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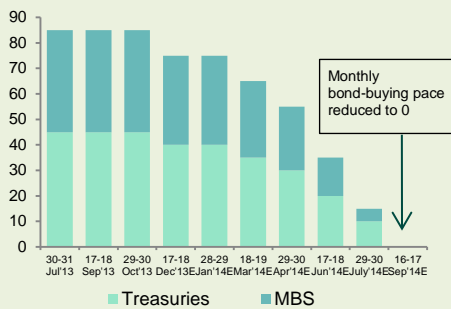
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Exhibit 1: Fed's tapering forecasts (US\$ billion)



Note: Assuming current recovery maintains its momentum

Source(s): Federal Reserve Bank, ABCI Securities Estimates

Fed's QE taper deferred

On Sep 18, the US Federal Reserve (Fed) announced at the Federal Open Market Committee (FOMC) meeting the continuation of monthly bond purchases at US\$ 85 billion. The decision surprises the market, as the general consensus has been that the FOMC will commence the QE tapering in 4Q13 as positive momentum gathers in the U.S. economy. The Fed's action demonstrates its cautiousness regarding the recovery strengths of the U.S. economy despite downside risks continue to diminish. We expect more signs of sustainable recovery to emerge in the coming months, which in turn will prompt the Fed to dial back bond purchases at the last FOMC meeting in December, 2013.

'Precautionary step' taken by the Fed. The Fed is cautious about the recovery momentum as job growth has fallen for the past three months and recovery of the housing market has slowed on the risen interest rates. Moreover, the economy is starting to feel the impacts of government spending cuts. The Fed adjusted down slightly its economic growth forecasts for 2013 from 2.3%-2.8% in June to the latest 2.3%-2.6%. For 2014, economic growth is expected to be 2.9%-3.1%, versus its previous forecast of 3.0%-3.5%. The Fed's precautionary stance is also evidenced by its decision to maintain its US\$ 85 billion a month in bond purchases.

The new Fed Chairman will be appointed before the QE tapering kicks start. With Lawrence Summers withdrawing from Fed Chairman consideration, Janet Yellen is currently considered to be the leading candidate to succeed Ben Bernanke as the next Fed Chairman. Based on Ms. Yellen's previous comments on the state of the economy, her experience in being the top aide of Ben Bernanke during the financial crisis, and her methodical style in policy-making, we believe that she will pursue the tapering cautiously while balancing unemployment and inflation to ensure a smooth transition. We expect appointment of the new Fed Chairman will take place before the QE tapering commences.

More time for emerging Asian markets to pursue economic restructuring. Investors' concerns over tightening liquidity and slowing growth in the emerging markets led to significant currency depreciation and substantial declines in the stock markets among these regions in the past two months. With the delay of QE exit, we expect fund outflows in these markets to slow. Emerging Asian economies such as India and Indonesia will have more time to restructure their economic policies to tackle with the structural economic problems. We believe their policymakers will manage asset price inflation and consumer credit in a more proactive and pre-emptive manner.

China remains prudent in monetary policy. China's economic recovery, as evidenced by the improving economic data, assures investors of the country's resilience. With the QE tapering being deferred, prudent liquidity management will continue to be a priority of China's monetary policy in order to accommodate the market demand for liquidity and for growth stabilization. Repurchase agreement and issuance of bills will continue to be the major tools to satisfy capital demand as global financial markets remain volatile.



China Economic Indicators

	2012					2013							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Real GDP (YoY%)	---	7.4	---	---	7.9	---	---	7.7	---	---	7.5	---	---
Export Growth (YoY%)	2.7	9.9	11.6	2.9	14.1	25.0	21.8	10.0	14.7	1.0	(3.1)	5.1	7.2
Import Growth (YoY%)	(2.6)	2.4	2.4	0	6	28.8	(15.2)	14.1	16.8	(0.3)	(0.7)	10.9	7.0
Trade Balance (USD/bn)	26.43	27.45	32.11	19.63	31.6	29.2	15.3	(0.9)	18.2	20.4	27.1	17.8	28.5
Retail Sales Growth (YoY%)	13.2	14.2	14.5	14.9	15.2	12.3	12.6	12.8	12.9	13.3	13.2	13.2	13.4
Industrial Production (YoY%)	8.9	9.2	9.6	10.1	10.3	9.9	8.9	9.3	9.2	8.9	9.7	10.4	10.4
PMI - Manufacturing (%)	49.2	49.8	50.2	50.6	50.6	50.4	50.1	50.9	50.6	50.8	50.1	50.3	51.0
PMI - Non-manufacturing (%)	56.3	53.7	55.5	55.6	56.1	56.2	54.5	55.6	54.5	54.3	53.9	54.1	53.9
FAI(YTD) (YoY%)	20.2	20.5	20.7	20.7	20.6	21.2	20.9	20.6	20.4	20.1	20.1	20.1	20.3
CPI (YoY%)	2	1.9	1.7	2	2.4	2.0	3.2	2.1	2.4	2.1	2.7	2.7	2.6
PPI (YoY%)	(3.5)	(3.6)	(2.8)	(2.2)	(1.9)	(1.6)	(1.6)	(1.9)	(2.6)	(2.9)	(2.7)	(2.3)	(1.6)
M2 (YoY%)	13.5	14.8	14.1	13.9	13.8	15.9	15.2	15.7	16.1	15.8	14.0	14.5	14.7
New Lending (RMB/bn)	703.9	623.2	505.2	522.9	454.3	1070.0	620.0	1060.0	792.9	667.4	860.5	699.9	711.3

World Economic/Financial Indicators

Equity Indices				Global Commodities				Bond Yields & Key Interest Rates			
	Closing price	Chg. WTD (%)	P/E	Unit	Price	Chg. WTD (%)	Volume (5-day avg.)		Yield (%)	Chg. WTD (%)	
U.S.				Energy							
DJIA	15676.94	1.96	15.02	NYMEX WTI	USD/bbl	108.59	0.35	248,888.80	US Fed Fund Rate	0.25	0.00
S&P 500	1725.52	2.22	16.53	ICE Brent Oil	USD/bbl	110.80	(1.76)	155,317.00	US Prime Rate	3.25	0.00
NASDAQ	3783.64	1.65	22.81	NYMEX Natural Gas	USD/MMBtu	3.73	1.55	120,221.20	US Discount Window	0.75	0.00
MSCI US	1651.62	2.21	16.79	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	77.15	N/A	N/A	US Treasury (1 Mth)	0.0000	(100)
Europe				Basic Metals							
FTSE 100	6,649.07	0.99	19.56	LME Aluminum Cash	USD/MT	1,738.00	(0.37)	46,740.00	US Treasury (5 Yr)	1.4162	(16.4)
DAX	8,740.17	2.71	14.98	LME Aluminum 3-mth. Rolling Fwd.	USD/MT	1,785.00	(0.28)	29,088.60	US Treasury (10 Yr)	2.7061	(6.19)
CAC40	4,215.11	2.45	17.99	CMX Copper Active	USD/lb.	332.90	3.80	472.40	Japan 10-Yr Gov. Bond	0.6780	(6.87)
IBEX 35	9,164.70	2.50	57.72	LME Copper 3- mth Rolling Fwd.	USD/MT	7,184.00	2.03	41,850.60	China 10-Yr Gov. Bond	4.1400	0.00
FTSE MIB	18,026.59	2.73	270.0	TSI CFR China Iron Ore Fines Index ³	USD	131.70	(2.08)	N/A	ECB Rate (Refinancing)	0.50	0.00
Stoxx 600	316.17	1.51	21.22	Precious Metals							
MSCI UK	1,939.97	(0.41)	19.42	CMX Gold	USD/T. oz	1,367	4	178,858	1-Month LIBOR	0.1800	(0.11)
MSCI France	116.09	1.28	21.30	CMX Silver	USD/T. oz	23	6	49,130	3 Month LIBOR	0.2525	(0.57)
MSCI Germany	118.53	1.47	13.95	NYMEX Platinum	USD/T. oz	1,475	2	13,102	O/N SHIBOR	3.5570	19.40
MSCI Italy	51.22	1.45	88.38	Agricultural Products							
Asia				CBOT Corn	USD/bu	460.00	0.22	126,992.40	3-Month HIBOR	0.3857	0.00
NIKKEI 225	14,766.18	2.51	24.48	CBOT Wheat	USD/bu	654.50	2.03	40,269.60	Corporate Bonds (Moody's)		
S&P/ASX 200	5,295.55	1.45	23.46	NYB-ICE Sugar	USD/lb.	17.09	0.00	88,031.00	Aaa	4.71	0.43
HSI	23,502.51	2.56	10.88	CBOT Soybeans	USD/bu.	1,358.75	(1.65)	136,030.60	Baa	5.53	(0.18)
HSCEI	10,769.54	2.19	8.50								
CSI300	2,432.51	(2.27)	11.82								
SSE Composite	2,191.85	(1.98)	11.44								
SZSE Composite	1,036.51	(0.48)	29.27								
MSCI China	61.89	0.39	10.03								
MSCI Hong Kong	11,854.71	2.01	10.75								
MSCI Japan	737.58	0.68	19.20								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-Mth
Spot Rate	1.3556	1.6082	0.9510	98.8400	0.9097	1.0197	6.1212	7.7541
Chg. WTD (%)	1.9708	1.2976	2.8664	0.5463	2.1985	1.5102	(0.0408)	0.0039

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 2007-2011

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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