

Hot on the plate – China Connect

- ❖ **Commodities 4Q19E Outlook: As financial attributes are stronger than industrial attributes, basic metal stocks will outperform energy and black stocks**
Cyclicals | In the fourth quarter, global trade and political uncertainties will rise, while loose liquidity and hedging attributes will further strengthen the financial attributes of stocks. As for the fundamentals, owing to sluggish European, US and Chinese economies in the fourth quarter, demand will continue to suppress the fundamentals of industrial products. In terms of allocation, precious metals and basic metals are expected to outperform energy and black varieties. Agricultural products will be further affected by the African swine fever, while grease still has an upside.
- ❖ **Real Estate Industry Tracking Report: Capital cost hits the ceiling, while fundamentals are high stable**
Real Estate | We believe that the industry's capital cost has hit the ceiling after a small rally in the context of pre-hedging policy. Housing sales and the land market are also booming at present, and we are optimistic about rebound opportunities of high-credit leaders.
- ❖ **Comparative Analysis of Pingduoduo (PDD.O) and Taobao in Five Dimensions: Different positionings, but the same splendor**
Commerce & Retail | From the two major frameworks of “Four Flows-in-One” in commerce and retail and “Traffic acquisition-distribution-cash realization” in e-commerce, this report presents a comparative analysis of Taobao and Pingduoduo from five dimensions: front-end (customer acquisition, scenario & cash realization), back-end supply chain, logistics, operation data and user portrait. Core conclusions are: 1. Taobao has a richer ecosystem and more diversified cash realization modes (e.g. live broadcasting, IP licensing, etc.), 2. in C2B/C2M, Taobao is closer to intelligent manufacturing, and 3. Alibaba has made cutting-edge explorations in China's commercial circulation, manufacturing efficiency improvement and other fields, while Pinduoduo highly efficiently connects with customer groups with low purchasing power and has adequate capacity to match them. Both companies have broad growth space.
- ❖ **Media Industry Internet Video Thematic Report No.7: Ten Questions About the Variety Show Industry: How to view the investment value of the variety show segment and companies?**
Media | Variety show programs will continue to be an important content category of Internet videos thanks to their irreplaceable client, cost controllability and commercial potential. Platform companies with barriers are expected to grow out of the variety show category. We are optimistic about companies with their own complete production content systems and chiefly recommend to closely follow Mango Excellent Media (300413) and call key attention to iQIYI (IQ.O).
- ❖ **G-bits Network Technology (603444) Tracking Report: The most promising youth game distribution platform**
Media | G-bits' AskTao mobile phone game is a classic turn-based MMO, with long-term operation capability, which is expected to continue to maintain stable turnover. Leiting Games, the distribution platform of the Company, focuses on youth game categories and adheres to long-term operations and customer accumulation. Its new products may have great growth potential. We believe that the Company is currently a scarce A-share game company focusing on youth and play method innovation and long-term operations. We upgrade the Company's earnings forecast for 2019 E and 2020E.

Other recommendations

- ❖ **Credit Risk and Strategy Tracking:** A review of 3Q credit market
- ❖ **ETF Market Monthly Report (Sep 2019):** Soybean Meal Futures ETF established, with gold and technology ETFs attracting attention
- ❖ **3Q19 Stock Index Funds Recap:** With the concentrated establishment of index funds, thematic ETFs lead the layout direction.
- ❖ **Gold Industry Update:** Interest rate reduction expectations are ignited again, pay attention to allocation opportunities in the gold sector
- ❖ **Property Management Industry Thematic Report:** A promising sector
- ❖ **Xinjiang Tianye (600075) Update:** Tianneng Chemical Reorganization Plan brings positive prospects
- ❖ **Iflytek (002230) 3Q19 Earnings Preannouncement Commentary:** 2019E: Business turning point arrives on schedule, and management reform advances smoothly
- ❖ **Daqin Railway (601006) Sep 2019 Operation Data Commentary:** Advance maintenance affects freight volume, and cargo diversion by Haoji Railway is controllable
- ❖ **Beijing Sinnet Technology (300383) Update:** 14,000 cabinets planned for construction in Kunshan to improve resource reserves in the Yangtze River Delta Region
- ❖ **China Merchants Shekou Industrial Zone Holdings (001979) Update:** High growth in sales but cautious about land acquisition from open market
- ❖ **Zhengzhou Yutong Bus (600066) Sep 2019 Sales Volume Commentary:** Sales decline year-on-year but are expected to recover

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Investment ratings are divided into stock rating and sector rating (unless stated otherwise). Rating standard is based on the relative performance with market in 6 to 12 months from the report issuance date, i.e. Performance of company stock price (or sector index) over the 6-to-12-month period from report issuance day is benchmarked against the change in market representative index in the same period. CSI 300 Index will be the benchmark index for A-share market; the NEEQ Component Index (stocks subject to negotiated transfer) or the NEEQ Market Making Index (stocks subject to market making) will be the benchmark index for the NNEQ board; MSCI-China Index will be the benchmark index for Hong Kong market; and NASDAQ Composite Index or Standard & Poor's 500 Index will be the benchmark indices for U.S. market.	BUY	Increase relative to market representative index over 20%
	OVERWEIGHT	Increase relative to market representative index between 5% and 20%
	HOLD	Increase relative to market representative index between -10% and 5%
	SELL	Decrease relative to market representative index over 10%
	OUTPERFORM	Increase relative to market representative index over 10%
	NEUTRAL	Increase relative to market representative index between -10% and 10%
	UNDERPERFORM	Decrease relative to market representative index over 10%

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