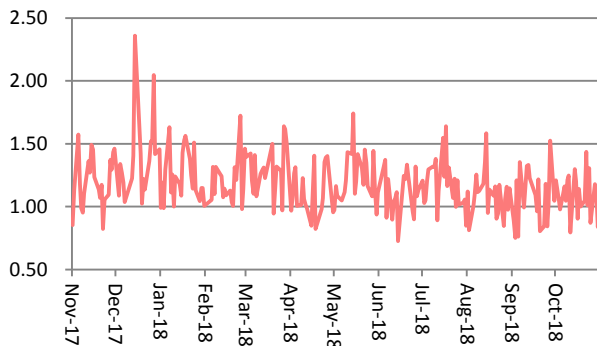
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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