

Chinese stocks dive most in 7 years—By Dai Tian(chinadaily.com.cn)

Chinese Stocks Dive

- Chinese stocks sank the most since 2008 on Monday, led by securities companies.
 - The benchmark Shanghai Composite Index plummeted 7.7 % and closed at 3,116.35 on Monday.
 - CITIC Securities and Haitong Securities slumped by daily limit of 10%.
 - Sinopec and PetroChina slid more than 8%.
 - China Railway Construction Corp and China Railway Engineering Corp sank 10%.
- The punishment for non-compliant margin trading activities:
 - The nation's top two biggest brokerages, along with Guotai Junan Securities, were suspended from lending money and stocks to new clients for three months.
 - Nine other securities companies were also punished in this round of investigation for offenses including allowing unqualified investors to open margin trading accounts.

Financial Sector Crashes

- The majority of securities and banking stocks lost by the daily limit on Monday, including Huatai Securities, Sealand Securities, Bank of China, Communication Bank, Minsheng Bank, Huaxia Bank, CITIC Bank, Ping An Bank and Industrial Bank.
- According to a strategist at Bocom International Holdings, the Margin trading has contributed more than 30% of total turnover in Shanghai at its recent peak.
- According to a Moody's senior credit officer:
 - Their profitability and asset quality will be under pressure over the next 12 to 18 months.
 - The developments in monetary policy, financial supervision and market reform will help stabilize banks' operating environment, their liquidity and capital.

GDP Data to be Released

- The country is scheduled to release GDP growth data in the fourth quarter on Tuesday.
- Nomura said in a note on Monday that it maintains the GDP growth forecast of 7.3% year-on-year in the fourth quarter 2014.
- The GDP growth weighed down to 7.1% in the first quarter this year by tighter controls over local government financing, the property market correction and other structural issues.
- The Shenzhen Component Index slumped 6.6% and closed at 10,770.93.