

# Market Bulletin

Monday 30 November, 2015 (Issue 27)

## Highlights

- 10 Companies Set to Go Public as Freeze on IPOs Melts
- Probes of Securities Firms Drag Down Market
- Lock-up Shares Worth 46.8b Yuan to Become Tradable
- Central Bank Pumps More Money into Market
- PBOC, ECB Finish Currency Swap Test
- Interbank Market Opens to Foreign Agencies
- China Issues RMB14 billion Treasury Bonds
- China's Industrial Profit Decline Widens in October
- New Agreement Signed Under the Framework of CEPA
- Premier Urges Stronger Financial Service Reform in Shanghai FTZ
- China, Five CEE Countries Signed Memo to Promote Belt and Road Initiative

## Key Indices



## Market Review

Last week, Shenzhen Component Index tumbled 5.8% to 11961.7 points. SME Index closed at 8096.4 points after losing 5.6%. ChiNext Index was down 5.4% to 2649.6 points. Total turnover for stocks and funds on SZSE was US\$508.3 billion, or a 4.5% increase from the week before.

All sector indices were lower than previous week. Sector indices with the biggest drops were finance, R&D support and transportation and logistics.

Top 3 gainers were Zhangjiagang Furui Special Equipment (300228), Chongqing New Century Cruise (002558) and Sichuan Xunyou Network Technology (300467). Top 3 decliners were Shenzhen Zero-seven (000007), Kunming Longjin Pharmaceutical (002750) and Yotrio Group (002489). The most active stocks for the last week were East Money Information (300059), Western Securities (002673) and Beijing Kunlun Tech (300418).

## Market News

### 10 Companies Set to Go Public as Freeze on IPOs Melts

The CSRC has resumed IPOs for five companies to list on the Shanghai stock exchange and five in Shenzhen. Along with the resumption, the CSRC also launched new rules to address the liquidity shortage that likely coincided with IPOs. Under the change, investors will no longer be required to deposit fund when applying for new share subscriptions, which will reduce the capital frozen for share-bidding.

### Probes of Securities Firms Drag Down Market

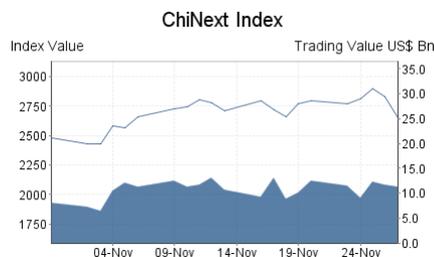
Announcements that major Chinese securities firms are under investigation for alleged rule violations triggered a market sell-off on Nov 27. The heightened government probe into the securities firms weighed heavily on investors' sentiment. Share prices of CITIC and Guosen Securities tumbled by the 10% trading limit. Haitong Securities suspended the trading of its shares in Shanghai and Hong Kong.

### Lock-up Shares Worth RMB46.8 billion Yuan to Become Tradable

Lock-up shares worth RMB46.8 billion will become eligible for trade on China's stock market next week. Under China's market rules, major shareholders of non-tradable stocks are subject to one or two years of lock-up before they are permitted to trade. About 3.32 billion shares from 30 companies will become tradable on the Shanghai and Shenzhen bourses.

### Central Bank Pumps More Money into Market

China's central bank offered six-month medium-term lending facility (MLF) loans to financial institutions on Nov 27. The amount of the operation is RMB100 billion (USD15.6 billion) at an interest rate of 3.25%. The central bank said it would continue to guide financial institutions to serve small and micro-sized enterprises and the agriculture sector.



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### Market at a Glance

#### SZSE Market Statistics (27 November, 2015)

No. of Listed Companies	1729
Market Cap.(US\$ Bn)	3397.7
Free-float Market Cap.(US\$ Bn)	2385.7
Average P/E Ratio	48.87
For the Year of 2015	
Turnover Value(US\$ Bn)	19310.3
-Stock	17384.9
-Main Board	6389.1
-SME Board	6995.1
-ChiNext	4000.8
-Fund	735.5
-Bond	1190.0
Daily Turnover Ratio(%)	3.98
Total Fund Raised by Equity (US\$ Bn)	72.1
No. of IPO	115

\*Currency ratio used : 1 USD=6.38 CNY

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## PBOC, ECB Finish Currency Swap Test

According to a statement by PBOC, PBOC and the European Central Bank (ECB) have conducted two tests on bilateral currency swaps in April and November. The funds involved in the tests were allocated to some commercial banks in China and the euro zone.

## Interbank Market Opens to Foreign Agencies

The first batch of overseas central banks and similar institutions have been allowed to enter China's interbank foreign exchange market, the PBOC said on November 25. Seven institutions have completed registration with the China Foreign Exchange Trading System. They will be allowed to conduct yuan and foreign exchange trading of one or more traded forex products.

## China Issues RMB14 billion Treasury Bonds

China's Ministry of Finance (MOF) on November 26 issued yuan-denominated treasury bonds worth RMB10 billion (USD1.57 billion) to institutional investors in Hong Kong. Meanwhile, the ministry also floated RMB2 billion of treasury bonds to five foreign central banks and local monetary authorities.

## China's Industrial Profit Decline Widens in October

According to the National Bureau of Statistics(NBS), the profits of China's major industrial firms fell 4.6% year on year in October, totaled RMB559.52 billion. An official with the NBS believed that dropping sales and rising costs, as well as narrowing profits in the mining and raw material sectors, contributed to the decline.

## New Agreement Signed Under the Framework of CEPA

On November 27, a new agreement was signed between the Hong Kong Special Administrative Region Government (HKSARG) and Ministry of Commerce under the framework of CEPA. The agreement further enhances the liberalization in both breadth and depth, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole mainland, reducing the restrictive measures in the negative list and adding 28 liberalization measures in the positive lists for cross-border services as well as cultural and telecommunications services. The Agreement shall come into effect on the day of signing and be implemented as from June 1, 2016.

## Premier Urges Stronger Financial Service Reform in Shanghai FTZ

Premier Li Keqiang said on November 26 after inspection of the headquarter of the POBC that the negative list approach should be expanded to financial services such as banks, securities, insurance and funding companies, so as to better manage foreign investment; and local authorities and financial institutions should continue to carry out effective readjustment measures.

## China, Five CEE Countries Signed Memo to Promote Belt and Road Initiative

China signed a memorandum to promote the Belt and Road Initiative with five central and eastern European (CEE) countries on November 26. According to President Xi Jinping, China expects the participation of CEE countries in the development of the connectivity-based Belt and Road Initiative, and will support the integration of Europe and improve the Sino-Europe comprehensive strategic partnership relations.