

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Aggregate Financing CNY	Oct	RMB1100bn	RMB1820bn
Japan: GDP Annualised QoQ	3Q17	1.50%	2.50%
US: CPI YoY	Oct	2.00%	2.20%
US: Real Avg. Hourly Earnings YoY	Oct	N/A	0.70%
US: Retail Sales ex Auto & Gas MoM	Oct	0.30%	0.50%

Source: Bloomberg

## II. Macro News

- **Early exit by Trump raises Asia doubts.** US President Donald Trump has again raised doubts about his country's commitment to the region by opting abruptly to skip a full session of an Asian summit and head home. Trump had been expected to wrap up his 12-day regional tour by attending the main session of the East Asia Summit in Manila yesterday. [SCMP]
- **China's economic growth slows in October.** From house building to industrial output, China's economic momentum broadly cooled last month as President Xi Jinping notably omitted a numerical long-term growth target from his epic speech to the national party congress, preferring instead to focus on the environment and "growth quality". [SCMP]
- **Economists at odds on global inflation outlook.** There's a growing chorus of Wall Street economists siding with Federal Reserve Chair Janet Yellen's "best guess" that price pressures will soon gain momentum, paving the way for the Fed and other key central banks to continue unwinding ultra-loose monetary policy in a gradual fashion. [Bloomberg]

## III. Industry News

- **Government bond yield advances to three-year high.** China's 10-year sovereign bonds declined, pushing the benchmark yield to a 3-yr high, with sentiment taking a hit from a debt selloff in the U.S. and Europe. The yield on govt. bonds due in a decade rose 5 basis pts to 3.98% in Shanghai, extending the past month's advance to 30bpts. [Bloomberg]
- **China to increase imports from Vietnam.** China will open market access to some fruits from Vietnam and prioritize evaluation work for Vietnamese dairy product imports, Xinhua reports, citing joint statement by the two countries. [Bloomberg]
- **Chinese copper trader flags property slowdown as major concern.** The downturn in China's property market is the biggest risk to a near 2-yr rally in copper prices, according to a new state-backed trading venture, which expects growth in China's refined copper demand to ease next year to 2.5% from 3.5% in 2017. [Bloomberg]

## IV. Corporate News

- **Tencent set to enter USD500bn technology club.** Tencent Holdings is within touching distance of becoming the first mainland technology firm to top USD500bn in market value, joining an elite club led by hi-tech industry stalwarts Apple, Alphabet, Facebook and Microsoft Corp. [SCMP]
- **SMIC profit tumbles on foreign exchange losses.** Semiconductor Manufacturing International Corp yesterday reported a 77% fall in third-quarter net profit to USD25.9mn from a year earlier. That decline was attributed to foreign exchange losses as well as higher operating expenses and cost of sales. [SCMP]

- **GM seems wholly unimpressed by chance to wholly own an electric car factory in China.** Beijing's plan to encourage foreign carmakers to produce more electric vehicles by easing ownership restrictions on factories appears to have received a lukewarm response from General Motor, which said it's happy with the current arrangement to operate through JV with Chinese partners. [SCMP]
- **ICBC launches robo-adviser service for wealth-management products.** Industrial and Commercial Bank of China has applied the latest artificial intelligence-led technology to its wealth-management operations, reflecting just how the country's big banks are now fighting hard to gain an edge over rivals in the sector. [SCMP]
- **Hon Hai's profit falls most since 2008 as iPhone delays hurt.** Hon Hai Precision Industry Co. posted its biggest earnings decline in almost nine years as technical hiccups disrupted production of Apple Inc.'s 10th-anniversary iPhone. The company assembler reported a 39% decline in net income to NT\$21bn in the three months ended Sept. [Bloomberg]
- **Yixin Group says Hong Kong IPO retail portion 561x subscribed.** The company raises Hong Kong's retail offer shares by 219.7m to 307.54mn shares, it says in statement published in South China Morning Post. It has priced Hong Kong IPO shares at HK\$7.70 each. [Bloomberg]
- **Geely jumps back to highest since 1993 amid Flying Car news.** Geely Automobile Holdings Ltd. climbs as much as 7.2%, biggest intraday gain in six weeks, to fresh 24- year high in Hong Kong, following news Geely has bought U.S. flying car maker Terrafugia. Shares advance for fourth-straight session; up 17% in past two weeks. [Bloomberg]
- **Baiyunshan Pharma seeks to raise stake in Guangzhou Pharma.** Guangzhou Baiyunshan Pharmaceutical plans to increase stake in Guangzhou Pharmaceuticals Corp. from current 50% to be a controlling shareholder, according to a statement to Shanghai stock exchange. [Bloomberg]
- **Jardine Matheson unit buys \$616.6mn stake in Vinamilk.** Hong Kong real-estate-to-dairy conglomerate Jardine Matheson Holdings Ltd. agreed to buy a 5.53 percent stake in Vietnam's largest consumer company for \$616.6 million as it seeks access to the growing wealth of the nation's shoppers. [Bloomberg]
- **H&H Intl's Swisse to buy back distribution rights for \$100mn.** Health and Happiness Intl's subsidiary Swisse Wellness to buy back distribution rights it granted to PGT Healthcare earlier for \$100m, Health and Happiness says in filing to Hong Kong stock exchange. [Bloomberg]
- **HNA's pending deal list shrinks after OM Asset stake purchase.** HNA Group Co. just raised its stake in OM Asset Management Plc. It's the latest progress the company's made recently with some of its investments after scrutiny from regulators in China and abroad slowed its pace of purchases. [Bloomberg]
- **Fosun chairman to quit top posts at subsidiaries.** Guo Guangchang, the billionaire chairman of Hong Kong-listed conglomerate Fosun International, said he would quit all his executive posts at group companies to "make room for young people". [Bloomberg]
- **'HNA' name to be ditched by Hong Kong unit of Chinese dealmaker.** HNA Holding Group Co. is ditching the 'HNA' name, the company told Hong Kong's stock exchange. The firm plans to call itself CWT International Ltd., based on the name of a Singaporean warehousing-and-delivery company that it acquired. [Bloomberg]
- **CDB plans first switch auction in interbank market on Nov. 16.** China Development Bank plans to conduct its first switch auction on Nov. 16 in the interbank market, according to a statement on its website. The policy lender will sell new bonds to swap existing notes in the trial. [Bloomberg]
- **Fosun Pharma unit to buy stake in Hospital for 909mn yuan.** Shanghai Fosun Pharmaceutical unit agrees to buy 60% stake in hospital in Shenzhen, according to a Hong Kong stock exchange filing. [Bloomberg]
- **Moody's upgrades Evergrande's rating to B1; outlook stable.** Moody's Investors Service has upgraded Evergrande's corporate family rating to B1 from B2 and senior unsecured debt rating to B2 from B3. The outlook for the ratings is stable. [AASocks]

## V. Overnight Market Recap

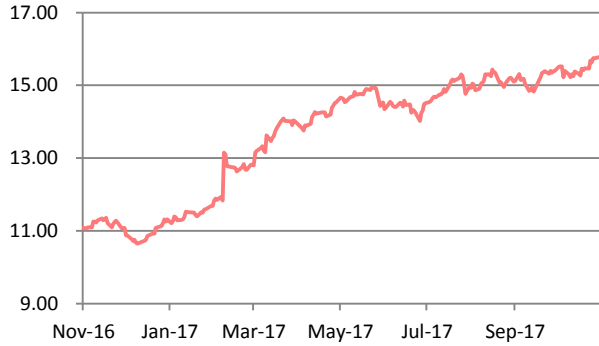
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,579	(6.0)	(0.2)	(0.5)	1.0	4.6	7.3	18.3	15.2
	Dow Jones	23,409	(30.2)	(0.1)	(0.6)	2.4	6.4	11.6	23.7	18.5
	Nasdaq Composite	6,738	(19.7)	(0.3)	(0.4)	2.0	6.4	9.6	27.7	25.2
	Russell 2000	1,471	(3.8)	(0.3)	(0.5)	(2.1)	6.4	5.5	13.0	8.4
	VIX Index	11.59	0.1	0.8	17.2	20.6	(3.7)	11.2	(13.3)	(17.5)
Europe Equity	Euro Stoxx 50	3,556	(18.1)	(0.5)	(2.8)	(1.3)	2.7	(2.3)	16.6	8.1
	DAX	13,033	(40.9)	(0.3)	(2.6)	0.3	7.0	1.8	21.4	13.5
	CAC	5,316	(26.1)	(0.5)	(3.0)	(0.7)	3.4	(1.9)	17.2	9.3
	FTSE 100	7,414	(0.8)	(0.0)	(1.3)	(1.6)	0.4	(0.5)	9.2	3.8
APAC Equity	HSI	29,152	(30.1)	(0.1)	0.5	2.4	7.3	14.9	30.6	32.5
	HSCEI	11,602	(82.8)	(0.7)	(0.4)	0.7	8.0	11.0	23.4	23.5
	HSI VIX	14.63	(0.0)	(0.3)	4.8	6.8	(16.5)	16.4	(23.8)	(13.4)
	CSI 300	4,099	(28.7)	(0.7)	1.1	4.5	10.6	20.6	19.5	23.8
	SH Composite	3,430	(18.3)	(0.5)	0.5	1.2	5.5	11.0	6.9	10.5
	SZ Composite	2,026	(19.4)	(0.9)	0.6	(0.5)	7.3	10.9	(4.6)	2.9
	Nikkei 225	22,380	(1.0)	-	(2.4)	5.8	13.3	12.6	26.7	17.1
KOSPI	2,527	(3.7)	(0.2)	(0.7)	2.1	8.2	10.3	28.4	24.7	
Commodities (USD)	Brent (Future)	62.21	(1.0)	(1.5)	(2.3)	8.8	22.6	22.4	40.0	9.5
	WTI (Future)	55.70	(1.1)	(1.9)	(2.6)	7.0	15.8	12.7	20.2	2.5
	Gold	1,280	1.9	0.2	0.4	(1.1)	0.7	4.1	4.2	11.6
	Copper (Future)	6,895	109.0	1.6	(1.1)	0.2	7.5	24.0	24.3	24.6
	Baltic Dry Index	1,445.00	(19.0)	(1.3)	(2.2)	(2.7)	25.1	42.5	35.7	50.4
FX	Dollar Index	94.49	(0.7)	(0.7)	(1.1)	0.8	0.4	(5.5)	(6.3)	(8.2)
	EUR	1.18	0.0	1.1	1.8	0.0	0.5	7.5	10.0	12.2
	JPY	113.46	(0.2)	(0.1)	(0.5)	(1.1)	(2.4)	0.3	(3.7)	3.1
	CNY	6.64	(0.0)	0.1	0.1	(0.7)	0.5	3.9	3.4	4.7
	CNH	6.64	(0.0)	(0.3)	(0.1)	(0.8)	0.9	3.9	3.6	5.1
CDS	ChinaGov CDS	60.88	(0.7)	(1.1)	7.6	6.5	(7.5)	(22.9)	(48.0)	(48.0)
	CDX Emerging Market	95.68	(0.1)	(0.1)	(0.2)	(0.7)	(0.4)	(0.1)	3.6	2.1

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.24	0.0	2.8	1.2	1.1	1.0	0.9	0.5	0.5
	2-Year Treasury Yield	1.69	0.0	0.4	1.6	1.5	1.3	1.2	1.0	1.2
	5-Year Treasury Yield	2.06	(0.0)	(0.8)	2.0	1.9	1.8	1.8	1.7	1.9
	10-Year Treasury Yield	2.37	(0.0)	(1.4)	2.3	2.3	2.2	2.2	2.2	2.4
	2-10 Spread	68.05	(4.2)	(5.8)	68.5	76.1	89.2	97.4	122.2	125.0
China rates	O/N China Repo Rate	2.85	(0.1)	(2.4)	2.6	2.6	3.3	2.6	2.7	2.2
	1-Week China Repo Rate	3.30	0.1	3.1	3.2	2.9	3.4	3.0	3.2	2.6
	O/N SHIBOR	2.83	0.0	1.4	2.6	2.6	2.8	2.8	2.2	2.2
	1-Week SHIBOR	2.88	0.0	0.6	2.8	2.8	2.9	2.9	2.4	2.5

Source: Bloomberg

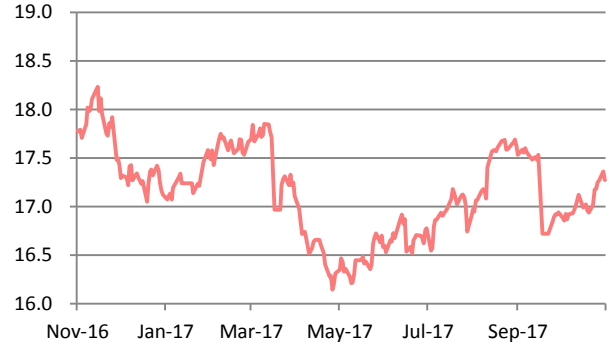
## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



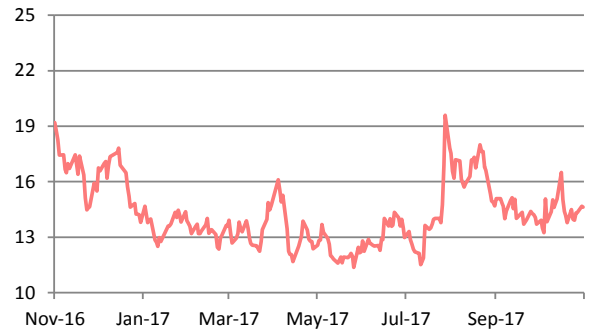
Source: Bloomberg

**China 5Y CDS Index\_USD**



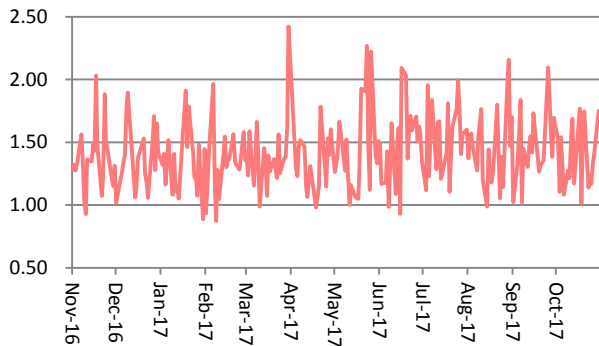
Source: Bloomberg

**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