



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51621.5	(0.1)	0.9	(1.5)	7.4
S&P 500	7718.9	(1.1)	(1.1)	1.3	12.8
FTSE 100	10724.9	0.7	2.5	0.3	8.0
AS30	8869.0	(0.6)	(0.3)	0.2	(1.7)
CSI 300	4217.7	(1.4)	(3.2)	(5.2)	(8.9)
FSSTI	5423.3	(0.1)	(3.3)	(3.8)	16.7
HSCEI	8183.2	0.1	1.2	(0.3)	(8.2)
HSI	24314.2	(0.1)	0.8	(2.4)	(5.1)
JCI	5943.0	0.3	(3.3)	(8.0)	(31.3)
KLCI	1627.7	0.3	1.0	(3.1)	(3.1)
KOSPI	6008.8	(0.4)	(13.4)	(9.3)	42.6
Nikkei 225	67744.3	(0.0)	(4.2)	6.7	34.6
SET	1575.9	0.3	(0.4)	(0.2)	25.1
TWSE	48625.8	0.6	(2.4)	6.8	67.9
BDI	2667	(4.8)	(10.9)	(22.6)	42.1
CPO (RM/mt)	4399	(0.5)	0.7	(4.3)	11.8
Brent Crude (US\$/bbl)	106	0.4	5.8	0.4	74.3

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Sharing Session on Global Vegetable Oil Markets with S&P Global Energy	Singapore	19 Oct	19 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Sep FDI YTD YoY CNY	China	12-18 Oct
3Q GDP	China	19 Oct
Sep Retail Sales	China	19 Oct
Sep Industrial Production	China	19 Oct
Sep Fixed Assets Ex Rural	China	19 Oct
Sep Surveyed Jobless Rate	China	19 Oct
Sep Unemployment Rate 3Mths	Hong Kong	22 Oct
Sep CPI Composite	Hong Kong	22 Oct
Sep Industrial Profits	China	27 Oct

Top Stories

Economics | Inflation

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- China's September headline CPI inflation edged up to 0.9% yoy (+0.1ppt mom), but below consensus, lifted by transportation and communication inflation. Core CPI inflation held at 1.0% yoy, with goods inflation firming (+0.2ppt mom) and services inflation remaining steady (0.0ppt mom). Meanwhile, PPI inflation surged to 5.0% yoy (+1.2ppt mom), well above consensus, led by mining and quarrying inflation. Overall, the data is market neutral despite easing deflation risk, as cost-push upstream inflation widens margin pressure on downstream producers.

Economics | Money Supply

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- Sep 26's M1 growth slowed to 3.2% yoy (-0.9ppt mom) and M2 to 7.2% yoy (-0.3ppt mom), both below consensus. New bank loans rose to Rmb1.08t (+Rmb1.02t mom) and new TSF to Rmb3.55t (+Rmb1.89t mom), both above forecasts. But outstanding bank loans growth slipped to 4.8% yoy (-0.1ppt mom), a fresh low, while outstanding TSF growth eased to 7.1% yoy (-0.1ppt mom). The FAI push is lifting corporate credit; however, household credit demand remains absent.

Economics | Trade

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- September trade data beat expectations. Export growth accelerated to 36.3% yoy (+11.3ppt mom), well above Bloomberg's consensus estimate of 25.7% yoy, led by the ASEAN and EU markets. Import growth rose to 31.0% yoy (+2.8ppt mom), above consensus' 25.0% yoy, as key commodities turned more supportive. The trade surplus widened to US\$133.5b, above consensus' US\$117.8b. Both export and import growth accelerated against a higher yoy base, supported by tech-related trade.

Sector Update | Automobile

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- China and the EU have agreed on a hybrid export quota of 350,000 units/year from December. China will cut EV export VAT rebates from 13% to 9% on 1 Apr 27. BYD and Geely will be able to mitigate these via overseas production. We downgrade Ganfeng Lithium to HOLD on weaker lithium carbonate prices. RoboSense's 3Q26 LiDAR volume rose 221% yoy and 53% qoq, in line, but the recall affected its profit. Maintain MARKET WEIGHT. Top BUYs: BYD, Geely, CATL; top SELLs: Li Auto, XPeng.

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Technical Analysis

Lenovo Group 992 HK	Page 12 →
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- Support levels: HK\$27.06/HK\$24.90
- Resistance levels: HK\$32.68/HK\$33.74

SHEIN Global 625 HK	Page 12 →
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- Support levels: HK\$33.98/HK\$31.78
- Resistance levels: HK\$42.42/HK\$45.78

Economics

Inflation

PPI Inflation Beat Driven By Upstream Cost-Push

- China's September headline CPI inflation edged up to 0.9% yoy (+0.1ppt mom), below Bloomberg consensus of 1.0% yoy, lifted by transportation and communication inflation (4.3% yoy, +1.8ppt mom). Core CPI inflation held at 1.0% yoy (0.0ppt mom), in line with Bloomberg consensus, with goods inflation at 1.0% yoy (+0.2ppt mom) and services inflation at 0.8% yoy (0.0ppt mom).
- PPI inflation surged to 5.0% yoy (+1.2ppt mom), beyond Bloomberg consensus of 4.4% yoy, as producer goods PPI inflation rose to 6.5% yoy (+1.5ppt mom) on mining and quarrying inflation (25.4% yoy, +7.6ppt mom), while consumer goods PPI deflation continued narrowing to -0.1% yoy (+0.4ppt mom).
- Overall, the data is market neutral. With CPI inflation slightly below consensus and core CPI inflation flat, the PPI inflation beat reflects upstream cost-push rather than stronger end-demand, widening margin pressure on downstream producers. Looking ahead, investors should continue to watch whether upstream cost pressure filters through to core CPI inflation.

Our View

- September headline CPI inflation edged up to 0.9% yoy (+0.1ppt mom)**, below Bloomberg consensus of 1.0% yoy. The pick-up was mainly led by transportation and communication inflation, which accelerated to 4.3% yoy (+1.8ppt mom) due to the rally in crude oil passed through to fuel costs. Notably, transportation and communication was the only one of the eight major categories to post a higher reading, with four easing and three unchanged, indicating the rise was narrow and cost-driven. Food deflation deepened to -1.7% yoy (-0.3ppt mom), while food, tobacco and liquor deflation deepened to -0.9% yoy (-0.2ppt mom). Among other categories, other products and services inflation moderated to 5.9% yoy (-1.4ppt mom) and daily necessities and services inflation slowed to 0.2% yoy (-0.5ppt mom). Core CPI inflation held at 1.0% yoy (0.0ppt mom), in line with Bloomberg consensus, with goods inflation at 1.0% yoy (+0.2ppt mom) and services inflation at 0.8% yoy (0.0ppt mom).
- PPI inflation surged to 5.0% yoy in September (+1.2ppt mom)**, well above Bloomberg consensus of 4.4% yoy. Producer goods PPI inflation jumped to 6.5% yoy (+1.5ppt mom), led by mining and quarrying inflation at 25.4% yoy (+7.6ppt mom) and raw materials inflation at 9.4% yoy (+2.7ppt mom). Consumer goods PPI deflation also narrowed to -0.1% yoy (+0.4ppt mom), with durable consumer goods PPI inflation rising to 1.6% yoy (+0.4ppt mom) and food PPI deflation easing to -1.8% yoy (+0.5ppt mom). Meanwhile, Purchasing Price Index inflation rose to 6.9% yoy (+1.1ppt mom), reflecting a broad-based firming across sub-components, with eight of the nine categories improving mom. Among them, fuel and power inflation accelerated to 13.6% yoy (+3.8ppt mom) and chemical raw materials inflation to 12.6% yoy (+3.1ppt mom). By contrast, ferrous metal materials slipped into deflation at -0.4% yoy (-0.7ppt mom).
- Overall, the September data is market neutral. With CPI inflation below consensus and core CPI inflation flat, the PPI inflation beat reflects upstream cost-push rather than stronger end-demand, widening margin pressure on downstream producers, although it eases near-term deflation risk. Looking ahead, investors should watch whether upstream cost pressure filters through to core CPI inflation or is absorbed by downstream margins.

Analyst(s)

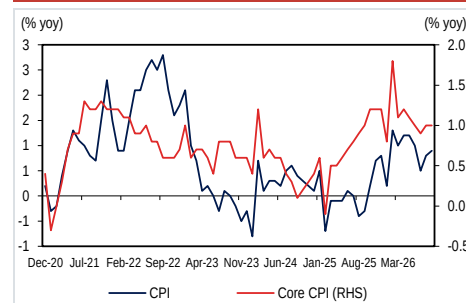
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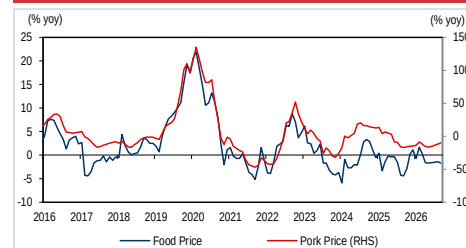
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CPI And Core CPI



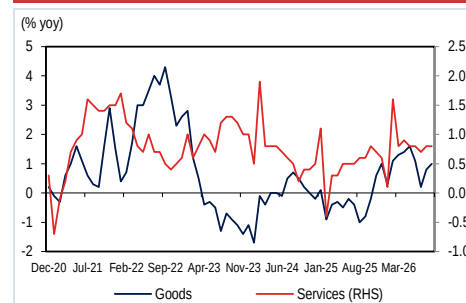
Source: NBS, CEIC, UOB Kay Hian

Food And Pork Prices



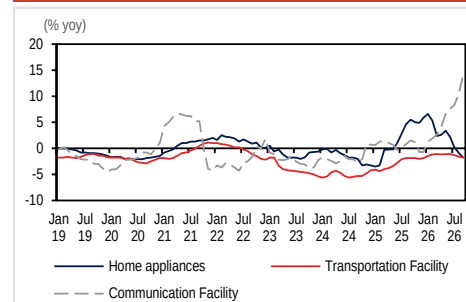
Source: NBS, CEIC, UOB Kay Hian

Goods And Services Inflation



Source: NBS, CEIC, UOB Kay Hian

CPI Growth In Durables



Source: NBS, CEIC, UOB Kay Hian

CPI

(yoy % chg)	Sep 26	ppt chg	Aug 26	Jul 26
Headline CPI	0.9	0.1	0.8	0.5
Food	-1.7	-0.3	-1.4	-1.5
Core CPI	1.0	0.0	1.0	0.9
Goods	1.0	0.2	0.8	0.2
Services	0.8	0.0	0.8	0.7
Food, Tobacco And Liquor	-0.9	-0.2	-0.7	-0.8
Clothing	1.2	-0.1	1.3	1.4
Residence	-0.3	0.0	-0.3	-0.3
Daily Necessities And Services	0.2	-0.5	0.7	0.8
Transportation And Communication	4.3	1.8	2.5	0.4
Recreational, Educational And Cultural Articles	1.4	0.0	1.4	1.3
Medical-Related Articles	2.7	0.0	2.7	2.9
Other Products And Services	5.9	-1.4	7.3	5.8

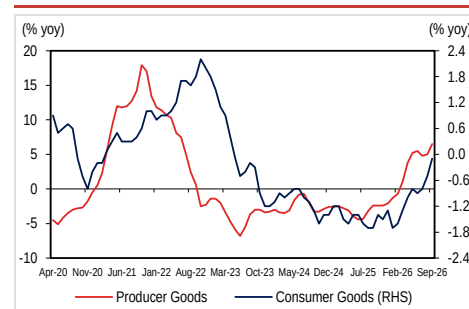
Source: NBS, Wind, UOB Kay Hian

PPI

(yoy % chg)	Sep 26	ppt chg	Aug 26	Jul 26
Headline PPI	5.0	1.2	3.8	3.5
Producer Goods	6.5	1.5	5.0	4.8
Mining And Quarrying	25.4	7.6	17.8	16.4
Raw Materials	9.4	2.7	6.7	6.1
Processing	3.4	0.3	3.1	3.1
Consumer Goods	-0.1	0.4	-0.5	-0.8
Food	-1.8	0.5	-2.3	-2.1
Clothing	-1.2	0.0	-1.2	-1.1
Articles For Daily Use	-0.6	0.2	-0.8	-1.0
Durable Consumer Goods	1.6	0.4	1.2	0.4
Purchasing Price Index	6.9	1.1	5.8	5.5
Fuel And Power	13.6	3.8	9.8	9.3
Ferrous Metal Materials	-0.4	-0.7	0.3	1.4
Non-Ferrous Metal Materials And Wires	20.0	0.2	19.8	19.0
Chemical Raw Materials	12.6	3.1	9.5	9.3
Wood And Pulp	0.0	0.2	-0.2	-0.5
Building Materials And Non-Metallic	-2.3	0.9	-3.2	-4.1
Other Industrial Raw Materials And Semi-Products	1.9	0.1	1.8	1.6
Agricultural And Sideline Products	-0.4	0.1	-0.5	-0.8
Textile Raw Materials	4.5	0.7	3.8	3.2

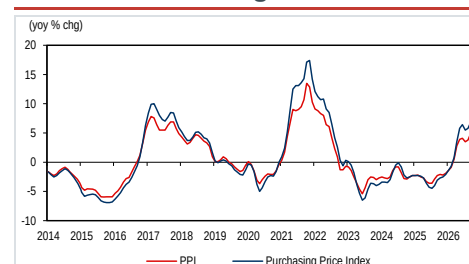
Source: NBS, CEIC, UOB Kay Hian

PPI Of Consumer And Producer Goods



Source: NBS, CEIC, UOB Kay Hian

PPI And Purchasing Price Index



Source: NBS, CEIC, UOB Kay Hian

Economics

Money Supply

Credit Beat Led By Corporate Demand, While Money Supply Growth Slows

- Sep 26's M1 growth slowed to 3.2% yoy (-0.9ppt mom), well below Bloomberg's consensus of 4.0% yoy, partly on a high base from Sep 25's stock market rally. M2 growth eased to 7.2% yoy (-0.3ppt mom), also below consensus of 7.4% yoy.
- New bank loans rose to Rmb1.08t from Aug 26's Rmb0.06t, marginally beating consensus of Rmb1.03t but below Sep 25's Rmb1.29t, as flat household loans outweighed stronger corporate & government loans of Rmb1.14t. New TSF of Rmb3.55t beat the Rmb3.34t consensus, supported by government bond issuance of Rmb1.54t (+Rmb0.53t mom).
- Outstanding bank loans growth slipped to 4.8% yoy (-0.1ppt mom), a fresh low, while outstanding TSF growth eased to 7.1% yoy (-0.1ppt mom). The FAI push is lifting corporate lending, but with household demand still absent, further fiscal stimulus is needed to stabilise credit growth.

Our View

- M2 growth eased by 0.3ppt to 7.2% yoy in Sep 26**, below Bloomberg's consensus forecast of 7.4% yoy. This extends the deceleration to a fourth consecutive month and marks the slowest pace since Mar 25. M1 money supply growth fell more sharply to 3.2% yoy from 4.1% yoy in August, well short of market expectations of 4.0% yoy, and broke out of its 4.0-4.1% range of the past three months. A high base from Sep 25, when funds shifted into demand deposits during the stock market rally, explains part of the decline. However, the miss against consensus points to softer transactional demand for money. M0 growth also moderated to 10.6% yoy (-0.6ppt mom).
- Banks added Rmb1.08t in new loans in Sep 26**, recovering from Aug 26's Rmb0.06t on quarter end seasonality and marginally beating Bloomberg's consensus estimate of Rmb1.03t, though still below the Rmb1.29t recorded in Sep 25. New corporate & government loans rose to Rmb1.14t (+Rmb0.92t mom), above Sep 25's Rmb0.99t, led by short-term (+Rmb0.62t mom) and medium-to-long-term (+Rmb0.57t mom) loans. New household loans were flat (+Rmb0.20t mom), well below Sep 25's Rmb0.39t, with long-term borrowing only marginally positive at Rmb0.09t.

Key Monetary Indicators

(yoy % chg)	Sep 26	Consensus	Aug 26	Jul 26
M0 Money Supply	10.6	-	11.2	11.6
M1 Money Supply	3.2	4.0	4.1	4.0
M2 Money Supply	7.2	7.4	7.5	7.7
Outstanding Bank Loans	4.8	-	4.9	5.1
Outstanding Total Social Financing	7.1	-	7.2	7.4
New Bank Loans (Rmbt)	1.08	1.03	0.06	-0.34
New Total Social Financing (Rmbt)	3.55	3.34	1.66	1.41

Source: Wind, PBOC, UOB Kay Hian

- Sep 26's new TSF grew to Rmb3.55t from Aug 26's Rmb1.66t**, beating Bloomberg's consensus of Rmb3.34t and broadly in line with Sep 25's Rmb3.53t. New government bond issuance rose to Rmb1.54t (+Rmb0.53t mom), lifting its growth to 13.7% yoy (+0.2ppt mom), the first rise this year. This offset weaker renminbi loans within TSF of Rmb1.27t, compared with Rmb1.61t in Sep 25. In contrast, corporate bonds issuance saw slower growth at 9.3% yoy (-0.4ppt mom). Growth in bank acceptances (-8.8% yoy, -3.7ppt mom) and trust loans (0.7% yoy, -1.2ppt mom) also weakened further.

Analyst(s)

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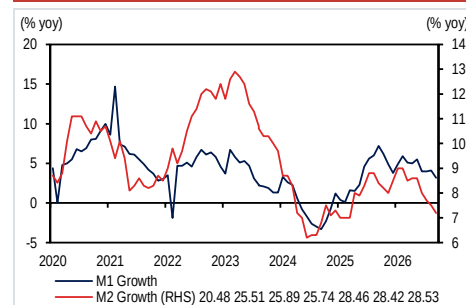
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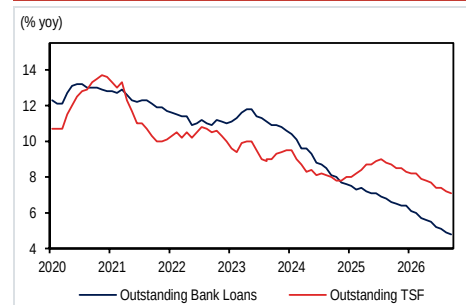
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M1 And M2 Growth



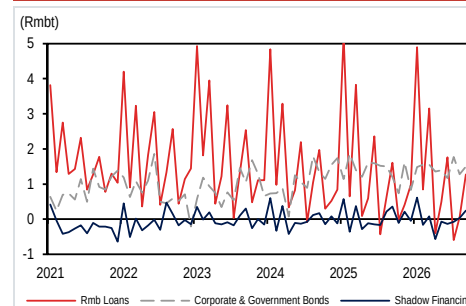
Source: PBOC, UOB Kay Hian

Outstanding Credit Growth



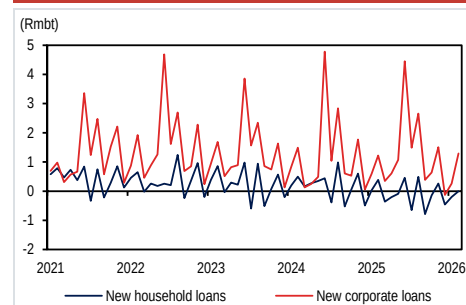
Source: PBOC, UOB Kay Hian

New TSF



Source: PBOC, UOB Kay Hian

New Bank Loans



Source: PBOC, UOB Kay Hian

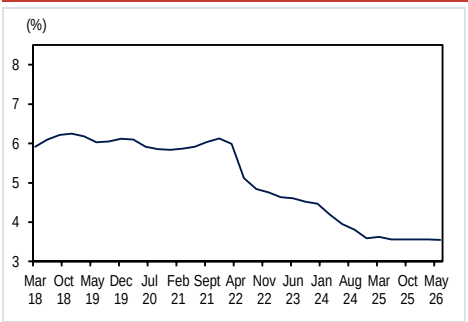
- **Outstanding bank loans growth slipped to 4.8% yoy (-0.1ppt mom) in Sep 26**, a fresh low, while outstanding TSF growth eased to 7.1% yoy (-0.1ppt mom). Overall, credit growth continues to moderate, with the persistent gap between TSF and bank loan growth reflecting the important role of government bond issuance. The PBOC kept the one-year and five-year LPRs unchanged at 3.00% and 3.50% respectively in Sep 26, its 16th consecutive hold. Looking ahead, the FAI push should continue to support corporate lending, but with household credit demand still weak, further fiscal stimulus is needed to stabilise credit growth.

Outstanding TSF

(yoy % chg)	Sep 26	Aug 26	Jul 26	2025	May 26
Renminbi Loans	4.8	5	5.2	6.3	5.5
Forex Loans	6.4	3.1	-1.7	-18.0	-4.3
Entrusted Loans	1.5	1.0	0.7	1.3	0.0
Trust Loans	0.7	1.9	3.2	8.6	7.1
Bank Acceptances	-8.8	-5.1	2.7	-0.3	-6.2
Corporate Bond	9.3	9.7	9.2	6.0	8.4
Government Bond	13.7	13.5	14.1	17.1	15.1
Equity Issuance	5.8	5.7	5.5	4.1	4.7

Source: Wind, PBOC, UOB Kay Hian

Mortgage Loan



Source: PBOC, UOB Kay Hian

Economics

Trade

Exports And Imports Both Accelerate Against A Higher Base

- China's export growth accelerated to 36.3% yoy in September (+11.3ppt mom), the fastest pace since Feb 26 and well above Bloomberg's consensus estimate of 25.7% yoy, led by China's export growth to ASEAN and the EU.
- Import growth rose to 31.0% yoy (+2.8ppt mom), above consensus' 25.0% yoy, which had expected a slowdown against a higher base. Key commodity imports turned more supportive, while integrated circuits import growth remained elevated at 74.7% yoy. The trade surplus widened to US\$133.5b, above consensus' US\$117.8b.
- Both export and import growth accelerated despite a higher yoy base, indicating that the strength reflects genuine tech-related demand and continued trade diversification.

What's New

- China's export growth accelerated to 36.3% yoy in September** from 25.0% yoy in August (+11.3ppt mom), well above Bloomberg's consensus estimate of 25.7% yoy. The pickup was broad-based, with four of five key markets recording faster growth. China's export growth to ASEAN strengthened to 52.3% yoy (+22.1ppt mom), overtaking Hong Kong as the fastest-growing key market. China's export growth to the EU rose to 25.3% yoy (+18.7ppt mom). China's export growth to the US picked up to 39.6% yoy (+5.2ppt mom), largely reflecting a low base in Sep 25 (-27.0% yoy), while the late-September tariff truce extension may lend further support ahead. China's export growth to Japan rose to 15.8% yoy (+7.6ppt mom). Hong Kong was the only key market to ease, with export growth moderating to 51.0% yoy (-12.7ppt mom), though it remained elevated given its role as a transit hub.
- China's import growth came in at 31.0% yoy in September (+2.8ppt mom)**, beating Bloomberg's consensus estimate of 25.0% yoy. Consensus had expected a slowdown as the base turned less favourable, since Sep 25 import growth of 7.4% yoy was the strongest reading of the year. Instead, key commodities turned more supportive after weighing on August's data. China's import growth of coal strengthened to 52.5% yoy (+19.1ppt mom), helped by a low base in Sep 25 (-23.9% yoy), while copper ore picked up to 33.4% yoy (+5.3ppt mom). China's import growth of crude oil returned to positive territory at 1.6% yoy (+6.2ppt mom) for the first time since May. Iron ore remained the only soft spot at -6.7% yoy (+1.4ppt mom), weighed by a high base in Sep 25 (17.5% yoy). The improvement is consistent with the official manufacturing PMI rising to 50.1 in September from 49.8 in Aug 26.
- Tech-related categories led key trade products again.** China's hi-tech products export growth accelerated to 63.6% yoy (+6.7ppt mom), and mechanical and electrical products export growth strengthened to 43.7% yoy (+10.9ppt mom). China's import growth of integrated circuits eased to 74.7% yoy (-8.9ppt mom), reflecting a higher base in Sep 25 rather than softer demand, as import value reached a fresh high. China's motor vehicle export growth rebounded to 54.2% yoy (+18.5ppt mom), while agricultural products import growth was broadly unchanged at 5.5% yoy (+0.1ppt mom).
- The trade surplus widened to US\$133.5b from August's US\$119.1b**, above consensus' US\$117.8b. Both export and import growth accelerated despite a higher yoy base, indicating that the strength reflects genuine tech-related demand and continued trade diversification rather than favourable comparisons. Looking ahead, sustained momentum hinges on tech-related demand holding up, particularly as part of the recent strength reflects higher chip prices rather than volumes.

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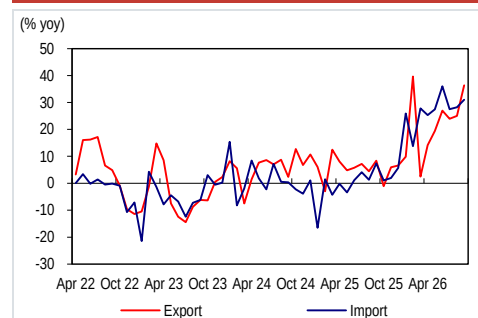
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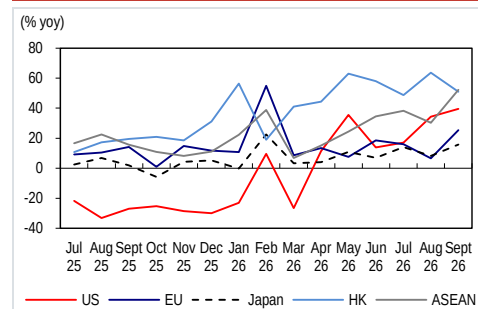
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Growth Of Exports And Imports (3MMA)



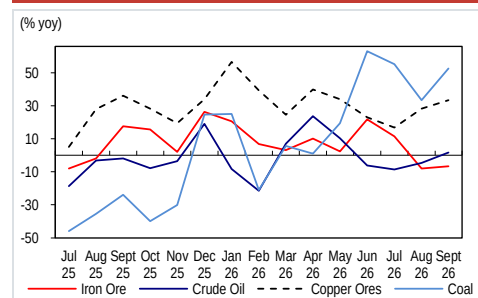
Source: Customs, CEIC, UOB Kay Hian

Exports To Key Markets



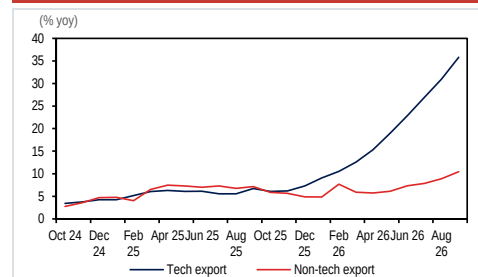
Source: Customs, CEIC, UOB Kay Hian

Imports Of Key Commodities



Source: Customs, CEIC, UOB Kay Hian

China's Tech And Non-Tech Exports



Source: Customs, CEIC, UOB Kay Hian

Exports And Imports Data

	----- (US\$b) -----		----- yoy % chg -----	
	Sep-26	Aug-26	Sep-26	Aug-26
Exports	447.2	401.4	36.3	25.0
Imports	313.7	282.4	31.0	28.2
Trade Surplus	133.5	119.1		
Exports to Key Markets				
US	47.9	42.5	39.6	34.4
EU	60.2	55.1	25.3	6.6
Japan	15.6	13.9	15.8	8.2
Hong Kong	52.5	44.5	51.0	63.7
ASEAN	81.7	74.4	52.3	30.2
Imports of Key Commodities				
Iron Ore	10.4	10.4	-6.7	-8.1
Crude Oil	24.6	22.7	1.6	-4.6
Copper Ore	9.3	9.4	33.4	28.1
Coal	4.5	4.2	52.5	33.4
Trade of Key Products				
Agricultural Products Imports	20.8	19.8	5.5	5.4
Integrated Circuits Imports	71.7	65.8	74.7	83.6
Motor Vehicle Exports	140.7	124.5	54.2	35.7
Hi-tech Products Exports	147.0	124.5	63.6	56.9
Mechanical & Electrical Products Exports	298.4	262.3	43.7	32.8

Source: Wind, CEIC, UOB Kay Hian

Automobile

China Auto Sector Weekly

Highlights

- China and the EU have agreed on a hybrid export quota. China will cut the export VAT rebate on EVs to 9% from 13% from 1 Apr 27. BYD and Geely can navigate these measures by producing overseas.
- Lithium carbonate prices are weaker than expected; downgrade Ganfeng Lithium from BUY to HOLD.
- RoboSense's 3Q26 LiDAR sales volume rose 221% yoy and 53% qoq, in line. However, its 3Q26 bottom line was dragged by the product recall.
- Maintain MARKET WEIGHT. Top BUYs: BYD, Geely, and CATL. Top SELLs: Li Auto, and XPeng.

Analysis

- September PV sales down 9.3% yoy and up 8.2% mom, with domestic sales decline offsetting export growth.** China Passenger Car Association (CPCA) reported China's Sep 26 passenger vehicle (PV) wholesale sales at 2.566m units (-9.3% yoy/+8.2% mom), domestic retail sales at 1.631m units (-28.1% yoy/+5% mom), and export at 923,000 units (+73.2% yoy/+3.2% mom), in line with our estimates. China's PV export growth ytd was driven by EVs. Among the 923,000 units of PV exports, 559,000 units (+163.7% yoy/+7.7% mom) or 60.6% were EVs.
- China-EU hybrid deal: A 350,000-unit quota pushes Chinese OEMs to build cars in Europe.** After talks in Beijing on 8-9 October, China accepted a quota on hybrid exports to the EU. Bloomberg reported that the cap would be 350,000 units a year from as early as 1 Dec 26, rising 6% a year from the second year over four years; the European Commission has not published the figure. China's Ministry of Commerce said the quota is set based on the 302,000 China-made hybrids the EU imported in 2025 and an annual growth rate. The deal is yet to be finalised, and EU leaders will discuss further at the 15-16 October summit.

Peer Comparison

Company	Ticker	Rec*	Price 14 Oct 26 (lcy)	Target Price (lcy)	Upside To TP (%)	Last Year End	PE	2025 (x)	2026F (x)	2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy m)	Price/ NAV ps
BYD – H	1211 HK	BUY	72.85	140.00	92.2	12/25	17.7	12.7	10.2	0.8	15.3	268,520	2.0	
Geely	175 HK	BUY	15.19	29.00	90.9	12/25	9.3	8.1	6.4	3.5	17.8	157,582	2.1	
Great Wall Motor - H	2333 HK	HOLD	6.99	7.00	0.1	12/25	5.3	5.6	4.6	3.3	10.2	15,868	0.5	
Li Auto	2015 HK	SELL	45.30	30.00	(33.8)	12/25	179.0	56.4	69.8	0.0	2.0	89,697	1.1	
XPeng	9868 HK	SELL	38.62	30.00	(22.3)	12/25	Loss	122.6	14.8	0.0	1.7	58,883	2.0	
Fuyao Glass - H	3606 HK	BUY	55.60	84.00	51.1	12/25	13.5	12.7	10.6	5.2	27.2	32,188	2.8	
Huizhou Desay SV	002920 CH	BUY	74.22	135.00	81.9	12/25	18.1	18.0	15.3	1.9	24.8	46,593	2.7	
Mint	425 HK	BUY	22.38	56.00	150.2	12/25	8.1	7.7	6.6	3.7	11.7	26,405	0.9	
Nexteer	1316 HK	BUY	4.42	11.40	158.2	12/25	13.9	10.6	9.5	4.2	6.2	11,294	0.7	
Ningbo Joyson	600699 CH	BUY	19.40	25.00	28.9	12/25	20.5	15.3	13.5	1.3	9.9	29,463	1.6	
Ningbo Tuopu	601689 CH	BUY	39.59	64.00	61.7	12/25	25.6	22.7	19.8	0.0	11.7	74,518	3.0	
Pony AI	PONY US	BUY	5.59	15.00	168.3	12/25	Loss	Loss	Loss	0.0	n.a.	2,149	0.2	
Weichai Power - H	2338 HK	HOLD	26.44	31.00	17.2	12/25	33.3	17.4	16.3	3.5	10.7	55,182	2.2	
Zhejiang Sanhua	002050 CH	BUY	31.29	43.00	37.4	12/25	32.7	27.9	24.2	1.4	14.2	126,646	4.1	
Hesai	2525 HK	BUY	14.12	29.00	105.4	12/25	4.6	9.7	8.3	0.0	5.9	16,304	1.8	
RoboSense	2498 HK	BUY	15.22	33.00	116.8	12/25	Loss	0.0	0.1	0.0	2.4	7,249	1.6	
CATL	300750 CH	BUY	280.12	585.00	108.8	12/25	17.7	13.5	10.2	3.7	20.8	1,257,972	3.3	
EVE Energy	300014 CH	BUY	47.29	85.00	79.7	12/25	23.7	12.5	9.5	2.0	6.8	109,708	2.1	
Ganfeng Lithium - H	1772 HK	HOLD	26.60	28.00	5.3	12/25	30.1	14.5	8.9	1.4	(1.2)	14,174	1.1	
Tinci Materials	002709 CH	BUY	30.90	54.00	74.8	12/25	43.7	12.3	10.3	2.4	5.4	66,641	2.8	

Source: Bloomberg, UOB Kay Hian

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MARKET WEIGHT (Maintained)

Segmental Rating

Segment	Rating
OEMs	OVERWEIGHT (Maintained)
Auto parts	MARKET WEIGHT (Maintained)
Battery	MARKET WEIGHT (Maintained)
Battery materials	UNDERWEIGHT (Maintained)

Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
BYD	1211 HK	BUY	72.85	140.00
Geely	175 HK	BUY	15.19	29.00
CATL	300750 CH	BUY	280.12	585.00
Li Auto	2015 HK	SELL	45.30	30.00
XPeng	9868 HK	SELL	38.62	30.00

Source: Bloomberg, UOB Kay Hian

- **The cap is about 42% below the current run-rate.** EU imports of China-made hybrids reached about 50,000 units a month in Jul 26 (Financial Times), or 600,000 units a year. An annual quota that starts at 350,000 units would therefore cut current shipments, and the plug-in hybrid-led European sales of BYD (1211 HK/BUY/Target: HK\$140.00) and Geely (175 HK/BUY/Target: HK\$29.00) are the most exposed under our coverage.
- **Both BYD and Geely are better positioned than peers to navigate EU trade barriers.** The EU's Industrial Accelerator Act will require 70% local content for vehicles to qualify for subsidies and public procurement. BYD's Hungarian plant and Geely's Valencia JV directly address this requirement, while most Chinese peers remain reliant on exports subject to the 27% tariff. Peers pursuing greenfield plants face 2-3 years of potential losses during ramp-up and uncertain regulatory approvals, whereas BYD's and Geely's brownfield/early-mover strategies provide a structural cost and compliance advantage. Initially, the overseas plants would have a gross margin below exports. After reaching 70% capacity utilisation, the overseas plants would have a gross margin on par with and even above export gross margin.
 - o **BYD.** The Szeged plant in Hungary (300,000 units/year at full capacity, initial phase 150,000 units) will start mass production in 4Q26, and BYD plans two more European plants, with France under evaluation. BYD sold 234,099 EVs (+144% yoy) in 32 European countries in 8M26, vs the Szeged plant's annual capacity of 300,000 units, and it will need to build more capacity in Europe to sustain the sales growth in the long term.
 - o **Geely** has agreed to take a 34% stake in a Ford plant in Valencia, Spain (500,000 units/year). Geely will use the plant for assembling modules from China into vehicles for the European market, and it is aimed to start operations by end-27 or early-28. That will be enough for Geely to sustain substantial sales growth, as it only sold 18,020 vehicles in 32 countries in Europe in 1H26.
- **China will cut the export VAT rebate on EVs to 9% from 13% from 1 Apr 27.** The Ministry of Finance and the State Taxation Administration announced on 12 October that the export VAT rebate rate for EVs will fall to 9% from 13% from 1 Apr 27, with the applicable rate set by the export date on the customs declaration. The cut covers 67 product codes, including battery electric vehicle (BEV) and plug-in hybrid (including extended-range) passenger vehicles, electric buses and electric truck tractors.
 - **The policy is designed to curb low-price competition overseas and reduce the risk of anti-subsidy investigations by foreign countries (eg the EU), given China's burgeoning EV exports.** China exported 4m EVs in 9M26, up 130% yoy.
 - **Insignificant margin impact for leading Chinese carmakers.**
 - o **The VAT cut will only take effect from 1 Apr 27, and the roughly six-month buffer period allows auto OEMs to respond to the cut.** Large auto OEMs like BYD and Geely can mitigate the impact via price hikes, and production localisation.
 - o **Premium position means easier cost pass-through.** BYD's and Geely's overseas selling prices are around 1-2.5x domestic prices, and thus their overseas sales boast a gross margin of 25-30%, 10ppt higher than their domestic sales. That provides room to absorb cost increases without sacrificing competitiveness.
 - o **Overseas capacity.** As aforementioned, they also have overseas production capacity that is not exposed to any tariff hike and VAT cut.
- **Lithium carbonate prices weaker than expected; downgrade Ganfeng Lithium from BUY to HOLD.** The Jan 27 lithium carbonate futures contract (LC2701) closed 11.8% lower at Rmb104,740/tonne on 12 Oct 26, the first close below Rmb110,000/tonne since end-Dec 25. The contract has fallen more than 37% since the start of Sep 26, and it is almost half its mid-May peak of above Rmb200,000/tonne. Battery-grade lithium carbonate spot

prices fell Rmb8,500/tonne on the day to Rmb108,500-115,000/tonne (Mysteel), and the futures price fell more than 4% at the open on 13 Oct 26.

- **The fall can be attributed to expectations of more supply rather than weaker current demand.** Yichun restarted the environmental review of CATL's Jianxiawo lepidolite mine on 8 Oct 26. Ore arrivals from Zimbabwe and Australia are expected to rise in 4Q26. Physical demand is holding up - total domestic lithium carbonate inventory fell 6.2% over the National Day holiday to 139,517 tonnes on 8 Oct 26 (SMM), and lithium iron phosphate (LFP) cathode output is expected to rise 3.6% mom in Oct 26 (Mysteel) on top of 603,200 tonnes in Sep 26. We now expect the global lithium carbonate market to remain balanced at 2.6m tonnes of demand in 2027.
- **Cut 2026-28 ASP assumptions for Ganfeng Lithium by 9%/46%/46% to Rmb130,000/Rmb97,000/Rmb97,000 respectively.** Spot battery-grade lithium carbonate, net of 13% VAT, is about Rmb99,000/tonne, about 30% below our previous 2026-28 ASP assumption of Rmb142,000/tonne (ex-VAT). Our new 2026-28 ASP assumption implies that the lithium carbonate spot price (including the 13% VAT) remains at the current level of around Rmb110,000 from now till end-28.
- **Slash 2026-28 net profit forecasts for Ganfeng Lithium by 22%/51%/51% to Rmb7,214m/Rmb5,029m/Rmb6,053m respectively; cut target price from HK\$75.00 to HK\$28.00 based on DCF; downgrade from BUY to HOLD.**
- **We estimate Ganfeng Lithium's 3Q26 net profit at Rmb1.75b (+214% yoy/-28% qoq),** based on 60,000 tonnes of sales volume (+20% yoy/+9% qoq) and an ASP of Rmb131,000/tonne (+103% yoy/-15% qoq).
- **The converter Tinci Materials (002709 CH/BUY/Target: Rmb54) gains from lower input costs.**
- **For CATL (300750 CH/BUY/Target: Rmb585), price-cost linkage passes lower lithium costs on to its customers, so the benefit goes to the OEMs rather than to CATL's unit profit.**
- **RoboSense's (2498 HK/BUY/Target: HK\$33) 3Q26 LiDAR sales volume rose 221% yoy and 53% qoq, in line.** RoboSense reported 3Q26 LiDAR sales of 595,600 units (+221% yoy/+53% qoq). Advanced driver-assistance system (ADAS) LiDAR volume was 450,400 units (+200% yoy/54% qoq), and robotics and other uses was about 145,200 units (+309% yoy/50% qoq).
 - **We estimate 3Q26 revenue at Rmb808m (+99% yoy/+44% qoq),** based on a sales volume of 595,600 units (+221% yoy/+53% qoq) and blended ASP of Rmb1,300 (-38% yoy/-2% qoq).
 - **3Q26 earnings dampened by the Geely recall.** Geely recalled 92,915 vehicles for the defects of RoboSense's LiDARs. We estimate the cost of the recall at Rmb145m. Assuming all the cost was booked in 3Q26, this would drag RoboSense's 3Q26 gross margin to 4.1%, resulting in a net loss of Rmb225m (+248% yoy/+186% qoq).
 - **4Q26 earnings recovery driven by sales growth and absence of one-off cost for the recall.** We expect RoboSense to turn around in 4Q26 with a net profit of Rmb62m, based on a sales volume of 985,200 units (+114% yoy/+65% qoq) and blended ASP of Rmb1,297 (-16% yoy/flat qoq).
 - **Maintain our 2026 net loss estimate at Rmb286m and 2027-28 net profit forecasts at Rmb150m/Rmb474m respectively,** based on sales volumes of 2.3m/3.8m/5.8m units (85% three-year CAGR) and blended ASP of Rmb1,309/Rmb1,142/Rmb1,006 (-34%/-13%/-12%).

Valuation/Recommendation

- **Maintain MARKET WEIGHT** on China's auto sector. Our preference for its segments in descending order is OEMs > auto parts > battery > battery materials.
- **Top BUYs: BYD, Geely, and CATL. Top SELLs: Li Auto, and XPeng.**

Technical Analysis



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Lenovo Group (0992 HK)

Last price: HK\$30.40
Support levels: HK\$27.06/HK\$24.90
Resistance levels: HK\$32.68/HK\$33.74

The price broke further beneath its recent swing low support to confirm trend continuation and reinforce the primary lower-high and lower-low swing hierarchy. The RSI remains in bearish territory and continues to slope downward with negative velocity. As long as the price remains capped underneath this newly converted resistance, we see continued downward expansion toward the next support zone.

Average timeframe: Around two weeks.



SHEIN Global (0625 HK)

Last price: HK\$37.92
Support levels: HK\$33.98/HK\$31.78
Resistance levels: HK\$42.42/HK\$45.78

The price continues to validate a robust bullish trend hierarchy, printing a sequential series of higher highs and higher lows. The RSI continues to slope upward with positive velocity, signalling steady momentum recovery and expanding buy-side impulse. As long as the price defends this resistance-turned-support level, we see continued upward expansion toward overhead resistance targets.

Average timeframe: Around two weeks.

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