



Economics Weekly September 15, 2014

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Exhibit 1: August economic indicators

YoY% or otherwise specified	August'14	June'14
PMI - Manufacturing	51.1	51.7
PMI - Non Manufacturing	54.4	54.2
CPI	2.0	2.3
PPI	(1.2)	(0.9)
Exports	9.4	14.5
Imports	(2.4)	(1.6)
Trade Balance (US\$/bn)	49.8	47.3
FAI (YTD%)	16.5	17.0
Industrial production	6.9	9.0
Retail Sales	11.9	12.2
M2	12.8	13.5
New loans (RMB/bn)	702.5	385.2
Aggregate financing (RMB/bn)	957.4	273.7

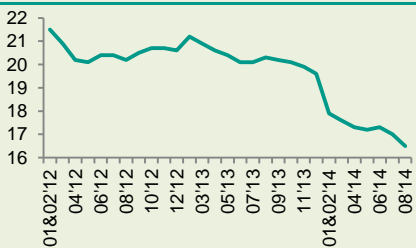
Source(s): NBS, PBOC, Bloomberg, ABCI Securities

Exhibit 2: Economic indicators for July and August

YoY% or otherwise specified	2014	2013
FAI (YTD YoY%)	14.5	20.8
Real estate investment (YTD YoY%)	10.9	16.9
Industrial production	8.0	10.1
Retail sales	12.1	13.4
Exports	11.9	6.1
Imports	(1.8)	9.0
CPI	2.2	2.7
PPI	(1.1)	(1.9)

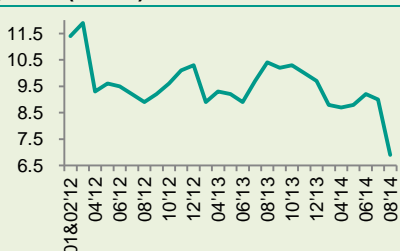
Source(s): NBS, ABCI Securities

Exhibit 3: China FAI YTD growth (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 4: China industrial production growth (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

China's growth eased in August

China's August indicators demonstrated continued weakness as FAI, retail sales and industrial production rose at slower-than-expected paces, raising apprehension of an economic downturn. Weakening domestic demand is the key concern. Although the economy still created 9.7 million new jobs in 8M14, up by 100,000 over the same period last year, prolonged slowdown extending into 3Q14 will present challenges to the economy. We expect China to continue launching pro-growth targeted measures and momentum will be restored in 4Q14. Nonetheless, we forecast China's GDP growth will slow to 7.2% YoY for 3Q14.

FAI growth weighed down by sluggish real estate development.

FAI's 8M14 growth was 16.5% YoY vs. the 17.0% YoY in 7M14. The government policies to boost infrastructure and public housing investments failed to provide a significant boost to the FAI growth on the weakening streak in the real estate sector, whose investment only rose 13.2% YTD YoY. In particular, the residential property sector saw negative growth in newly started floor space and sales. We expect FAI growth will continue to be hampered by the real estate sector.

Industrial production shows downward pressure.

Industrial production increased at the slowest pace since December 2008 at 6.9% YoY in August, significantly lower than July's growth of 9.0% YoY. Average daily production of electricity declined by 2.2% YoY and 1.7% MoM in August, while the average daily production of "Automobile" and "Consumer Cars" remained unchanged, signaling lower levels of industrial activities and slacking consumer demand. In our view, industrial production will gradually improve starting from 4Q14.

Retail sales to turn around soon.

Retail sales growth in August reached 11.9% YoY, lower than the 12.2% YoY in July. Improvement was seen on a MoM basis with August growth edging up to 0.92% vs. 0.87% in July. Most product categories registered positive MoM increase, with specific products showing strong rebounds. "Gold, Silver, and Jewelry" and "Communication Appliances" went up 7.3% YoY and 31.8% YoY in August, compared to -11.7% YoY and 24.2% YoY in July. Therefore, we believe a turnaround in retail sales will occur in the short term.

Inflation remains tepid.

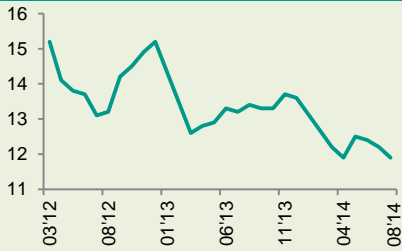
CPI growth tapered to 2% YoY while PPI declined by 1.2% YoY in August. The slower growth of CPI was mainly caused by the 0.1% MoM decline in non-food prices that offset the increase in food prices (+0.7% MoM). Moreover, the widened decline in PPI reflected fallen prices of major commodity products, such as crude oil, coal, and steel, as well as the remaining impact of excess capacity. With inflation remaining tepid, the government should have more room to implement more new stimulus measures.

Monetary data is normalizing.

Aggregate financing in August reached RMB 957.4 bn (July: RMB 273.7 bn), in which new loans reached RMB 702.5 bn (July: RMB 385.2 bn). Meanwhile, M2 in August grew by 12.8 % YoY (July: 13.5% YoY). The monetary data shows that credit growth is normalizing after the temporary

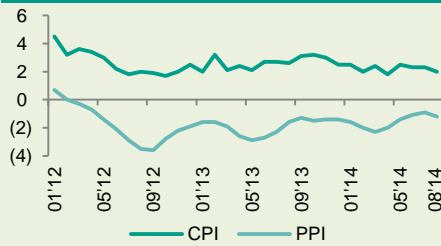


Exhibit 5: China retail sales growth (YoY %)



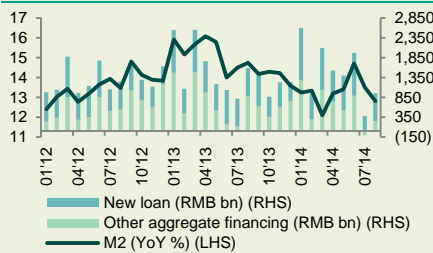
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 6: CPI&PPI (YoY %)



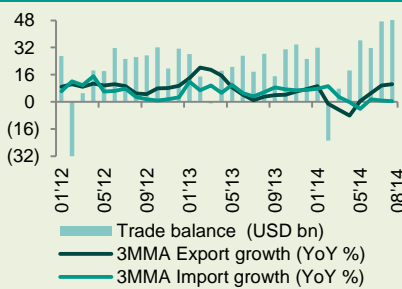
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 7: Monetary data



Source(s): PBOC, Bloomberg, ABCI Securities

Exhibit 8: External trade data



Source(s): China Customs, Bloomberg, ABCI Securities

fluctuation in July. With the government's targeted easing measures in place, we believe the monetary data will remain at healthy levels.

External trade recap – further improvement in sight. China's external trade improved in August. Exports surged to 9.4% YoY, while import declined by 2.4% YoY. The diverging trends in exports and imports resulted in a record-high trade surplus of US\$ 49.84bn. The external trade figures suggest a more favorable external environment for China's export sector going forward. In addition, the upcoming orders for the holiday season would give China's exports more support in the next few months.



China Economic Indicators

	2013						2014							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Real GDP (YoY%)	---	---	7.8	---	---	7.7	---	---	7.4	---	--	7.5	--	---
Export Growth (YoY%)	5.1	7.2	(0.3)	5.6	12.7	5.8	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5	9.4
Import Growth (YoY%)	10.9	7.0	7.4	7.6	5.3	6.5	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)	(2.4)
Trade Balance (USD/bn)	17.8	28.5	15.2	31.1	33.8	32.3	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3	49.8
Retail Sales Growth (YoY%)	13.2	13.4	13.3	13.3	13.7	13.6	11.8		12.2	11.9	12.5	12.4	12.2	11.9
Industrial Production (YoY%)	9.7	10.4	10.2	10.3	10.0	9.7	8.6		8.8	8.7	8.8	9.2	9.0	6.9
PMI - Manufacturing (%)	50.3	51.0	51.1	51.4	51.4	51.0	50.5	50.2	50.3	50.4	50.8	51.0	51.7	51.1
PMI - Non-manufacturing (%)	54.1	53.9	55.4	56.3	56.0	54.6	53.4	55.0	54.5	54.8	55.5	55.0	54.2	54.4
FAI(YTD) (YoY%)	20.1	20.3	20.2	20.1	19.9	19.6	17.9		17.6	17.3	17.2	17.3	17.0	16.5
CPI (YoY%)	2.7	2.6	3.1	3.2	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0
PPI (YoY%)	(2.3)	(1.6)	(1.3)	(1.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)	(1.2)
M2(YoY%)	14.5	14.7	14.2	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	14.7	13.5	12.8
New Lending (RMB/bn)	699.9	711.3	787.0	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1080	385.2	702.5
Aggregate Financing (RMB bn)	819.1	1,584	1,411.3	864	1,226.9	1,232.2	2,580	938.7	2,081.3	1,550	1,400.0	1,970	273.7	957.4

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	16,987.51	0.00	15.55	NYMEX WTI	USD/bbl	91.39	(0.95)	310,023	US Prime Rate	3.25	0.00
S&P 500	1,985.54	0.00	17.92	ICE Brent Oil	USD/bbl	96.77	(0.35)	164,332	US Discount Window	0.75	0.00
NASDAQ	4,567.60	0.00	97.88	NYMEX Natural Gas	USD/MMBtu	3.89	0.86	122,593	US Treasury (1 Mth)	0.0000	0.00
MSCI US	1,899.82	0.00	18.40	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	65.80	N/A	N/A	US Treasury (5Yr)	1.8087	(0.82)
Europe				Basic Metals				US Treasury (10 Yr)	2.5978	(1.27)	
FTSE 100	6,789.38	(0.26)	16.99	LME Aluminum Cash	USD/MT	1,992.50	0.00	18,185	Japan 10-Yr Gov. Bond	0.5780	0.00
DAX	9,651.98	0.01	17.86	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	2,029.00	0.00	41,892	China 10-Yr Gov. Bond	4.2900	(1.00)
CAC40	4,425.64	(0.36)	26.72	CMX Copper Active	USD/lb.	6,864.50	0.00	16,435	ECB Rate (Refinancing)	0.05	(10.0)
IBEX 35	10,865.40	(0.22)	21.47	LME Copper 3- mth Rolling Fwd.	USD/MT	6,838.00	0.00	52,617	1-Month LIBOR	0.1536	0.08
FTSE MIB	20,891.35	(0.85)	767.0	TSI CFR China Iron Ore Fines Index ³	USD	82.00	(1.91)	N/A	3 Month LIBOR	0.2346	0.23
Stoxx 600	343.78	(0.14)	20.56	Precious Metals				O/N SHIBOR	2.8510	(0.20)	
MSCI UK	2,007.42	0.00	17.06	CMX Gold	USD/T. oz	1,235.60	0.33	136,626	1-mth SHIBOR	4.0080	1.60
MSCI France	124.19	0.00	28.27	CMX Silver	USD/T. oz	18.65	0.24	39,556	3-mth HIBOR	0.3650	0.21
MSCI Germany	128.56	0.00	17.97	NYMEX Platinum	USD/T. oz	1,370.60	0.01	13,932	Corporate Bonds (Moody's)		
MSCI Italy	61.09	0.00	1,019	Agricultural Products				Aaa	4.12	2.00	
Asia				CBOT Corn	USD/bu	336.25	(0.66)	117,737	Baa	4.79	4.00
NIKKEI 225	15,948.29	0.00	20.83	CBOT Wheat	USD/bu	496.50	(1.19)	40,175			
S&P/ASX 200	5,473.45	(1.04)	18.90	NYB-ICE Sugar	USD/lb.	16.29	(0.18)	79,566			
HSI	24,356.99	(0.97)	10.59	CBOT Soybeans	USD/bu.	981.75	(0.36)	105,309			
HSCEI	10,834.73	(1.63)	7.55								
CSI300	2,437.19	(0.05)	10.84								
SSE Composite	2,339.14	0.31	11.17								
SZSE Composite	1,304.20	0.73	31.34								
MSCI China	66.29	0.00	9.94								
MSCI Hong Kong	13,101.61	0.00	11.24								
MSCI Japan	806.47	0.00	15.73								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-mth Spot pr.
Spot Rate	1.2924	1.6244	0.9021	107.25	0.9363	6.1414	7.7509	6.2418
Chg. WTD (%)	(0.30)	(0.15)	(0.19)	0.08	(0.33)	(0.10)	(0.00)	(0.21)

Note:

- Data sources: Bloomberg Finance LP, 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
- TSI CFR China Iron Ore Fines Index is calculated with the 62% Fe specification, spot price



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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