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China's Economic & Market

IPO registration system 'likely next year'

A long-anticipated registration-based system for new share sales is likely to be launched next year after the Shanghai and Shenzhen bourses complete a detailed draft of listing rules and requirements, a former member of the securities regulator's review committee for initial public offerings said on June 25 2015. There will be a transitional period of about two months for the switch from the approval-based IPO system to a registration-based one. During the initial phase, the CSRC will continue to issue guidance regarding IPO prices to protect investors' interests.

China to remove regulation on loan-to-deposit ratio

The State Council on June 24, 2015, passed a draft amendment to China's Banking Law that gives banks more freedom to lend by removing the 75 percent loan-to-deposit ratio stipulation. The ratio will instead be seen as a liquidity-monitoring indicator and the move will enable financial institutions to increase lending to agriculture, small and micro-businesses, the statement said. China has kept the 75-percent ratio unchanged for years. The latest decision came as the government is at pains to channel credit to the real economy to support growth.

Cabinet stresses 'Internet Plus' strategy

China will put more momentum behind its "Internet Plus" drive, which aims to integrate the Internet and industry while encouraging entrepreneurship and innovation, the cabinet vowed on June 24, 2015. An Internet Plus guideline was approved at the meeting. It maps development targets and supportive measures for sectors which the cabinet hopes can establish new industrial modes, including agriculture, energy, finance, public services, logistics, e-commerce, traffic, biology and artificial intelligence.

Government backs creation of emerging industries board

The State Council, China's cabinet, issued a statement on Tuesday officially supporting the creation of a strategic emerging industries board on the Shanghai Stock Exchange, to help high-growth and innovative enterprises raise funds

through the capital market. The launch has been widely viewed as Shanghai's effort to catch up with domestic rival, the Shenzhen Stock Exchange, which has already been successfully attracting technology and innovation-driven companies to list on its Nasdaq-style startup and growth enterprise board, known as ChiNext.

Margin trading regulations revised

The rules covering investors' use of margin trading and short selling were relaxed on June 13, 2015 in a draft document released by the China Securities Regulatory Commission. CSRC will drop restrictions that are no longer compatible with the current conditions involving margin trading, a practice that allows investors to borrow money to purchase stocks, and short selling, which allows them to borrow securities to sell.

The revised rules still are in the stage of collecting opinions from the public. It scraps a requirement that investors wanting to use these methods must trade with the same securities brokerage for more than six months, as well as a requirement that the clearing and settlement capital must be placed in escrow with a third-party financial institution.

Macro forecasts for 2H2015

% change, unless otherwise stated

		2013	2014	2015E	2016E	1Q2015	2Q2015E	3Q2015E	4Q2015E
Real GDP	yoy	7.7	7.4	7.1	7.5	7.0	7.0	7.0	7.2
	qoq, ann.	-	-	-	-	5.5	7.7	8.2	7.5
Nominal GDP	yoy	10.1	8.2	6.7	9.2	5.8	5.8	6.7	7.9
IP	yoy	9.5	8.3	6.3	7.4	6.4	6.0	6.4	6.5
Nominal urban FAI	yoy	19.7	15.0	11.7	13.6	13.5	10.2	11.4	12.5
Nominal Retail Sales	yoy	13.1	11.9	10.9	12.0	10.5	10.3	10.9	11.8
Customs Exports	yoy	7.8	6.0	1.9	11.2	4.6	-0.9	-0.2	4.2
Customs Imports	yoy	7.3	0.7	-13.0	11.4	-17.8	-16.0	-12.5	-6.1
M2 Supply	yoy	13.6	12.2	13.0	12.0	11.6	11.5	12.6	13.0
RMB New Loans	RMB tm	8.9	9.8	11.2	13.1	3.7	2.7	2.7	2.2
CPI	yoy	2.6	2.0	1.3	1.8	1.2	1.2	1.4	1.6
PPI	yoy	-1.9	-1.9	-3.0	1.9	-4.6	-4.3	-2.7	-0.5
GDP Deflator	yoy	2.2	0.9	-0.5	1.7	-1.1	-1.1	-0.3	0.7
1Yr Benchmark Lending	%p.a.	6.00	5.83	5.10		5.10	5.10	5.10	5.10
1Yr Benchmark Deposit	%p.a.	3.00	2.75	2.50		2.50	2.50	2.50	2.50
USD/CNY	Ctl Fixing	6.10	6.12	6.15		6.14	6.15	6.15	6.15
	Market	6.05	6.21	6.25		6.23	6.25	6.25	6.25

Source: CEIC, CICC Research

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