

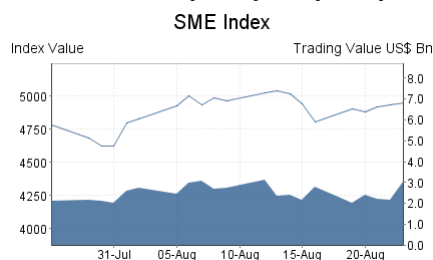
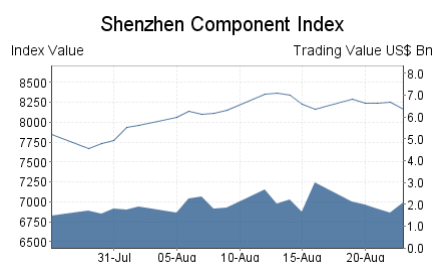
# Market Bulletin

Monday 26 August, 2013 (Issue 14)

## Highlights

- China to boost low-carbon economy
- Separated regulators to be coordinated
- Everbright trading probe nearly done
- CSRC to strengthen law enforcement
- Deposit rates liberalization ready
- PBC injects more liquidity into market
- Profits of SOEs pick up
- FDI increases by 24% in July
- Kenya president visits SZSE
- Cross-border RMB settlement surges
- BEA obtains RQFII qualification

## Key Indices



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## Market Review

From 19 to 23 August, Shenzhen Component Index closed at 8166.3 points. SME Index rose 3.0% and stood at 4951.9 points. ChiNext Index closed at 1219.8 points after gaining 7.8%. Total turnover for stocks and funds on SZSE was US\$ 86.7 billion, or an 8.3% decrease from the week before. 11 sector indices were higher than previous week, and 5 were lower.

Sector indices with the biggest gains were culture & media, IT and wholesale & retail. Sector indices with the biggest drops were finance, real estate and utilities. Top 3 gainers were Jiangsu Hongbao (002071), Far East Industrial (000681) and Shenzhen Zqgame (300052). Sanjiu Medical & Pharmaceutical (000999), Sichuan Shengda (002259) and Jianxin Mining (000688) were the top 3 decliners. The most active stocks last week were Suning Commerce Group (002024), Ping An Bank (000001) and Huayi Brothers (300027).

## Market News

### China to Boost Low-Carbon Economy

The National Development and Reform Commission (NDRC) and relevant ministries are working on investigations to issue a package of policies to boost low-carbon industries. The NDRC official disclosed that China's investment on key projects of energy conservation and emission reduction would reach RMB 2.3 trillion (US\$ 372.8 billion) in the 12th Five-Year Period.

### China to Establish Joint Conference System for Financial Regulators

According to the State Council, a joint conference system will be established for the central bank, the regulatory authorities for banking, securities and insurance supervision and foreign exchange administration. The system will enable relevant departments to meet, discuss and coordinate issues concerning regulations, currency policies and laws, including cross-sector financial products, market innovation, information sharing, regional and systemic financial risk control as well as maintaining stability.

### Everbright Securities Trading Investigation Nearly Done

According to CSRC, collection and examination of evidence into the trading glitch is almost done, but further verification is needed before the results are made public. Everbright Securities lost its qualification to serve as principal underwriter for debt financing of non-financial enterprises and was barred from proprietary trading for three months. Its CEO resigned last Thursday.

### CSRC to Strengthen Law Enforcement

In order to further strengthen law enforcement of the capital market, the Chairman of CSRC, Xiao Gang, disclosed the plan to double the current law enforcement team by increasing 600 new staff that will

## Market at a Glance

SZSE Market Statistics (23 August, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1336.1
Free-float Market Cap.(US\$ Bn)	928.5
Average P/E Ratio	26.22
For the Year of 2013	
Turnover Value(US\$ Bn)	2945.9
-Stock	2377.7
-Main Board	917.7
-SME Board	991.9
-ChiNext	468.1
-Fund	65.2
-Bond	503.0
Daily Turnover Ratio(%)	1.63
Total Fund Raised by Equity (US\$ Bn)	18.9
No. of IPO	0

\*Currency ratio used : 1 USD=6.17 CNY

be sent to six equity and futures exchanges and related enforcement departments. Xiao also urges for tougher efforts in investigation and enforcement to address deficiencies in the market.

### PBC Prepared for Liberalization of Deposit Rates

When being interviewed, Governor of the People's Bank of China (PBC) said that PBC has prepared in techniques and relevant conditions to realize the liberalization of deposit rates as soon as possible.

### PBC Injects More Liquidity into Market

PBC continued to add liquidity into banks through open market operations last week. The central bank unleashed RMB 72 billion (US\$ 11.7 billion) into the market, the highest in the last ten weeks.

### Profits of SOEs Pick Up

According to the Ministry of Finance, net profits of SOEs grew by 7.6% y-o-y to RMB 1.3 trillion (US\$ 210.7 billion) in the first 7 months of the year. The electronics, petrochemicals, power generation and property sectors reported relatively fast profit growth, while the transportation, coal and chemical sectors saw declines.

### Manufacturing PMI Rose to 4-month High in August

According to HSBC, the flash estimate of China Manufacturing PMI for August rose to 50.1, being the highest and the first reading above 50 in the past 4 months. The reading was 47.7 in July.

### FDI Increases by 24% in July

The Ministry of Commerce announced that the foreign direct investment (FDI) of July was US\$ 9.4 billion, increasing by 24.1%. The actual use of foreign investment from January to July totaled US\$ 71.4 billion.

### Kenya President Visits SZSE

On 23 August, President Uhuru Kenyatta of the Republic of Kenya and his delegation paid a visit to Shenzhen Stock Exchange. During his visit, he exchanged opinions with SZSE Chairman Chen Dongzheng on boosting SMEs and other issues.

### Cross-border RMB Settlement Increases Significantly

According to HSBC, the cumulative cross border RMB transactions in 2012 reached RMB 2.94 trillion (US\$ 476.5 million), 817 times the number of 2009 when the pilot program started.

### Shanghai Free Trade Zone Officially Approved

Shanghai was approved by the State Council to set up the first FTZ in China's mainland. The operational details of the plan are being considered by Standing Committee of the National People's Congress.

## QFII News

### BEA Obtains RQFII Qualification

The Bank of East Asia (BEA) announced that it had obtained RQFII qualification approval. BEA is allowed to invest in China's fixed income and A-share markets. BEA says that it will use the RQFII quota for its own investment to enhance return on its RMB funds.

### The First CES A80 RQFII ETF Launched

On 26 August, China AMC CES China A80 Index RQFII ETF, the first of its kind tracking CES A80 index got listed on HKeX. It is a physical A-share ETF that will be traded and settled in both HKD and RMB.

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