



Flash Note: Infrastructure Sector

快讯：基建行业

Gary Wong 黄家玮
 (852) 2509 2616

gary.wong@gtjas.com.hk

14 March 2019

Jan.-Feb. 2019 China FAI Grew 6.1% YoY, In Line with Expectation

2019年1-2月全国固定资产投资同比增6.1%，与预期一致

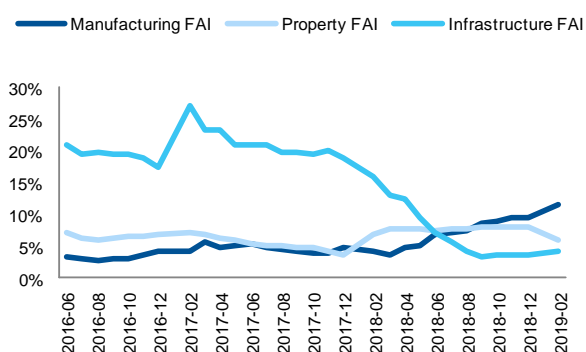
- According to the National Bureau of Statistics of China, Jan.-Feb. 2019 China FAI amounted to RMB4,484.9 billion, up 6.1% YoY, in line with expectation, and was 0.2 ppts higher than the growth rate of 5.9% in Jan.-Dec. 2018.
- There are several points worth discussing. First, Jan.-Feb. private FAI growth rate was 7.5%, down 1.2 ppts compared with that in Jan.-Dec. 2018. With the anticipation of accelerated investment in high-end manufacturing and commencement of supporting policies of private capital in investment in 2019, we expect private FAI growth to be at least above 8% in 2019. **Second, overall infrastructure investment growth of 4.3% was 0.5 ppt higher than the 3.8% growth rate in Jan.-Dec. 2018, in which irrigation and water conservancy management investment decline narrowed from -4.9% in Jan.-Dec. 2018 to -1.8% in Jan.-Feb. 2019, while railway investment growth climbed substantially from -5.1% in Jan.-Dec. 2018 to +22.5% in Jan.-Feb. 2019.** Third, Jan.-Feb. property development investment growth rate was up 2.1 ppts to 11.6% compared with that in Jan.-Dec. 2018, higher than expected. Recent regulation of the property market has experienced a partial relaxation trend. We think that the property development investment environment in 2019 will be better than in 2018, and the investment growth rate is expected to reach 10%.
- The Government has recently introduced a number of policies to support infrastructure investment, including accelerating the construction of Xiong'an New District and Guangdong-Hong Kong-Macao Greater Bay Area, and increasing the amount of new special bond issuance from RMB1.35 trillion in 2018 to RMB2.15 trillion in 2019, and launching the "Implementation Opinions on the Development of Government and Social Capital Cooperation (PPP) Regulations" to encourage private enterprises and foreign enterprises to participate more in PPP project investment. We expect infrastructure investment growth to reach 7% in 2019, up from 3.8% last year. **Reiterate "Outperform" rating for the sector, maintain "Buy" ratings for China Railway Construction (01186 HK), China Railway Group (00390 HK) and China State Construction International (03311 HK), and "Accumulate" rating for China Communications Construction Company (01800 HK).**
- 据中国国家统计局的数字显示，2019年1-2月全国固定资产投资额为44,849亿元(人民币,下同)，同比增6.1%，与预期一致，较2018年1-12月5.9%的增速高0.2个百分点。
- 我们认为数据有几点值得讨论。首先，1-2月民间固定资产投资增速为7.5%，较2018年1-12月增速下跌1.2个百分点。由于预计2019年高端制造的投资将加快，加上政府支持民间投资的政策加快落实，我们预计2019年民间固定资产投资增速可达8%以上；**第二，整体基建投资4.3%的增速较2018年1-12月的3.8%增速提高0.5个百分点。其中1-2月水利管理投资增速跌幅从2018年1-12月的-4.9%收窄至-1.8%，铁路运输投资增速则从2018年1-12月的-5.1%大幅回升至22.5%。**第三，1-2月房地产开发投资增速较2018年1-12月增速提高2.1个百分点至11.6%，高于预期。房地产市场最近的调控有局部放宽趋势，我们认为2019年房地产开发投资环境或优于2018年，预计投资增速可达到10%。
- 政府近期推出多项支持基建投资的政策，包括加快推进雄安新区及粤港澳大湾区建设、将新增专项债发行额度从2018年的1.35万亿提高至2019年的2.15万亿、推出《政府和社会资本合作(PPP)规范发展的实施意见》，鼓励民营企业及外资企业更多参与PPP的项目投资等。我们预计2019年基建投资增速可达7%，高于去年的3.8%。**暂维持行业“跑赢大市”评级、中国铁建(01186 HK)、中国中铁(00390 HK)及中国建筑国际(03311 HK)的“买入”评级，以及中交建(01800 HK)的“收集”评级。**

Table 1: Summary of FAI Statistics, Jan.-Feb. 2019

Categories	Investment (RMB '000 million)	YoY Growth
China FAI	44,849	+6.1%
Primary Industry	950	+3.7%
Secondary Industry	13,864	+5.5%
Tertiary Industry	30,035	+6.5%
Property Development	12,090	+11.6%
Infrastructure Investment		+4.3%
Transport, Storage and Post		-0.4%
Irrigation, Environment & Public Facilities Management		+7.5%

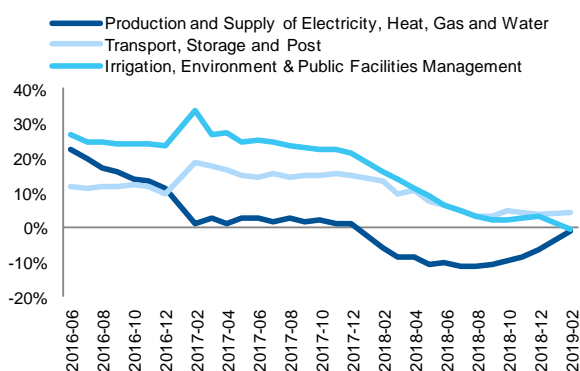
Source: National Bureau of Statistics of China.

Figure 1: YoY Growth of Infrastructure, Manufacturing and Property Development FAI



Source: National Bureau of Statistics of China.

Figure 2: YoY Growth of Subsectors in Infrastructure FAI



Source: National Bureau of Statistics of China.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	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	跑赢大市	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
 Tel.: (852) 2509-9118 Fax: (852) 2509-7793
 Website: www.gtja.com.hk