
Mizuho Economic Commentary - China

January – February 2015

[An Overview of the Chinese Economy]

[Noteworthy point: The direction of macroeconomic policy in 2015]

- ◆ In 2014, China's real GDP growth rate reached the target of 'about +7.5%' set by the National People's Congress in March 2014. The government also ensured employment and price stability. However, these targets were achieved on the back of fiscal and monetary policy.
- ◆ The Chinese government is expected to lower its growth rate target for 2015 to 'about +7.0%.' Even if the growth rate target is lowered, investment will be weak to recover by itself. Thus, the government will need to mobilize fiscal and monetary policy to some degree.
- ◆ The Chinese government has announced that it will continue to pursue a "proactive fiscal policy and a prudent monetary policy" in 2015, but in reality it will probably ratchet up its policy support.

[Economic trends]

- ◆ China's real GDP growth rate for October–December 2014 was unchanged from the previous quarter (July–September) at +7.3% y-o-y. Investment and consumption increased, but exports slowed.
- ◆ A glance of December's major indicators shows industrial production and consumption growth accelerating from November. The CPI moved at low levels. The PPI fell further into negative territories for the fifth successive month. Negative growth in housing price index decreased on a monthly basis for the fourth successive month.
- ◆ Growth in outstanding bank loans increased slightly. Total social financing saw an increase in the amount of new financing. In addition to open market operations, the PBOC also supplied funds via the MLF.

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1. Noteworthy point: The direction of macroeconomic policy in 2015

In 2014, the real GDP growth rate was up 7.4% y-o-y, thus reaching the target. The government also ensured employment and price stability

In 2014, China's real GDP growth rate was up 7.4% on the previous year, thus reaching the target of 'about +7.5%' set by the National People's Congress (hereinafter referred to as the "NPC") in March 2014 (see Fig. 1). The new urban jobs, a key indicator for the Chinese government to grasp the employment situation, also swelled beyond the target of 10 million to hit 13.22 million. In addition, the government also managed to ensure price stability, with consumer price inflation rate up 2.0% on the previous year, a figure below the target figure of +3.5% y-o-y.

On the other hand, the total import and export amount fell below the government's target, as did the M2 data. In a press conference, however, Ma Jiantang, Commissioner of China's National Bureau of Statistics (hereinafter referred to as the "NBS"), showed that the Chinese economy was moving within rational bounds as the government had achieved its growth target and ensured employment and price stability. It is likely that even underperforming economic indicators were regarded by the government as falling within the bounds of tolerable deceleration.

The 2014 growth rate target was achieved on the back of fiscal and monetary policy

However, as the Chinese government also recognizes, the 2014 growth rate target was achieved on the back of fiscal and monetary policy. Fiscal policy saw the economy boosted by infrastructure-related investment, with the government prioritizing railway construction in China's central and western regions, for example. As for monetary policy, the government implemented 'targeted and selective easing' aimed at (i) small and micro enterprises and (ii) the agriculture, farmers, and rural areas. It also cut interest rates in November for the first time in about 28 months.

The 2015 growth rate target is likely to be lowered to 'about +7.0%'

Then, what does 2015 hold for macroeconomic policy? The Chinese government is prepared to tolerate economic deceleration in order to promote capital stock adjustment, and the NPC will probably lower the growth rate target when it meets in March. At the end of 2014, the Central Economic Work Conference also indicated that it was focusing more on the quality than the speed of growth. However, a substantial downgrading of the growth target would have a negative impact on employment, and thus the NPC is expected to lower the target slightly to 'about +7.0%', a figure that would ensure the creation of ample employment opportunities.

Fiscal and monetary policy will need to be mobilized in 2015 too

Even if the growth rate target is lowered, investment will be weak to recover by itself, and export and consumption growth cannot be expected to compensate for this investment slowdown. Thus, the government will need to mobilize fiscal and monetary policy to some degree to ensure the target is achieved, just like it did in 2014.

The Chinese government has announced that it will continue to implement "proactive fiscal policy and prudent monetary policy" in 2015, but in reality it will probably ratchet up its policy support. With regards to monetary policy, the People's Bank of China (hereinafter referred to as the "PBOC") stated in a work conference that it would continue with its prudent monetary policies with better coordination of tight and loose monetary measures, which implies it would

not pursue easing alone. In mentioned tightening, however, it is likely the PBOC was just showing it was prepared to nip any bubbles or other risks in the bud. In reality, monetary policy is likely to be more inclined in an easing direction. With the Chinese economy is facing strong headwinds, a priority task for the authorities this year will probably be to drive fund-raising costs even lower. Amid strong pressure for capital stock adjustment, however, monetary policy cannot be expected to stimulate investment, and thus fiscal policy is likely to play a more supportive role in this respect. Indeed, the National Financial Work Conference has pledged to continue to implement proactive fiscal policies while increasing the intensity appropriately.

(Yoshino Tamai)

Fig. 1: Government Targets and Actual Results for 2013 and 2014

Indicator	2014		2013	
	Target	Actual Result	Target	Actual Result
Real GDP growth rate (y-o-y)	About 7.5%	7.4%	About 7.5%	7.7%
Consumer price inflation rate (y-o-y)	About 3.5%	2.0%	About 3.5%	2.6%
Total import and export amount (y-o-y)	About 7.5%	3.4%	About 8%	7.6%
M2 growth rate (y-o-y)	About 13%	12.2%	About 13%	13.6%
New urban jobs	10 million or more	13.22 million	9 million or more	13.10 million

Source: Prepared by Mizuho Research Institute based on the websites of the National Bureau of Statistics and the Chinese government

2. Economic conditions: The real GDP growth rate moved flatly on the previous quarter in October–December

Real GDP growth rate for October–December 2014 was unchanged at +7.3% y-o-y

China's real GDP growth rate for October–December 2014 was unchanged from the previous quarter (July–September) at +7.3% y-o-y (see Fig. 2).

The real growth rate of investments in fixed assets accelerated to +14.8% y-o-y in the fourth quarter (July–September: +13.9% y-o-y; Mizuho Research Institute estimates). Real-estate development investment continued to slow, but the data was bolstered by investment in infrastructure related to roads, water conservancy, and the environment. The real growth of total retail sales of consumer goods (an indicator that outlines consumption trends) rose slightly to +11.2% y-o-y (July–September: +10.6% y-o-y). Consumption was boosted by brisk sales of new smartphones and a real rise in incomes as a result of falling inflationary pressures.

On the other hand, export growth (nominal, dollar-denominated) weakened to +8.5% y-o-y in the fourth quarter (July–September: +12.9% y-o-y). The main reason for this was the weak European economy, with exports to the EU stalling. Sliding crude oil prices saw import growth (nominal, dollar-denominated) dropping into negative territories, down 1.6% on the previous year (July–September: +1.2%). As a result, China's trade surplus swelled to \$149.5 billion, up from July–September's figure of \$128.1 billion.

At +7.4% y-o-y, China's real GDP growth rate for 2014 was down on 2013's figure of +7.7% y-o-y. Nonetheless, the Chinese government struck an upbeat tone and said this meant it had achieved its 2014 growth rate target of 'about 7.5%' (see Noteworthy point).

December's major indicators show industrial production and consumption growth accelerating, with industrial production growth up slightly in December

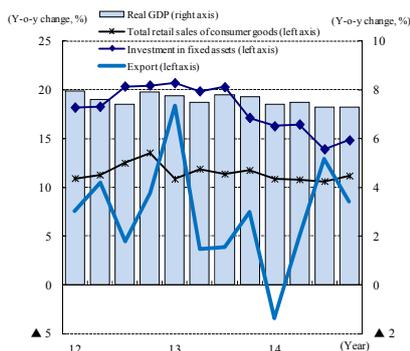
The Manufacturing PMI fell for the third successive month

A glance of December's major indicators shows industrial production and consumption growth accelerating from November. Investment growth moved flatly on the whole. Exports were more brisk than in November, though they still lacked momentum.

At +7.9% y-o-y, industrial production growth was up slightly on the November figure of +7.2% y-o-y (see Fig. 3). A glance by industry shows growth speeding up markedly in sectors such as non-automobile transportation equipment (such as railways, shipping and aircraft) and iron & steel.

The government's Manufacturing PMI slid for the third successive month in December to hit 50.1 (November: 50.3), with the figure only just topping 50, the key line dividing economic contraction from expansion (see Fig. 4). A glance at the details shows new orders and production index both falling, with new export orders also continuing to trend below 50. HSBC's Flash Manufacturing PMI for December was up slightly to 49.8 (November: 49.6), though it remained below 50.

Fig. 2: Major Economic Indicators

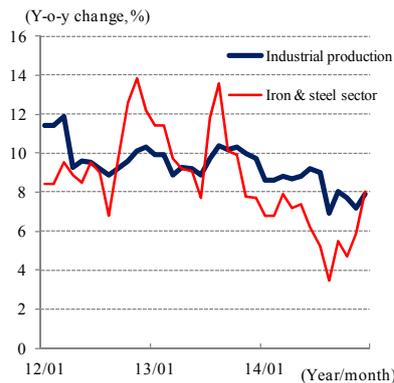


Note: The total retail sales of consumer goods data has been indexed using the retail price index; the investment in fixed assets data has been indexed using the fixed asset price index. The export data is nominal, dollar-denominated and calculated on a customs clearance basis. All figures are Mizuho Research Institute estimates apart from the real GDP growth rate.

Source: National Bureau of Statistics, General Administration of Customs, CEIC

* ▲ indicates minus (-).

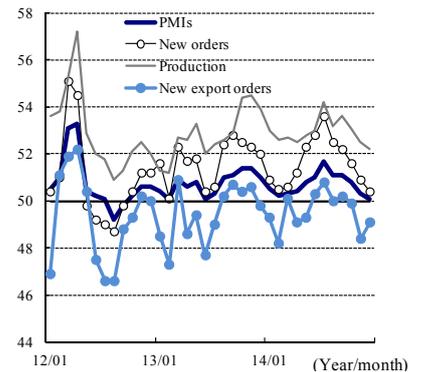
Fig. 3: Industrial Production



Note: The figures for January and February show the aggregate results for the same period.

Source: National Bureau of Statistics, CEIC

Fig. 4: Manufacturing PMIs



Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.

Note 2: From 2013, the number of companies sampled increased from 830 to 3,000.

Source: National Bureau of Statistics, CEIC

Export growth accelerated

At +9.5% y-o-y, December's export growth (nominal, dollar-denominated) was up on November's figure of +4.7% y-o-y (see Fig. 5). A glance at countries and regions shows exports increasing to the NIEs, ASEAN (excluding Singapore) and the U.S. in particular. On the other hand, export growth to Japan remained in negative territories, while growth to the BRICS continued to slow. A breakdown by items shows exports of electronic equipment and parts (such as mobile phones and integrated circuits) increasing.

Import growth remained in negative territories, though less so than the previous month

At -2.3% y-o-y, import growth (nominal, dollar-denominated) remained in negative territories in December, though less so than in November (-6.7% y-o-y) (see Fig. 5). A glance at countries and regions shows imports increasing from the EU, the NIEs and the U.S. A breakdown by items shows faster growth in imports of automobiles as well as electronic equipment and parts (integrated circuits). On the other hand, with crude oil prices sliding across the world, growth in imports of crude oil and petroleum products fell sharply into negative territories.

The trade surplus was down on November

December's trade surplus stood at \$49.6 billion. Though the surplus was down on November (\$54.5 billion), it remained high.

Investment growth was essentially unchanged from the previous month

In December, nominal investment growth (investment in fixed assets) was up 14.8% on the previous year. This was slightly down on November (+14.9% y-o-y), but figure was essentially unchanged (see Fig. 6). However, once the impact of the price change was removed from the equation, the real growth rate actually accelerated for the second successive month. Real-estate development investment continued to trend downwards, though investment in infrastructure (roads, etc.) and some machinery sectors (telecommunications and electronic equipment, etc.) accelerated.

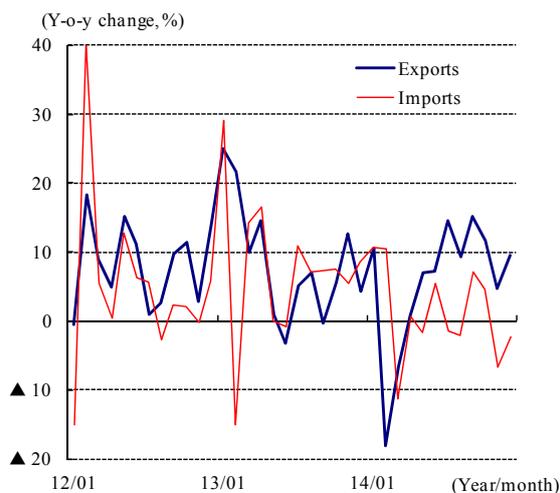
Nominal and real consumption growth were both up on the previous month

In December, nominal consumption growth (total retail sales of consumer goods) was up 11.9% on the previous year, a slight improvement on November's +11.7% y-o-y (see Fig. 7). Once the impact of inflation was removed from the equation, the real growth rate stood at +11.5% y-o-y, which was again a slight improvement on November's +11.2% y-o-y. A glance at consumption trends by product, based on the total sales of retailers with sales of RMB 5 million or more, shows sales of telecommunications equipment growing strongly, with growth topping +50% y-o-y for the second successive month on the back of brisk smartphone sales, while automobile sales also showed signs of recovery.

Employment environment remains healthy

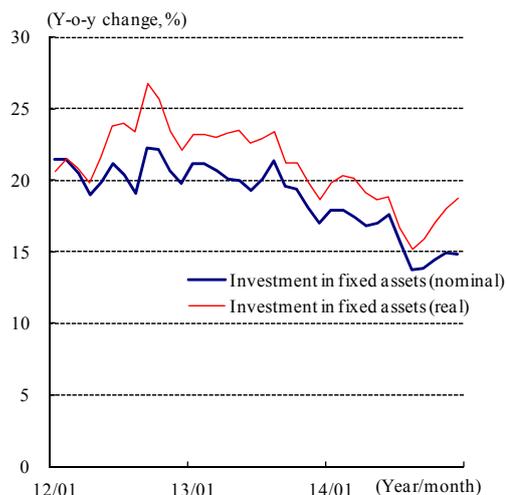
The jobs-to-applicants ratio stood at 1.15 in October–December. Not only was this an improvement on July–September (1.09), it was also the best level since record keeping began (see Fig.8). In 2014, the new urban jobs, reached 13.22 million. This topped the government's annual target of 10 million, with the employment environment remaining healthy.

Fig. 5: Imports and Exports



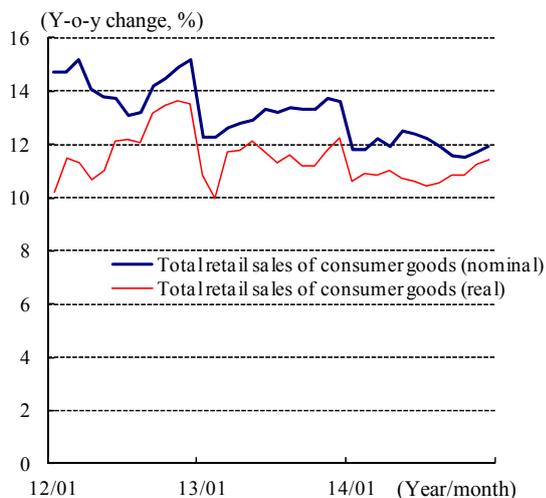
Note: Nominal, dollar-denominated
 Source: General Administration of Customs, CEIC
 * ▲ indicates minus (-).

Fig. 6: Investment in Fixed Assets



Note: The standalone monthly figures were calculated based on the cumulative investment amount since the start of the year and cumulative y-o-y change since the start of the year. The real value has been indexed using the producer price index for the industrial sector.
 Source: National Bureau of Statistics, CEIC

Fig. 7: Total Retail Sales of Consumer Goods



Note: The total retail sales of consumer goods data has been indexed using the retail price index. The figures for January and February were aggregated and compared to the same period last year.
 Source: National Bureau of Statistics, CEIC

Fig. 8: Jobs-to-applicants Ratio



Source: Ministry of Human Resources and Social Security, CEIC

3. Inflation: The CPI moved at low levels, while the PPI fell further into negative territories

The CPI growth rate moved at low levels

In December, the consumer price index (CPI) was up 1.5% on the previous year, slightly higher than November's figure of +1.4% y-o-y. It moved flatly on the whole, however, with inflation remaining at low levels (see Fig. 9). Food price growth was up sharply on the previous year as the cost of vegetables increased due to weather-related factors. However, non-food price growth slowed, with fuel costs pushed down by sliding crude oil prices.

The PPI growth rate fell further into negative territories for the fifth successive month

In December, the producer price index (PPI) was down 3.3% on the previous year (November: -2.7% y-o-y), with the index falling further into negative territories for the fifth successive month. As with the previous month, prices in the petroleum/natural gas extraction sector and the petroleum/coal processing sector fell further as crude oil prices fell across the world.

The negative growth in housing prices decreased on a monthly basis for the fourth successive month

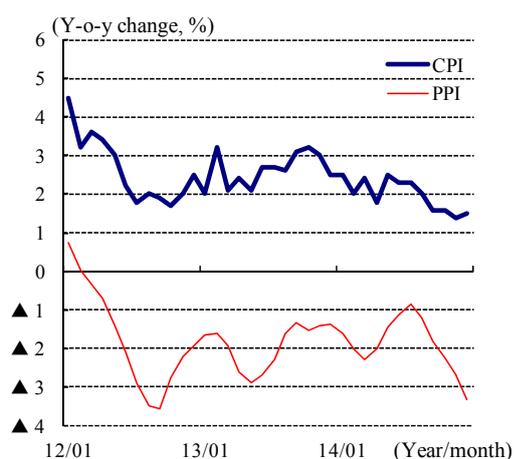
In December, year-on-year growth in housing prices fell further into negative territories, with the new-homes price index (the average of 70 major Chinese cities) down 4.3% on the previous year (estimate; November: -3.6% y-o-y) (see Fig. 10). On a monthly basis, however, the size of the negative gap decreased for the fourth consecutive month, with the index standing at -0.4% on the previous month (estimate; November: -0.6% m-o-m).

The scale of negative growth in real estate sales decreased significantly

In December, real estate sales in terms of floor space fell 4.1% on the previous year, with the scale of negative growth decreasing from November's figure of -11.1% y-o-y. Sales appear to have been boosted by several factors, including: the September and October announcements about an easing of housing-related credit conditions; the interest rate cuts implemented in late November; and sales promotions by developers seeking to sell off housing stock.

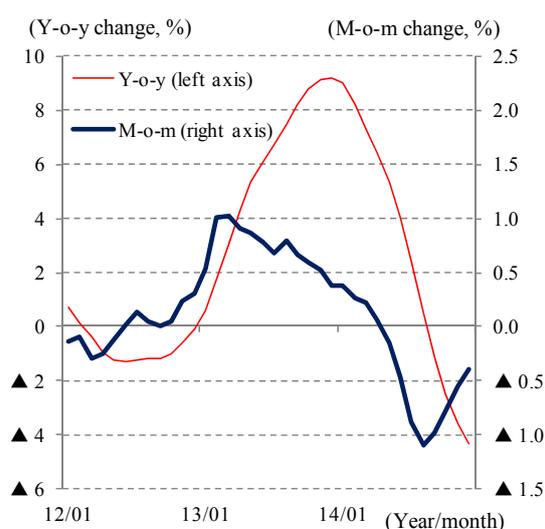
(Yoshino Tamai)

Fig. 9: CPI and PPI



Source: National Bureau of Statistics, CEIC
 * ▲ indicates minus (-).

Fig. 10: The New-Homes Price Index



Note: The average price indices of new homes in 70 major Chinese cities
 Source: National Bureau of Statistics, CEIC
 * ▲ indicates minus (-).

4. Monetary policy: In addition to open market operations, the PBOC also supplied funds via the MLF

Outstanding deposits and the money supply both grew at a slower pace

In December, RMB outstanding deposits grew by 9.1% on the previous year. This was down on November's figure of +9.6% y-o-y. At +12.2% y-o-y, money supply (M2) growth also fell slightly on November (+12.3% y-o-y) (see Fig. 11).

Growth in outstanding bank loans increased slightly

In December, outstanding RMB loans grew by 13.6% on the previous year. This was a slight increase on November (+13.4% y-o-y). New RMB loans totaled RMB 697.3 billion, a decrease on November's figure of RMB 852.7 (see Fig. 11). However, total social financing, which includes funds procured from non-bank sources, hit RMB 1.6945 trillion, an increase on November's figure of RMB 1.1459 trillion. Entrusted loans and trust loans increased.

In addition to open market operations, the PBOC also expanded its lending facility and implemented an MLF

In December, the PBOC injected a net RMB 5 billion into the money markets as part of its open market operations to control liquidity (see Fig. 12). It refrained from any open market operations from the third week of December to the fourth week of January (up until January 20), but on January 22 it injected RMB 50 billion into the markets through reverse repos.

On January 16, the PBOC announced that it was expanding its relending facility by RMB 50 billion. RMB 20 billion would be earmarked for the agriculture, farmers, and rural areas, with the other RMB 30 billion aimed at small and micro enterprises. It appears that the PBOC is trying to cut fund-raising costs in these sectors.

On January 21, the PBOC also announced that it had used the Medium-term Lending Facility (MLF) to supply funds to joint-stock commercial banks, city commercial banks, and rural commercial banks. As well as rolling over RMB 269.5 billion in three-month loans extended via the MLF in October last year, the PBOC also added an extra RMB 50 billion to loan pile. The move was seemingly aimed at meeting funding demand in advance of the Chinese New Year holidays over February 18–24.

The RMB has weakened against the dollar

The RMB fell at a faster pace against the dollar towards late December following the November decision to cut interest rates (see Fig. 13). Though the RMB then strengthened for a time when the State Administration for Foreign Exchange announced that it was easing restrictions on foreign currency positions held by banks, it is now moving bearishly on the whole.

Stocks fell sharply for a time, but they are now moving at highs

The Shanghai Stock Exchange Composite Index continued to trend upwards from December onwards. It hit 3,377 on January 16, its highest mark in five years and five months (see Fig. 13). This buoyancy was prompted by growing expectations that the government would introduce some economic stimulus in the wake of the bearish results of several major economic indicators in November and a decline in inflationary pressures.

After close of trading on January 16, however, the China Securities Regulatory Commission announced that it had temporarily banned major securities firms from opening new accounts for margin trading. As a result of this announcement, the next business day (January 19) saw stocks falling by 7.7% from the previous trading day. They have since bounced back on news that the PBOC had injected funds into the money markets via the MLF.

(Ayana Nakazawa)

Fig. 11: Financial Indicators

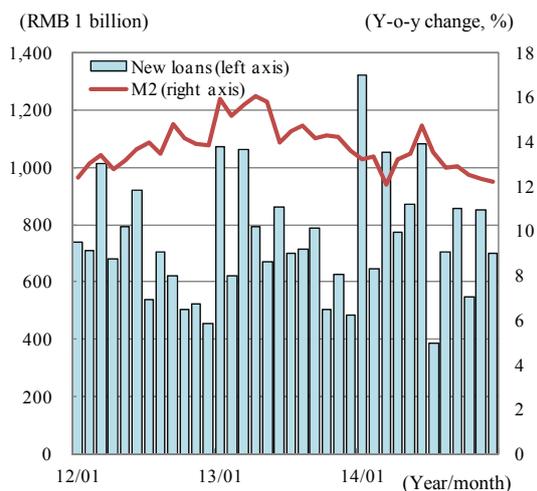
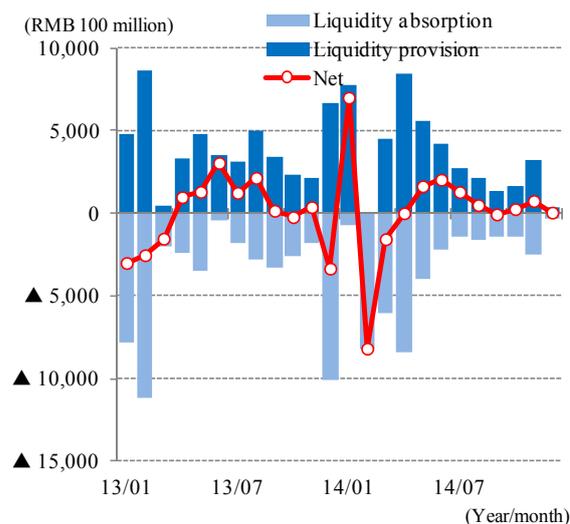


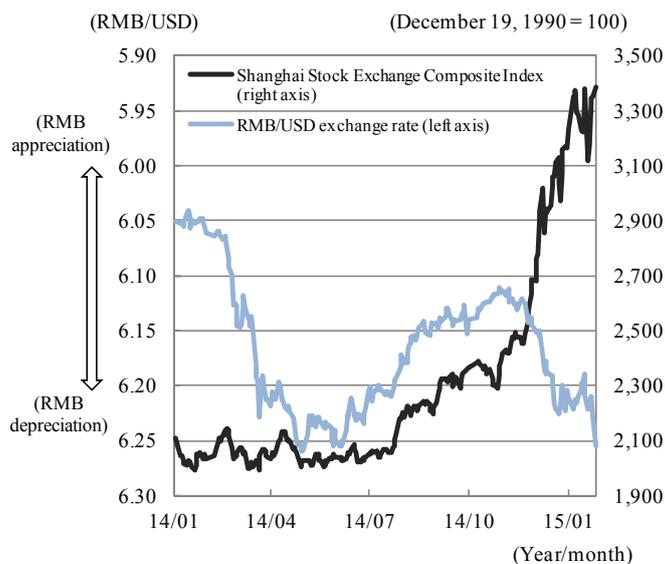
Fig. 12: Open Market Operations



Source: People's Bank of China, CEIC

Note: Weekly data
Source: Bloomberg
* ▲ indicates minus (-).

Fig. 13: Exchange Rates/Stocks



Note: Daily data; The most recent day: November 26
Source: Bloomberg

Appendix: China's Economic Statistics 1

Headings		Unit	2011	2012	2013	2014	14/1Q	14/2Q	14/3Q	14/4Q	July	August	September	October	November	December
GDP	Real GDP	Y-o-y change (%)	9.3	7.7	7.7	7.4	7.4	7.5	7.3	7.3						
	Nominal GDP	Year-to-date (total), RMB 1 trillion	47.31	51.95	58.80	63.65	12.82	26.90	41.99	63.65						
Business Sentiment	PMI	End-of-period figure, points					50.3	51.0	50.1	50.1	51.7	51.1	51.1	50.8	50.3	50.1
	New Orders	Points					50.6	52.8	52.2	50.4	53.6	52.5	52.2	51.6	50.9	50.4
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	13.9	10.0	9.7	8.3	8.7	8.9	8.0	7.6	9.0	6.9	8.0	7.7	7.2	7.9
	Light Industry	Y-o-y change (%)	14.7	10.6	9.7	8.3	8.6	8.8	8.0	7.9	9.2	7.0	7.7	8.7	6.5	8.5
	Materials	Y-o-y change (%)	13.2	11.2	11.1	9.1	9.6	9.7	8.6	8.8	9.5	7.9	8.4	8.0	9.1	9.5
	Machinery	Y-o-y change (%)	16.2	9.6	10.5	10.4	10.8	11.1	10.6	9.3	11.6	9.8	10.5	9.4	9.2	9.2
	Electric Power Generation	Y-o-y change (%)	12.0	5.4	5.3	4.3	11.1	5.3	1.8	1.3	3.3	-2.2	4.1	1.9	0.6	1.3
	Industrial Goods Inventories	Y-o-y change (%)					10.4	12.4	15.1		14.6	15.6	15.1	14.4	13.6	
	Light Industry	Y-o-y change (%)					14.1	16.4	19.0		21.3	18.7	16.9	16.3	15.3	
	Materials	Y-o-y change (%)					8.7	8.1	11.5		10.5	12.2	11.9	9.8	8.9	
	Machinery	Y-o-y change (%)					11.3	15.2	19.4		19.4	20.5	18.4	18.5	17.7	
	Passenger Transportation Volume	Y-o-y change (%), passenger-kilometer	11.1	8.2	7.9		-17.6	-17.6	-13.4		-11.0	-12.1	-17.2	-20.3	-22.5	
Freight Transportation Volume	Y-o-y change (%), ton-kilometer	15.7	8.9	7.7		-1.8	5.7	-5.8		-14.5	0.7	-2.5	-2.0	-3.2		
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	30.19	36.48	43.65	50.20	6.83	21.28	35.78	50.20	25.95	30.58	35.78	40.62	45.11	50.20
		Year-to-date y-o-y change (%)	23.8	20.6	19.6	15.7	17.6	17.3	16.1	15.7	17.0	16.5	16.1	15.9	15.8	15.7
	Real Estate	Year-to-date y-o-y change (%)	30.0	11.6	16.7	7.9	15.0	12.1	9.8	7.9	11.7	10.8	9.8	9.5	11.9	7.9
	Primary Industry	Year-to-date y-o-y change (%)	25.0	32.2	32.5	33.9	25.8	24.1	27.7	33.9	25.1	26.3	27.7	28.9	29.9	33.9
	Secondary Industry	Year-to-date y-o-y change (%)	27.3	20.2	17.4	13.2	14.7	14.3	13.7	13.2	13.9	13.7	13.7	13.4	13.3	13.2
	Manufacturing	Year-to-date y-o-y change (%)	31.8	22.0	18.5	13.5	15.2	14.8	13.8	13.5	14.6	14.1	13.8	13.5	13.5	13.5
	Tertiary Industry	Year-to-date y-o-y change (%)	21.1	20.6	21.0	16.8	19.6	19.5	17.4	16.8	19.2	18.2	17.4	17.4	17.1	16.8
Actual Direct Investment	Year-to-date (total), USD 100 million	1,240	1,211	1,176	1,196	315	633	874	1,196	711	783	874	959	1,062	1,196	
	Year-to-date y-o-y change (%)	8.1	-2.3	-2.9	1.7	5.5	2.2	-1.4	1.7	-0.4	-1.8	-1.4	-1.2	0.7	1.7	
Trade	Exports	USD 100 million	18,993	20,501	22,107	23,432	4,913	5,708	6,350	6,460	2,129	2,085	2,137	2,069	2,117	2,275
		Y-o-y change (%)	20.3	7.9	7.8	6.0	-3.5	4.9	12.9	8.5	14.5	9.4	15.1	11.6	4.7	9.5
	To the U.S.	Y-o-y change (%)	14.5	8.5	4.7	7.5	1.3	8.5	11.5	7.7	12.3	11.4	10.8	10.9	2.6	9.9
	To the EU	Y-o-y change (%)	14.4	-6.2	1.2	9.7	6.0	13.7	14.8	4.3	17.0	12.5	14.9	4.1	4.1	4.9
	To Japan	Y-o-y change (%)	22.5	2.3	-0.9	-0.5	6.7	1.5	-2.0	-7.0	2.9	-3.1	-5.3	-8.1	-5.8	-7.2
	To NIES, ASEAN	Y-o-y change (%)	22.2	17.3	16.6	2.8	-15.2	-1.9	14.6	13.5	16.9	3.8	23.9	20.7	6.9	13.9
	Imports	USD 100 million	17,414	18,173	19,493	19,631	4,748	4,849	5,069	4,965	1,656	1,586	1,827	1,615	1,572	1,779
		Y-o-y change (%)	24.9	4.4	7.3	0.7	2.0	1.3	1.2	-1.6	-1.5	-2.1	7.2	4.6	-6.7	-2.3
	To the U.S.	Y-o-y change (%)	19.7	8.8	14.8	4.3	8.8	1.0	5.0	2.4	5.9	-3.1	12.5	2.2	1.8	3.0
	To the EU	Y-o-y change (%)	25.4	0.6	3.5	11.1	16.1	16.2	7.0	6.2	7.6	4.5	9.1	10.4	-6.8	15.4
To Japan	Y-o-y change (%)	10.1	-8.6	-8.7	0.5	4.1	1.3	-0.2	-2.6	0.1	-5.3	4.5	0.3	-8.0	-0.1	
To NIES, ASEAN	Y-o-y change (%)	17.8	3.8	7.9	1.6	-4.2	-0.2	6.6	4.0	-0.7	-1.4	21.1	14.3	-3.4	2.1	
Trade Balance	USD 100 million	1,579	2,328	2,614	3,801	166	859	1,281	1,495	473	498	310	454	545	496	

Note 1: Value-added Industrial Production is calculated for industrial enterprises above a designated size. In 2011, this size was adjusted to “industrial enterprises with annual revenue of RMB 20 million or more” (it was previously “industrial enterprises with annual revenue of RMB 5 million or more). The National Bureau of Statistics explains that the post-change figures and trends remain essentially the same.

Note 2: From the January-February 2015 edition of Mizuho Economic Commentary onwards, all annual figures for Value-added Industrial Production show the year-to-date y-o-y change (up until the November 2014 edition, the figures for Light Industry, Materials and Machinery were calculated as a simple average of the quarterly figures).

Note 3: The 1Q Value-added Industrial Production figure shows the year-to-date y-o-y change for the period January–March.

Note 4: The figures for Inventories show publicly-released y-o-y statistics.

Note 5: Statistics for Investment in Fixed Assets were only collected for urban areas up until 2010. Investment by enterprises or collectives in rural areas has also been included since 2011.

Note 6: The Value-added Industrial Production figures and the Investment in Fixed Assets figures for January and February show the aggregate results for the period January–February.

Note 7: The Inventory figures for January and February show the aggregate result for the period January–February.

Note 8: All figures are nominal unless denoted as “real.”

Appendix: China's Economic Statistics 2

Headings		Unit	2011	2012	2013	2014	14/1Q	14/2Q	14/3Q	14/4Q	July	August	September	October	November	December
Consumption	Consumer Confidence Index	End-of-period figure, points					107.9	104.7	105.4	105.8	104.4	103.8	105.4	103.4	105.5	105.8
	Consumer Expectations Index	End-of-period figure, points					112.3	108.9	108.4	109.1	108.0	107.0	108.4	107.2	109.0	109.1
	Total Retail Sales of Consumer Goods	RMB 1 trillion	18.39	21.03	23.78	26.24	6.21	6.21	6.50	7.32	2.08	2.11	2.30	2.40	2.35	2.58
		Y-o-y change (%)	17.1	14.3	13.1	12.0	12.0	12.3	11.9	11.7	12.2	11.9	11.6	11.5	11.7	11.9
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	22.9	14.6	11.6	9.3	9.7	10.1	9.8	9.2	10.3	9.8	9.2	8.7	9.2	9.7
	Automobile Sales	10,000 automobiles	1853.3	1930.3	2199.3	2348.9	592.2	576.1	531.7	648.8	161.8	171.6	198.4	198.7	209.1	241.0
		Y-o-y change (%)	2.6	5.5	14.2	7.0	10.1	7.5	4.4	6.0	6.7	4.0	2.5	2.8	2.3	12.9
	Average Wages	Y-o-y change (%)	14.4	11.9	10.1		10.3	10.0	10.1		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jobs-to-applicants Ratio	End-of-period figure, ratio	1.04	1.08	1.10	1.15	1.11	1.11	1.09	1.15	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Prices	Consumer Price Index	Y-o-y change (%)	5.4	2.6	2.6	2.0	2.3	2.2	2.0	1.5	2.3	2.0	1.6	1.6	1.4	1.5
	Core CPI (excluding foods and energy)	Y-o-y change (%)	2.2	1.5	1.7	1.6	1.8	1.7	1.6	1.3	1.7	1.6	1.5	1.4	1.3	1.3
	Foods	Y-o-y change (%)	11.8	4.9	4.7	3.1	3.5	3.4	3.0	2.6	3.6	3.0	2.3	2.5	2.3	2.9
	Producer Price Index	Y-o-y change (%)	6.1	-1.7	-1.9	-1.9	-2.0	-1.5	-1.3	-2.8	-0.9	-1.2	-1.8	-2.2	-2.7	-3.3
	Producer Goods	Y-o-y change (%)	6.6	-2.5	-2.6	-2.5	-2.5	-2.0	-1.8	-3.6	-1.2	-1.7	-2.4	-3.0	-3.5	-4.3
	Consumer Goods	Y-o-y change (%)	4.2	0.8	0.2	0.0	-0.3	0.1	0.2	-0.1	0.3	0.2	0.1	0.0	-0.1	-0.2
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	4.2	-0.7	5.9	2.6	8.2	5.3	0.6	-3.5	2.4	0.5	-1.1	-2.5	-3.6	-4.3
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	85.16	97.41	110.65	122.84	116.07	120.96	120.21	122.84	119.42	119.75	120.21	119.92	120.86	122.84
		End-of-period figure, y-o-y change (%)	13.6	13.8	13.6	12.2	12.1	14.7	12.9	12.2	13.5	12.8	12.9	12.6	12.3	12.2
	Outstanding Loans	End-of-period figure, RMB 1 trillion	54.79	62.99	71.90	81.68	74.91	77.63	79.58	81.68	78.02	78.72	79.58	80.13	80.98	81.68
		End-of-period figure, Y-o-y change (%)	15.8	15.0	14.1	13.6	13.9	14.0	13.2	13.6	13.4	13.3	13.2	13.2	13.4	13.6
	Net Increase	Mid-period increase, RMB 10 billion	688	820	891	978	301	272	194	210	39	70	86	55	85	70
	Deposits	End-of-period figure, RMB 1 trillion	80.94	91.76	104.38	113.86	109.10	113.61	112.66	113.86	111.62	111.73	112.66	112.47	113.14	113.86
		End-of-period figure, y-o-y change (%)	13.5	13.3	13.8	9.1	11.4	12.6	9.3	9.1	10.9	10.1	9.3	9.5	9.6	9.1
	Required reserve ratio (Large Enterprises)	End-of-period figure, %	21.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
	1-year Benchmark Lending Rate	End-of-period figure, %	6.56	6.00	6.00	5.60	6.00	6.00	6.00	5.60	6.00	6.00	6.00	6.00	5.60	5.60
	Overnight Repo Rate	End-of-period figure, %	5.05	3.86	3.18	3.59	2.82	2.95	2.72	3.59	3.29	3.00	2.72	2.65	2.68	3.59
Foreign Currency Reserves	End-of-period figure, USD 100 million	31,811	33,116	38,213	38,430	39,481	39,932	38,877	38,430	39,663	39,688	38,877	38,529	38,474	38,430	
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.29	6.23	6.05	6.20	6.22	6.20	6.14	6.20	6.17	6.14	6.14	6.11	6.14	6.20
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	12.23	13.91	17.39	19.32	16.57	16.33	17.87	19.32	16.64	16.93	17.87	18.34	19.32	19.32
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	2,199	2,269	2,116	3,235	2,033	2,048	2,364	3,235	2,202	2,217	2,364	2,420	2,683	3,235
	PER	End-of-period figure, ratio	13.4	12.3	11.0	16.0	10.7	9.8	11.5	16.0	10.6	10.7	11.5	11.8	13.1	16.0
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	2,148	2,304	2,391	3,725	2,366	2,441	2,935	3,725	2,620	2,687	2,935	3,005	3,278	3,725
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	4,217	3,147	4,687	7,439	1,222	950	1,910	3,357	534	609	767	652	891	1,814
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	25.0	12.9	10.2		9.3	8.8	8.1		8.5	8.3	8.1	8.2	8.3	
	Fiscal Expenditure	Year-to-date y-o-y change (%)	21.6	15.3	11.3		12.6	15.8	13.2		15.0	13.9	13.2	11.3	10.1	

Note 1: The government releases both the real data and the y-o-y figures for Total Retail Sales of Consumer Goods, Sales at Retailers Above a Designated Size, and Automobile Sales. However, the y-o-y figures calculated from the real data sometimes diverge from the publicly-released y-o-y figures. This appendix uses the publicly-released y-o-y figures.

Note 2: With regards to the Total Retail Sales of Consumer Goods and Sales at Retailers Above a Certain Size, the (1) annual real data and (2) annual y-o-y figures show the (1) year-to-date sales and (2) year-to-date y-o-y change, respectively (up until the November 2014 edition, the data was calculated based on an aggregation of the standalone monthly figures).

Note 3: The Total Retail Sales of Consumer Goods figures and the Sales at Retailers Above a Designated Size figures for January and February show the aggregate results for the period January–February.

Note 4: The quarterly CPI and PPI figures are calculated as a simple average of the monthly figures.

Note 5: Since October 2011, the Money Supply (M2) data includes deposits of housing provident fund centers and non-depository financial institutions' deposits with depository financial institutions (the margin accounts of securities companies, for example). Following this change, the y-o-y figures calculated from the real data and the publicly-released y-o-y figures have diverged from October 2011 onwards. This appendix uses the publicly-released y-o-y figures.

Note 6: The outstanding loan growth rate is a y-o-y figure released by the PBOC. However, the y-o-y figures calculated from the real data and the publicly-released y-o-y figures have diverged from November 2008 to November 2009 and from January 2011 onwards.

Note 7: The deposit growth rate is a y-o-y figure released by the PBOC. However, the y-o-y figures calculated from the real data and the publicly-released y-o-y figures have diverged from 2011 onwards.

Note 8: PER shows the prior period's actual PER (stock price divided by net income in the last fiscal year). The standards are revised each May.

Source: National Bureau of Statistics, etc., CEIC