

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Markit manufacturing PMI	Oct	53.0	53.1
Japan: Nikkei manufacturing PMI	Oct	N/A	52.9
Germany: Markit manufacturing PMI	Oct	60.0	60.6
Eurozone: Markit manufacturing PMI	Oct	57.7	58.1

Source: Bloomberg

## II. Macro News

- **IMF chief believes world's economy faces threats which could derail recovery.** The head of the International Monetary Fund (IMF) said on Thursday that a number of threats could derail the world's economic recovery, despite signs 2017 will be the best year for global growth since 2010. [SCMP]
- **New York Fed lowers US 3Q, 4Q econ growth forecast.** New York Federal Reserve lowered the economic growth forecast for the US in 3Q17 and 4Q17. The New York Fed expects the 3Q17 growth to be 1.5%, 0.2 pts lower than the previous forecast; and the 4Q17 growth to be 2.6%, 0.3 pts lower than the previous forecast. [AASocks]
- **Taiwan Sep industrial production sees accelerated growth to 5.24% YoY.** Taiwan's industrial production index saw a monthly decline of 2.84% to 112.57 in Sept. After the seasonal adjustment, industrial production growth eased to 1.26%; on YoY basis, the index saw an accelerated growth to 5.24%, beating market estimates of 4.5% growth. [AASocks]

## III. Industry News

- **HK to drop new board plan, amend rules to let start-ups, dual-class cos raise funds.** Hong Kong's government has signalled that it intends to drop a plan to establish a new board on the city's stock exchange for start-ups and companies with multiple-class shareholding structures to raise capital, choosing instead to amend existing rules to allow these companies to list. [SCMP]
- **China's US\$150bn tax cut: Beijing claims headway in cutting business burden.** China will cut the burden on business by at least RMB1tn this year via its new VAT regime and fee cuts, Finance Minister Xiao Jie forecast on Monday. Xiao said the switch to the new VAT system in 2013 had saved businesses c.RMB1.6tn in taxes and fees by end-Aug. [SCMP]
- **China vows no return for shuttered steelmakers as curbs bite.** China will prevent shuttered or illegal steel plants from returning to the market, according to an official at the nation's lead economic planning body, signaling a commitment to a campaign by the world's top producer that has helped to raise prices. [Bloomberg]

## IV. Corporate News

- **Tencent's China Literature, mainland's biggest online publisher, launches IPO worth up to US\$1.1bn.** Tencent unit China Literature launched its initial public offering on Monday in Hong Kong, with the aim of raising as much as HK\$8.3bn (US\$1.1bn) by offering 151.37mn shares globally at a maximum price of HK\$55 each. [SCMP]
- **Sinochem plans to acquire assets around the world, think global.** China's US\$60 billion chemical giant Sinochem Group is eyeing overseas merger and acquisition opportunities and plans to introduce strategic investors in three to five years for its business arms, according to company chairman Frank Ning Gaoning. [SCMP]

- **Unicom, Alibaba to expand collaboration in cloud computing services in China.** China Unicom and Alibaba Group plan to ramp up their collaboration in cloud computing services. This represents the first major business cooperation with a strategic investor after China Unicom’s mixed-ownership reform plan was approved,” said China Unicom. [SCMP]
- **Tesla’s Shanghai factory could take luxury cars up a gear in China.** Tesla has reached an agreement with Shanghai officials to set up a manufacturing facility in the city’s free trade zone, according a Wall Street Journal report published on October 22, citing unnamed sources. [SCMP]
- **Luzhou City Commercial Bank plans Hong Kong IPO.** A shareholder meeting approved Luzhou City Commercial Bank’s plan to issue H-shares and list in Hong Kong, Securities Times reports. Luzhou Laojiao Group is biggest shareholder of the bank. [Bloomberg]
- **China Agri to sell two units to parent subsidiary for HK\$8.6bn.** Consideration for the sale of Cofco Biofuel and Cofco Biochemical includes HK\$5.2b equity interests and HK\$3.4b debt, according to company’s filing to the Hong Kong stock exchange. [Bloomberg]
- **SOHO China to Sell Shanghai Commercial Project for 2.95bn yuan.** SOHO China unit entered framework agreement to sell its Sky SOHO project in Shanghai’s Hongqiao Linkong Economic Zone to Brave Point for initial 2.95b yuan, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Li Ning 2Q18 trade fair order rises in ‘low-teens’ on year.** Same-store sales under Li Ning point-of-sales for the quarter ended Sept. 30 fell in “low-single-digit” on year, according to statement to HKEX. In terms of channels, both retail and wholesale saw “mid-single-digit” decline, while e-commerce business registered “low-thirties” growth. [Bloomberg]
- **China Paper says 69 SOEs to finish restructuring by Dec.** A total of 69 Chinese state-owned enterprise groups run by central government and their more than 2,600 units will finish restructuring by year-end, Economic Information Daily reports, citing Li Zhiqun, head of the the State Council’s supervisory board for major SOEs. [Bloomberg]
- **H.K. SFC directs suspension of all dealings in Mingyuan Medicare.** Hong Kong Securities & Futures Commission has directed the Hong Kong stock exchange to suspend all dealings in shares of Mingyuan Medicare Development from 9am Oct. 23, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China Mobile Sep 4G net additions slow to 4.932mn.** China Mobile announced that 4G user net additions came in at 4.932 million in September, easing from that of July at 10.852 million. The number of 4G clients rose to 622mn. [AASocks]
- **HKEX plans to introduce more long-dated contract months for derivatives mkt.** HKEX plans to introduce long-dated contract months for its HSI and HSCEI Futures and increase the long-dated contract months for its HSI and HSCEI Options, with maturities up to 5.5 years, on Monday, 4 Dec 2017, subject to regulatory approval. [AASocks]
- **Angang Steel, Angang Energy Conservation sign 2017 Energy Management Contract II.** Angang Steel announced that the company and Angang Energy Conservation entered into the 2017 Energy Management Contract II in relation to the implementation of energy conservation projects through energy performance contracting. [AASocks]
- **New World China Land wins Guangzhou commercial/residential land at nearly RMB2.1bn.** New World China Land announced that it won the land use right in Changgang Village, Yongning Street, Zengcheng District, Guangzhou City, PRC at RMB2.085bn with a land area of about 35,200 sq.m. for business, commercial and residential purposes. [AASocks]
- **Bank of China helps MOF issue USD bonds in HK.** Bank of China was appointed by the PRC Ministry of Finance as the leading underwriter and bookkeeping manager for the issuance of USD-denominated bonds in Hong Kong jointly with other underwriters on behalf of the Ministry of Finance. [AASocks]
- **Boeing, Mitsubishi Heavy Industries slash production costs of 787 Dreamliner wings.** Boeing and Mitsubishi Heavy Industries, Ltd. (MHI) concluded an agreement to reduce costs in MHI production of wings for the 787 Dreamliner and joint studies of advanced aerostructure technologies for future-generation commercial aircraft. [AASocks]

## V. Overnight Market Recap

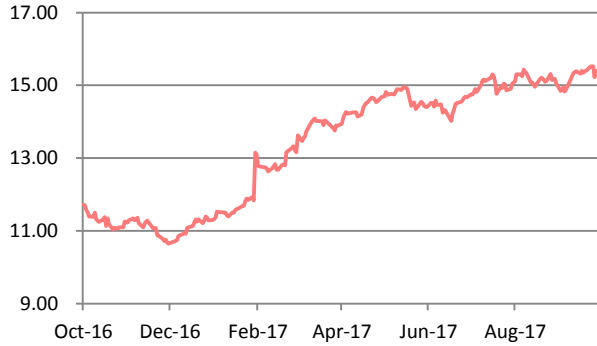
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,565	(10.2)	(0.4)	0.3	2.5	3.8	8.0	19.2	14.6
	Dow Jones	23,274	(54.7)	(0.2)	1.4	4.1	8.2	12.1	27.7	17.8
	Nasdaq Composite	6,587	(42.2)	(0.6)	(0.6)	2.5	2.7	10.1	24.0	22.4
	Russell 2000	1,497	(11.8)	(0.8)	(0.3)	3.2	4.1	7.1	22.1	10.3
	VIX Index	11.07	1.1	11.0	11.7	15.4	17.4	2.1	(15.0)	(21.2)
Europe Equity	Euro Stoxx 50	3,609	3.8	0.1	0.1	1.9	4.5	0.9	16.6	9.7
	DAX	13,003	11.9	0.1	(0.0)	3.3	6.5	4.4	20.8	13.3
	CAC	5,387	14.4	0.3	0.4	2.0	5.1	2.2	18.3	10.8
	FTSE 100	7,524	1.2	0.0	(0.0)	2.9	2.0	3.6	7.7	5.3
APAC Equity	HSI	28,306	(181.4)	(0.6)	(1.3)	1.5	5.4	17.3	19.9	28.7
	HSCEI	11,491	(67.3)	(0.6)	(1.0)	3.4	6.2	13.7	16.6	22.3
	HSI VIX	14.38	0.6	4.0	3.3	(0.2)	18.6	6.8	(13.8)	(14.9)
	CSI 300	3,931	3.9	0.1	0.4	2.4	5.0	14.6	16.7	18.8
	SH Composite	3,381	2.1	0.1	0.1	0.8	4.0	8.0	8.1	8.9
	SZ Composite	2,012	12.4	0.6	0.3	1.2	8.5	7.4	(2.8)	2.2
	Nikkei 225	21,697	239.0	1.1	2.1	6.9	8.6	14.9	25.9	13.5
KOSPI	2,490	0.5	0.0	0.4	4.2	1.6	14.6	21.6	22.9	
Commodities (USD)	Brent (Future)	57.37	(0.4)	(0.7)	(0.8)	0.9	19.4	10.4	10.8	1.0
	WTI (Future)	51.90	0.4	0.8	0.1	2.5	12.0	5.4	2.8	(3.4)
	Gold	1,282	1.8	0.1	(1.0)	(2.2)	2.1	0.4	1.4	11.7
	Copper (Future)	6,952	(15.0)	(0.2)	1.0	6.5	16.7	23.6	49.4	25.6
	Baltic Dry Index	1,578.00	(4.0)	(0.3)	3.6	5.1	61.5	32.1	87.4	64.2
FX	Dollar Index	93.70	0.2	0.3	0.7	1.9	0.1	(6.0)	(4.8)	(8.1)
	EUR	1.17	(0.0)	(0.3)	(0.4)	(0.8)	0.9	8.1	8.0	11.7
	JPY	113.43	(0.1)	(0.1)	1.1	(1.5)	(2.1)	(3.3)	(8.2)	3.1
	CNY	6.64	0.0	(0.3)	(0.8)	(0.3)	1.7	3.7	2.0	4.6
	CNH	6.64	0.0	0.2	0.8	(0.4)	1.6	3.7	2.1	5.0
CDS	ChinaGov CDS	52.21	(1.9)	(3.4)	(8.6)	(13.6)	(21.0)	(37.0)	(50.4)	(55.4)
	CDX Emerging Market	96.52	(0.1)	(0.1)	0.2	0.9	0.8	1.4	2.8	3.0

	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	1.2	0.8	0.3	0.5
	2-Year Treasury Yield	1.56	(0.0)	(0.8)	1.5	1.4	1.4	1.3	0.8	1.2
	5-Year Treasury Yield	2.00	(0.0)	(1.1)	2.0	1.9	1.9	1.9	1.3	1.9
	10-Year Treasury Yield	2.37	(0.0)	(0.8)	2.3	2.2	2.3	2.3	1.8	2.4
	2-10 Spread	79.81	(0.6)	(0.7)	74.9	81.5	94.1	105.8	92.1	125.0
China rates	O/N China Repo Rate	2.62	0.1	2.7	2.6	2.6	2.7	2.9	2.2	2.2
	1-Week China Repo Rate	3.20	0.4	13.1	2.7	3.3	2.9	4.0	2.9	2.6
	O/N SHIBOR	2.62	0.0	1.5	2.6	2.8	2.7	2.8	2.2	2.2
	1-Week SHIBOR	2.83	(0.0)	(0.1)	2.8	2.9	2.8	2.8	2.4	2.5

Source: Bloomberg

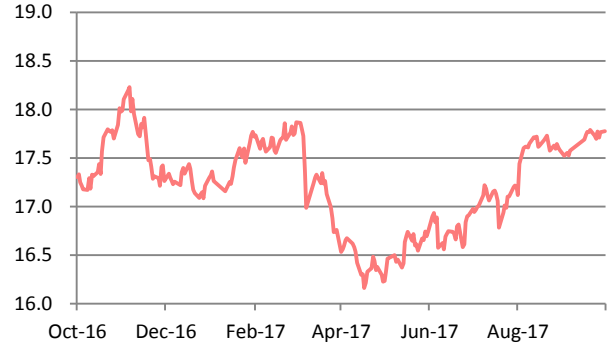
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



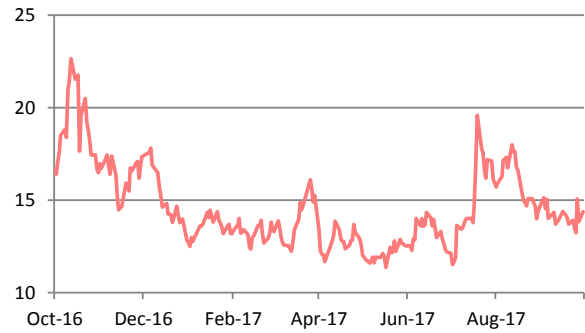
Source: Bloomberg

**China 5Y CDS Index\_USD**



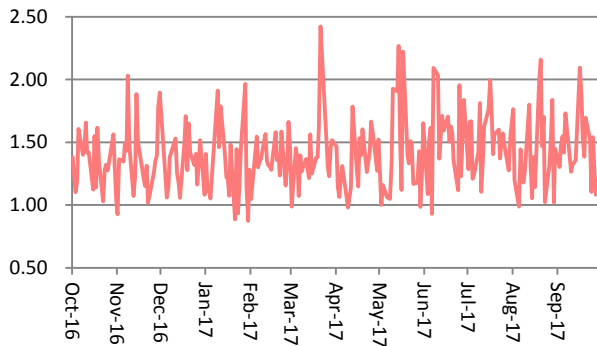
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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