



Economics Weekly January 7, 2015

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Exhibit 1: Forecasts for 2014 economic indicators

YoY% or otherwise specified	2014F	2013
GDP	7.4	7.7
CPI	2.0	2.6
PPI	(1.8)	(1.9)
Exports	5.5	7.9
Imports	0.3	7.3
Trade Balance (US\$/bn)	375.3	259.8
FAI (YTD%)	16.0	19.6
Industrial production	8.3	9.7
Retail Sales	12.0	13.1
M2	12.5	13.6
New loans (RMB/bn)	100034	8882.2
Aggregate financing (RMB/bn)	15995.0	17290.4

Source(s): Bloomberg, ABCI Securities estimates

Exhibit 2: Forecasts for 4Q14 economic indicators

YoY% or otherwise specified	4Q'14F	3Q'14
GDP	7.3	7.3
CPI	1.5	2.0
PPI	(2.6)	(1.3)
Exports	6.4	12.9
Imports	(3.1)	1.3
Trade Balance (US\$/bn)	144.6	128.1
FAI (YTD%)	16.0	16.1
Industrial production	7.6	8.0
Retail Sales	11.9	11.9
M2	12.5	12.9
New loans (RMB/bn)	2351	1944.9
Aggregate financing (RMB/bn)	3106.5	2366.9

Source(s): Bloomberg, ABCI Securities estimates

Exhibit 3: Forecasts for Dec economic indicators

YoY% or otherwise specified	Dec'14F	Nov'14
CPI	1.4	1.4
PPI	(2.8)	(2.7)
Exports	3.5	4.7
Imports	(6.5)	(6.7)
Trade Balance (US\$/bn)	44.7	54.5
FAI (YTD%)	16.0	15.8
Industrial production	7.9	7.2
Retail Sales	12.5	11.7
M2	12.5	12.3
New loans (RMB/bn)	950.0	852.7
Aggregate financing (RMB/bn)	1293.8	1146.3

Source(s): Bloomberg, ABCI Securities estimates

Preview on Dec and 2014 data

2014 was a challenging year for China amid high global volatility and weakening growth momentum. The Fed's QE tapering, sharp decline in oil prices, and the slow recovery of global economy heightened external risks to the Chinese economy. Domestically, economic rebalancing triggered a cyclical downturn in the country. China's December indicators will continue to demonstrate fatigue as growth in FAI, retail sales, and industrial production was slower than expected. Weakening domestic demand is the key concern as prolonged slowdown extended into 4Q14. We expect more pro-growth targeted measures and monetary easing will be launched, and economic momentum will gather pace in 1Q15 in our view. We forecast China's GDP growth for 4Q14F and 2014F will reach 7.3% YoY and 7.4% YoY. Overall, China's long-term outlook remains positive.

Dipping CPI and PPI. We believe the food price inflation in December was low and prices of other non-food items prices were stable. CPI is therefore likely to remain stable for the month. Meanwhile, continuous drop in oil prices should accelerate decline in PPI. For December, we expect CPI inflation to be 1.4% YoY, while decline in PPI would accelerate to 2.8% YoY. For 2014F, CPI inflation will reach 2.0% YoY, lower than 2.6% YoY in 2013. PPI deflation will improve slightly from 1.9% YoY in 2013 to 1.8% YoY in 2014F.

Expect external trade to show a slowing trend. We believe data on international trade will be flaccid. Export growth, import growth, and trade balance for December are forecasted to be 3.5% YoY, -6.5% YoY and US\$ 44.7bn, respectively (November actual: 4.7% YoY, -6.7% YoY, and US\$ 54.5bn). The weak export growth expected was largely a result of the post-holiday effects in the U.S. and Europe, while the fatigue import growth was caused by the moderating domestic demand. In sum, we expect external trade for 2014 will achieve a low single-digit YoY growth at 3% YoY, significantly lower than government's target of 7.5% YoY.

Slowdown of growth in FAI and industrial production. Rebalancing of the economy towards a consumption-led model and sluggish real estate development are expected to slow FAI further from 19.6% in 2013 to 16% in 2014F. Moreover, decline in PMI and export growth suggests that industrial production might tumble further. Therefore, we expect industrial production growth for 2014F to be 8.3% YoY, lower than 9.7% YoY in 2013.

Retail sales momentum to continue. December retail sales growth is expected to be at 12.5% YoY, demonstrating further improvement from November figure. Due to the sharp drop of expenses in restaurant during 1H14, we expect retail sales to slow to 12% YoY for 2014F, compared to 13.1% YoY in 2013.

Loosening monetary stance to boost M2 growth and new loans. PBOC has loosened its grip on the monetary front since November. Hence, we expect M2 growth for December to be 12.5% YoY while new loans for December will reach RMB 950bn, higher than RMB 852.7bn in November. Total new loans for 2014F will exceed RMB 10 trillion.



China Economic Indicators

	2013			2014											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec*
Real GDP (YoY%)	---	---	7.7	---	---	7.4	---	--	7.5	--	---	7.3	---	---	7.3
Export Growth (YoY%)	5.6	12.7	5.8	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5	9.4	15.3	11.6	4.7	3.5
Import Growth (YoY%)	7.6	5.3	6.5	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)	(2.4)	7.0	4.6	(6.7)	(6.5)
Trade Balance (USD/bn)	31.1	33.8	32.3	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3	49.8	30.9	45.4	54.5	44.7
Retail Sales Growth (YoY%)	13.3	13.7	13.6		11.8	12.2	11.9	12.5	12.4	12.2	11.9	11.6	11.5	11.7	12.5
Industrial Production (YoY%)	10.3	10.0	9.7		8.6	8.8	8.7	8.8	9.2	9.0	6.9	8.0	7.7	7.2	7.9
PMI - Manufacturing (%)	51.4	51.4	51.0	50.5	50.2	50.3	50.4	50.8	51.0	51.7	51.1	51.1	50.8	50.3	50.1
PMI - Non-manufacturing (%)	56.3	56.0	54.6	53.4	55.0	54.5	54.8	55.5	55.0	54.2	54.4	54.0	53.8	53.9	54.1
FAI(YTD) (YoY%)	20.1	19.9	19.6		17.9	17.6	17.3	17.2	17.3	17.0	16.5	16.1	15.9	15.8	16.0
CPI (YoY%)	3.2	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0	1.6	1.6	1.4	1.4
PPI (YoY%)	(1.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)	(1.2)	(1.8)	(2.2)	(2.7)	(2.8)
M2(YoY%)	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	14.7	13.5	12.8	12.9	12.6	12.3	12.5
New Lending (RMB/bn)	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1080	385.2	702.5	857.2	548.3	852.7	950.0
Aggregate Financing (RMB bn)	864	1,226.9	1,232.2	2,580	938.7	2,081.3	1,550	1,400	1,970	273.7	957.7	1135.5	662.7	1,146.3	1293.8

* Forecast (Excluding PMI - Manufacturing and PMI - Non-manufacturing)

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	0.25	0.00	
DJIA	17,371.64	(2.59)	15.52	NYMEX WTI	USD/bbl	47.13	(10.55)	309,641	US Prime Rate	3.25	0.00
S&P 500	2,002.61	(2.70)	17.71	ICE Brent Oil	USD/bbl	50.04	(11.31)	221,800	US Discount Window	0.75	0.00
NASDAQ	4,592.74	(2.84)	40.19	NYMEX Natural Gas	USD/MMBtu	2.96	(1.47)	109,507	US Treasury (1 Yr)	0.2489	3.06
MSCI US	1,911.21	(2.70)	18.11	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	62.40	N/A	N/A	US Treasury (5Yr)	1.4910	(11.6)
Europe				Basic Metals				US Treasury (10 Yr)	1.9582	(15.2)	
FTSE 100	6,396.21	(2.32)	18.29	LME Aluminum Cash	USD/MT	1,755.25	(2.77)	17,674	Japan 10-Yr Gov. Bond	0.3010	(2.80)
DAX	9,506.08	(2.65)	16.70	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,787.00	(2.46)	29,673	China 10-Yr Gov. Bond	3.6400	(1.00)
CAC40	4,105.36	(3.46)	24.55	CMX Copper Active	USD/lb.	6,209.00	(1.51)	11,958	ECB Rate (Refinancing)	0.05	0.00
IBEX 35	9,930.40	(4.06)	20.87	LME Copper 3- mth Rolling Fwd.	USD/MT	6,145.00	(1.76)	35,441	1-Month LIBOR	0.1680	0.05
FTSE MIB	18,209.26	(4.81)	N/A	Precious Metals				3 Month LIBOR	0.2536	(0.20)	
Stoxx 600	332.83	(2.49)	20.66	CMX Gold	USD/T. oz	1,214.30	2.37	134,478	O/N SHIBOR	2.8810	(64.7)
MSCI UK	1,873.84	(2.74)	18.09	CMX Silver	USD/T. oz	16.42	4.10	37,156	1-mth SHIBOR	4.9530	(63.5)
MSCI France	115.35	(3.82)	25.73	NYMEX Platinum	USD/T. oz	1,218.80	1.24	9,381	3-mth HIBOR	0.3829	(0.21)
MSCI Germany	126.85	(2.88)	16.81	Agricultural Products				Corporate Bonds (Moody's)			
MSCI Italy	52.32	(5.18)	N/A	CBOT Corn	USD/bu	404.50	2.21	116,503	Aaa	3.59	(8.00)
Asia				CBOT Wheat	USD/bu	591.25	1.72	41,631	Baa	4.56	(7.00)
NIKKEI 225	16,885.33	(3.24)	20.70	NYB-ICE Sugar	USD/lb.	14.88	5.01	40,241			
S&P/ASX 200	5,353.61	(1.51)	18.48	CBOT Soybeans	USD/bu.	1,054.25	4.64	86,365			
HSI	23,681.26	(0.74)	10.03								
HSCEI	11,991.02	(2.08)	8.43								
CSI300	3,643.79	3.12	16.15								
SSE Composite	3,373.95	4.31	16.18								
SZSE Composite	1,457.45	2.99	35.44								
MSCI China	66.77	(0.91)	10.06								
MSCI Hong Kong	12,259.15	(2.38)	10.14								
MSCI Japan	838.11	(3.44)	15.41								

Note:

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

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-mth Spot pr.
Spot Rate	1.1866	1.5136	0.8074	119.11	1.0121	6.2128	7.7538	6.3180
Chg. WTD (%)	(1.13)	(1.25)	(0.19)	1.17	(1.03)	(0.08)	0.04	0.30



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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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