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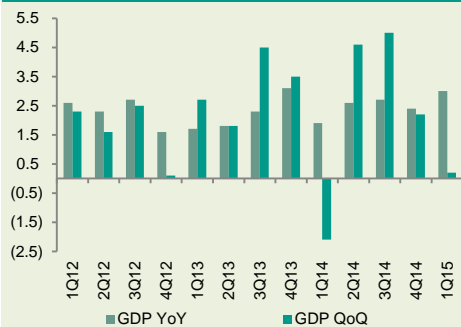
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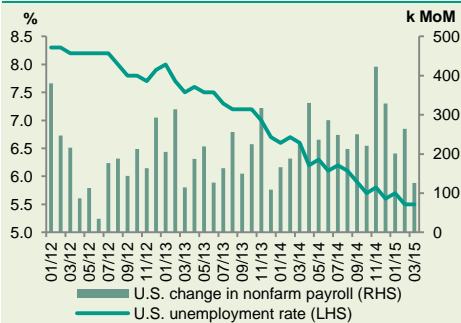
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Exhibit 1: US economic growth (%)



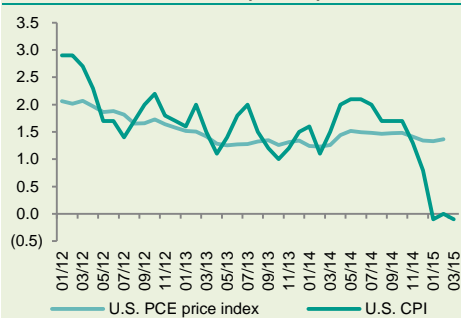
Source(s): Bloomberg, ABCI Securities

Exhibit 2: US employment data



Source(s): Bloomberg, ABCI Securities

Exhibits 3: US inflation (YoY %)



Source(s): Bloomberg, ABCI Securities

Exhibits 4: FOMC meeting schedule for the rest of 2015

Month	Day
June	16-17
July	28-29
September	16-17
October	27-28
December	15-16

Source(s): Federal Reserve Bank, ABCI Securities

Uncertainty in U.S. rate hike timing

While the market expects the U.S. Federal Reserve will normalize monetary policy through raising interest rates later this year, the Fed's stance of no commitment to lift-off timing, however, has been reiterated in recent FOMC meeting. Latest U.S. economic indicators, including the weaker-than-expected 1Q15 GDP growth and low inflation, fail to provide definitive signals supportive of a normalization of monetary policy. Although a rate hike is possible after the June meeting, we believe the anemic data in 1Q15 with stubbornly low inflation, weak energy prices, strong USD, economic turbulence in Europe, and uneven recovery worldwide are reducing the likelihood of a rate increase in 2Q15. Instead, we believe the rate hike cycle is likely to be deferred to late 3Q15.

Stagnant economic momentum may suggest a delay in rate hike.

1Q15 GDP in the U.S. grew by an annualized rate of 0.2% QoQ, missing the market consensus of 1% and was significantly lower than 4Q14's 2.2%. A strong USD (up 9% in 1Q15 versus 1Q14) has hampered export growth in 1Q15 while poor weather conditions also have reduced consumer spending. With Europe's QE and weak energy prices, we believe USD will continue to show strength and inflationary pressure will be minimal. Sluggish growth in the global economy may undermine expansion in the U.S., prompting the Fed to delay its decision to raise rates. Based on the latest data, Fed announcements, and uncertainties in the domestic and global economies, we believe the rate hike cycle will ensue in late 3Q15.

Implications of delayed normalization in U.S.'s monetary policy.

The global business environment is facing increasingly complicated monetary policies with marked variations in economic conditions and political instability in different countries. With concerns over the lingering economic weakness, the U.S. may continue to adopt low interest rates for a longer period. This is in line with European and Asian countries' strengthening of credit loosening programs to revive growth and investment confidence. In our view, a low interest rate environment will continue to direct global liquidity and capital flow into the Asian economies, sustaining the robust performance of capital markets in such regions

China's economy to improve with the protracted low interest rates.

China, as the world's second largest economy, is bracing for the new norm of slower expansion reflected by 1Q15 GDP growth of 7.0% YoY, the lowest in six years. Possible delay of the U.S.'s rate increase will help enhance effectiveness of China's macro credit loosening by neutralizing capital outflow. With China's accommodative economic policies and lagged impacts of credit loosening measures on consumption and investment to be seen in 2Q15 and 3Q15, we expect economic growth to improve going forward.



China Economic Indicators

	2014												2015		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Real GDP (YoY%)	---	---	7.4	---	--	7.5	--	---	7.3	---	---	7.3	---	---	7.0
Export Growth (YoY%)	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5	9.4	15.3	11.6	4.7	9.7	(3.2)	48.3	(15.0)
Import Growth (YoY%)	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)	(2.4)	7.0	4.6	(6.7)	(2.4)	(19.7)	(20.5)	(12.7)
Trade Balance (USD/bn)	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3	49.8	30.9	45.4	54.5	49.6	60.0	60.6	3.1
Retail Sales Growth (YoY%)	11.8		12.2	11.9	12.5	12.4	12.2	11.9	11.6	11.5	11.7	11.9	10.7		10.2
Industrial Production (YoY%)	8.6		8.8	8.7	8.8	9.2	9.0	6.9	8.0	7.7	7.2	7.9	6.8		5.6
PMI - Manufacturing (%)	50.5	50.2	50.3	50.4	50.8	51.0	51.7	51.1	51.1	50.8	50.3	50.1	49.8	49.9	50.1
PMI - Non-manufacturing (%)	53.4	55.0	54.5	54.8	55.5	55.0	54.2	54.4	54.0	53.8	53.9	54.1	53.7	53.9	53.7
FAI(YTD) (YoY%)	17.9		17.6	17.3	17.2	17.3	17.0	16.5	16.1	15.9	15.8	15.7	13.9		13.5
CPI (YoY%)	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0	1.6	1.6	1.4	1.5	0.8	1.4	1.4
PPI (YoY%)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)	(1.2)	(1.8)	(2.2)	(2.7)	(3.3)	(4.3)	(4.8)	(4.6)
M2(YoY%)	13.2	13.3	12.1	13.2	13.4	14.7	13.5	12.8	12.9	12.6	12.3	12.2	10.8	12.5	11.6
New Lending (RMB/bn)	1,320	644.5	1,050	774.7	870.8	1,080	385.2	702.5	857.2	548.3	852.7	697.3	1,470.0	1,020	1,180
Aggregate Financing (RMB bn)	2,580	938.7	2,081.3	1,550	1,400	1,970	273.7	957.7	1,135.5	662.7	1,146.3	1,690.0	2,050.0	1,350	1,180

World Economic/Financial Indicators

Equity Indices				Global Commodities				Bond Yields & Key Rates			
	Closing price	Chg. WTD (%)	P/E	Unit	Price	Chg. WTD (%)	Volume (5-day avg.)		Yield (%)	Chg. WTD (Bps)	
U.S.				Energy				US Fed Fund Rate			
DJIA	18,035.53	(0.25)	15.48	NYMEX WTI	USD/bbl	59.20	337,482	3.59	0.25	0.00	
S&P 500	2,106.85	(0.51)	18.42	ICE Brent Oil	USD/bbl	66.06	242,177	1.19	3.25	0.00	
NASDAQ	5,023.64	(1.34)	29.30	NYMEX Natural Gas	USD/MMBtu	2.59	72,477	2.33	0.75	0.00	
MSCI US	2,018.09	(0.54)	18.96	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	61.80	N/A	N/A	0.2291	2.04	
Europe				Basic Metals				US Treasury (1 Yr)			
FTSE 100	6,934.18	(1.93)	26.24	LME Aluminum Cash	USD/MT	1,891.75	17,958	2.63	1.4417	12.75	
DAX	11,338.40	(4.00)	18.71	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,883.00	41,797	3.32	2.0512	14.26	
CAC40	4,991.75	(4.03)	25.54	CMX Copper Active	USD/lb.	6,152.50	5,595	2.12	0.3420	5.20	
IBEX 35	11,318.70	(1.62)	20.91	LME Copper 3- mth Rolling Fwd.	USD/MT	6,145.00	40,741	1.91	3.4400	(3.00)	
FTSE MIB	22,865.17	(2.40)	96.51	Precious Metals				China 10-Yr Gov. Bond			
Stoxx 600	393.59	(3.63)	24.71	CMX Gold	USD/T. oz	1,204.50	156,068	2.51	0.05	0.00	
MSCI UK	2,042.22	(1.67)	26.76	CMX Silver	USD/T. oz	16.62	40,317	5.99	0.1843	0.28	
MSCI France	142.10	(3.00)	26.93	NYMEX Platinum	USD/T. oz	1,152.80	11,173	2.80	0.2782	(0.09)	
Asia				Agricultural Products				O/N SHIBOR			
NIKKEI 225	19,520.01	(2.50)	21.64	CBOT Corn	USD/bu	369.75	202,608	0.00	1.6900	(16.1)	
S&P/ASX 200	5,789.98	(2.42)	20.85	CBOT Wheat	USD/bu	487.00	72,331	(0.31)	3.4650	(30.3)	
HSI	28,133.00	0.26	11.87	NYB-ICE Sugar	USD/lb.	13.24	79,312	0.38	0.3829	(0.50)	
HSCEI	14,431.11	(0.40)	10.41	CBOT Soybeans	USD/bu.	992.00	135,390	2.19	Corporate Bonds (Moody's)		
CSI300	4,749.89	1.00	20.21					Aaa		3.60	5.00
SSE Composite	4,441.66	1.09	22.11					Baa		4.55	6.00
SZSE Composite	2,267.77	0.51	0.00								
MSCI China	84.33	0.54	N/A								
MSCI Hong Kong	14,331.44	0.24	10.75								
MSCI Japan	1,004.66	0.59	17.78								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-mth Spot pr.
Spot Rate	1.1227	1.5468	0.7961	118.84	0.9347	6.2032	7.7503	6.2735
Chg. WTD (%)	3.26	1.84	1.75	0.13	2.05	(0.14)	(0.00)	(0.02)

Note:

- Data sources: Bloomberg, National Bureau of Statistics of China, ABCIS (updated on date of report)
- Australia Newcastle Steam Coal Spot fob is the Australia Newcastle 6700 kc GAD fob Steam Coal Spot price published by McCloskey



Disclosures

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Definition of equity rating

Rating	Definition
Buy	Stock return \geq Market return rate
Hold	Market return - 6% \leq Stock return < Market return rate
Sell	Stock return < Market return - 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2009-2013

Time horizon of share price target: 12-month

Definition of share price risk

Rating	Definition
Very high	$2.6 \leq 180$ day volatility/180 day benchmark index volatility
High	$1.5 \leq 180$ day volatility/180 day benchmark index volatility < 2.6
Medium	$1.0 \leq 180$ day volatility/180 day benchmark index volatility < 1.5
Low	180 day volatility/180 day benchmark index volatility < 1.0

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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