国泰君安证券 GUOTAI JUNAN SECURITIES

Flash Note: Infrastructure Sector

快讯：基建行业

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Jan.-Oct. 2020 China FAI Increased 1.8% YoY, 0.2 ppts Higher than Expectation

2020年1-10月全国固定资产投资同比增1.8%，较预期高0.2个百分点

- **According to the National Bureau of Statistics of China, Jan.-Oct. 2020 China FAI amounted to RMB48,329.2 billion, up 1.8% YoY, 0.2 ppts higher than expectation.** For October only, growth was 12.2%, up 3.5 ppts compared with growth in September, seven consecutive positive months of growth since the start of the year.

- There are several points worth discussing. First, Jan.-Oct. private FAI growth rate was -0.7%, narrowing 0.8 ppts from the drop of 1.5% in Jan.-Sep. 2020, in line with expectation. Although supporting policies of private investment in fixed assets have been put in place at an accelerating pace, private FAI growth rate only recovered slowly. We expect private FAI growth rate for full-year 2020 to be 2%. **Second, Jan.-Oct. overall infrastructure investment growth of 0.7% was up 0.5 ppts compared with the 0.2% growth rate in Jan.-Sep. 2020, slightly missed expectation. Irrigation, environment, and public facilities management investment growth rate was up 0.9 ppts from -2.1% in Jan.-Sep. 2020 to -1.2% in Jan.-Oct., while transport, storage and post investment growth rate was flat at 2.1% compared with that in Jan.-Sep. 2020.** Third, Jan.-Oct. property development investment growth rate was up 0.7 ppts to 6.3% compared with that in Jan.-Sep. 2020, 0.3 ppts higher than expectation. We think that property development investment environment in 2020 will remain comparatively relaxed compared to that in 2019, and the investment growth rate is expected to reach 7%.

- According to statistics from the People's Bank of China, the increase in social financing in October reached RMB1.42 trillion, which was higher than the market's expectation of RMB1.4 trillion and was RMB549.3 billion more than the same period last year. Although the increase was lower than that in September, it still reflects that monetary policy continues to exert effects, and support for the real economy increased, while the pace of economic recovery will continue to accelerate. In addition, according to statistics from the China Construction Machinery Association, the 25 excavator manufacturers included in the statistics in September sold a total of 27,331 excavators of various types, an increase of 60.5% YoY and an increase of 5.0% MoM, of which the YoY growth rate exceeded 50% for seven consecutive months, reflecting that demand importance for infrastructure engineering equipment continues to be strong. At present, the government is actively supporting both monetary and fiscal policies and is building a strong foundation for infrastructure investment growth. Assuming that 2H20 infrastructure investment will accelerate to 5%-10% YoY growth rate, 2020 full-year infrastructure investment YoY growth will achieve 1.7%-4.5%. As infrastructure investment growth in October was slightly lower than expectation, we expect full-year infrastructure investment growth to more likely reach the mid-point of the range. Therefore, we have revised down our estimate for infrastructure investment growth for 2020 from 4% to 3%. Considering the current low valuation for the sector, we believe that most of the risks have been substantially priced in. **Reiterate "Outperform" rating for the sector, maintain "Buy" rating for China Railway Construction (01186 HK), China Railway Group (00390 HK) and China State Construction International (03311 HK), and "Accumulate" rating for China Railway Signal & Communication (03969 HK).**

- **据中国国家统计局的数据显示，2020 年 1-10 月全国固定资产投资额为 483,292 亿元(人民币,下同)，同比增 1.8%，较预期高 0.2 个百分点。**单以 10 月计增速为 12.2%，较 9 月增速提高 3.5 个百分点，今年以来连续 7 个月单月增速为正。

- 我们认为数据有几点值得讨论。首先，1-10 月民间固定资产投资增速为-0.7%，较 2020 年 1-9 月的 1.5%跌幅收窄 0.8 个百分点，符合预期。即使政府支持民间投资的政策正在加快落实，但民间固定资产投资增速仅缓慢复苏，我们预计 2020 年全年民间投资增速仅为 2%；**第二，1-0 月整体基建投资 0.7%的增速与 2020 年 1-9 月的 0.2%增速相比提高 0.5 个百分点，略差于预期，其中 1-10 月水利、环境和公共设施管理业投资增速从 2020 年 1-9 月的-2.1%提高 0.9 个百分点至-1.2%，交通运输、仓储和邮政业投资增速则与 2020 年 1-9 月的 2.1%持平。**第三，1-10 月房地产开发投资增速与 2020 年 1-9 月增速比较提高 0.7 个百分点至 6.3%，较预期高 0.3 个百分点。我们认为 2020 年房地产开发或延续 2019 年较宽松的投资环境，预计投资增速可达 7%。

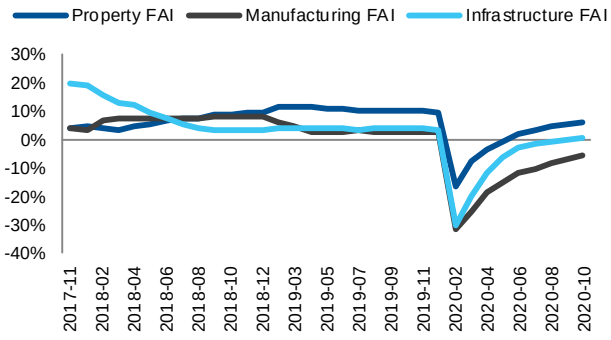
- 根据中国人民银行数据，10 月社会融资规模增量达 1.42 万亿元，高于市场预期的 1.4 万亿元，比上年同期多 5,493 亿元。虽然增量较 9 月有所减少，但仍反映货币政策持续发力，对实体经济扶持力度加大，经济复苏步伐将持续加速。此外，根据中国工程机械工业协会数据，9 月纳入统计的 25 家挖掘机制造企业共销售各类挖掘机 27,331 台，同比增 60.5%，环比增 5.0%，其中同比增速已连续 7 个月超 50%，反映对于基建工程装备的需求持续旺盛。现时政府在货币及财政政策上的积极支持，对基建投资增速构成重要托底，假设 2020 年下半年基建投资增速加快至 5%-10%，对应 2020 年全年基建投资增速则为 1.7%-4.5%。由于 10 月基建投资增速略差于预期，我们预计全年基建投资增速更有可能接近预测的中值。因此，我们将 2020 年基建投资增速从 4%调低至 3%。考虑到现时行业低迷的估值已反映大部分的风险，**重申行业"跑赢大市"评级，维持中国铁建(01186 HK)、中国中铁(00390 HK)及中国建筑国际(03311 HK)的"买入"评级，以及中国通号(03969 HK)的"收集"评级。**

Table 1: Summary of FAI Statistics, Jan.-Oct. 2020

Categories	Investment (RMB '000 million)	YoY Growth
China FAI	483,292	1.8%
Primary Industry	11,861	17.3%
Secondary Industry	138,736	-2.1%
Tertiary Industry	332,695	3.0%
Property Development	116,556	6.3%
Infrastructure Investment		0.7%
Transport, Storage and Post		2.1%
Irrigation, Environment & Public Facilities Management		-1.2%

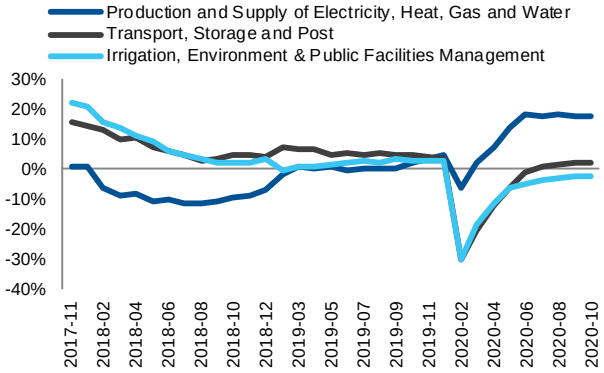
Source: National Bureau of Statistics of China.

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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