

# Market Bulletin

Monday 28 July, 2014 (Issue 25)

## Highlights

- July Preliminary PMI Rises to 18-Month High
- State Council Vows to Reduce Cost of Financing for Small Businesses
- PBC Releases Financial Market Performance Report
- Shanxi Steps in to Avert Huatong Bond Default
- Chinese and Swiss Central Banks Sign Bilateral Swap Agreement
- PBC Releases Small Loan Companies Statistics
- PBC Issues More Third-Party Payment Licenses
- Chinese Consumers Increasingly Optimistic
- SAC Releases Operating Statistics of Securities Companies
- First Compensation Fund Set by Major Shareholders of Listed Companies Unveiled
- First ETF Tracking SME Board and chinext Launched

## Key Indices



## Market Review

Last week, Shenzhen Component Index stood at 7578.1 points after adding 4.4%. SME Index edged up 0.9% to 4713.9 points. ChiNext Index was down 1.5% to 1285.8 points. Total turnover for stocks and funds on SZSE was US\$93.0 billion, or a 6.3% decrease from the week before.

12 sector indices were higher than previous week, and four were lower. Sector indices with the biggest gains were finance, real estate and mining. Sector indices with the biggest drops were business support, R&D support and culture & media.

Top three gainers were Fujian Zhangzhou Development (000753), Shanxi Baiyuan Trousers (002640) and Zhejiang Great Southeast (002263). Top three decliners were Beijing Water Business (300055), Sunyoung Industry (000670) and Hangzhou Huaxing (300025). The most active stocks for the last week were Sichuan Chengfei (002190), Wanxiang Qianchao (000559) and Ingenious Ene-carbon (000511).

## Market News

### July Preliminary PMI Rises to 18-Month High

The preliminary reading of the HSBC Purchasing Managers Index rose to 52 in July from the final June reading of 50.7. It was the highest reading since January 2013, above the 50-point level that separates growth from contraction for the second consecutive month. A sub-index measuring new orders also reached an 18-month high of 53.7, while the sub-index for output hit a 16-month high.

### State Council Vows to Reduce Cost of Financing for Small Businesses

The State Council issued guidelines on 23 July to make it easier for small businesses to get loans. It listed detailed measures to ensure that more loans would go to small and micro businesses, the service industry, the agricultural sector and projects that safeguard the environment and improve people's lives. Premier Li Keqiang pledges more financial support for new businesses to encourage entrepreneurship and calls for banks to simplify lending process for first-time entrepreneurs.

### PBC Releases Financial Market Performance Report

The latest central bank report released on 21 July revealed that the financial market performance was generally stable for the first half of 2014. From January through June, bond market issuance volume totaled RMB 5.4 trillion (US\$ 876.6 billion), up 23.8% Y-o-Y. Among this total, issuance volume on the interbank bond market totaled RMB 5.3 trillion (US\$ 860.4 billion), up 26.9% Y-o-Y. The trading volume on the money market during that same period totaled RMB 112.1 trillion (US\$ 18.2 trillion), up 12% Y-o-Y.

### Local Government Steps in to Avert Huatong Bond Default

According to Xinhua News Agency, Huatong Construction narrowly avoided what could have been the first default in China's interbank bond market. Sources close to the bond's underwriters said local authorities and the

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 (25 July, 2014)

No. of Listed Companies	1583
Market Cap.(US\$ Bn)	1563.7
Free-float Market Cap.(US\$ Bn)	1139.0
Average P/E Ratio	26.12
For the Year of 2014	
Turnover Value(US\$ Bn)	3013.5
-Stock	2394.4
-Main Board	709.4
-SME Board	1067.8
-ChiNext	617.2
-Fund	40.5
-Bond	578.6
Daily Turnover Ratio(%)	1.48
Total Fund Raised by Equity (US\$ Bn)	34.8
No. of IPO	47

\*Currency ratio used : 1 USD=6.16 CNY

## Monetary & Bond Market

21-25 July, 2014

Shibor Overnight Interest Rate	3.3480%	↑10.3bp
Shibor 7-day Interest Rate	4.081%	↑ 43bp
7-Year Treasury Note Yield	4.1929%	↓ 3.5bp
CSI Corporate Bond Index	151.16	↑ 0.07%
SZSE Corporate Bond Index	132.64	↑ 0.06%

This Market Bulletin is provided by Shenzhen Stock Exchange (SZSE). The contents and comments contained herein are for information purposes only. SZSE does not guarantee their accuracy, completeness or reliability. SZSE holds the copyright of this bulletin. Any unauthorized quotation, reprinting and/or distribution to a third party is prohibited without prior written consent of SZSE.

company repaid principal and interest due on 23 July. Enough funds were available to cover the principal and interest of the one-year commercial paper, totaling RMB 429.2 million (US\$ 69.7 million).

### Chinese and Swiss Central Banks Sign Bilateral Swap Agreement

The Chinese and Swiss central banks announced to enter into a bilateral swap agreement on 21 July. The agreement allows the central banks to purchase and repurchase up to CHF 21 billion or RMB 150 billion (US\$ 24.4 billion) to help establish the Renminbi market in Switzerland. The Swiss National Bank has also been granted an RMB 15 billion (US\$ 2.4 billion) investment quota in the Chinese interbank bond market, through which it can diversify its foreign exchange reserves.

### PBC Releases Small Loan Companies Statistics

The PBC released statistics for small loan companies on 23 July. Data show that as of the end of June, China had a total of 8,394 small loan companies with a loan balance of RMB 881.1 billion (US\$ 143 billion) and a loan increment of RMB 61.8 billion (US\$ 10 billion) in the first half of the year. These companies are located in 31 provinces, municipalities, and autonomous regions with more than 100,000 employees. Jiangsu Province ranked the first for having 616 small loan companies established.

### PBC Issues More Third-Party Payment Licenses

The central bank issued new third-party payment licenses to 19 companies between 8 and 10 July, marking the fifth time the central bank issued licenses in a group. A total of 269 companies now have been granted the license. Third-party payment firms handled transactions worth RMB 17.2 trillion (US\$ 2.8 trillion) in 2013, increasing 38.7% compared to 2012, according to iResearch Consulting Group.

### Chinese Consumers Increasingly Optimistic

The Boston Consulting Group's Center for Consumer and Customer Insight (CCCI) surveyed 1,000 people in 12 cities in China and found that consumers feel more optimistic and secure, while also accepting that economic growth is leveling off. The study also found that middle-class and affluent consumers from smaller cities will spend more across the board, while those in bigger cities will spend at higher prices in fewer categories.

### SAC Releases Operating Statistics of Securities Companies

According to SAC, 117 securities companies reported total revenue of RMB 93 billion (US\$ 15.1 billion) and net profit of RMB 32.35 billion (US\$ 5.3 billion) through January to June, 2014. By the end of June, 117 securities firms reported total assets of RMB 2.5 trillion (US\$ 398 billion) and RMB 810.5 billion (US\$ 131.5 billion) of net capital.

### First Compensation Fund Set by Major Shareholders of Listed Companies Unveiled

Four controlling shareholders of Hirisun (300327), a solution provider for powerhouse, will establish a special compensation fund of RMB 200 million (US\$ 32.2 million) to compensate investors' losses due to company's false statements. This is the first case of its kind in China's capital markets where major shareholders have taken the initiative to compensate investors under market mechanism.

### First ETF Tracking SME Board and ChiNext Launched

Market Vectors ETF Trust launched the Market Vectors ChinaAMC SME-ChiNext ETF (NYSE Arca: CNXY) on 24 July, seeking to provide exposure primarily to China's market of innovate, non-state-owned companies and directly invests in the China A shares. The new ETF replicates the price and yield performance of Shenzhen SME-ChiNext 100 Index, which tracks 100 largest and most liquid stocks listed and traded on SME Board and ChiNext.