



Flash Note: Banking Sector

快讯: 银行业

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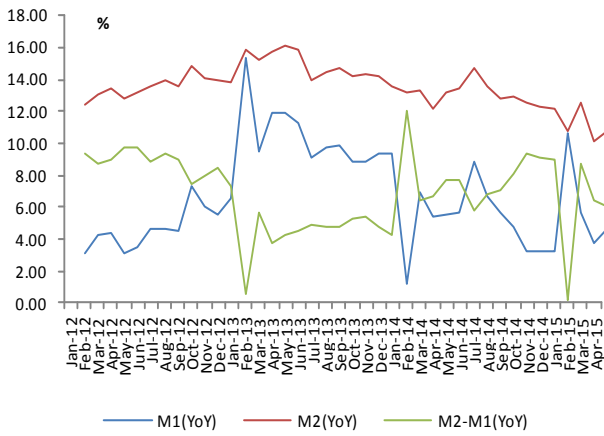
11 June 2015

M2 Growth Rebounded, Liquidity to be “Slightly Loose”

M2增速反弹，流动性预计将“偏宽松”

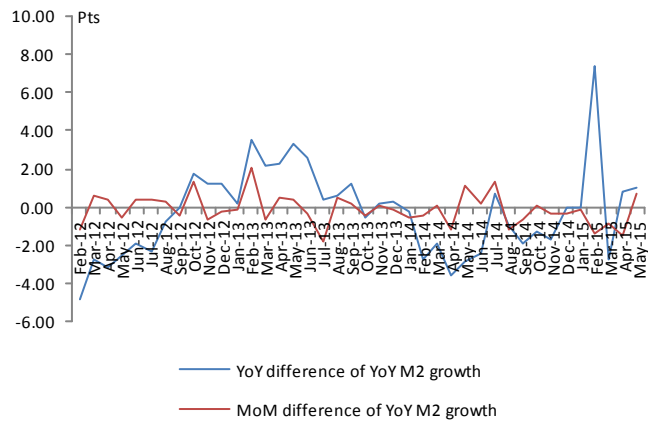
- **YoY growth of M2 rebounded MoM.** China's YoY growth of M1 in May was 4.7%, up 1.0 pts MoM and down 1.0 pts YoY. YoY growth of M2 recorded 10.8%, up 0.7 pts MoM and down 2.6 pts YoY. Although YoY growth of M2 rebounded MoM, it is still lower than the government's target of 12.0% for 2015, which shows the monetary policy still has the space to be accommodative.
- **New RMB loans increased both MoM and YoY.** TSF in May 2015 reached RMB 1,220.0 bn, down 12.9% YoY and up 16.2% MoM. In May, equity financing, foreign currency loans and undiscounted bills increased RMB 42.2 bn YoY, RMB 24.3 bn YoY and RMB 104.9 bn YoY, respectively. The other items of TSF decreased YoY. Given that the PBOC cut RRRs and interest rates and infrastructure investment increased in the past two months, RMB loans increased RMB 900.8 bn, up 3.5% YoY and 27.3% MoM. The proportion of new RMB loans in TSF was 69.8% in May, which declined 6.8 pts MoM.
- **Our views on liquidity:** Since November 2014, the PBOC has cut interest rates three times and cut RRRs twice. In “China Monetary Policy Report, The First Quarter 2015”, the PBOC expressed that it will continue to adopt prudent monetary policies to make the loans and TSF grow stably and decrease the cost of social financing. Given that the economic downturn pressure is still significant and Forex Purchase pressure is decreasing, in order to stabilize the economic growth and support the adjustment of economic structure, we expect Chinese liquidity will be “slightly loose” in 2015.
- **Sector views:** As we think the liquidity will be “slightly loose” in 2015, we project that the expected slight monetary easing will still boost the valuations of mainland banks. We still maintain “Outperform” rating for the banking sector, and our top pick is BOC (03988 HK). Our target price for BOC is HK\$6.20.
- **M2 增速环比反弹。**5月份，中国的M1同比增速达4.7%，环比上涨1.0个百分点，同比下滑1.0个百分点。M2同比增速达10.8%，环比上升0.7个百分点，同比下滑2.6个百分点。尽管M2同比增速环比反弹，但是仍然低于政府2015年12.0%的目标值。这显示货币政策仍有宽松的空间。
- **新增人民币贷款同比与环比均增加。**2015年5月份，社会融资当月规模为12,200亿元人民币，同比下滑12.9%，环比上升16.2%。5月份，股票融资、外币贷款、承兑汇票分别同比增加422亿元人民币、243亿元人民币、1,049亿元人民币。社会融资的其他项目同比下滑。由于过去两个月中国人民银行降准以及降息，同时，基础建设投资增加，人民币贷款增长了9,008亿元人民币，同比上升了3.5%，环比上升了27.3%。5月份的新增人民币贷款占社会融资规模的比重为69.8%，环比下滑了6.8个百分点。
- **我们对流动性的观点：**自2014年11月份开始，中国人民银行已经降息三次、降准二次。在《2015年第一季度中国货币政策执行报告》中，人民银行表示将继续执行稳健的货币政策，使贷款与社会融资规模实现平稳增长，并降低社会融资成本。在经济下滑压力仍较大，并且外汇占款下滑的背景下，为了稳定经济增长以及支持经济结构的调整，我们预计2015年中国的流动性将“偏宽松”。
- **行业观点：**由于我们认为2015年中国的流动性将“偏宽松”，因此，预计仍将会推升中资银行的估值。我们仍然维持银行业“跑赢大市”投资评级，我们的行业首选为中国银行（03988 HK）。我们对中行的目标价为6.20港元。

Exhibit 1: China YoY growth of M1 and M2, the difference of M2 (YoY) and M1 (YoY)



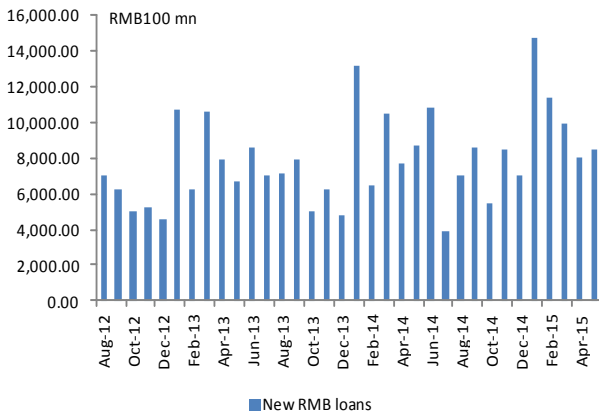
Source: The People's Bank of China, Guotai Junan International.

Exhibit 2: China YoY difference of YoY M2 growth, MoM difference of YoY M2 growth



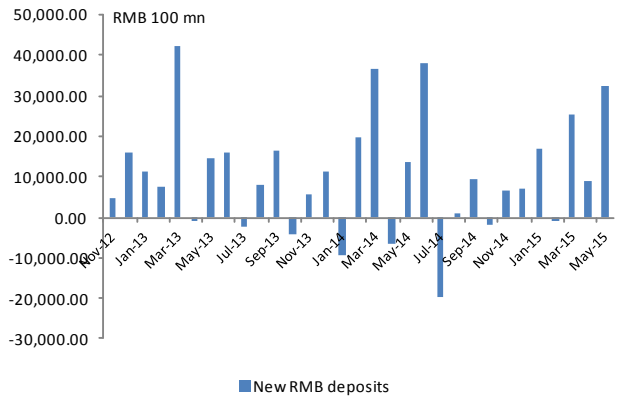
Source: The People's Bank of China, Guotai Junan International.

Exhibit 3: China new RMB loans of financial institutions



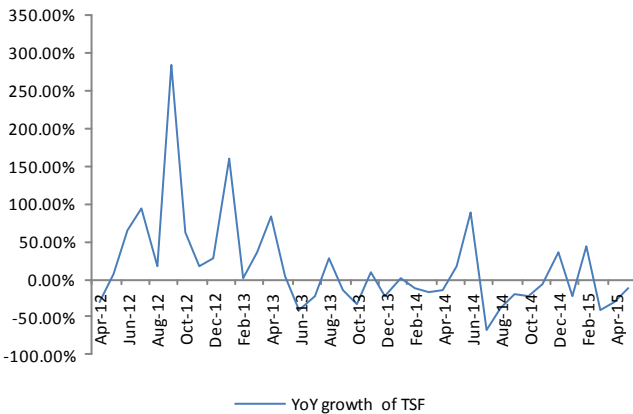
Source: The People's Bank of China, Guotai Junan International.

Exhibit 4: China new RMB deposits of financial institutions



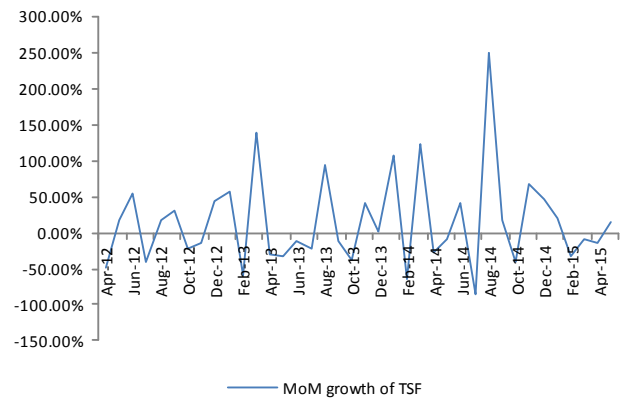
Source: The People's Bank of China, Guotai Junan International.

Exhibit 5: China YoY growth of total social financing



Source: The People's Bank of China, Guotai Junan International.

Exhibit 6: China MoM growth of total social financing



Source: The People's Bank of China, Guotai Junan International.

Exhibit 7: Breakdown of total social financing

in RMB 100 mn

	Total social financing	RMB Loans	Foreign currency loans	Entrusted loans	Trust loans	Undiscounted bills	Corporate bonds	Equity financing
2015-05	12,200.00	8,510.00	81.00	324.00	-195.00	955.00	1,528.00	584.00
2015-04	10,500.00	8,045.00	-265.00	344.00	-46.00	-74.00	1,551.00	597.00
2015-03	11,800.00	9,955.00	-5.00	1,111.00	-77.00	-874.00	686.00	740.00
2015-02	13,500.00	11,400.00	-146.00	1,299.00	38.00	-630.00	680.00	542.00
2015-01	20,500.00	14,700.00	212.00	804.00	52.00	1,950.00	1,863.00	526.00
2014-12	16,900.00	6,960.00	538.00	4,582.00	2,102.00	606.00	1,225.00	658.00
2014-11	11,463.00	8,527.00	-26.00	1,270.00	-314.00	-672.00	1,826.00	379.00
2014-10	6,807.00	5,483.00	-716.00	1,377.00	-215.00	-2,411.00	2,590.00	279.00
2014-09	11,355.00	8,572.00	-506.00	1,610.00	-326.00	-1,410.00	2,338.00	612.00
2014-08	9,577.00	7,025.00	-201.00	1,751.00	-515.00	-1,116.00	1,934.00	217.00
2014-07	2,737.00	3,852.00	-169.00	1,219.00	-158.00	-4,157.00	1,435.00	332.00
2014-06	19,673.00	10,793.00	357.00	2,616.00	1,200.00	1,445.00	2,626.00	154.00
2014-05	14,013.00	8,708.00	-162.00	1,987.00	125.00	-94.00	2,797.00	162.00
2014-04	15,259.00	7,745.00	186.00	1,505.00	398.00	789.00	3,664.00	582.00
2014-03	20,934.00	10,497.00	1,363.00	2,413.00	1,071.00	2,252.00	2,464.00	352.00
2014-02	9,370.00	6,448.00	1,302.00	799.00	747.00	-1,419.00	1,026.00	169.00
2014-01	26,004.00	13,190.00	1,588.00	3,971.00	1,059.00	4,902.00	375.00	454.00
2013-12	12,532.00	4,824.00	509.00	2,727.00	1,111.00	1,679.00	287.00	369.00
2013-11	12,310.00	6,246.00	122.00	2,704.00	1,006.00	60.00	1,424.00	147.00
2013-10	8,645.00	5,060.00	53.00	1,834.00	431.00	-345.00	1,078.00	78.00
2013-09	14,120.00	7,870.00	891.00	2,218.00	1,130.00	-79.00	1,443.00	113.00
2013-08	15,841.00	7,128.00	-360.00	2,938.00	1,209.00	3,049.00	1,240.00	136.00
2013-07	8,191.00	6,997.00	-1,157.00	1,927.00	1,151.00	-1,777.00	476.00	128.00
2013-06	10,375.00	8,628.00	133.00	1,990.00	1,208.00	-2,615.00	323.00	126.00
2013-05	11,871.00	6,694.00	357.00	1,967.00	971.00	-1,141.00	2,230.00	231.00
2013-04	17,629.00	7,923.00	847.00	1,926.00	1,942.00	2,218.00	2,039.00	274.00
2013-03	25,503.00	10,625.00	1,509.00	1,748.00	4,312.00	2,731.00	3,870.00	208.00
2013-02	10,705.00	6,200.00	1,149.00	1,426.00	1,825.00	-1,823.00	1,454.00	165.00
2013-01	25,446.00	10,721.00	1,795.00	2,061.00	2,108.00	5,798.00	2,249.00	244.00
2012-12	16,282.00	4,546.00	1,486.00	2,079.00	2,598.00	2,637.00	2,126.00	135.00
2012-11	11,225.00	5,220.00	1,045.00	1,218.00	1,802.00	-489.00	1,820.00	107.00
2012-10	12,906.00	5,054.00	1,290.00	941.00	1,444.00	729.00	2,992.00	88.00
2012-09	16,462.00	6,226.00	1,764.00	1,449.00	2,012.00	2,155.00	2,278.00	158.00
2012-08	12,475.00	7,039.00	743.00	1,046.00	1,238.00	-846.00	2,579.00	208.00
2012-07	10,522.00	5,401.00	70.00	1,279.00	384.00	218.00	2,486.00	316.00
2012-06	17,802.00	9,198.00	1,040.00	789.00	988.00	3,113.00	1,982.00	246.00
2012-05	11,432.00	7,932.00	302.00	215.00	557.00	380.00	1,441.00	184.00
2012-04	9,637.00	6,818.00	96.00	1,015.00	37.00	279.00	887.00	190.00
2012-03	18,704.00	10,114.00	950.00	770.00	1,018.00	2,821.00	1,974.00	565.00
2012-02	10,431.00	7,107.00	526.00	394.00	522.00	-284.00	1,544.00	229.00
2012-01	9,754.00	7,381.00	-148.00	1,646.00	247.00	-214.00	442.00	81.00

Source: The People's Bank of China, Guotai Junan International.

Exhibit 8: Breakdown of YoY change of total social financing

in RMB 100 mn

	Total social financing	RMB Loans	Foreign currency loans	Entrusted loans	Trust loans	Undiscounted bills	Corporate bonds	Equity financing
2015-05	-1,813.00	-198.00	243.00	-1,663.00	-320.00	1,049.00	-1,269.00	422.00
2015-04	-4,759.00	300.00	-451.00	-1,161.00	-444.00	-863.00	-2,113.00	15.00
2015-03	-9,134.00	-542.00	-1,368.00	-1,302.00	-1,148.00	-3,126.00	-1,778.00	388.00



2015-02	4,130.00	4,952.00	-1,448.00	500.00	-709.00	789.00	-346.00	373.00
2015-01	-5,504.00	1,510.00	-1,376.00	-3,167.00	-1,007.00	-2,952.00	1,488.00	72.00
2014-12	4,368.00	2,136.00	29.00	1,855.00	991.00	-1,073.00	938.00	289.00
2014-11	-847.00	2,281.00	-148.00	-1,434.00	-1,320.00	-732.00	402.00	232.00
2014-10	-1,838.00	423.00	-769.00	-457.00	-646.00	-2,066.00	1,512.00	201.00
2014-09	-2,765.00	702.00	-1,397.00	-608.00	-1,456.00	-1,331.00	895.00	499.00
2014-08	-6,264.00	-103.00	159.00	-1,187.00	-1,724.00	-4,165.00	694.00	81.00
2014-07	-5,454.00	-3,145.00	988.00	-708.00	-1,309.00	-2,380.00	959.00	204.00
2014-06	9,298.00	2,165.00	224.00	626.00	-8.00	4,060.00	2,303.00	28.00
2014-05	2,142.00	2,014.00	-519.00	20.00	-846.00	1,047.00	567.00	-69.00
2014-04	-2,370.00	-178.00	-661.00	-421.00	-1,544.00	-1,429.00	1,625.00	308.00
2014-03	-4,569.00	-128.00	-146.00	665.00	-3,241.00	-479.00	-1,406.00	144.00
2014-02	-1,335.00	248.00	153.00	-627.00	-1,078.00	404.00	-428.00	4.00
2014-01	558.00	2,469.00	-207.00	1,910.00	-1,049.00	-896.00	-1,874.00	210.00
2013-12	-3,750.00	278.00	-977.00	648.00	-1,487.00	-958.00	-1,839.00	234.00
2013-11	1,085.00	1,026.00	-923.00	1,486.00	-796.00	549.00	-396.00	40.00
2013-10	-4,261.00	6.00	-1,237.00	893.00	-1,013.00	-1,074.00	-1,914.00	-10.00
2013-09	-2,342.00	1,644.00	-873.00	769.00	-882.00	-2,234.00	-835.00	-45.00
2013-08	3,366.00	89.00	-1,103.00	1,892.00	-29.00	3,895.00	-1,339.00	-72.00
2013-07	-2,331.00	1,596.00	-1,227.00	648.00	767.00	-1,995.00	-2,010.00	-188.00
2013-06	-7,427.00	-570.00	-907.00	1,201.00	220.00	-5,728.00	-1,659.00	-120.00
2013-05	439.00	-1,238.00	55.00	1,752.00	414.00	-1,521.00	789.00	47.00
2013-04	7,992.00	1,105.00	751.00	911.00	1,905.00	1,939.00	1,152.00	84.00
2013-03	6,799.00	511.00	559.00	978.00	3,294.00	-90.00	1,896.00	-357.00
2013-02	274.00	-907.00	623.00	1,032.00	1,303.00	-1,539.00	-90.00	-64.00
2013-01	15,692.00	3,340.00	1,943.00	415.00	1,861.00	6,012.00	1,807.00	163.00
2012-12	3,538.00	-1,860.00	1,008.00	906.00	2,209.00	786.00	612.00	-215.00
2012-11	1,644.00	-409.00	996.00	623.00	1,086.00	-262.00	-257.00	-161.00
2012-10	4,998.00	-814.00	875.00	423.00	1,354.00	1,915.00	1,353.00	-156.00
2012-09	12,183.00	1,533.00	739.00	441.00	2,235.00	5,516.00	1,758.00	-78.00
2012-08	1,734.00	1,555.00	367.00	-363.00	1,062.00	-2,498.00	1,681.00	-142.00
2012-07	5,129.00	485.00	61.00	47.00	412.00	1,944.00	2,064.00	64.00
2012-06	6,929.00	2,859.00	795.00	-413.00	847.00	1,483.00	1,446.00	-74.00
2012-05	578.00	2,416.00	-540.00	-1,001.00	377.00	-1,315.00	720.00	-167.00
2012-04	-4,036.00	-612.00	-396.00	-392.00	-464.00	-2,053.00	126.00	-258.00
2012-03	492.00	3,320.00	378.00	-743.00	971.00	-2,810.00	-708.00	8.00
2012-02	3,963.00	1,730.00	179.00	-25.00	381.00	892.00	667.00	-41.00
2012-01	-7,806.00	-2,882.00	-1,010.00	374.00	345.00	-3,371.00	-570.00	-650.00

Source: The People's Bank of China, Guotai Junan International.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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