

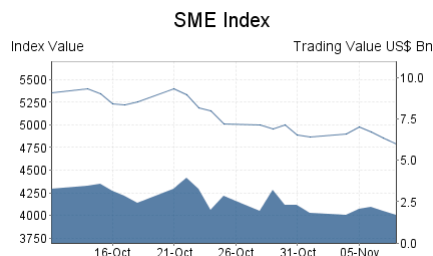
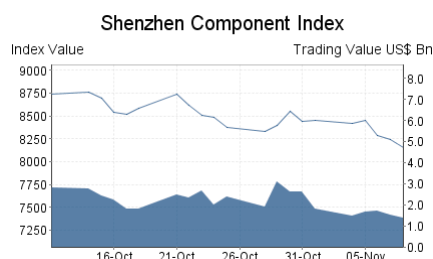
# Market Bulletin

Monday 11 November, 2013 (Issue 23)

## Highlights

- Alibaba's Tmall Sees RMB 10 Billion Worth of Transactions in 6 Hours
- China to Allow Commercial Banks to Issue Bonds on Stock Exchanges
- PBC Releases Standing Lending Facility Data for First Time
- New Loans Issued by China's Big Four Banks in October Hit Year-Low
- More Foreign Institutions Allowed for Investment in Interbank Bond Market
- Domestic Trust Assets Exceed RMB 10 Trillion
- First U.S. ETF Allows for Direct Investment in A-Share Market
- China's First Egg Futures Trades on DCE
- NEEQ Pilot Program to Further Expand
- First Floating Rate Bond Referencing to CNH Hibor Issued in HK
- Taiwan Expects to Issue RMB Bonds by Year-end
- Chairman of SZSE Urges for Support for SMEs at WFE Annual Meeting

## Key Indices



## Market Review

From 4 to 8 November, Shenzhen Component Index closed at 8155.4 points after losing 3.5%. SME Index dropped 1.6% to close at 4788.0 points. ChiNext Index ended at 1211.1 points after declining 0.9%. Total turnover for stocks and funds on SZSE stood at US\$68.9 billion, or a 15.7% decrease from the week before. 6 out of 16 sector indices were higher than previous week, and 10 out of 16 sector indices were lower than the week before.

Sector indices with the biggest gains were hotels & catering, farming, forestry and aquaculture and wholesale & retail. Sector indices with the biggest drops were conglomerates, finance and real estate. Top 3 gainers were Guangdong Weihua (002240), Surekam (002373) and Chengdu Westone Information Industry (002268). Allwin Telecommunication (002231), Leaguer Stock (000532) and Zhejiang Aishida Electric (002403) were the Top 3 decliners. The most active stocks for the last week were Suning Commerce Group (002024), Huayi Brothers (300027) and Chengdu Xingrong Investment (000598).

## Market News

### Alibaba's Tmall Sees RMB 10 Billion Worth of Transactions in 6 Hours

The "11.11" Shopping Festival has set a new record of online transactions. By 5:45 am, China's biggest online shopping site, Taobao.com, which operates Tmall.com, had raked in revenues of RMB 10 bn (US\$ 1.6 bn) from less than 6 hours of sales. According to *DCCI Internet Data Center*, online deals are expected to top RMB 77 bn (US\$ 12.5 bn) within the single day on 11 November.

### China to Allow Commercial Banks to Issue Bonds on Stock Exchanges

Commercial banks recently have been approved to issue corporate bonds on the stock exchange market to replenish their capital base. According to guidelines jointly released by the CSRC and CBRC, the issuers include local banks listed at home and abroad, and banks with initial public offerings underway.

### PBC Releases Standing Lending Facility Data for First Time

People's Bank of China (PBC) recently disclosed the Standing Lending Facility (SLF) data for the first time on its website. The new liquidity tool, rolled out at the beginning of 2013, is similar to the U.S. Federal Reserve's discount window facility and has a tenor of one to three months. The reserve balance for the facility currently stands at RMB 386 bn (US\$ 62.9 bn).

### New Loans Issued by China's Big Four Banks in October Hit Year-Low

China's 4 largest banks extended new loans worth RMB 182 bn (US\$ 29.6 bn) in October, representing a decrease of RMB 40 bn (US\$ 6.5 bn) from the same period last year. It is estimated that lending by financial institutions in October was between RMB 500 bn (US\$ 81.4 bn) to RMB 600 bn (US\$ 97.7 bn).

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### Market at a Glance

SZSE Market Statistics (08 November, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1341.7
Free-float Market Cap.(US\$ Bn)	950.9
Average P/E Ratio	26.01
For the Year of 2013	
Turnover Value(US\$ Bn)	4056.6
-Stock	3279.9
-Main Board	1236.0
-SME Board	1372.2
-ChiNext	671.6
-Fund	83.2
-Bond	693.6
Daily Turnover Ratio(%)	1.67
Total Fund Raised by Equity (US\$ Bn)	22.3
No. of IPO	1

\*Currency ratio used : 1 USD=6.14 CNY

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### More Foreign Institutions Allowed for Investment in Interbank Bond Market

10 foreign financial institutions have been newly approved by the central bank to invest in China's interbank bond market, including 7 overseas branches of Chinese firms and 3 foreign financial institutions. From January to September 2013, issuance of interbank bond market amounted to RMB 6.7 tril (US\$ 1.1 tril) and registered a 16.4% y-o-y increase.

### Domestic Trust Assets Exceed RMB 10 Trillion

According to China Trustee Association (CTA), by the end of Q3, trust assets managed by domestic trust companies exceeded RMB 10 tril (US\$ 1.6 tril) and recorded a 60.3% y-o-y growth. However, the q-o-q growth rate has been down over the past 3 consecutive quarters.

### First U.S. ETF Allows for Direct Investment in A-Share Market

Debuting on NYSE Arca on 6 November, db X-trackers Harvest CSI 300 China A-Shares Fund became the first A-share physical ETF listing in the U.S. market. Tracking the CSI 300 Index, the ETF provides American investors with direct access to the A-Share market. Boser Asset Management is said to launch the second A-share ETF soon in the U.S. market.

### China's First Egg Futures Trades on DCE

China's first egg futures started trading on Dalian Commodity Exchange (DCE) on 8 November. According to the CSRC, egg futures trading will help stabilize egg prices by increasing liquidity in the market, and could act as an efficient commodity hedge in the long run to promote stable development of the egg industry.

### NEEQ Pilot Program to Further Expand

*Shanghai Securities News* reported that the State Council has worked out a resolution on expanding the pilot program of National Equities Exchange and Quotations (NEEQ). Qualified companies from all over the nation can apply for quoting on NEEQ. The official document is expected to launch in late November.

### First Floating Rate Bond Referencing to CNH Hibor Issued in HK

China Development Bank (CDB) issued RMB 4.5 bn (US\$ 732 mil) triple-tranche dim sum bonds in Hong Kong. The deal consists of the first public floating-rate note with reference to the CNH Hibor interbank rate which was newly launched in June. CDB had to increase 50% of the offering size in response to excessive investor demand.

### Taiwan Expects to Issue RMB Bonds by Year-end

Taiwan is seeking to expand its RMB market by allowing China's mainland companies to issue RMB-denominated bonds. According to local regulators, Taiwan is reviewing relevant regulations and aims to open up the market to mainland issuers by year end.

### Chairman of SZSE Urges for Support for SMEs at 2013 WFE Annual Meeting

Chen Dongzheng, Chairman of SZSE, recently spoke at the 53<sup>rd</sup> Annual Meeting of World Federation of Exchanges (WFE) in Mexico. Chen shared the experience of how the Chinese capital market supports development of SMEs from multi-perspectives. Chen also stressed that SZSE will spare no efforts in promoting company innovation, advancing industry upgrading and structural adjustment.