The 720: China Commodities, AU Strategy & Macro, Japan MLCCs, Asia CDMO, Nidec, China easing, US Election monitor

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In Focus | China Commodities

China Commodities – China Commodity Trip 2H26. We turn more positive on copper due to domestic scrap supply constraints, but turn negative on Chinese coal as policy efforts to revamp production are proceeding faster than expected. Expecting Shanxi state-owned supply swings to ease tight markets and potentially overshoot by 1H27, we lower our 2027 benchmark thermal coal price forecast to Rmb750/t from Rmb850/t and cut 2027–2028 earnings estimates across our coal coverage by 8–19%. Consequently, we downgrade Chinacoal-H/A to Neutral with 12m TPs of HK$12.5/Rmb16, lower Yankuang-H to Sell with a 12m TP of HK$10 (Yankuang-A 12m TP lowered to Rmb14), and trim Shenhua-H/A 12m TPs to HK$42/Rmb45, while reiterating Buy on copper names Zijin and CMOC. *Trina Chen*

Listen Up - GS Webcasts on the Agenda

China in Motion: Autos | 10am HK | Sector Views & Top Ideas into 4Q | Access Webinar | with Tina Hou (in Mandarin)

India AI: Macro to Micro Implications | 4pm HK | Access Webinar | with Santanu Sengupta, Amorita Goel, Manish Adukia, Caleb Chan

Global Beer: Capital Allocation & FCF Opportunities | 430pm HK | Access Webinar | with Leaf Liu, Olivier Nicolaï, Christina Zhu

Australia Strategy & Macro | Post RBA Hike

Australia – How to Position if the RBA has 'Done Enough'. With the RBA lifting the cash rate to a 15-year high, our economics team believes the central bank will now remain on hold as growth slows materially and unemployment rises. The ASX 200 has de-rated 7% since the first hike, and while the broader index remains expensive relative to bonds, rate-sensitive sectors like REITs, retail, and tech have significantly underperformed. As interest rates reach new post-GFC highs, a slower pace of yield increases could limit downside risks and provide a more supportive backdrop for equities. For investors looking to position for a dovish pivot, we screen for names that typically outperform when 10-year bond yields fall, have significantly lagged during the recent sell-off, and currently trade at a greater than 10% discount to their historical multiples. *Matthew Ross*

Australia – RBA's Bullock: Has the RBA "Done Enough?". We view Governor Bullock's post-decision press conference following today's rate hike as incrementally less

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hawkish than the accompanying statement, despite her highlighting upside inflation risks from rising fuel prices, the AI boom, and capacity pressures. While a hold was considered, she downplayed near-term data like the upcoming August CPI, focusing instead on whether the four hikes to date and the long lags of monetary policy are sufficient to contain inflation. Our base case remains that the RBA holds policy for an extended period until a gradual easing cycle commences from 2H2027, though we see further tightening as a material risk, potentially as soon as November if inflation surprises to the upside. *Andrew Boak*

China Macro | Targeted easing

China Macro – Targeted Easing Follows State Council Call. We view the newly announced targeted fiscal and monetary easing measures, which include a 25bp cut to the pledged supplementary lending (PSL) rate to 1.5% and a 1pp mortgage interest subsidy for eligible first-home buyers, more as a policy signal than a significant near-term growth impulse. The package provides mainly supply-side support by expanding PSL to "Six Networks" projects and raising relending quotas for technology innovation and SME programs by RMB200bn and RMB500bn, respectively. While the mortgage subsidy offers direct support to housing demand and may front-load some purchases, we expect the aggregate economic impact to remain modest given tight eligibility requirements capping homes at RMB1.5mn and 120 square meters. *Xinquan Chen*

Healthcare | GS Asia Healthcare CDMO Day

Global Healthcare – Takeaways from 2nd Asia Healthcare CDMO Day. Following our Asia CDMO Day, we see the sector's narrative shifting from recovery pace to structural growth durability, driven by a broad-based improvement in outsourcing demand across regions, modalities, and stages of development. Management teams are increasingly investing for the next multi-year growth cycle, highlighted by reaccelerating capex plans, strong order intake, and expanding opportunities in emerging modalities such as peptides, ADCs, oligonucleotides, biosimilars, and AI-driven drug discovery. With early-stage preclinical and safety-assessment demand recovering as a leading indicator for future manufacturing, we increasingly favor companies exposed to early-stage R&D and emerging innovation, including WuXi XDC, Pharmaron, and Tigermed. We also remain focused on catalyst-driven opportunities and commercial manufacturing beneficiaries such as Samsung Biologics, Asymchem, WuXi AppTec, and GenScript. *Ziyi Chen*

Themes in Play | Japan MLCCs, Hengrui Medicine, Australia Consumer, Bud APAC

Japan Electronic Components – Taiyo Yuden and TDK Announce MoU for Business Alliance. We view the newly announced MoU between Taiyo Yuden and TDK for a comprehensive business alliance in MLCCs and inductors as a logical, complementary move driven by rapidly expanding AI demand. The partnership blends TDK's strengths in automotive and high-voltage applications with Taiyo Yuden's expertise in compact, high-capacitance products, better positioning both companies to capture AI server opportunities without missing out on rapid technological shifts. Furthermore, we see this initial step toward potential industry consolidation as a positive development for overall supplier positioning, production capacity, and investment efficiency, while we expect Murata to maintain its lead in the industry profit pool and Kyocera to continue its independent strategic path. *Daiki Takayama*

Hengrui Medicine – Novo Deal Highlights Next-Generation Obesity Pipeline – Buy. We believe Hengrui's exclusive licensing agreement with Novo for the ex-China rights to HRS-1596, a Phase I-ready oral GLP-1/GIP peptide, provides strong validation for its global metabolic franchise. The transaction includes a US$300mn upfront payment and up to US$2.3bn in milestones, reinforcing the company's increasingly diversified overseas business development story beyond oncology. We think this partnership highlights strategic industry interest in differentiated oral incretin therapies and supports investor confidence in Hengrui's broader cardiometabolic strategy, which targets enhanced efficacy, convenience, and muscle preservation. We have a 12m TP of Rmb73.86. *Ziyi Chen*

Australian Consumer – Learnings from GS Global Retail and Communacopia Conferences. Following resilient US back-to-school spending trends, we continue to favor US consumer exposure over the weakening Australian consumer, positioning Breville Group as best placed within our coverage. We observe that delivery speed and agentic AI commerce are key strategic drivers generating higher conversion rates and order values, with Woolworths and Wesfarmers well-progressed locally while Coles and JB Hi-Fi lag. Additionally, as retail media and marketplaces scale rapidly in the US, we flag emerging market share risks for Sigma Healthcare in the health and beauty category as social commerce platforms expand globally. *Peter Marks*

Budweiser APAC – 3Q26 preview: cutting estimates on China weakness – Buy. We lower our 12m TP to HK$6.9 from HK$7.3 and cut our 2026-28E recurring net profit estimates by 7-12% to reflect anticipated volume and EBITDA pressure ahead of 3Q26 results. In China, we forecast a 16% volume decline and a 25% drop in EBITDA for the quarter, driven by softer industry demand, unfavorable weather, ongoing company destocking, and pronounced operating deleverage. While India continues to deliver solid topline growth, softer volumes and cost headwinds in Korea, alongside elevated sales and distribution expenses for new channels in China, further weigh on overall group margins. *Leaf Liu*

Results Previews | Taiwan ODMs, Haitian F&F

Taiwan ODM/Brands – AI Server Racks and Smartphones to Drive Growth. We preview three-month revenues for ten AI server and PC supply chain companies, projecting sequential growth driven by the ramp-up of next-generation AI server racks and flagship smartphones. We favor exposure to new Apple form factors and rising ASIC AI server penetration, highlighting Hon Hai as a Conviction list Buy. We raise our 12m TP on Buy-rated Wistron to NT$295, increasing 2026-2028E EPS by 2-4% and revenues by 6-11% to reflect strong rack-level AI shipments and higher ASPs. We also increase our 12m TP on Neutral-rated Inventec to NT$61, raising 2026-2028E EPS by 2-5% on higher AI server ASPs, although component supply constraints may weigh on its near-term growth. *Allen Chang*

Foshan Haitian Flavouring & Food – 3Q26 preview and estimate cuts on soft catering demand – Neutral (A) / Buy (H). We lower our 12m TPs to Rmb33.1 and HK$35.2 for the A and H shares while maintaining Neutral and Buy ratings, respectively, as we anticipate a sequential slowdown in 3Q26 driven by soft catering demand and disciplined shipments. We cut our 2026–2028E sales and net profit estimates by 2–3% and 3–6%, factoring in sequentially rising cost pressures from soybean and PET inflation alongside weaker operating leverage. Despite near-term fluctuations, we see normalized channel

inventories providing a healthy base for 2027 and believe the company's long-term growth runway remains intact, supported by deeper township penetration and expanding retail channels. *Leaf Liu*

Event | Nidec

Nidec – Management changes and confirmed earnings release date should ease concerns – Buy. We believe Nidec's appointment of Michio Kaida as President and the confirmed September 30 earnings release will help ease elevated market concerns following the resignation of former CEO Mitsuya Kishida over inappropriate financial reporting conduct. We think Kaida is well-positioned to lead the company's revitalization, given his extensive technology background as CTO and track record driving reforms as Vice Chair of the Corporate Reform Committee. The renewed disclosure schedule may also reassure investors regarding the roadmap to remove the Security on Special Alert designation and execute the next five-year plan, supporting our 12m TP of ¥3,200. *Daiki Takayama*

GS Event | Breville, Brazilian Rare Earth

Breville Group – US Field Trip Reinforces Brand Strength Amid Emerging Competition – Buy. Following a US field trip and global retail conference, we maintain our 12m TP of A$37.7 on Breville Group, driven by our continued preference for its US consumer exposure and a strong new product development outlook. Our retail store tours reinforced the strength of Breville's brand and route-to-market strategy in the US espresso market, highlighted by aspirational positioning at Williams Sonoma and market share gains supported by new store-in-store displays at Best Buy. However, we are incrementally more cautious on the medium-term competitive threat from SharkNinja, as its Ninja Luxe Cafe espresso machine gains traction and secures placement in higher-end retailers. *Peter Marks*

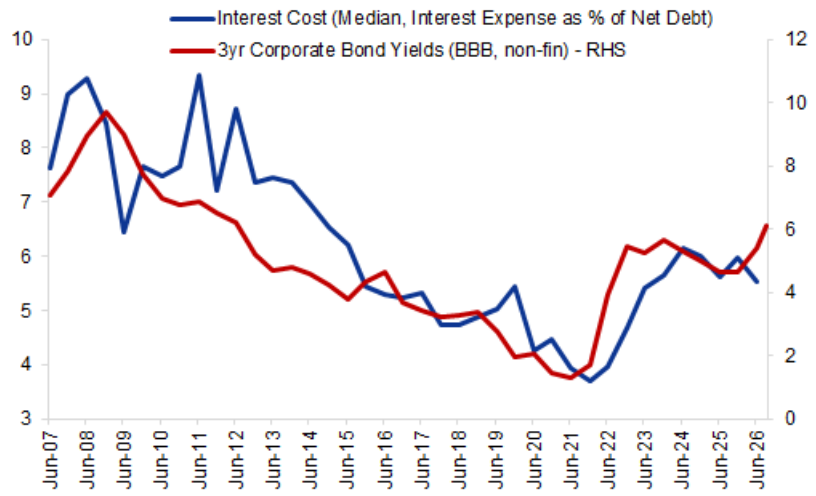
Global Metals & Mining – Brazil Rare Earths Day & Rare Earths 101. We hosted our inaugural Brazil Rare Earths Day with executives from Brazilian Rare Earths, Meteoric Resources, and Viridis Mining, who highlighted the country's rapid emergence as a critical hub for the Western supply chain. Management teams detailed project timelines targeting 2028–2031 start-ups, noting structural cost advantages, high ore grades, and strong funding progress across both hard rock and ionic clay deposits. Company leaders emphasized that Brazil's new National Policy on Critical Minerals will strongly incentivize domestic midstream separation, shifting the region from a raw resource exporter to a vertically integrated refining hub. Furthermore, managements expect that ongoing Western supply chain mandates and state-backed financing initiatives will structurally support rare earth prices as global diversification away from China accelerates. *Marcio Farid*

Around the world | US Election monitor

US Election Monitor – Relaunching Our US Election Monitor for the Midterms. We anticipate a high probability of a Democratic sweep in the upcoming congressional midterms, with prediction markets currently implying a greater than 60% chance for a Senate majority and over a 90% chance for a House majority. Democratic odds have risen recently alongside cycle-high generic ballot margins, though most key Senate polling leads remain within the margin of error and Republicans maintain a sizable late-cycle campaign spending advantage. In the House, an 8.5pp Democratic generic

ballot lead implies an 11pp swing from 2024 that easily offsets expected minor GOP gains from redistricting, although historical patterns suggest polls at this stage may slightly overstate Democratic support in Republican-leaning states. *Alec Phillips*

Graphic language | Australia Strategy – we expect higher funding costs to become a more material earnings drag in FY27



Source: Goldman Sachs Global Investment Research, FactSet, Haver Analytics

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GS Events (Home Page here)

- **Vietnam Corporate Day | Singapore** | 5-6 Oct
- **APAC Healthcare Corporate Day 2026 – Part I | Hong Kong** | 3-6 Nov
- **Japan Conference | Tokyo |** 30 Nov – 4 Dec