



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin Manufacturing PMI	Nov	50.1	50.1
US: ISM Manufacturing Index	Nov	58.0	57.7
Japan: Capital Spending / Company Profits YoY	3Q18	N/A	12.8%/17.9%
UK: Markit Manufacturing PMI	Nov	52.0	51.1
Taiwan: Nikkei Manufacturing PMI	Nov	N/A	48.7

Source: Bloomberg

## II. Macro News

- **Trump, Xi Agree to Temporary Truce in Bid to Contain Trade War.** U.S. President Donald Trump and Chinese President Xi Jinping agreed to keep their trade war from escalating with a promise to halt the imposition of new tariffs for 90 days as the world's two largest economies negotiate a lasting agreement. [Bloomberg]
- **China's manufacturing PMI edges down in November.** The purchasing managers' index (PMI) for China's manufacturing sector came in at 50 this month, down from 50.2 in October, official data showed Friday. The purchasing managers' index for China's non-manufacturing sector came in at 53.4 in November, down from 53.9 in October. [China Daily]
- **Japan's Factory Output Surges in Sign of Rebound in Economy.** Japan's factory output expanded at its fastest pace in more than three-and-a-half years in October, offering evidence the economy is rebounding from a contraction in a disaster-struck third quarter. [Bloomberg]

## III. Industry News

- **China Cuts Margin Requirement for Stock-Index Futures Trading.** China sets 10% margin requirement for CSI300, SSE50 index futures and 15% for CSI500 contracts starting today (Monday, 3 Dec), China Financial Futures Exchange says. Transaction fee for closing same-day position will be cut to 0.046% from 0.069%. [Bloomberg]
- **China Tells Power Cos. to Boost Coal Buys under Long-Term Deals.** Coal purchase by major power generators under mid- to long-term contracts should account for more than 75% of their overall purchase in 2019, according to statement from NDRC Friday. Purchase under longer-term contracts shouldn't be lower than level in the previous year. [Bloomberg]
- **China Is Said to Plan Purge of a \$176 Billion Loan Market.** China is preparing to end its \$176 billion experiment with peer-to-peer lending. Alarmed by a surge in defaults, fraud and investor anger, Chinese authorities are planning to wind down small- and medium-sized P2P lending platforms nationwide. [Bloomberg]

## IV. Corporate News

- **Argentina Signs up China's CRCC for \$1.1 Billion Rail Overhaul.** Initial phase involves upgrading 1,020km of the San Martin cargo line between Mendoza and the ports of Rosario and Buenos Aires, country's transport ministry says in statement. [Bloomberg]
- **Shimao Property Sells Hong Kong Office Floor for HK\$1B.** Shimao Property recently sold 38th floor of Lippo Centre Tower 1 in Admiralty for ~HK\$1 billion, Ming Pao reports. The 18,085 sq ft property was sold at HK\$55,294 per sq ft, a record for the building. [Bloomberg]

- **Fosun Tourism Group's HK IPO to Raise Up to \$548m.** Fosun Tourism Group plans to offer 214.2m shares at HK\$15.60 to HK\$20.00 apiece in a Hong Kong IPO, according to a prospectus distributed at a media briefing. Taobao China Holding, Shun Tak Hldgs and Suchuang Gas have agreed to buy shares in the offering as cornerstone investors. [Bloomberg]
- **HNA Flagship Hainan Air Seeks \$1.1 Billion Loan, Moves Officials.** Hainan Airlines Holding Co. announced two of its top executives are leaving their posts and the company will apply for 7.5bn yuan (\$1.1bn) of loans in the latest sign of stress at parent HNA Group Co., the indebted airline-turned-global acquirer. [Bloomberg]
- **Kaisa Property Raises HK\$328 Million From Hong Kong IPO.** The property management unit of Kaisa Group has raised HK\$328 million from a Hong Kong initial public offering after pricing it at the lower part of the range, IFR Asia reports. [Bloomberg]
- **Baidu's Video Site iQiyi Raises \$650 Million in Convertible Deal.** iQiyi Inc. has raised \$650mn selling five-year convertible bonds. The company, backed by Chinese search giant Baidu Inc., priced the securities with a 3.75 percent coupon and a conversion premium of about 40 percent, according to a statement. [Bloomberg]
- **Renault, Nissan and Mitsubishi Commit to Alliance in Wake of Ghosn Arrest.** Renault SA, Nissan Motor Co. and Mitsubishi Motors Corp. affirmed support for their globe-spanning alliance as senior executives from the auto makers met formally for the first time since the arrest of Carlos Ghosn, the partnership's prime architect. [WSJ]
- **Great Wall Motor looks towards Europe with new electric vehicle brand - the Ora.** Great Wall Motor, the mainland's largest maker of sport-utility vehicles (SUVs), plans to make inroads into Europe with its electric vehicles in 2020, helped by a new brand expected to bolster its growth --known as Ora. [SCMP]
- **Club Med owner scales back Hong Kong IPO plan by nearly half amid downbeat mood.** Fosun Tourism Group, owner of the French holiday resort chain Club Med, has cut the size of its Hong Kong IPO by almost half amid a slumping market and a surge in new share offerings. The company plans to raise as much as HK\$4.28bn (US\$547mn) by pricing 214.2mn shares to be sold at a range between HK\$15.6 to HK\$20 per share, it said in a statement. [SCMP]
- **Chow Tai Fook reports operating profit up 24.7 per cent in fiscal half year.** The company reported operating profit surged 24.7 per cent to HK\$2.989 billion (US\$382.09 million) for the six months ended September 30. Earnings per share amounted to 19 HK cents, while the jewellery chain will pay an interim dividend of 15 HK cents per share. [SCMP]
- **Ant Financial names new president amid Alibaba management reshuffle.** Ant Financial Services Group has appointed Simon Hu, former head of Alibaba Cloud, as its president, the latest follow-up in Alibaba's organizational restructuring announced three days ago. [China Daily]
- **China Southern Airlines, American Airlines to expand codeshare cooperation.** China Southern Airlines and American Airlines have signed agreements to further expand the codeshare and other major business cooperation, announced China Southern Airlines. [China Daily]
- **China Eastern expands fleet with next-generation Airbus.** China Eastern Airlines took delivery of its first A350-900 airplane at the Shanghai Hongqiao International Airport on Friday, in its latest bid to capture flyers in the premium long-haul intercontinental flight market. [China Daily]
- **CRRC to step up efforts in overseas markets.** China Railway Rolling Stock Corp, manufacturer of locomotives and rolling stock, will continue to bank on localized manufacturing, procurement, employment, services and management to drive growth in markets related to the Belt and Road Initiative, a senior executive said on Friday. [China Daily]
- **Fosun Tourism Plans 12 New Resorts until 2020; May Fare Better.** Fosun Tourism Vice Chairman and Deputy CEO Henri Giscard d'Estaing said the company plans to increase 12 resorts until 2020, with four in China, two in North America, six in Europe and Africa. The company aims at opening one new resort each year in future. [AASocks]
- **Lenovo Rooted in PRC, Sees Intelligent Development Potential in PRC.** Lenovo Group Chairman Yang Yuanqing stated that the group is an int'l company rooted in China, cited Chinese media. Not only does the company hope to sell Chinese products to the world, it also targets at developing its product by means of global resources. [AASocks]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,760	22.4	0.8	4.8	1.4	(4.9)	0.9	4.5	3.2
	Dow Jones	25,538	199.6	0.8	5.2	1.1	(1.6)	3.7	5.4	3.3
	Nasdaq Composite	7,331	57.5	0.8	5.6	(0.4)	(9.6)	(3.0)	7.1	6.2
	Russell 2000	1,533	7.9	0.5	3.0	(1.0)	(11.9)	(7.0)	(0.2)	(0.1)
	VIX Index	18.07	(0.7)	(3.8)	(16.0)	(7.4)	40.5	34.2	58.1	63.7
Europe Equity	Euro Stoxx 50	3,173	(1.0)	(0.0)	1.1	(1.3)	(6.5)	(8.1)	(10.0)	(9.4)
	DAX	11,257	(41.0)	(0.4)	0.6	(2.3)	(8.8)	(11.5)	(12.5)	(12.9)
	CAC	5,004	(2.3)	(0.0)	1.2	(1.9)	(7.6)	(8.4)	(5.9)	(5.8)
	FTSE 100	6,980	(58.7)	(0.8)	0.4	(1.6)	(7.0)	(9.4)	(4.4)	(9.2)
APAC Equity	HSI	26,507	55.7	0.2	2.2	0.1	(4.4)	(13.1)	(8.8)	(11.4)
	HSCEI	10,622	36.8	0.3	2.2	(0.6)	(1.8)	(11.6)	(7.2)	(9.3)
	HSI VIX	24.14	(0.7)	(2.8)	2.7	(3.2)	23.0	37.0	44.5	65.3
	CSI 300	3,173	35.0	1.1	0.9	(3.6)	(4.5)	(15.9)	(20.6)	(21.3)
	SH Composite	2,588	20.7	0.8	0.3	(3.3)	(4.9)	(15.8)	(22.0)	(21.7)
	SZ Composite	1,338	12.3	0.9	0.2	(1.0)	(7.7)	(23.4)	(30.2)	(29.6)
	Nikkei 225	22,351	88.5	0.4	3.3	0.5	(1.6)	0.8	(2.1)	(1.8)
Commodities (USD)	KOSPI	2,097	(17.2)	(0.8)	1.9	0.0	(9.1)	(14.0)	(15.3)	(15.0)
	Brent (Future)	59.46	(0.8)	(1.3)	(0.2)	(21.2)	(23.2)	(23.4)	(6.5)	(11.1)
	WTI (Future)	50.93	(0.5)	(1.0)	1.0	(22.0)	(27.0)	(24.0)	(11.3)	(15.7)
	Gold	1,221	(3.7)	(0.3)	(0.2)	0.5	1.6	(6.0)	(4.3)	(6.3)
	Copper (Future)	6,198	(14.0)	(0.2)	(0.1)	3.4	3.7	(9.5)	(8.3)	(14.5)
FX	Baltic Dry Index	1,231.00	(50.0)	(3.9)	12.6	(15.5)	(20.9)	6.5	(24.3)	(9.9)
	Dollar Index	97.27	0.5	0.5	0.4	0.1	2.2	3.5	4.5	5.6
	EUR	1.13	(0.0)	(0.7)	(0.2)	0.0	(2.5)	(3.2)	(4.9)	(5.7)
	JPY	113.57	0.1	0.1	0.5	(0.6)	(2.2)	(4.2)	(0.9)	(0.8)
	CNY	6.96	0.0	(0.3)	(0.2)	0.2	(1.9)	(7.9)	(5.0)	(6.5)
CDS	CNH	6.95	0.0	0.2	0.1	0.4	(1.5)	(7.8)	(4.9)	(6.3)
	ChinaGov CDS	69.26	(0.9)	(1.2)	(5.2)	(3.3)	14.9	24.3	21.3	38.3
	CDX Emerging Market	95.26	0.0	0.0	0.5	(0.3)	1.0	(1.6)	(1.1)	(3.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.34	(0.0)	(0.5)	2.4	2.3	2.1	1.9	1.3	1.4
	2-Year Treasury Yield	2.79	(0.0)	(0.8)	2.8	2.8	2.6	2.5	1.8	1.9
	5-Year Treasury Yield	2.81	(0.0)	(1.2)	2.9	3.0	2.7	2.7	2.1	2.2
	10-Year Treasury Yield	2.99	(0.0)	(1.4)	3.0	3.1	2.9	2.9	2.4	2.4
	2-10 Spread	19.94	(2.0)	(9.0)	22.5	28.4	23.1	42.9	58.3	51.8
China rates	O/N China Repo Rate	2.63	0.4	17.9	2.3	2.3	2.2	2.8	2.6	3.0
	1-Week China Repo Rate	2.67	0.0	1.1	2.1	2.5	2.5	2.8	3.1	3.1
	O/N SHIBOR	2.64	0.4	16.8	2.4	2.5	2.3	2.8	2.6	2.8
	1-Week SHIBOR	2.67	0.0	0.7	2.6	2.7	2.6	2.9	2.9	3.0

Source: Bloomberg

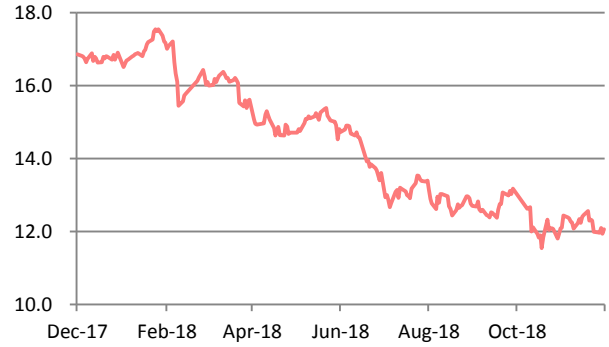
## VI. Key Indicators

**Hang Seng Index PE Ratio**



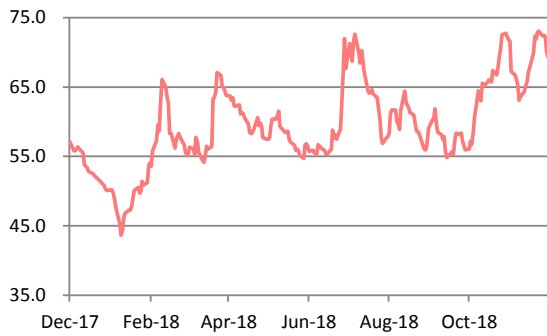
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



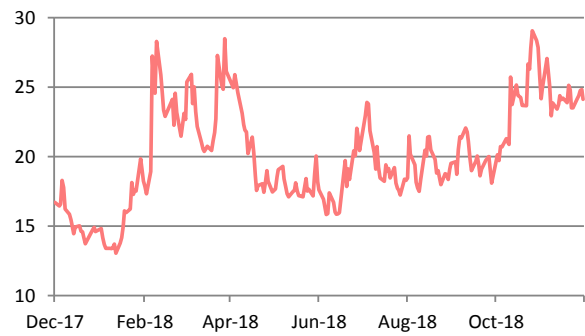
Source: Bloomberg

**China 5Y CDS Index\_USD**



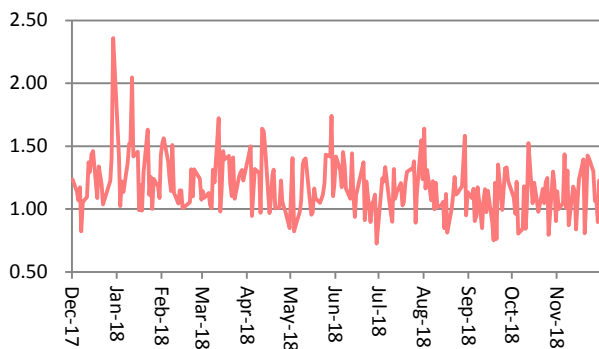
Source: Bloomberg

**Hang Seng Index VIX**



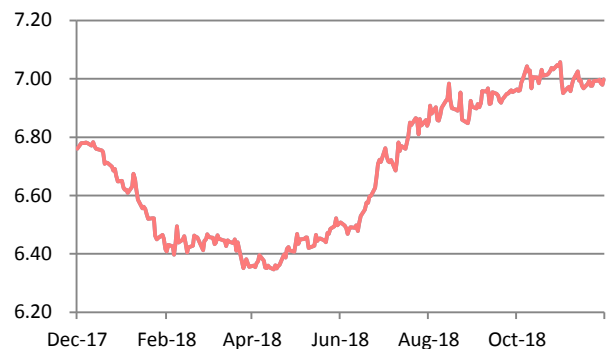
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

## 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