

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: NFIB small business optimism	Sep	104.8	105.3
UK: industrial production YoY	Aug	0.90%	0.40%
Australia: NAB business confidence	Sep	N/A	5.00
UK: retail sales like-for-like YoY	Sep	N/A	1.30%

Source: Bloomberg

II. Macro News

- **China foreign reserves rise an eighth month.** China's foreign-exchange reserves posted an eighth straight monthly increase in Sept, as the pressure of cash outflows eased amid capital controls. Foreign currency stockpile climbed \$17bn to \$3.109tn, the PBOC said Monday, compared with a \$3.10tn estimate in a Bloomberg survey. [Bloomberg]
- **China Caixin service PMI falls to 21 month low.** China's service sector growth slowed in September, as a private survey showed Monday that an index for the sector fell to the lowest in 21 months. The Cain General Services Purchasing Managers Index (PHI) slipped to 50.6 in September from 52.7 in August. [China Daily]
- **EU to set rules for UK banks after Brexit.** The European Union's banking watchdog will publish guidance on new hubs for lenders from Britain seeking a base in the bloc after Brexit, its chairman said yesterday. Banks in London are looking to open or expand hubs in the EU to ensure they can continue serving customers there after Brexit. [SCMP]

III. Industry News

- **Chinese banks surge on mainland in reaction to reserve cut.** Chinese bank shares surged on mainland markets, catching up with the gains seen in Hong Kong last week following the central bank's decision to cut the lenders' reserve ratios. The PBOC said on Sept. 30 that it will cut reserve requirements for most banks from 2018. [Bloomberg]
- **Foreigners buy most mainland Chinese shares since August 2015.** Foreign investors snapped up RMB7.68bn (\$1.16 billion) worth of mainland-listed stocks via the two exchange links with Hong Kong on Monday, the most in more than two years, Bloomberg data and calculations showed. [Bloomberg]
- **China banks' H1 2017 results show better asset quality and funding profile, but weaker profitability.** Moody's Investors Service says the results of Chinese banks for the six months between Jan and Jun 2017 (H17) show better asset quality, in line with a more stable macroeconomic environment, and an improvement in their funding profiles. [Bloomberg]

IV. Corporate News

- **Bain's RISE Education starts roadshow for up to \$154mn IPO.** Bain-backed RISE Education Cayman Ltd. to meet investors in Hong Kong Oct. 9-10 and New York Oct. 11-12 as part of U.S. IPO, according to terms for the deal obtained by Bloomberg. [Bloomberg]
- **Geely Auto posts record vehicle sales volume 108,872 in Sept.** That represents 42% jump from year ago and 13% increase from month earlier, Geely says in filing to Hong Kong stock exchange. Jan.-Sept. vehicle sales 827,108 units, achieving c.75% of full-year sales target of 1.1mn. [Bloomberg]
- **Agile Group posts Sept. pre-sales value of 6.91bn yuan.** Corresponding gross floor area pre-sold was 572,000 sq.m., with an average selling price of 12,086 yuan per sq.m., according to a co. statement to the Hong Kong stock exchange. [Bloomberg]

- **TCL plans to sell 49% of TCL Communication for estimated HK\$490mn.** TCL Corp. plans to sell 49% stake in unit TCL Communication Tech to affiliates of Unigroup, Yunnan Metropolitan Construction and Vivid Victory Developments, according to a statement to the Stock Exchange. [Bloomberg]
- **China Power Intl to raise at least HK\$2Bbn from Rights issue.** The company proposes rights issue on basis of up to one rights share for every three existing shares, according to statement to Hong Kong stock exchange dated Oct. 9. [Bloomberg]
- **Guangzhou Auto Sept. sales 187,105 units vs 158,313 year earlier.** Jan.-Sept. sales rose 27.6% on year to 1.47 million units, according to statement to Hong Kong stock exchange dated Oct. 9. Sept. production volume increased to 188,066 units from 162,828 units year earlier. [Bloomberg]
- **Ping An Insurance boosts ICBC H-share stake to 6.04%.** Ping An Insurance Group bought 141.3m of Industrial and Commercial Bank of China's H-shares Oct. 6 on exchange at avg price of HK\$6.3738, according to disclosure to Hong Kong stock exchange. [Bloomberg]
- **China approves HNA unit to buy some Glencore assets.** China's commerce ministry gave approval in 3Q for HNA Innovation Finance Group to buy some Glencore assets, according to a statement on the ministry's website. [Bloomberg]
- **DSM Sinochem Pharmaceuticals starts patent litigation lawsuit.** DSM Sinochem Pharmaceuticals (DSP) filed lawsuit against CSPC Pharmaceutical Group, Inner Mongolia Changsheng Pharmaceutical Company, and CSPC Zhangnuo Pharmaceutical (Shijiazhuang) Co. for patent infringement, the company says in a statement on Monday. [Bloomberg]
- **BYD banks on zero-emission initiatives for its North America push.** BYD, China's biggest maker of electric vehicles is taking advantage of zero-emission fleet initiatives in North America to grow in the region and become more competitive globally. [SCMP]
- **Building materials giant mulls large-scale integration.** China National Building Materials Group Corp, one of the largest State-owned building materials manufacturers, is in talks to integrate some of its 15 subsidiaries listed both at home and abroad, local media reported. [China Daily]
- **Tencent's China Literature plans listing hearing this week.** As Thomson Reuters' IFR cited insiders, Tencent's China Literature (also known as Yuewen Group) planned to seek approval from the Listing Committee of HKEX this week for its IPO in HK. It is learnt that China Literature planned to raise US\$600mn to US\$800mn from this IPO. [AASocks]
- **Glencore-S buys assets of Chevron S Africa, Botswana with US\$973mn.** Glencore announced that Glencore has agreed to acquire 75% stake in Chevron South Africa and the entire issued share capital of Chevron Botswana. The aggregate consideration is US\$973mn. [AASocks]
- **Deutsche Bank CEO Refuses to Meet HNA Group Management.** As Wall Street Journal reported, HNA Group earlier added the stake in Deutsche Bank to nearly 10% and became the largest shareholder of the bank. After that, Deutsche Bank CEO John Cryan has never met HNA Group's vice chairman Tan Xiangdong. [AASocks]
- **BYD Company N America electric bus plant expansion works completed.** Beijing Business Today reported that on 6 October, the expansion works of the plant in Lancaster, California, US of BYD Company have been completed. [AASocks]
- **China Railway Construction wins Chongqing residential land at RMB348mn.** China Railway Construction announced that its subsidiary won the residential land in Chongqing in an amount of RMB348 million. [AASocks]
- **China Merchants Port: still improvement room for Greater Bay area.** Chairman of China Merchants Port, said the development of Guangdong-Hong Kong-Macao Bay Area Is an important step for China to open up. The bay area initiative does not only boost economic growth but also bring opportunities to corporate development. [AASocks]
- **Sinopec Corp plans to sell Argentina oil & gas assets at loss.** Sinopec plans to sell its Argentina oil and gas assets at loss, Reuters quoted from sources, as saying. The group's consultant has recommended its oil assets to more than ten potential buyers. [AASocks]

V. Overnight Market Recap

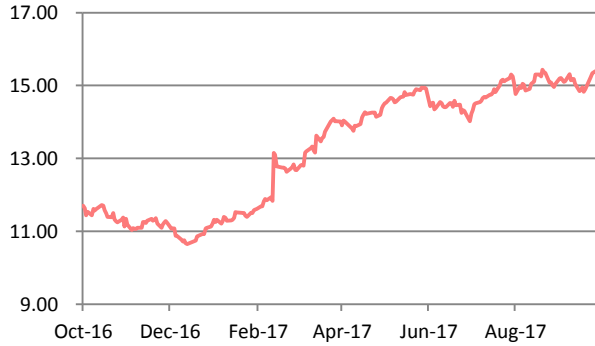
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,545	(4.6)	(0.2)	0.6	3.4	4.8	8.0	17.6	13.7
	Dow Jones	22,761	(12.6)	(0.1)	0.9	4.4	6.3	10.2	24.2	15.2
	Nasdaq Composite	6,580	(10.4)	(0.2)	1.0	3.5	6.5	11.9	23.5	22.2
	Russell 2000	1,504	(6.7)	(0.4)	(0.4)	7.4	6.8	10.0	20.2	10.8
	VIX Index	10.33	0.7	7.0	9.3	(14.8)	(7.7)	(19.7)	(23.4)	(26.4)
Europe Equity	Euro Stoxx 50	3,611	7.2	0.2	0.2	4.7	3.8	3.7	18.9	9.7
	DAX	12,976	20.5	0.2	1.2	5.5	4.3	6.4	22.1	13.0
	CAC	5,366	5.9	0.1	0.3	4.9	3.9	5.1	19.3	10.4
	FTSE 100	7,508	(15.0)	(0.2)	0.9	1.8	1.9	2.2	5.8	5.1
APAC Equity	HSI	28,327	(131.5)	(0.5)	3.3	2.4	11.1	16.8	18.8	28.8
	HSCEI	11,385	(73.7)	(0.6)	4.7	2.1	11.5	11.0	14.7	21.2
	HSI VIX	14.39	0.5	3.3	(4.4)	(13.4)	2.4	3.1	(18.8)	(14.8)
	CSI 300	3,882	45.7	1.2	1.7	1.5	6.3	10.8	17.9	17.3
	SH Composite	3,374	25.4	0.8	1.0	0.3	5.0	3.2	10.7	8.7
	SZ Composite	2,014	25.9	1.3	2.6	2.0	5.7	0.3	(0.9)	2.3
	Nikkei 225	20,691	62.2	0.3	1.6	7.3	3.8	10.9	22.7	8.2
Commodities (USD)	KOSPI	2,394	21.3	0.9	0.2	3.0	1.5	12.4	18.8	19.8
	Brent (Future)	55.79	0.2	0.3	(0.6)	3.7	19.4	1.0	7.4	(1.8)
	WTI (Future)	49.58	0.3	0.6	(2.0)	4.4	11.7	(6.6)	(3.4)	(7.7)
	Gold	1,284	7.4	0.6	1.0	(3.3)	5.7	2.3	1.9	11.9
	Copper (Future)	6,666	(0.5)	(0.0)	2.7	(0.4)	14.4	14.3	39.5	20.4
FX	Baltic Dry Index	1,405.00	23.0	1.7	5.8	5.5	71.3	14.1	52.4	46.2
	Dollar Index	93.68	(0.1)	(0.1)	0.1	2.6	(2.4)	(7.2)	(3.3)	(8.3)
	EUR	1.17	0.0	0.1	0.1	(1.7)	3.0	10.8	5.4	11.7
	JPY	112.68	0.0	0.0	(0.1)	(2.9)	1.2	(1.5)	(8.0)	3.8
	CNY	6.63	(0.0)	0.4	0.4	(1.4)	2.7	4.2	1.2	4.8
CDS	CNH	6.62	(0.0)	(0.5)	(0.9)	(1.1)	3.0	4.5	1.6	5.5
	ChinaGov CDS	59.18	0.2	0.3	(4.4)	1.7	(15.6)	(28.4)	(44.1)	(49.4)
	CDX Emerging Market	96.26	(0.0)	(0.0)	0.1	(0.5)	0.9	1.5	2.9	2.8

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.06	-	-	1.0	1.0	1.0	0.8	0.3	0.5
	2-Year Treasury Yield	1.50	-	-	1.5	1.3	1.4	1.2	0.8	1.2
	5-Year Treasury Yield	1.96	-	-	1.9	1.6	1.9	1.8	1.3	1.9
	10-Year Treasury Yield	2.36	-	-	2.3	2.1	2.4	2.3	1.7	2.4
	2-10 Spread	85.08	-	-	84.8	78.5	98.1	105.8	88.4	125.0
China rates	O/N China Repo Rate	3.00	-	-	3.0	2.6	2.6	2.2	2.1	2.2
	1-Week China Repo Rate	3.40	(0.0)	(1.2)	3.4	2.6	3.0	2.6	2.3	2.6
	O/N SHIBOR	2.74	(0.2)	(6.7)	2.9	2.6	2.6	2.4	2.2	2.2
	1-Week SHIBOR	2.92	(0.0)	(1.6)	3.0	2.8	2.8	2.7	2.4	2.5

Source: Bloomberg

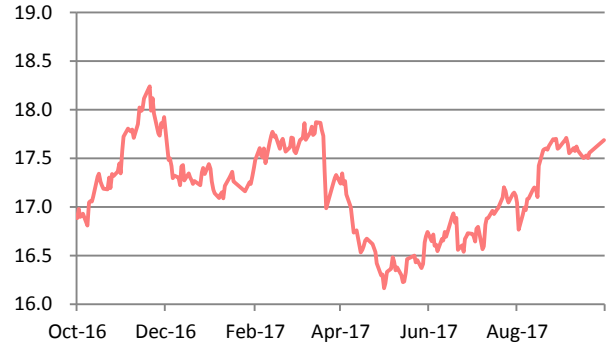
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



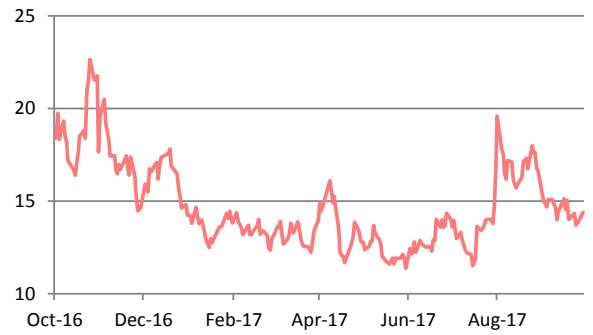
Source: Bloomberg

China 5Y CDS Index_USD



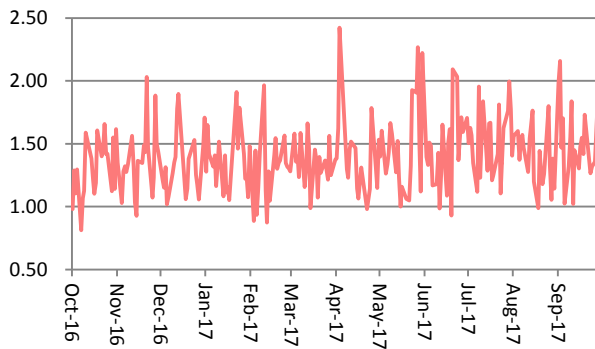
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven

TMT
(852) 3465 5652
stevenliu@csci.hk

SO Lai Shan, Jennifer

Consumer
(852) 3465 5781
jenniferso@csci.hk

CHAN Ka Yeung, Duncan

Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang

Automotive
(852) 3465 5775
tianyong@csci.hk

SUN Lingxiao, Roger

Industrials
(852) 3465 5785
rogersun@csci.hk

YAO Xue, Snowy

(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas

(852) 3465 8689
thomasshen@csci.hk

XU Qiwen

(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron

(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

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