



Economics Weekly January 20, 2014

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Exhibit 1: 2013 annual economic indicators

YoY% or otherwise specified	2013	2012
GDP	7.7	7.7
CPI	2.6	2.6
PPI	(1.9)	(1.7)
Exports	7.9	7.9
Imports	7.3	4.3
Trade Balance (US\$/bn)	259.8	230.3
FAI (YTD%)	19.6	20.6
Industrial production	9.7	9.9
Retail Sales	13.1	14.3
M2	13.6	13.8
New loans (RMB/bn)	8,882.2	8,203.5
Total Social Financing (RMB/bn)	17,290.0	15,760.6

Source(s): Bloomberg, ABCI Securities

Exhibit 2: 4Q economic indicators

YoY% or otherwise specified	4Q'13	3Q'13
GDP	7.7	7.8
CPI	2.9	2.8
PPI	(1.4)	(1.7)
Exports	7.4	3.9
Imports	7.2	8.4
Trade Balance (US\$/bn)	90.5	61.5
FAI (YTD%)	19.6	20.2
Industrial production	10.0	10.1
Retail Sales	13.6	13.4
M2	13.6	14.2
New loans (RMB/bn)	1,680.7	2,198.2
Total Social Financing (RMB/bn)	3,321.8	3,814.4

Source(s): Bloomberg, ABCI Securities

Exhibit 3: Dec economic indicators

YoY% or otherwise specified	Dec'13	Nov'13
CPI	2.5	3.0
PPI	(1.4)	(1.4)
Exports	5.8	12.7
Imports	6.5	5.3
Trade Balance (US\$/bn)	32.3	33.8
FAI (YTD%)	19.6	19.9
Industrial production	9.7	10.0
Retail Sales	13.6	13.7
M2	13.6	14.2
New loans (RMB/bn)	482.5	624.6
Total Social Financing (RMB/bn)	1,230.0	1,227.8

Source(s): Bloomberg, ABCI Securities

2014 – Transform with Stability

China's economic recovery momentum remains on track in 4Q13. Thanks to stable FAI and retail sales growth during the quarter, GDP grew by 7.7% YoY in 4Q13, bringing the annual real GDP growth to 7.7% YoY. China's push for the comprehensive social and economic reform will undoubtedly create ample of new opportunities for growth through economic restructuring, which in turn will retire many old growth engines and help relieve China's overcapacity problems. Overall, China's economy is rebalancing to attain more sustainable expansion at the expense of near-term growth. We are of the view that China's GDP growth will reach 7.6% YoY for 2014, only slightly lower than that of 2013.

FAI and industrial output growth decelerated. FAI grew 19.6% YoY in 2013 (vs. 20.6% YoY in 2012), mainly due to the absence of large-scale infrastructure investment projects during the year. Real estate investment growth accelerated to 19.8% YoY, (vs. 16.2 % YoY in 2011), suggesting the sector is still underpinned by strong consumer demand and may face higher policy risks in 2014. Meanwhile, industrial output decelerated to 9.7% YoY in December (v.s. 10.0% in November) on slower industrial growth.

Retail sales growth moderated to 13.6% YoY in December. China's retail sales growth was 13.6% YoY in December (vs. 13.7% YoY in November) and 13.1% YoY in 2013 (vs. 14.3% YoY in 2012). The moderate growth was mainly driven by the anti-corruption measures and fiscal consolidation of the government. China's transformation to a consumption-led economy is still in progress and the government will continue to put more efforts to boost consumer demand in 2014.

CPI and PPI stabilized in December. CPI was 2.5% YoY in December (vs. 3.0% YoY in November). Improved weather conditions drove down CPI in December. CPI inflation for 2013 at 2.6% is within the government's comfort zone (target at 3.5%). PPI in December and 2013 stayed at -1.4% YoY and -1.9% YoY, showing that China's manufacturers were still under pricing pressure amid the economic slowdown. We believe a pickup in the economy will drive up PPI in 2014.

Prudent monetary stance to moderate M2 growth and new loans. The PBOC has retained its prudent monetary stance in China. M2 growth and new loans in December slipped to 13.6% and RMB 482.4 bn, indicating a further slowdown in monetary growth. Total new loans for 2013 reached RMB 8.882 bn, up 8.3% YoY (vs. 9.7% YoY in 2012). To accommodate capital demand in 2014, we believe the PBOC will utilize short-term monetary tools to boost liquidity.

Domestic demand to accelerate in 2014. China's economic growth has stabilized and the forward-looking economic indicators point to a modest acceleration in domestic demand. China is pursuing a major medium and long-term program to rebalance its economy towards



consumption and to steer away from excess or misdirected investment. Deceleration in investment will occur more rapidly than the acceleration in consumption spending in coming years. In light of the improved economic indicators in 2013, we estimate China's GDP growth will reach 7.6% YoY and consumption will override investment as China's main growth driver in 2014.



China Economic Indicators

	2012	2013											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Real GDP (YoY%)	7.9	---	---	7.7	---	---	7.5	---	---	7.8	---	---	7.7
Export Growth (YoY%)	14.1	25.0	21.8	10.0	14.7	1.0	(3.1)	5.1	7.2	(0.3)	5.6	12.7	4.3
Import Growth (YoY%)	6	28.8	(15.2)	14.1	16.8	(0.3)	(0.7)	10.9	7.0	7.4	7.6	5.3	8.3
Trade Balance (USD/bn)	31.6	29.2	15.3	(0.9)	18.2	20.4	27.1	17.8	28.5	15.2	31.1	33.8	25.6
Retail Sales Growth (YoY%)	15.2		12.3	12.6	12.8	12.9	13.3	13.2	13.4	13.3	13.3	13.7	13.6
Industrial Production (YoY%)	10.3		9.9	8.9	9.3	9.2	8.9	9.7	10.4	10.2	10.3	10.0	9.7
PMI - Manufacturing (%)	50.6	50.4	50.1	50.9	50.6	50.8	50.1	50.3	51.0	51.1	51.4	51.4	51.0
PMI - Non-manufacturing (%)	56.1	56.2	54.5	55.6	54.5	54.3	53.9	54.1	53.9	55.4	56.3	56.0	54.6
FAI(YTD) (YoY%)	20.6		21.2	20.9	20.6	20.4	20.1	20.1	20.3	20.2	20.1	19.9	19.6
CPI (YoY%)	2.4	2.0	3.2	2.1	2.4	2.1	2.7	2.7	2.6	3.1	3.2	3.0	2.5
PPI (YoY%)	(1.9)	(1.6)	(1.6)	(1.9)	(2.6)	(2.9)	(2.7)	(2.3)	(1.6)	(1.3)	(1.5)	(1.4)	(1.4)
M2(YoY%)	13.8	15.9	15.2	15.7	16.1	15.8	14.0	14.5	14.7	14.2	14.3	14.2	13.6
New Lending (RMB/bn)	454.3	1070.0	620.0	1060.0	792.9	667.4	860.5	699.9	711.3	787.0	506.1	624.6	482.5

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	
U.S.				Energy				US Fed Fund Rate			
DJIA	16,458.56	0.00	15.81	NYMEX WTI	USD/bbl	93.65	(0.76)	194,342		0.25	0.00
S&P 500	1,838.70	0.00	17.24	ICE Brent Oil	USD/bbl	106.35	(0.12)	109,367	US Prime Rate	3.25	0.00
NASDAQ	4,197.58	0.00	31.40	NYMEX Natural Gas	USD/MMBtu	4.26	(1.62)	173,780	US Discount Window	0.75	0.00
MSCI US	1,759.57	0.00	17.43	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	82.80	N/A	N/A	US Treasury (1 Mth)	0.0000	0.00
Europe				Basic Metals				US Treasury (5 Yr)			
FTSE 100	6,829.30	0.00	16.83	LME Aluminum Cash	USD/MT	1,780.15	(0.00)	60,376	US Treasury (10 Yr)	2.8194	0.00
DAX	9,742.96	0.00	16.55	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,821.50	0.00	36,477	Japan 10-Yr Gov. Bond	0.6680	(0.60)
CAC40	4,327.50	0.00	24.27	CMX Copper Active	USD/lb.	334.95	0.15	37,876	China 10-Yr Gov. Bond	4.6100	0.00
IBEX 35	10,465.70	0.00	71.16	LME Copper 3- mth Rolling Fwd.	USD/MT	7,340.00	0.00	44,545	ECB Rate (Refinancing)	0.25	0.00
FTSE MIB	19,969.33	0.00	451.8	TSI CFR China Iron Ore Fines Index ³	USD	127.30	(2.60)	N/A	1-Month LIBOR	0.1570	(0.34)
Stoxx 600	335.82	0.00	22.18	Precious Metals				3 Month LIBOR			
MSCI UK	2,014.96	0.00	16.74	CMX Gold	USD/T. oz	1,255.20	0.26	115,610	O/N SHIBOR	3.8880	107.1
MSCI France	120.87	0.00	23.72	CMX Silver	USD/T. oz	20.33	0.13	34,881	1-mth SHIBOR	7.4720	50.80
MSCI Germany	133.58	0.00	16.15	NYMEX Platinum	USD/T. oz	1,459.20	0.35	8,669	3-mth HIBOR	0.3757	(0.07)
MSCI Italy	57.19	0.00	587.6	Agricultural Products				Corporate Bonds (Moody's)			
Asia				CBOT Corn	USD/bu	424.00	0.00	144,451	Aaa	4.48	(2.00)
NIKKEI 225	15,666.25	(0.43)	22.60	CBOT Wheat	USD/bu	563.50	0.00	43,147	Baa	5.18	(2.00)
S&P/ASX 200	5,292.20	(0.26)	21.70	NYB-ICE Sugar	USD/lb.	15.22	0.00	51,776			
HSI	23,001.30	(0.57)	10.43	CBOT Soybeans	USD/bu.	1,316.50	0.00	102,419			
HSCEI	10,077.31	(0.88)	7.47								
CSI300	2,169.98	(0.39)	10.34								
SSE Composite	1,996.47	(0.42)	10.06								
SZSE Composite	1,029.74	(0.61)	27.97								
MSCI China	61.17	0.00	9.66								
MSCI Hong Kong	12,351.90	0.00	11.19								
MSCI Japan	800.35	0.00	0.06								

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

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-Mth
Spot Rate	1.3529	1.6416	0.8780	104.07	0.9117	6.0524	7.7558	6.0985
Chg. WTD (%)	(0.09)	(0.05)	(0.01)	0.24	(0.18)	(0.04)	(0.01)	(0.01)



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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