



Economics Weekly July 25, 2014

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Exhibit 1: Recent economic policy

Economic policy	Content
Lowering financing costs to real economy	Provide more support to small- and micro-sized enterprises, agriculture sector, and services industries; Develop medium and small financial institutions that mainly serve small enterprises, the agriculture sector, as well as multi-level capital market to finance enterprises
Pledged supplementary lending	PBOC provided pledged supplementary lending of RMB 1 trillion to China Development Bank for re-lending to the reconstruction of shanty towns
SOE reform	The pilot reforms in ownership, management, and supervision will start with 6 companies, which include China National Cereals, Oils and Foodstuffs Corporation (COFCO), China Energy Conservation and Environmental Protection Group (CECEP), State Development & Investment Corporation (SDIC), China National Building Materials Group (CNBM), Xinxing Cathay International Group (XXCIG) and China National Pharmaceutical Group (Sinopharm)
Beijing-Tianjin-Hebei megalopolis	Beijing, Tianjin, and Hebei will integrate with each other to promote efficiency and solve regional structural issues
Policy on new energy vehicle	New energy vehicle purchase in government and public agencies will increase to at least 30% of all new vehicle purchase; New energy automobiles will be exempted from a 10% purchase tax from Sep 1, 2014 to the end of 2017

Source(s): Bloomberg, Xinhuanet.com, ABCI Securities

Revvng up with policy boost

The moderating economy in 1H14 has prompted the Chinese policymakers to step up its growth-boosting efforts, with Premier Li Keqiang calling for the implementation of easing measures to smooth out short-term economic fluctuations. China has gone forward with a policy of targeted loosening to support SMEs and agriculture sector, encourage greater investment in infrastructure, and facilitate structural reforms. We expect China will maintain an accommodating stance on monetary and fiscal policies to help reinforce the improving economic momentum in 2H14.

More targeted easing to be expected. On July 21, PBOC issued pledged supplementary lending (PSL) of RMB 1 trillion to the China Development Bank - another move by the government to inject more liquidity into the market after slashing RRR for specified banks and financial institutions and taking a more cautious stance toward repo operation. The State Council also announced new measures to channel more low-cost funding into the private sector and to rectify structural imbalance in the financial system. We expect PBOC and the government will continue to lend support to the economy through targeted easing in 2H14.

SOE reform - a boon to China's economy. A total of 6 state-owned enterprises (SOEs) will lead the way in the latest round of reform that introduces private capital to state ventures and improves efficiency in SOEs. The SOE reform will help China's economy turn more market-oriented, free up capital for private sector, and offer more opportunities for private enterprises. Hence, we believe more reform measures will be rolled out if the proposed change prove successful.

Enhance infrastructure investment and urbanization pace. The government has been launching mini-stimulus measures since the beginning of this year to boost FAI investment, such as railway and urban rail. To accelerate urbanization, efforts have been made to speed up social housing development, shantytown redevelopment, and regional integration. We believe that the government will continue to increase investments on these fronts to support economic growth in 2H14.

Favorable policies to encourage a greener lifestyle. The government's latest announcements on exempting purchase tax and increasing the use of new-energy autos are positive to the related auto industry and the public. Consumption of such vehicles is expected to take flight and domestic auto manufacturers will benefit from the new developments. These new policies are an extension of the government's effort to fight against pollution and alleviate the public's concerns over their well-being.

Shaping up in 2H14 with more stimulus packages. By the end of 1H14, China's economic indicators showed signs of improvement. The latest HSBC PMI also signals the continuation of such rebound. Going forward, we expect the government will introduce more mini-stimulus measures and targeted easing; an accommodative stance on monetary and fiscal policies will be adopted to sustain the positive momentum. The overall economy will be in better shape in 2H14 and we are optimistic on China's accomplishing its annual target for 2014.



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China Economic Indicators

	2013								2014					
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Real GDP (YoY%)	---	7.5	---	---	7.8	---	---	7.7	---	---	7.4	---	---	7.5
Export Growth (YoY%)	1.0	(3.1)	5.1	7.2	(0.3)	5.6	12.7	5.8	10.6	(18.1)	(6.6)	0.9	7.0	7.2
Import Growth (YoY%)	(0.3)	(0.7)	10.9	7.0	7.4	7.6	5.3	6.5	10.0	10.1	(11.3)	0.8	(1.6)	5.5
Trade Balance (USD/bn)	20.4	27.1	17.8	28.5	15.2	31.1	33.8	32.3	31.9	(23.0)	7.7	18.5	35.9	31.6
Retail Sales Growth (YoY%)	12.9	13.3	13.2	13.4	13.3	13.3	13.7	13.6	11.8		12.2	11.9	12.5	12.4
Industrial Production (YoY%)	9.2	8.9	9.7	10.4	10.2	10.3	10.0	9.7	8.6		8.8	8.7	8.8	9.2
PMI - Manufacturing (%)	50.8	50.1	50.3	51.0	51.1	51.4	51.4	51.0	50.5	50.2	50.3	50.4	50.8	51.0
PMI - Non-manufacturing (%)	54.3	53.9	54.1	53.9	55.4	56.3	56.0	54.6	53.4	55.0	54.5	54.8	55.5	55.0
FAI(YTD) (YoY%)	20.4	20.1	20.1	20.3	20.2	20.1	19.9	19.6	17.9		17.6	17.3	17.2	17.3
CPI (YoY%)	2.1	2.7	2.7	2.6	3.1	3.2	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3
PPI (YoY%)	(2.9)	(2.7)	(2.3)	(1.6)	(1.3)	(1.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)
M2(YoY%)	15.8	14.0	14.5	14.7	14.2	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	14.7
New Lending (RMB/bn)	667.4	860.5	699.9	711.3	787.0	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1080.0
Aggregate Financing (RMB bn)	1,187.1	1,037.5	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	1,970.0

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	17,083.80	(0.10)	15.82	NYMEX WTI	USD/bbl	102.12	(0.98)	159,552		0.25	0.00
S&P 500	1,987.98	0.49	18.20	ICE Brent Oil	USD/bbl	107.19	(0.05)	198,479	US Prime Rate	3.25	0.00
NASDAQ	4,472.11	0.90	42.94	NYMEX Natural Gas	USD/MMBtu	3.86	(2.35)	77,729	US Discount Window	0.75	0.00
MSCI US	1,901.17	0.52	18.61	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	68.15	N/A	N/A	US Treasury (1 Mth)	0.0203	0.00
Europe				Basic Metals				US Treasury (5 Yr)			
FTSE 100	6,829.31	1.18	19.63	LME Aluminum Cash	USD/MT	2,008.25	2.23	17,439	US Treasury (10 Yr)	2.5106	2.97
DAX	9,782.43	0.64	18.43	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	2,026.00	2.27	43,098	Japan 10-Yr Gov. Bond	0.5360	(1.00)
CAC40	4,389.81	1.26	25.95	CMX Copper Active	USD/lb.	7,172.50	2.65	7,091	China 10-Yr Gov. Bond	4.2700	(5.00)
IBEX 35	10,915.70	3.69	23.51	LME Copper 3- mth Rolling Fwd.	USD/MT	7,169.50	2.64	35,380	ECB Rate (Refinancing)	0.15	0.00
FTSE MIB	21,282.50	2.63	N/A	TSI CFR China Iron Ore Fines Index ³	USD	93.60	(3.11)	N/A	1-Month LIBOR	0.1543	0.00
Stoxx 600	344.55	1.44	21.97	Precious Metals				3 Month LIBOR			
MSCI UK	2,013.13	1.03	19.81	CMX Gold	USD/T. oz	1,294.90	(1.23)	20,664	O/N SHIBOR	3.3480	10.30
MSCI France	123.64	1.67	26.14	CMX Silver	USD/T. oz	20.50	(1.85)	35,179	1-mth SHIBOR	4.9500	22.00
MSCI Germany	130.61	0.72	18.63	NYMEX Platinum	USD/T. oz	1,474.60	(1.03)	7,472	3-mth HIBOR	0.3800	0.79
MSCI Italy	61.62	2.56	N/A	Agricultural Products				Corporate Bonds (Moody's)			
Asia				CBOT Corn	USD/bu	368.50	(2.64)	98,791	Aaa	4.12	(1.00)
NIKKEI 225	15,457.87	1.59	20.17	CBOT Wheat	USD/bu	531.25	(0.19)	42,710	Baa	4.68	(2.00)
S&P/ASX 200	5,583.51	0.94	19.84	NYB-ICE Sugar	USD/lb.	16.99	0.12	45,622			
HSI	24,216.01	3.25	11.30	CBOT Soybeans	USD/bu.	1,078.75	(0.60)	105,928			
HSCEI	10,993.24	5.29	8.07								
CSI300	2,260.45	4.45	10.35								
SSE Composite	2,126.61	3.28	10.39								
SZSE Composite	1,111.52	0.93	27.82								
MSCI China	65.13	3.55	10.00								
MSCI Hong Kong	12,987.53	2.51	13.11								
MSCI Japan	778.95	0.39	14.86								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-Mth
Spot Rate	1.3446	1.6973	0.9408	101.92	0.9039	6.1919	7.7500	6.2449
Chg. WTD (%)	(0.58)	(0.67)	0.19	(0.57)	(0.60)	0.26	0.01	0.26

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

Analyst Certification

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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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