>> Bernstein Research

>> China Property: Differentiated Policies Will Likely Target Investment-Driven Cities

>> March 8, 2013

I think this is a very typical security valuation/estimation report.

Although the report doesn't present the detail about valuation model. But we can find it is trying to give analysis based on different risk factors:

1. Macroeconomics factors (Policies made by the central government, and executed by local governments)
2. Microeconomics factors (Supply/Demand, Market investment analysis)
3. Fundamental factors (Companies' financial status, EPS, P/E ratio, etc)
4. Historical performance of the securities

The report emphasizes a lot on the macroeconomics factors because central government is trying to control the property price bubble. The second import factors are the supply/demand, investors/end-users analysis, etc.

The report presents the target price for each security based on the analysis on March 2013. However, we can observe current stock price is over-perform the estimation. The report also addresses the policy execution might create significant standard deviation on the estimation. It looks like the reality is going to the reverse direction of the estimation...