

# Market Bulletin

Monday 1 September, 2014 (Issue 30)

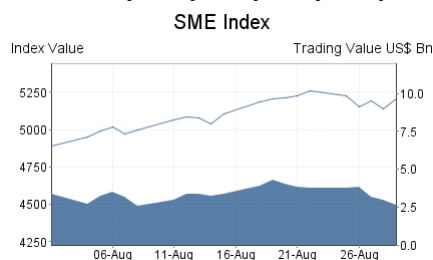
## Highlights

- New Chairman Takes Up Office
- SZSE Launches Convertible Bond Serial Indices
- China to Launch Unified Securities Account Platform
- China's Official Manufacturing PMI Falls in August
- PBC Intensifies Credit Support to Agriculture
- New Private Fund Regulation Puts Focus on Risk Tolerance
- Mutual Funds' Interest in Small Cap Stocks Exceeds Blue Chips
- Hong Kong-Guangdong Financial Co-operation Export Group Meeting Held
- Shanghai FTZ to Build Eight International Trading Platforms
- More QFII \$ RQFI Quotas Approved

## Notice

Due to public holiday in China, the Market Bulletin will not be issued on 8 September, 2014. Market news will be summarized into the issue on 15 September, 2014.

## Key Indices



## Market Review

Last week, Shenzhen Component Index tumbled 2.7% to 7841.7 points. SME Index closed at 5203.0 points after losing 1%. ChiNext Index was down 2.5% to 1424.5 points. Total turnover for stocks and funds on SZSE was US\$114.2 billion, or a 23.9% decrease from the week before.

One sector index was higher than previous week, and 15 were lower. The only sector index that rose over the last week was conglomerates. Sector indices with the biggest drops were business support, R&D support and culture & media.

Top three gainers were Zibo Wanchang (002581), Shenzhen Jiawei (300317) and Zhejiang Busen (002569). Top three decliners were Yihua Real Estate (000150), Jiaozuo Wanfang (000612) and Zhejiang Dragon (002619). The most active stocks for the last week were Tianma Microelectronics (000050), China Baoan (000009) and Beijing Bdstar (002151).

## SZSE News

### New Chairman Takes Up Office

The State Council has appointed Mr. Wu Lijun as the new Chairman of SZSE. Bringing extensive expertise and experience into his new role, Mr. Wu is dedicated to powering growth of the multi-tiered markets, promoting reform of ChiNext market, and strengthening service for SMEs, Internet, high-tech companies and independent innovative enterprises. Prior to joining SZSE, Mr. Wu served as Assistant Chairman of China Securities Regulatory Commission (CSRC).

### SZSE Launches Convertible Bond Serial Indices

The SZSE and its subsidiary Shenzhen Securities Information recently launched SZSE Convertible Bond Index (399307) and CNI Convertible Bond Index (399413). The indices are designed to depict the overall operation feature of the convertible bond market, and fuel the development and innovation of indexing investment. According to statistics since the base date till the end of July 2014, SZSE Convertible Bond Index and CNI Convertible Bond Index have achieved accumulative return rate of 37.1% and 10.1% respectively.

## Market News

### China to Launch Unified Securities Account Platform

Starting from 1 October, investors will be able to use one account to trade in both Shenzhen and Shanghai stock exchanges, according to China Depository & Clearing. A provision limiting individual investors to trade through only one brokerage will also be abolished. The CSRC said the unified platform would eliminate 49 differences in the way trading is conducted and managed by markets.

For data products and services based on Shenzhen market, please contact Shenzhen Securities Information Company.

Tel: +86-755-83241251

Email: [index@cninfo.com.cn](mailto:index@cninfo.com.cn)

## Market at a Glance

SZSE Market Statistics (29 August, 2014)	
No. of Listed Companies	1589
Market Cap.(US\$ Bn)	1709.9
Free-float Market Cap.(US\$ Bn)	1253.5
Average P/E Ratio	28.47
For the Year of 2014	
Turnover Value(US\$ Bn)	3766.8
-Stock	3023.2
-Main Board	949.7
-SME Board	1338.7
-ChiNext	734.7
-Fund	54.7
-Bond	688.9
Daily Turnover Ratio(%)	1.58
Total Fund Raised by Equity (US\$ Bn)	36.6
No. of IPO	53

\*Currency ratio used : 1 USD=6.16 CNY

## Monetary & Bond Market

25-29 Aug, 2014

Shibor Overnight Interest Rate	2.9080%	↑ 6.50p
Shibor 7-day Interest Rate	3.6720%	↑ 30.30bp
7-Year Treasury Note Yield	4.1542%	↓ 2.82bp
CSI Corporate Bond Index	152.6220	↑ 0.1549%
SZSE Corporate Bond Index	134.2480	↑ 0.1731%

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## China's Official Manufacturing PMI Falls in August

According to the National Bureau of Statistics, China's official PMI slipped to 51.1 in August from July's 51.7. HSBC's final August China manufacturing PMI came in light at 50.2, slightly missing the forecast of 50.3.

## PBC Intensifies Credit Support to Agriculture

The PBC announced to set aside another RMB 20 billion (US\$ 3.2 billion) for a scheme designed to funnel credit into agriculture. The money has been allocated to a relending program, under which the central bank extends loans to commercial banks on the condition that they in turn lend to businesses in required sectors. On 8 August, the central bank added RMB12 billion (US\$ 1.9 billion) to the re-discount quota.

## New Private Fund Regulation Puts Focus on Risk Tolerance

The CSRC released a regulation on the marketing and sale of privately offered investment funds. Under the regulation, qualified investors in these funds will be classified strictly according to the scale of their assets, risk tolerance and the minimum required investment amount. Recommendations for privately offered funds are to be targeted to prospective investors based on their risk tolerance.

## Mutual Funds' Interest in Small Cap Stocks Exceeds Blue Chips

According to semi-annual reports of mutual fund management companies, an accumulated amount of RMB 198.6 billion (US\$ 32.2 billion) worth of small cap stocks are held by mutual funds, exceeding the value of blue chip stocks (RMB 183.7 billion) held by mutual fund companies for the first time. Out of the RMB 198.6 billion, 107.6 billion are SME Board companies, 91 billion are ChiNext companies.

## China's Largest Asset-Management Company Targets IPO

China's largest asset-management company, China Huarong said that it will go public by the end of 2015 and partner with eight investors ranging from a major Chinese food industry supplier to US banking behemoths ahead of the listing. This is under the background of Chinese authorities ramping up drive to introduce mixed ownership to state-owned companies and invite more private capital into the economy.

## Hong Kong-Guangdong Financial Co-operation Expert Group Meeting Held

The Expert Group on Hong Kong-Guangdong Financial Co-operation held its sixth meeting in Hong Kong last Wednesday. During the meeting, both sides exchanged views on ways to reinforce various financial co-operation initiatives, including further promoting cross-border RMB business and the two-way opening up of both sides' capital markets; exploring innovative ways for co-operation in the insurance industries; and intensifying co-operation between the two places through promoting coordinated development in the financial platforms of Nansha in Guangzhou, Qianhai in Shenzhen and Hengqin in Zhuhai.

## Shanghai FTZ to Build Eight International Trading Platforms

According to a work plan issued by the Shanghai municipal government, Shanghai FTZ will set up eight international trading platforms by 2015. The platforms will respectively focus on oil, gas, iron ore, cotton, liquid chemicals, silver, bulk commodities and nonferrous metals transactions.

## More QFII \$ RQFI Quotas Approved

As of 31 August 2014	QFII	RQFII
Approved Quota	US\$ 59.7 bn	RMB 278.6 bn
No. of licensed institutions	254	81