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Latest IPO Indicator Shows Slight Recovery after January's Big Slide

Indicator Value Change

February 2008: 305.0

January 2008: 293.6

Month-to-month change: 3.9%

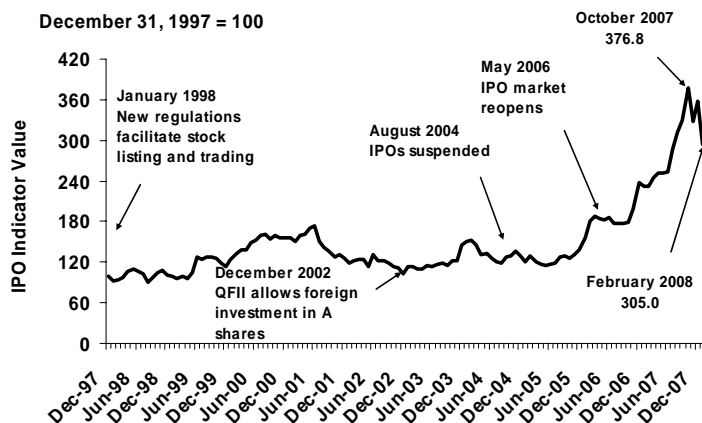
February 2007: 231.8

Year-to-year change: 31.6%

Please [click here](#) to download the chart.

Highlights

February's IPO indicator recouped some of the previous month's losses, showing a moderate increase of 3.9 percent, from 293.6 in January to 305.0. The indicator reflects a 31.6 percent increase over the period last year.



Analysis

Nine equities were added to the indicator and 10 were deleted, bringing the February total to 123. Of the 114 equities included in the previous two months, 97 rose in price and 17 fell.

The basic materials sector showed solid performance in February. Western Mining (A share, 601168) , China Molybdenum (H share, 3993), and Xinjiang Xinxin (H share, 3833) together accounted for 35 percent of the increase in the indicator's value. Xinjiang Goldwind (A share, 002202), a science-and-technology firm specializing in wind-power generation, showed the greatest loss in market capitalization among all stocks in the indicator. The rebound from the January indicator's dramatic drop in value showed that investors are somewhat less pessimistic about future market performance after recent corrections in the Chinese stock markets.

Methodology

A stock's float-adjusted market capitalization over time forms the basis for indicator calculations. Stock dividends, stock splits, special dividends, share consolidations, repurchases, spin-offs, and combination stock distributions may trigger adjustments to the indicator values. Only companies incorporated and domiciled in mainland China that go public on the Shanghai, Shenzhen, and Hong Kong stock exchanges are included. Companies are dropped from the indicator after twelve months.

Xinhua Finance/Milken Institute China Indicators

The Xinhua Finance/Milken Institute China Indicators provide investors, analysts, and financial professionals insight into China's money and capital markets. Five of the eight indicators have been launched since November 2006: the Renminbi Pressure Indicator, the Chinese IPO Indicator, the Market Adjusted Debt (MAD) Indicator, the Banking Strength Indicator (BSI), and the Adjusted Trade and Finance (ATF) Indicator. The remaining three indicators (the China M&A Indicator, the China Privatization Indicator, and the China Corporate Governance Indicator) will be launched later this year.

Period Coverage and Frequency

New companies are added to the indicator as soon as they are listed, while current companies are removed after twelve months. The IPO Indicator has a base date of December 31, 1997, when the indicator's value was set equal to 100, and covers the period from December 31, 1991, to the present. Values are calculated on a monthly basis. The indicator for each month is released in the third week of the following month.

Sources of Data

The real-time and historical trading data used in the construction of this indicator are provided by Xinhua Finance and Bloomberg; underlying information used to calculate the float ratio is obtained from a variety of sources, including Xinhua Finance's subsidiary Mergent, stock exchanges, regulators, and the companies themselves. Corporate actions are sourced from Xinhua Finance, regulatory filings, and news services.

To view additional information, visit www.xinhuafinance.com/indicators and www.milkeninstitute.org/chinaindicators.

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