

# CHINA IN THE NEWS



Joanna Zhou (周娜), now residing in Knoxville TN, immigrated to Indianapolis with her husband from Beijing in 2013, where she worked in Human Resources for a U.S. Fortune 500 company. She enjoys her new life with her husband and kept in touch with her LAAT friends and readers by contributing to this column.

## Xi'an launches freight train service to Moscow

A freight train service linking Xi'an, capital of northwest China's Shaanxi Province with Moscow, capital of Russia, began operations on Tuesday. The train of 41 containers mainly carrying consumer durables, left Xi'an at 10:50 a.m. and will pass through Kazakhstan before reaching Moscow, sources with the Xi'an International Trade and Logistics Park said. The trip will take 11 days, compared to the traditional land/sea route, which takes over 45 days. It is the third China-Europe freight train from Xi'an following those to Warsaw and Hamburg. Xi'an, known in ancient times as Chang'an, was a terminus of the Silk Road -- an ancient land trade route that ran through northwest China's Shaanxi, Gansu and Xinjiang, and Central and Western Asia, before reaching the Mediterranean.

西安至莫斯科中欧班列开行比海运节省30多天  
由西安开往俄罗斯莫斯科的中欧班列12月6日正式开行，为我国内陆地区商品出口欧洲又开辟了一条便捷、高效的国际贸易大通道。上午10:50，伴随着火车汽笛的长鸣声，载有“中欧班列”统一标识集装箱的国际货运班列缓缓驶出西安港，一路向西前往俄罗斯莫斯科。这趟班列将经由我国新疆阿拉山口出境，途经哈萨克斯坦，全程7423公里，运行时间为11天。比走海运可以节省时间30多天。本趟班列装载41个集装箱，货品包括机械设备、家居、工艺品、电子设备等。俄罗斯驻华商务代表萨温斯基表示：“这趟班列的开通将会积极推动中俄经济贸易发展，我们将推动俄和陕西省借助中欧班列，在电商、科技和“互联网+”等领域开展进一步合作。”今年8月以来，西安国际港务区相继开通了西安至波兰、西安至汉堡、西安至莫斯科的三条中欧国际货运班列。同时，满载婴幼儿用品、汽车配件的汉堡至西安中欧班列也于今天抵达西安，中欧班列基本实现常态化运行和双向往来。

## Egypt, China sign currency swap deal worth 2.62 billion USD

Egypt and China on Tuesday signed a currency swap agreement worth 18 billion yuan (about 2.62 billion U.S. dollars) to bolster economic activities in the north African country. The deal, signed between the Central Bank of Egypt (CBE) and the People's Bank of China, will last three years and can be extended upon agreement of both sides, CBE said in a statement. "The currency swap is a mutually beneficial arrangement between both countries, and mirrored China's support for the Egyptian economic reform program," it added. The deal also complemented a series of measures taken by Egypt for unleashing the enormous potentials of its economy and instill confidence by bolstering economic activities, the statement added. It allows the two institutions to exchange payments in one currency for equivalent amounts in the other, to facilitate bilateral trade settlements and provide liquidity support to financial markets.

## 中国与埃及央行就本币互换安排取得初步结果

中国外交部新闻发言人陆慷20日在例行记者会上表示，中国与埃及央行就本币互换安排取得初步结果。据路透社报道，埃及财政部副部长 Mohamed Meait 19日表示，埃及将从下周就一笔20亿美元的贷款与中国方面展开谈判，并计划于10月或11月发行国际债券。陆慷对此表示，目前，中国和埃及的两国央行在工作层正在就双边本币互换安排进行讨论，并且取得了一些初步结果，但是具体的规模还有待进一步确定。

## Sichuan Airlines launches Jinan-Los Angeles service

Sichuan Airlines on Tuesday launched a flight connecting the eastern Chinese city of Jinan with Los Angeles. It is Jinan International Airport's first direct flight to the United States. Sichuan Airlines flies two round trips per week. An Airbus A330 leaves Jinan on Tuesdays and Saturdays and returns a day later. A single trip takes between 13 and 14 hours, at least three hours shorter than earlier non-direct service, said Xia Geng, vice governor of Shandong, at the launch ceremony.

川航开通成都直飞洛杉矶航线，这是川航第一条飞往美国本土的洲际航线。该航线每周两班，去程每周一、周四执行，成都至杭州飞行时间2小时，经停杭州2小时，杭州至洛杉矶飞行时间13小时30分钟；回程每周二、周五执行，洛杉矶至杭州飞行时间14小时30分钟，杭州经停2小时，杭州至成都飞行时间2小时50分。

## Baidu shares its latest AI technology

China's largest search engine Baidu has said it will make its latest artificial intelligence (AI) technology accessible to developers and businesses as part of the company's latest move into AI, big data and cloud computing. AI solution "Tianzhi" was launched at a cloud-computing summit held in Beijing Wednesday. It includes services in three fields: sensing technology, such as image and voice processing, machine learning, and deep learning, an advanced form of machine learning, said Zhang Yaqin, CEO of the Nasdaq-listed company, at the summit. Developers can access facial or voice recognition, algorithms for data analysis and projections, and deep learning applications, Zhang said, adding that the technology could help users innovate in their sectors. "With more devices connected to the cloud, enterprises will use cloud computing and AI more frequently," said Wu Hequan, an academician at the Chinese Academy of Engineering, "Open AI technology can play a bigger role."

## 百度云战略全面升级

2016百度云智峰会 (ABC Summit) 于近日在京举行，百度宣布将对百度云进行品牌、战略全面升级，加速推进云计算、人工智能和大数据三大产业市场，这也无疑意味着BAT即将开始一场“云端”大战。百度总裁张亚勤表示，百度云定位于“云计算+大数据+人工智能”，此次峰会以ABC SUMMIT为名，即AI (人工智能)，Big Data (大数据)，Cloud Computing (云计算)。“百度通过开放共享自身领先的技术能力，让“云智数”成为所以企业的基础能力，推动各行各业发展开始进入“ABC”时代。”这意味着，百度三位一体的云服务结构将与传统行业深度融合，为可持续发展提供动力引擎。此外，百度云还在峰会上发布全新人工智能平台级解决方案“天智”，并与合作伙伴共同发布国内首个覆盖陆海空车的智能交通生态联盟。截至目前，百度已经和超过三万家企业展开合作，百度云也陆续渗透到物流、医疗、教育、营销、金融等关系到百姓生活的各个行业中，让服务开始真正智能化。“云智数”三位一体的云服务结构可以为客户提供业务可持续发展的动力引擎。

## Chongqing to build 15-bln-yuan film industry

The metropolis of Chongqing in southwest China will invest 15 billion yuan (2.17 billion U.S. dollars) to build a film and television industry park in a scenic mountainous area. The park, named after China's Belt and Road Initiative, will include a film shooting base, a tourist town, a theme park, a training center, and offices for cultural enterprises and their financiers, said Tan Nianshen, the project manager. Construction of the park, located in mountainous Wulong County, will begin in early 2017. Partners in about a dozen foreign countries will participate in the operation of projects including the theme park and the tourist town.

## 华谊兄弟投20亿重庆建电影小镇

5月11日，华谊兄弟与重庆两江新区正式签约建设电影小镇，该项目占地117亩，总投资约20亿元，欲打造集商业、文化旅游、演艺、餐饮等于一体的特色文化旅游街区。《每日经济新闻》记者注意到，重庆市市长黄奇帆也出席了签约仪式，并为该项目量身定制了包括影视观光旅游、影视道具租赁、电影城、文化交流活动展示以及文化金融等五大产业链模式。影视娱乐、互联网娱乐、品牌授权和实景娱乐是华谊兄弟目前的三大业务。2011年华谊兄弟开始布局品牌授权与实景娱乐业务，截至2015年末，累计签约项目13个并有意成为“中国的迪士尼”。

# INDY BUSINESS BULLETIN



## Hicks on State Economy: 'We Look Good'

Ball State University economist Mike Hicks says Indiana is in good shape in "most factors" regarding its economic future. During the 21st Economic Outlook event this morning from the Ball State Business Roundtable, Hicks said Indiana continues to outperform the rest of the nation in employment and wage growth. Hicks tells Inside Indiana Business some challenges remain throughout the state. He says Indiana is currently at what is regarded as full-employment, but "there are some regional differences."

## Lilly Drug Earns Additional FDA Approval

A type 2 diabetes treatment developed by Indianapolis-based Eli Lilly and Co. (NYSE: LLY) and Boehringer Ingelheim Pharmaceuticals Inc. in Connecticut has received a new approval from the U.S. Food and Drug Administration. Jardiance will now be used as a means to reduce the risk of cardiovascular death.

## State Delegation Begins U.K. Mission

An economic development mission led by Indiana Governor-elect Eric Holcomb is underway in the United Kingdom. The trip will include meetings with the U.K.'s international trade secretary as well as executives from Rolls-Royce and ArcelorMittal.

## Record Early Voting Turnout in Indiana

The Indiana Secretary of State's Office says a record 33 percent of Hoosiers took advantage of early voting options this year. The office also says 58 percent of the state's 4.8 million registered voters turned out for the November 8 election.

## Cuts Coming to Lilly

In the wake of last week's decision to discontinue development of a key potential Alzheimer's treatment, Indianapolis-based Eli Lilly and Co. (NYSE: LLY) says it will cut jobs and "reevaluate staffing decisions made in anticipation of positive results." The company says the decision to reduce work force is also related to drugs with forthcoming patent expirations. Lilly would not confirm a total number of layoffs, but says those affected will stay on the job through the end of the year.

## McRobbie Leading Delegation to Asia

Indiana University President Michael McRobbie is leading a delegation to South Korea and China for a week-long trip beginning Dec 2. McRobbie will sign agreements with two Chinese universities and will speak on the impact of Nobel Prize winner and former IU Distinguished Professor Elinor Ostrom.

# FINANCIALLY SPEAKING

## STAY - A high quality hotel chain at a bargain price



Mr. Kim is the Chief Operation Officer and Chief Compliance Officer for KIRR Marbach & Co. LLC, an investment adviser based in Columbus IN. Please visit www.kirrmar.com.

We recently purchased shares of Extended Stay America (STAY), a U.S. hotel chain owning and operating 629 hotels with about 70,000 rooms.

We believe STAY is significantly undervalued because it is misunderstood by investors. We've had success investing in "special situations" like spinoffs, post-bankruptcy reorganizations and management changes. STAY checks two of those boxes, having reorganized out of bankruptcy in 2010 and bringing in CEO Gerry Lopez from AMC Entertainment in 2015.

STAY operates in an attractive niche of the hotel industry and is far more profitable than its peers. In addition, STAY is on the cusp of two major initiatives we believe will be transformative for the company and stock; a massive property renovation project and transformation to a franchise model.

We think STAY is cheap at 15.7x earnings and an attractive dividend yield of 5.4%, with dividends expected to increase in 2017 after remodels are complete. That certainly beats earning 0% at a bank! Understanding how STAY makes money is straightforward. STAY operates 70,000 rooms and has an average room rate of \$50 per night, generating \$1.3 billion in annual revenues. Costs are low because STAY typically cleans rooms only once per week or whenever guests leave. STAY's profits are just under half of revenues.

As the name suggests, STAY targets guests looking for accommodations for more than one week. Indeed, 2/3 of STAY's guests stay 7 nights or more. STAY's

## Plans Call For Simon Estate Transformation

Two well-known names in central Indiana property development are partnering on major redevelopment plans for the former home of the late shopping mall magnate Melvin Simon. Paul Estridge Jr. and Michael Browning are proposing a more than 100-home residential community, private club and boutique inn on the 107-acre Asherwood property in Carmel.

## Vectren to be 'Less Reliant' on Coal

Evansville-based Vectren Corp. (NYSE: VVC) says a 20-year plan it expects to submit to the Indiana Utility Regulatory Commission "points to a future that is likely less reliant on coal." The utility's plan, which could head to state regulators next month, suggests the company would have to spend approximately \$250 million to fall in line with federal regulations.

## Study Paints Picture of Indiana Wesleyan Impact

A report released by Indiana Wesleyan University shows the Marion-based school has a more than \$72 million annual impact on the local economy. The research also suggests nearly 400 jobs in the community are spurred by university, student and visitor spending.

## Telamon Expands to Whitestown

Carmel-based Telamon Corp. has expanded its Indiana operations with a new location in Whitestown. The company is investing \$1.1 million in the new facility at the AllPoints at Anson industrial park and plans to add 14 jobs.

## Trump Taps HIP Architect

The woman considered to be the architect of the state's Healthy Indiana Plan is expected to be nominated by President-elect Donald Trump to be administrator of the Centers for Medicare and Medicaid Services. Seema Verma is founder and chief executive officer of Indianapolis-based health policy consulting company SVC Inc. and previously served the administrations of governors Mitch Daniels and Mike Pence. Trump says Verma and Georgia Congressman Tom Price, his intended nominee for secretary of the U.S. Department of Health and Human Services, "are the dream team that will transform our healthcare system for the benefit of all Americans."

## Statewide Building Permits Rise Again

The Indiana Builders Association says single-family building permits throughout the state rose 8 percent in October. According to data from the U.S. Census Bureau and the Department of Housing and Urban Development, 1,264 permits were issued last month, compared to 1,174 in the same month last year.

## Topgolf Fishers Moving Forward

Texas-based Topgolf International Inc. says it will begin hiring for its \$18 million facility in Fishers next summer. The golf entertainment venue, which was announced earlier this year, is now expected to open in the fall of 2017 and bring up to 450 full-time and part-time jobs to the area.

# HOOSIER SCHOOLS AMONG BEST FOR ONLINE ENGINEERING

Three Indiana schools are ranked among the best online engineering degree programs in the country. AffordableCollegesOnline.org says the rankings are based on criteria including financial aid offerings, graduation rates and variety of online programs.

Indiana State University was ranked fourth for four-year institutions. Indiana University East came in at number 44. Siena Heights University in Michigan took the top spot on the four-year list.

Ivy Tech Community College was ranked number 21 among two-year institutions. "Surveys show one of the most popular college major choices for high school seniors is engineering," said Dan Schuessler, founder of AffordableCollegesOnline.org. "As we see more colleges take their programs online to meet the growing demand, it's important for us to highlight schools going the extra mile by offering the best combination of affordability and quality online engineering curriculum for students."

Source: Inside Indiana Business



Indiana State University was ranked the highest among Indiana institutions.

# CARRIER SET in INDY FOR 'AT LEAST' A DECADE

Indiana Secretary of Commerce Victor Smith says Carrier Corp.'s reconsideration of moving manufacturing jobs from its Indianapolis plant to Mexico signals a "decade commitment, at least." Plans now call for retaining about 1,000 jobs and include a \$16 million investment to transform the operation into what the company says will be a Center of Excellence for gas furnace production. In a clip from an interview that will air this weekend on Inside Indiana Business Television, Smith says he thinks the plant will become the preeminent facility of its kind in North America.

Inside Indiana Business has reported the Indiana Economic Development Corp. plans to give the subsidiary of Connecticut-based United Technologies Corp. (NYSE: UTX) a total incentive package of \$7 million over the next ten years.

The economic impact of UTC's initial announcement to pull production operations in Indianapolis has already been felt keenly throughout the state. The United Technologies Electronic Controls Inc. headquarters in Huntington, which is also owned by

UTC and is a Carrier supplier, still appears headed for closure. It employs some 700 workers. Huntington Mayor Brooks Fetters WPTA-TV in Fort Wayne he remains hopeful those jobs could be retained in light of Carrier's change of course.

Another manufacturer with a presence in Indianapolis, Rexnord Corp. (NYSE: RXN), detailed plans last month to move its manufacturing operations and 300 jobs out of Indy to Monterrey, Mexico, the same city the Carrier was slated to go.

PNC Financial Services Regional Economist Kurt Rankin estimates that by virtue of 1,000 Carrier jobs staying, \$38 million in wages will remain in Indianapolis. He says the state's economy also benefits from this type of job, adding Carrier workers have a "highly sought-after skill set" and could be candidates to leave Indiana if work dried up. Rankin says a reduction in high-paying jobs like the ones at Carrier would also cut into home values in the community.

Source: Inside Indiana Business

# PENCE CERTIFIES INDIANA ELECTORAL VOTES

INDIANAPOLIS - Vice President-elect Governor Mike Pence has signed the certification of the 11 Indiana electors who will cast their electoral votes for him and President-elect Donald Trump. Pence becomes the first Indiana governor in 104 years to certify the electors who voted for him as vice president.

The last time it happened in Indiana was in 1912 when then-Governor Thomas Marshall certified the electors who voted for him as vice president under President-elect Woodrow Wilson. Each governor in the United States must certify their state's respective electors for each presidential election.



Victor Smith, Secretary of Commerce



Carrier AC unit