

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: PPI final demand YoY	Sep	2.60%	2.40%
Japan: PPI YoY	Sep	3.00%	2.90%
Australia: consumer inflation expectation	Oct	N/A	3.80%
India: CPI YoY	Sep	N/A	3.36%
India: Industrial production YoY	Aug	N/A	1.20%

Source: Bloomberg

## II. Macro News

- **Fed wonders if weak inflation will delay the pace of US rate increases.** Federal Reserve policymakers had a prolonged debate about the prospects of a pickup in inflation and slowing the path of future interest rate rises if it did not, according to the minutes of the US central bank's last policy meeting on Sept 19-20 which was released on Wed. [SCMP]
- **IMF calls on global leaders not to turn their backs on trade despite populist backlash.** IMF Managing Director Christine Lagarde urged global leaders on Wednesday not to reject international trade as policy shifts by Washington and London force resets on major global commercial treaties. [SCMP]
- **Meeting growth target 'no problem'.** China not only will easily meet its economic growth target of around 6.5 percent this year, it may even beat it, Ning Jizhe, head of the National Bureau of Statistics, said on Tuesday in Beijing. "China will not have any problem at all meeting its growth target," he said. [China Daily]

## III. Industry News

- **Hong Kong investigating 15 firms over IPO sponsor work.** The Securities and Futures Commission is investigating 15 financial firms that sponsored initial public offerings in Hong Kong, amid concern over "substandard" work, according to head of enforcement Tom Atkinson. [Bloomberg]
- **Offshore investors boost holdings of Chinese bonds by US\$5.9bn in Sept.** Offshore institutions increased their holdings of Chinese bonds for a seventh consecutive month in Sept. Holdings of all forms of Chinese bonds held by offshore investors and cleared by China Central Depository and Clearing Co rose by RMB38.7bn in the month, to RMB896bn. [SCMP]
- **China's internet financing falls for third month amid tighter scrutiny.** Chinese online lending platforms mostly declined on Wednesday morning in the A-share market, after data showed that the amount of funds raised for China's internet finance platforms fell for a third straight month in September amid a regulatory crackdown. [SCMP]

## IV. Corporate News

- **BMW eyes China tie-up with Great Wall. BMW is looking to form a JV with Great Wall Motor.** The carmakers were considering the possibility of opening an assembly plant in Changshu city, a BMW executive said. A venture with Great Wall would be BMW's second in China. [SCMP]
- **Alibaba says it is on track to overtake Amazon as world's top cloud computing services firm.** Chinese e-commerce giant Alibaba's cloud computing business is on track to achieve its goal of surpassing US firm Amazon's Amazon Web Service (AWS) unit to become the world's top provider of cloud services, according to the head of Alibaba Cloud. [SCMP]

- **China Tower could list sooner to capitalise on rise in telecom operators' share prices.** China Tower, the state-backed company that controls the world's largest network of telecommunications towers, could have its initial public offering brought forward to this year amid the rising share prices of key industry players. [SCMP]
- **US chip giant Qualcomm partners with Chinese start-up to create smart-car lab.** American mobile chip giant Qualcomm is teaming up with a Chinese start-up to set up an innovation laboratory to develop smart cars that connect to the so-called internet of things (IoT) in the mainland. [SCMP]
- **China's regulator bars HNA's Bohai and four insurers from funding parents' war chests.** China's regulator has barred five insurers, including the HNA Group's Bohai Life Insurance unit, from providing "financial aid in any form" to their parents, in the latest move to cut off funding for some of the country's most active asset buyers. [SCMP]
- **Alibaba to spend more than US\$15bn on technology research with launch of collaborative academy.** Alibaba Group has pledged to spend more than US\$15bn on R&D over the next three years, a big step-up by the e-commerce juggernaut whose market cap now stands side by side with Amazon. [SCMP]
- **Wal-Mart plans to open 40 hypermarkets every year.** The world's largest retailer Wal-Mart said on Wednesday in Beijing that it plans to open 30 to 40 hypermarkets in China every year, and to increase the proportion of compact hypermarkets in the country. These stores are nearly 40 percent smaller than the usual. [SCMP]
- **Qualcomm fined record \$773mn in Taiwan antitrust probe.** Qualcomm Inc. was fined a record NT\$23.4 billion (\$773 million) by Taiwan's Fair Trade Commission in the latest blow from regulators over the way the U.S. company prices mobile phone chips and patents. [Bloomberg]
- **China Vanke September property sales 46.3bn Yuan.** China Vanke sold 2.73m square meters of properties in September, according to a statement to the Stock Exchange. January-September property sales reached RMB 396.1 billion. [Bloomberg]
- **Fosun Places bid for Polish GE Unit Bank spin-off.** Chinese fund linked to Hong-Kong listed Fosun International placed bid for leftover mortgage portfolio of Polish General Electric unit, Bank BPH, daily Puls Biznesu cites unnamed sources as saying on Wednesday. [Bloomberg]
- **HNA technology arm is said to seek pre-IPO funding pitches.** HNA Group Co.'s technology outsourcing arm has asked banks to pitch for a role arranging a fundraising of about \$300 million before a planned initial public offering. [Bloomberg]
- **Rusal block trades of 408.6mn shares cross at HK\$5.40 each.** Block trades totaling 408.6m Rusal shares cross at HK\$5.40 each in Hong Kong. Price is 7.5% discount to Tuesday's close of HK\$5.84; trade worth HK\$2.21b (\$283mn). [Bloomberg]
- **Starbucks CEO sees decades of growth from its Chinese expansion.** China is Starbucks Corp.'s biggest growth opportunity, and its expansion there could last decades without letting up. That's the view of Chief Executive Officer Kevin Johnson. [Bloomberg]
- **Two shareholders of Rusal sold about 3% stake in total.** As Reuters cited sources, two Russian billionaires Mikhail Prokhorov and Viktor Vekselberg sold shares of RUSAL, representing about 3% of total issued share capital of the company. [AASocks]
- **SIM Tech Jan-Sep unaudited revenue up 12.6%.** SIM Tech announced that the unaudited revenue of the group for the nine months ended 30 September 2017 is approximately HKD2.2bn, which increased by 12.6% as compared to same period last year. [AASocks]
- **HSBC Holdings fund shareholders back John Flint as CEO.** HSBC Holdings is seeking approval from the Bank of England for appointing John Flint, currently head of retail banking and wealth management, as the group CEO to replace Stuart Gulliver, who will retire next year. As Bloomberg cited, fund shareholders of HSBC Holdings supported the idea. [AASocks]

## V. Overnight Market Recap

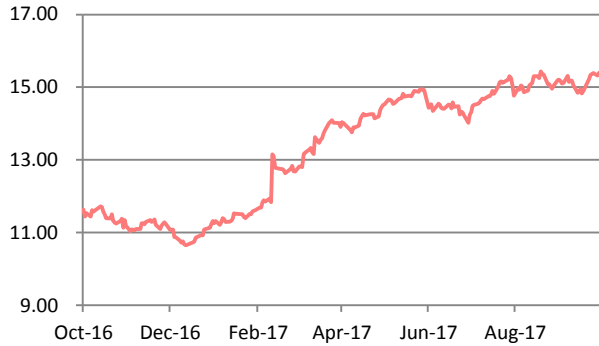
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,555	4.6	0.2	0.7	2.4	4.6	9.0	19.4	14.1
	Dow Jones	22,873	42.2	0.2	0.9	3.4	6.2	11.1	26.1	15.7
	Nasdaq Composite	6,604	16.3	0.2	1.1	2.3	5.5	13.1	26.0	22.7
	Russell 2000	1,507	(1.1)	(0.1)	(0.1)	5.9	5.8	10.9	22.8	11.0
	VIX Index	9.85	(0.2)	(2.3)	3.6	(6.9)	(4.4)	(37.5)	(38.1)	(29.8)
Europe Equity	Euro Stoxx 50	3,607	8.6	0.2	0.3	2.7	2.6	4.0	19.9	9.6
	DAX	12,971	21.4	0.2	0.0	3.6	2.7	6.7	23.3	13.0
	CAC	5,362	(1.2)	(0.0)	(0.0)	2.9	2.7	5.1	20.4	10.3
	FTSE 100	7,534	(4.5)	(0.1)	0.9	1.8	1.6	2.5	7.3	5.5
APAC Equity	HSI	28,390	(101.3)	(0.4)	0.8	1.5	9.0	16.8	21.3	29.0
	HSCEI	11,411	(7.4)	(0.1)	0.9	1.5	8.5	11.8	18.0	21.5
	HSI VIX	14.22	(0.1)	(0.4)	(0.8)	(4.9)	1.8	(1.7)	(23.1)	(15.8)
	CSI 300	3,903	12.8	0.3	2.1	1.7	6.7	11.2	18.3	17.9
	SH Composite	3,388	5.3	0.2	1.3	0.3	6.0	3.5	10.8	9.2
	SZ Composite	2,026	(3.7)	(0.2)	2.4	2.0	7.3	1.0	(1.0)	2.9
	Nikkei 225	20,881	57.8	0.3	1.3	5.6	3.9	12.6	24.0	9.2
KOSPI	2,458	24.4	1.0	3.5	3.9	2.8	15.5	20.9	21.3	
Commodities (USD)	Brent (Future)	56.94	0.3	0.6	2.0	5.8	19.8	1.3	8.6	0.2
	WTI (Future)	51.30	0.4	0.8	2.6	5.9	12.3	(3.8)	1.8	(4.9)
	Gold	1,292	3.7	0.3	1.3	(3.0)	5.9	0.4	3.0	12.6
	Copper (Future)	6,800	40.0	0.6	4.3	0.8	15.7	17.9	41.3	22.8
	Baltic Dry Index	1,418.00	7.0	0.5	7.4	4.6	70.8	12.4	53.8	47.6
FX	Dollar Index	93.02	(0.3)	(0.3)	(0.5)	1.2	(2.8)	(7.6)	(4.8)	(9.0)
	EUR	1.19	0.0	0.4	0.9	(0.9)	3.9	11.2	7.8	12.8
	JPY	112.50	0.1	0.0	(0.2)	(2.1)	0.6	(3.1)	(7.4)	4.0
	CNY	6.59	0.0	(0.2)	0.9	(0.9)	3.2	4.6	2.0	5.4
	CNH	6.57	0.0	0.1	(1.1)	(0.6)	3.2	4.7	2.3	6.1
CDS	ChinaGov CDS	57.72	(1.9)	(3.2)	(2.4)	0.8	(15.7)	(32.6)	(46.1)	(50.7)
	CDX Emerging Market	96.38	0.1	0.1	0.1	(0.3)	0.9	1.8	3.0	2.9

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.09	0.0	1.4	1.1	1.0	1.0	0.8	0.3	0.5
	2-Year Treasury Yield	1.52	0.0	0.4	1.5	1.3	1.4	1.2	0.9	1.2
	5-Year Treasury Yield	1.96	(0.0)	(0.2)	1.9	1.7	1.9	1.8	1.3	1.9
	10-Year Treasury Yield	2.35	(0.0)	(0.5)	2.3	2.2	2.3	2.2	1.8	2.4
	2-10 Spread	82.55	(1.9)	(2.2)	85.7	82.8	97.7	102.6	90.7	125.0
China rates	O/N China Repo Rate	2.60	-	-	3.0	2.6	2.7	2.4	2.1	2.2
	1-Week China Repo Rate	2.90	(0.4)	(12.1)	3.4	3.4	3.1	2.7	2.4	2.6
	O/N SHIBOR	2.74	0.0	0.1	2.9	2.6	2.7	2.4	2.2	2.2
	1-Week SHIBOR	2.92	(0.0)	(0.5)	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**



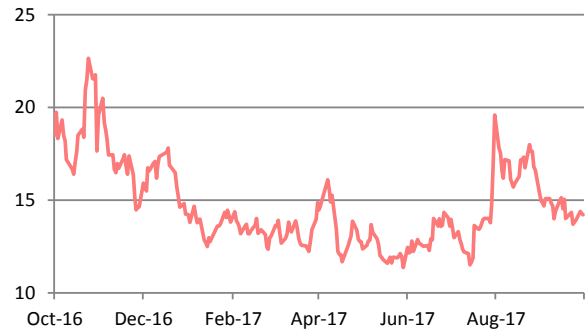
Source: Bloomberg

**China 5Y CDS Index\_USD**



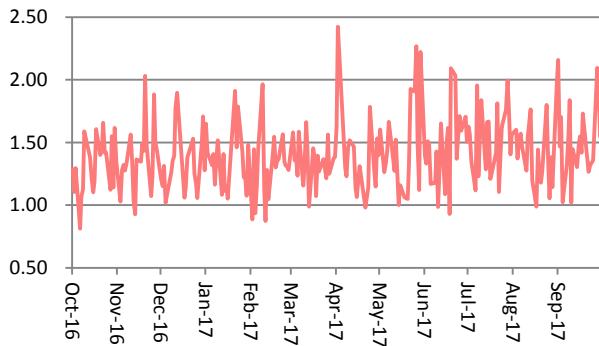
Source: Bloomberg

**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