

Market Bulletin

Monday 16 November, 2015 (Issue 25)

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Market Review

Last week, Shenzhen Component Index stood at 12402.0 points after adding 1.0%. SME Index edged up 1.0% to 8345.6 points. ChiNext Index advanced 1.8% to 2710.2 points. Total turnover for stocks and funds on SZSE was US\$566.2 billion, or a 28.6% increase from the week before.

13 sector indices were higher than previous week, and 3 were lower. Sector indices with the biggest gains were conglomerates, culture & media and business support. The only three sector indices that fell over the last week were transportation and logistics, hotels & catering and wholesale & retail.

Top 3 gainers were Tonghua Shuanglong Chemical (300108), Blackcow Food (002387) and Tongfang Guoxin Electronics (002049). Top 3 decliners were Success Electronics (002289), Shenzhen Techand Ecology & Environment (300197) and Shenzhen Huafa Electronics (000020). The most active stocks for the last week were East Money Information (300059), Suning Commerce Group (002024) and Western Securities (002673).

Market News

SZSE Doubles Margin Requirements

The Shenzhen stock exchange (SZSE) raised deposit requirements for margin trading to 100 % from the current 50 % on Nov 13, as part of China's efforts to curb market volatility. Securities brokerages will be required to double the deposit requirements for margin trading starting Nov 23. The move was to enhance the risk management of margin trading and promote the business to a long-term steady development.

Xi Calls for Stock Market to Prioritize Financing Function

During a meeting of the Central Leading Group for Financial and Economic Affairs on Nov 10, President Xi urged the key tasks for the government are promoting mergers and acquisitions to reduce overcapacity, lowering business costs for firms, destocking the property market and building a stock market with sound financing functions, mechanisms, regulations and investor rights protection.

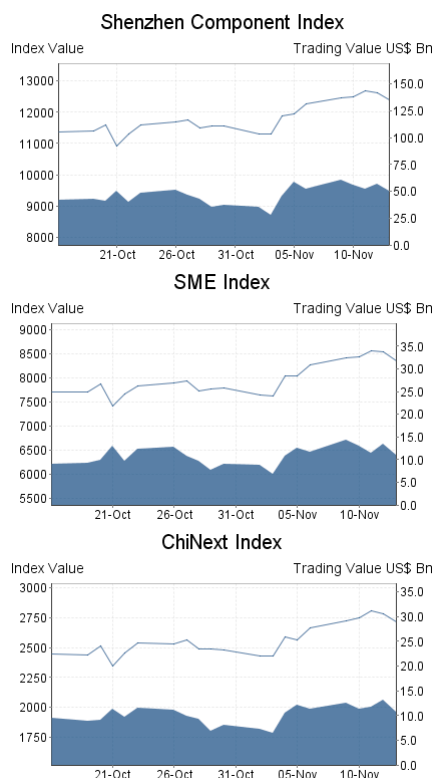
China Allows Biggest Corporate Bond Default Yet Amid Market Role

On Nov 12, China allowed the country's biggest corporate bond default yet in a fresh sign of wrenching economic change as growth slows and market forces are given a bigger role in its financial system. The default RMB 2 billion (US\$314 million) note was issued by China Shanshui Cement Group, a major cement producer. China allowed its first bond default last year in a bid to make its financial system more market-oriented.

Central Bank Vows to Innovate, Improve Macro-Control Measures

Yi Gang, Vice governor of China's central bank said on Nov 10 that central bank will continue to improve its macro-control efforts to maintain financial stability and further promote the readjustment of foreign exchange management to continue opening up. He noted that the central bank is committed to implementing key proposals from the 13th Five-year Plan (2016-2020), and China will continue with financial system reforms for the

Key Indices



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Market at a Glance

SZSE Market Statistics (13 November, 2015)

No. of Listed Companies	1729
Market Cap.(US\$ Bn)	3431.5
Free-float Market Cap.(US\$ Bn)	2422.8
Average P/E Ratio	49.18
For the Year of 2015	
Turnover Value(US\$ Bn)	18345.5
-Stock	16490.4
-Main Board	6147.8
-SME Board	6591.7
-ChiNext	3750.9
-Fund	722.7
-Bond	1132.3
Daily Turnover Ratio(%)	3.98
Total Fund Raised by Equity (US\$ Bn)	65.2
No. of IPO	115

*Currency ratio used : 1 USD=6.35 CNY

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next five years and establish a transparent and healthy capital market.

IMF Report Supports Inclusion of RMB into SDR Basket

Christine Lagarde, managing director of the International Monetary Fund (IMF) said on Nov 13 that the IMF staff's report has proposed the Executive Board to include RMB into its special drawing right (SDR) currency basket as a fifth currency since RMB met the requirements to be a "freely usable" currency. A meeting of the Board will be conducted on Nov 30 to consider the issue.

Yuan and Swiss Franc Direct Trade

China allowed direct trading between the yuan and Swiss franc in the interbank foreign exchange market since Nov 10, 2015. The move will cut trading costs for China and Switzerland, lift use of the two currencies in bilateral trade and investment, and boost economic and financial cooperation between the two countries

Li Promises Full Use of Fiscal Weapons

Premier Li Keqiang promised on Nov 10 that China will use several powerful policy weapons to boost growth as the economy experiences a lingering slowdown and historic transition. According to Li, to lead to a major lift in the nation's productivity, the government will ensure a steady business environment for all major sectors of the market and will make full use of fiscal policies, reduce taxes properly to help companies to overcome their difficulties and upgrade structures.

Govt Promises to Boost Consumer Spending

An executive meeting of the State Council, presided over by Premier Li Keqiang, decided on Nov 11 to issue a package of policies to shore up consumption. The meeting decided to open more duty-free stores at ports of entry across the country and to import more popular consumer goods, as the shopping list of Chinese overseas travelers has expanded from luxury brands to daily living products

Spending Takes up over 4 Times Revenue Growth

China spent more than four times the growth in its fiscal revenue in Oct as the government accelerated spending to meet the target of steady growth this year. Fiscal spending rose 36.1% from a year earlier to 1.35 trillion yuan (US\$212 billion) last month, compared with a 5.7% annual drop in 2014.

China's Foreign Trade Falls in October

Exports in Oct fell 3.6% year on year to RMB 1.23 trillion (USD 193.7 billion). The decline was larger than the 1.1% decline recorded in Sep. Imports, meanwhile, slumped 16% to RMB 833.1 billion, following a 17.7% drop a month earlier. As a result, the trade surplus rose 40.2% year on year and 4.5% from Sep to RMB 393.2 billion.

Consumer Inflation Slows in October

According to the National Bureau of Statistics, China's consumer inflation came in weaker than expected in Oct, with the index rising 1.3% year on year in the month. Meanwhile, the producer price index fell 5.9% in Oct and extended the negative trend to 44 straight months.

Singles' Day Highlights China's Consumption Potential

Chinese online retailers logged record sales on this year's Singles' Day, the equivalent of the U.S. Cyber Monday, as consumers scrambled for deals during the world's largest online shopping event. Alibaba's Tmall marketplace has reported sales of RMB 91.2 billion (USD 14.3 billion), a 60% rise from last year's RMB 51.7 billion. China's online sales of consumer goods in Oct 2015 grew 34.6% from Oct 2014 to RMB 2.95 trillion.