

Hot on the plate – China Connect

- ❖ **Macroeconomy Thematic Report: LPR reform opens way for domestic interest rate reduction**
Macroeconomic | The implementation of new LPR regulations opens room for the central bank to adjust monetary policy through the price means. Amidst a medium-term trend of weak PPI, the way for domestic interest rate reduction has been opened. We expect that as early as the fourth quarter, the LPR interest rate will decline significantly further, while the current cycle will see a reduction of 30-50BPS overall, leading to a fall in the financing interest rate for the real economy. In addition, LPR reform will also enhance banks' willingness to lend in the medium and long term and thus help a moderate recovery of infrastructure investment.

- ❖ **Sep 2019 Financial Revenue and Expenditure Data Commentary: Fiscal policy underpins stable economic growth**
Macroeconomic | Sep saw a more-than-expected rebound in the growth rate of general public budget expenditure. Besides the end-of-quarter factor, it also reflected the continuous firm will of counter-cyclical policy adjustment to underpin the economy. Under the adjustment of carry-over surplus funds, general public budget expenditure growth in the whole year is expected to highly probably outperform expenditure growth in the budget. Under the "Six Stabilizations" policy, it is expected that counter-cyclical fiscal policy will continue to be rolled out to underpin economic growth.

- ❖ **Zhejiang Jiuli Hi-tech Metals (002318) Investment Value Analysis Report: Outstanding competitive advantages and oil and gas boom cycle drive profit up**
Steel | The Company has the strongest competitiveness and profitability in its industry. Driven by the two wheels of oil & gas and nuclear power, the Company's profitability is expected to continue to go up. Its current PB valuation level is at a 5-year low. Considering the Company's relatively high earnings certainty and elasticity and with reference to the valuation level of comparable companies, we give it a 2.85x PB for 2019, corresponding to a target price of Rmb11.58.

Other recommendations

- ❖ **Credit Risk and Strategy Tracking Report:** With non-standard capital spillover, how to make allocation to credit debt?

- ❖ **Hongqi chain (002697) 3Q19 Earnings Report Commentary:** Prime commerce business and XW Bank post faster QoQ profit growth

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	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%
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