
Mizuho Economic Commentary - China

April 2015

◆ Topic

What do recent statements by Premier Li Keqiang reveal about the economic outlook?

Since April, Premier Li Keqiang has held a series of meetings to discuss the economy. While admitting the economy was facing more downward pressure, the Premier stressed the importance of a stronger policy response and reform.

◆ Economic trends

The real GDP growth rate slowed in January–March. Both domestic and external demands have weakened.

Investment moved sluggishly in manufacturing sectors struggling with overcapacity. Consumption also slowed slightly when it came to housing-related goods, etc. Exports lack momentum even when seasonal factors are removed from the equation.

1. Topic: What do recent statements by Premier Li Keqiang reveal about the economic outlook?

With concerns rising about the direction of the Chinese economy, Premier Li Keqiang has held several meetings since April

At +7.0% y-o-y, China's real GDP growth rate for January–March was down on the previous quarter (see Fig. 1). This was the lowest growth since January–March 2009. As such, it prompted rising concerns, both within China and overseas, about the direction of the Chinese economy. As if to answer these concerns, Premier Li Keqiang has held a series of meetings to discuss the economy since April and has made several statements about the economic outlook and future policy responses (see Fig. 2).

The Premier has expressed concerns about the economies of the Northeast provinces, which depend heavily on the heavy industry

On April 10, a symposium on the economic work of three Northeast provinces (Jilin, Liaoning and Heilongjiang) was held in Changchun, Jilin. At the meeting, Premier Li Keqiang said that the Northeast region's dependence on the raw material and heavy chemical industries made it vulnerable to the volatile international market or sluggish domestic demand. With the region also affected by the slowness in systemic and institutional reforms, the Premier said, its economy was facing increasing downward pressure. The Premier made it clear that he was particularly concerned about the economies of the Northeast region, which depend heavily on the petroleum processing industry (which has been hit by the falling price of petroleum products since the latter half of 2014) and the iron & steel and chemicals industries (which are struggling with overcapacity). He called for the promotion of steady growth in the area through infrastructure projects, the revamping of shantytowns, and the overseas expansion of the equipment manufacturing industry, etc.

The Premier also sounded a warning about rising downward pressure at a symposium on the current economic situation. At the same time, he stressed the importance of a stronger policy response and reform

Furthermore, on April 14, a day before the real GDP growth rate for January–March was released, the Premier presided over a symposium on the current economic situation, attended by a select audience of economists and the leaders of several major companies. Here, after admitting that downward pressure on the economy was rising, the Premier hinted at a stronger policy response with statements that the government should make use of multiple policy tools to maintain steady growth, promote employment and raise efficiency.

He also emphasized that the government should push forward with a series of administrative, fiscal, tax and financial reforms in order to realize steady

growth. At the State Council executive meeting on April 15, meanwhile, the Premier revealed that the “Opinions on Key Tasks for Deepening Economic Structural Reform in 2015” had already passed through the deliberation process and would soon be released following some amendments. With the accompanying statement also stressing the need to “focus on the current problems of the economic slowdown, and take reform measures to stimulate market vitality,” it seems that the State Council is thinking seriously about utilizing private-sector funds, promoting innovation and introducing other reforms to boost economic growth.

At a meeting with financial institutions, held two days before the required reserve ratio was reduced, Premier Li Keqiang referred to the need for monetary easing that benefitted the real economy

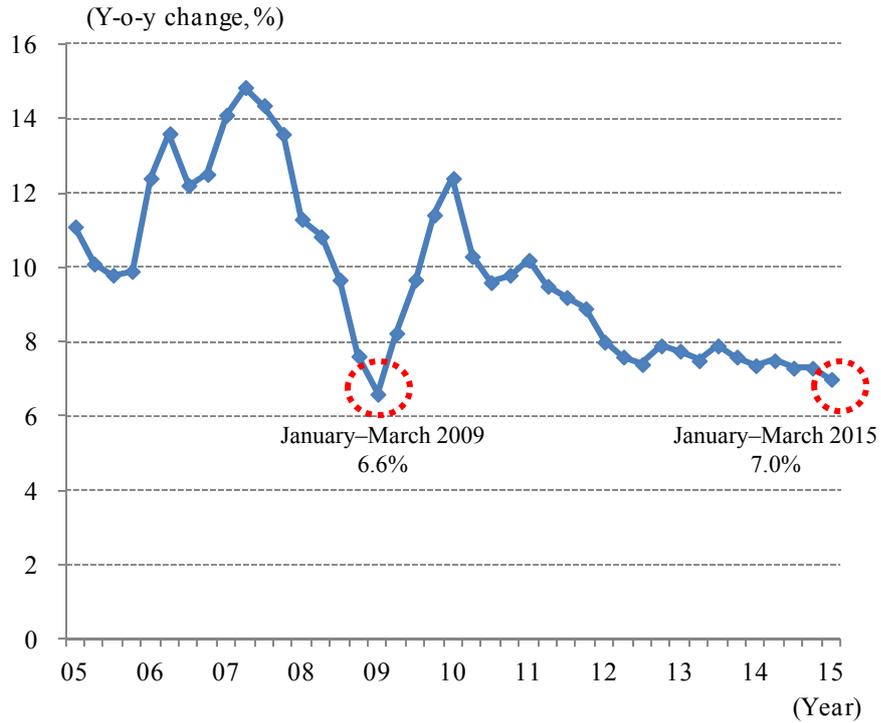
On April 19, the PBOC announced that it was reducing the required reserve ratio (for details, see ‘4. Monetary policy’). Two days earlier, on April 17, Premier Li Keqiang had visited the China Development Bank and the Industrial and Commercial Bank of China, before discussing financial policy with top executives from the China Banking Regulatory Commission (CBRC) and the Agricultural Bank of China, amongst others. The Premier emphasized the importance of providing funding support for infrastructure projects and solving the financing problems for small and micro enterprises and the agricultural sectors, etc. As such, it seemed that the meeting was an opportunity for the Premier to make all participants fully aware of the government’s policy of guiding more capital into the real economy, rather than pursuing monetary easing in a haphazard manner.

From here on, it will be necessary to watch out for events that could narrow the range of policy responses

Based on statements uttered at these meetings, it seems that Premier Li Keqiang and the Chinese leadership are ramping up efforts to deal with the economic slowdown while taking care not to invite any unbalanced fund distribution or speculation. The question is whether they can actually succeed. From here on, it will be necessary to watch out for events that could narrow the range of policy responses open to the government (such as regional revenue shortfalls or partial bubbles).

(Yoshino Tamai)

Fig. 1: China's Real GDP Growth Rate



Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 2: Meetings and Other Recent Economic Events Involving Premier Li Keqiang

Date	Event
April 9–10	Premier Li Keqiang makes an inspection tour of Jilin Province
April 10	A symposium on the economic work of three Northeast provinces
April 14	A symposium on the current economic situation
April 15	Release of the real GDP growth rate for January-March
	State Council executive meeting
April 17	Inspection of the China Development Bank and the Industrial and Commercial Bank of China, followed by a meeting
April 19	Announcement that the required reserve ratio will be reduced by 1%Pt, effective from April 20

Source: Prepared by Mizuho Research Institute based on the websites of the Chinese government and the People's Bank of China

2. Overview: The real GDP growth rate for January–March was down on the previous quarter

The real GDP growth rate for January–March was down on the previous quarter

China's real GDP growth rate for January–March stood at +7.0% y-o-y. This was down on the previous quarter (October–December: +7.3% y-o-y) (see Fig. 3) and also represented the lowest level of growth in six years.

The real growth rate of investments in fixed assets slowed to +14.5% y-o-y in the first quarter (October–December: +14.8% y-o-y; Mizuho Research Institute estimates). The main reason for this was sluggish investment in manufacturing sectors struggling with overcapacity (such as non-metallic mineral products, chemical raw materials & products, iron & steel, and non-ferrous metals). Though investment in infrastructure (such as transportation and electricity) accelerated on the back of government support, this was not enough to compensate for the overall slide in investment.

At +10.8% y-o-y, the real growth of total retail sales of consumer goods (an indicator that outlines consumption trends) also fell in the first quarter (October–December: +11.2% y-o-y). The main factors behind for the drop in consumption appear to be a lull in smartphone sales (following a sharp acceleration the previous quarter) and a dip in purchases of housing-related goods (such as appliances and furniture) on the back of sluggish home sales.

In addition to domestic demand, external demand also showed signs of weakness. Export growth (nominal, dollar-denominated) slowed to +4.6% y-o-y in the first quarter, down on the previous quarter's figure of +8.5% y-o-y. Exports to areas such as Europe and Japan were down, with exports of items such as PCs and PC parts, mobile phones and automobile parts also slumping. Meanwhile, at -17.8% y-o-y, import growth (nominal, dollar-denominated) fell further into negative territories (October–December: -1.6% y-o-y), and the trade surplus remained a healthy \$123.7 billion (October–December: \$149.5 billion). As a result, it appears net exports contributed more to real GDP growth in the first quarter.

Most major indicators saw growth slowing in March

In March, most major indicators saw growth slowing compared to January–February. The Chinese New Year holidays took place over February 18–24 this year. This was slightly later than the previous year (January 31–February 6), thus economic activity at the start of March (after the holidays) was likely to be sluggish compared to the same month the previous

year. This is one of the reasons why March's indicators were down compared to the previous year.

Industrial production growth slowed in March to hit its lowest level in six years

At +5.6% y-o-y, industrial production growth in March was down on the +6.8% y-o-y recorded in January–February (see Fig. 4). This also marked the lowest level of growth since January–February 2009 (+3.8% y-o-y). In addition to the non-metallic and non-ferrous metal sectors, growth also slowed markedly when it came to machinery (such as special purpose machinery and general machinery).

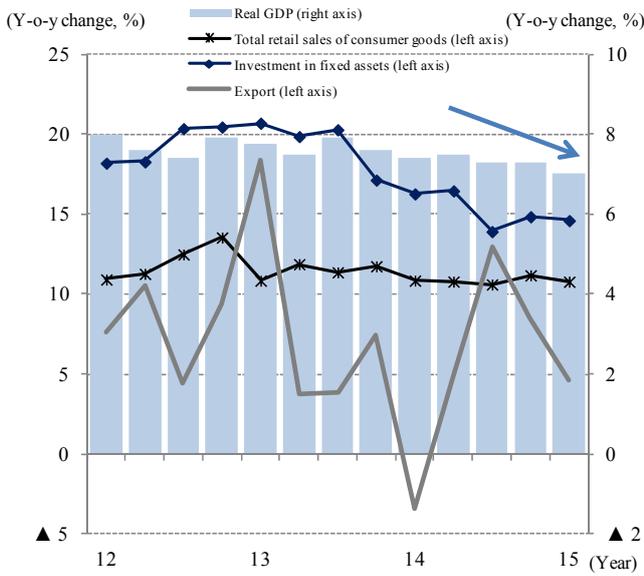
The Manufacturing PMI rose slightly

At 50.1, the government's Manufacturing PMI rose slightly in March (February: 49.9) to slightly top 50, the key line dividing economic contraction from expansion (see Fig. 5). A glance at the details shows the production index rising, though the new orders index fell, with new export orders remaining below 50. At 49.2, meanwhile, HSBC's Flash Manufacturing PMI for April fell on the previous month (March: 49.6) and remained below 50.

Export growth fell sharply

At -15.0% y-o-y, March's export growth (nominal, dollar-denominated) was down sharply on the aggregate figure for January–February (+15.0% y-o-y) (see Fig. 6). As mentioned above, it appears this slump was due in large part to seasonal factors (Chinese New Year), but the General Administration of Customs announced that seasonally-adjusted export growth (RMB-denominated) in March was still down 4.4% on the previous year (the seasonally-adjusted figure for January–February was +1.2% y-o-y), and exports still seem to lack momentum even when seasonal factors are removed from the equation. Exports to most major countries and regions were generally down on the previous year; particularly exports to Europe and Japan fell sharply. A breakdown by items shows exports of clothes and electronic equipment (such as PCs and mobile phones) slowing.

Fig. 3: Major Economic Indicators

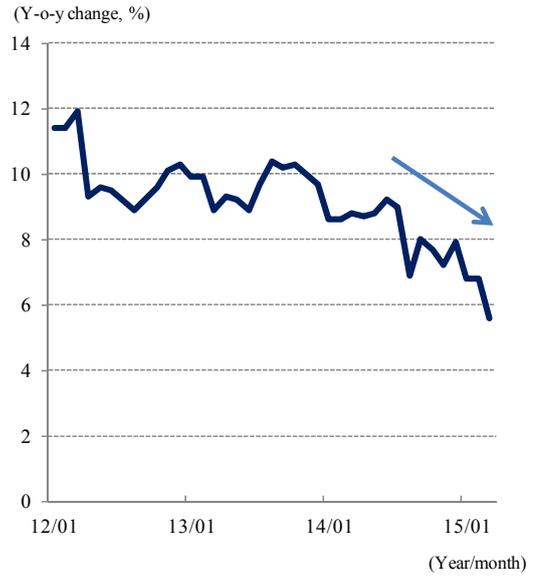


Note: The total retail sales of consumer goods data has been indexed using the retail price index; the investment in fixed assets data has been indexed using the fixed asset price index. The export data is nominal, dollar-denominated and calculated on a customs clearance basis. All figures are Mizuho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

Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics and the General Administration of Customs

*▲ indicates minus.

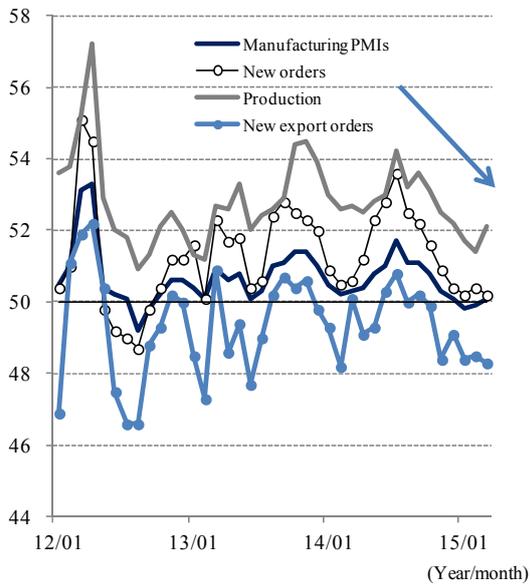
Fig. 4: Industrial Production



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

Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 5: Manufacturing PMIs

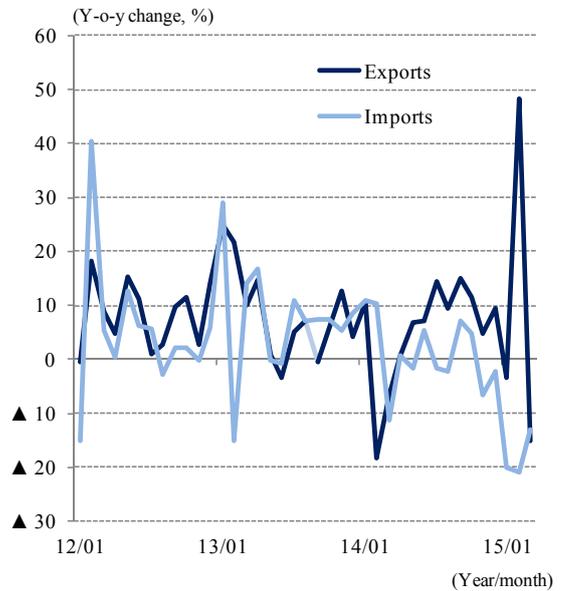


Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.

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

Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 6: Imports and Exports



Note: Nominal, dollar-denominated
Source: Prepared by Mizuho Research Institute based on the materials from the General Administration of Customs

*▲ indicates minus.

Import growth remained in negative territories, though less so than before

At -12.9% y-o-y, import growth (nominal, dollar-denominated) remained in negative territories in March, though less so than in January–February (-20.3% y-o-y) (see Fig. 6). Imports from most major countries and regions were generally down on the previous year; particularly the dip in imports from the BRICS (excluding China) was striking. A breakdown by items shows the growth in imports of materials (such as crude oil, coal and iron ore) falling sharply due to price-related factors. However, the growth in import volumes of crude oil and petroleum products moved into positive territories.

The trade surplus shrunk

March's trade surplus stood at \$3.1 billion, down sharply on February's figure of \$60.6 billion. The main reason was the sharp fall in exports.

Investment growth slowed

At +13.2%, nominal investment growth (investment in fixed assets) in March was down on January–February (+13.9% y-o-y) (see Fig. 7). The real growth rate (adjusted to remove the impact of price fluctuations) also fell slightly. Though investment in infrastructure (such as railway transportation and the management of public facilities) and some machinery sectors (such as telecommunications and electronic equipment) increased, investment fell when it came to sectors struggling with overcapacity (such as non-ferrous metals and iron & steel) and real-estate development.

Nominal and real consumption growth both slowed

At +10.2%, nominal consumption growth (total retail sales of consumer goods) in March was down on January–February (+10.7% y-o-y) (see Fig. 8). The real growth rate (adjusted to remove the impact of price fluctuations) also slowed. A glance at consumption trends by product, based on the total sales of retailers with sales of RMB 5 million or more, shows growth in automobiles dipping into negative territories, with overall growth also pulled down by a lull in sales of communication appliances such as smartphones (which had previously enjoyed strong growth).

The employment and wages environment remained firm

The jobs-to-applicants ratio stood at 1.12 in January–March. This was down slightly on the figure for October–December (1.15), though the ratio remained above 1. The number of new urban jobs also hit 3.2 million in the first quarter. This represented around one-third of the government's annual

target of 10 million, with the employment environment remaining healthy. Real per-capita disposable income growth continued to move stably, with growth topping the real GDP growth rate to hit +8.1% y-o-y (2014: +8.0% y-o-y).

3. Inflation: The CPI moved flatly, while pace of the decline in the PPI growth eased off slightly

The CPI growth rate moved flatly

At +1.4% y-o-y, the consumer price index (CPI) growth in March moved flatly from February (see Fig. 9). Though the rise of vegetable and other food prices cooled down, the scale of the y-o-y fall in fuel prices was pared back as crude oil prices rose slightly.

The pace of the decline in the PPI growth rate eased off slightly

In March, the producer price index (PPI) was down 4.6% on the previous year, though this was a slight improvement on February's result (-4.8% y-o-y). A modest rise in crude oil prices saw shipping prices declining at a slower pace in the petroleum/natural gas extraction sector and the petroleum/coal processing sector.

The pace of the decline in housing price growth decreased from the previous month

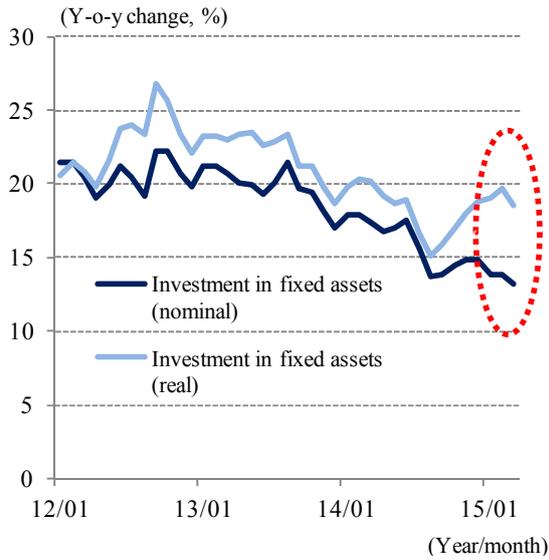
At -6.1% y-o-y, the new-homes price index (the average of 70 major Chinese cities) continued to fall in March (estimate; February: -5.7% y-o-y) (see Fig. 10). On a monthly basis, however, the pace of the fall had decreased from -0.4% m-o-m in February to -0.2% m-o-m in March (estimate), with prices rising on the previous month in 12 of the 70 cities surveyed (in February the figure was 2 cities).

The pace of the decline in real estate sales growth eased off sharply

In March, real estate sales in terms of floor space fell 1.6% on the previous year, with the scale of negative growth decreasing sharply from the -16.3% recorded in January–February. This was partly a reflection of low sales in the same month last year, but it is also possible that interest rate cuts and other easing measures have worked to lower buying costs. Furthermore, on March 30, the authorities lowered the down payment rate for second homebuyers from 60% to 40%.

(Yoshino Tamai)

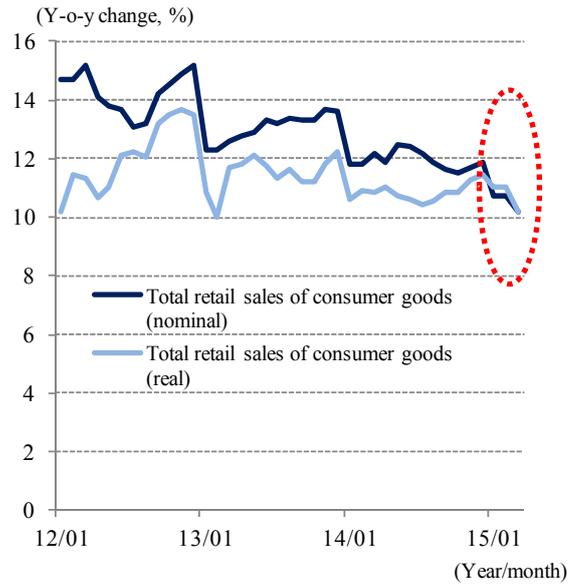
Fig. 7: Investment in Fixed Assets



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: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

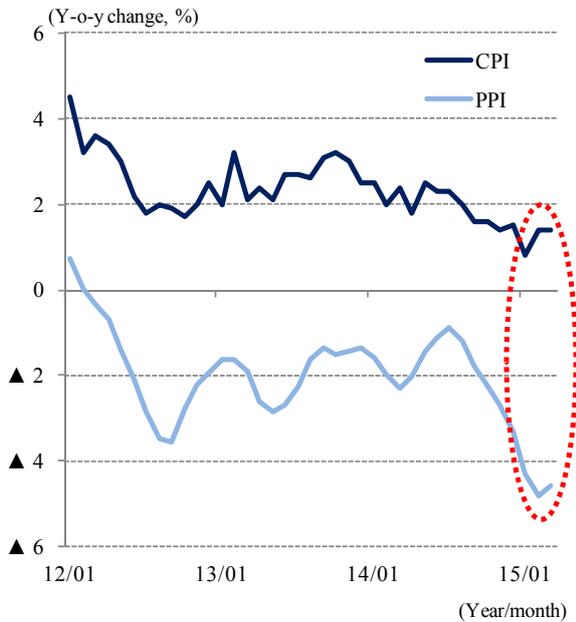
Fig. 8: Total Retail Sales of Consumer Goods



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: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

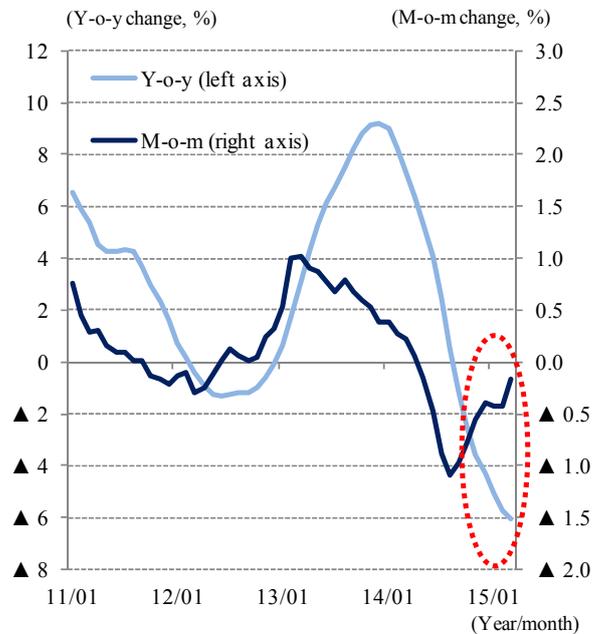
Fig. 9: CPI and PPI



Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

*▲ indicates minus.

Fig. 10: The New-Homes Price Index



Note: The average price indices of new homes in 70 major Chinese cities

Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

*▲ indicates minus.

4. Monetary policy: The PBOC cut interest rates in March and reduced required reserve ratio in April

Outstanding deposits and the money supply grew at a slower pace

In March, outstanding RMB deposits grew by 10.1% on the previous year, down on February's figure of +10.9% y-o-y. At +11.6% y-o-y, money supply (M2) growth was also down on February's +12.5% y-o-y (see Fig. 11). The PBOC put slowing M2 growth down to a decline in net purchases of foreign currencies by Chinese financial institutions.

Outstanding bank loans grew at a slower pace

In March, outstanding RMB loans grew by 14.0% on the previous year, down on February's figure of +14.3% y-o-y. New RMB loans totaled RMB 1.18 trillion, an increase on February's figure of RMB 1.02 trillion (see Fig. 11). At RMB 1.1816 trillion, though, total social financing, which includes funds procured from non-bank sources, was down on February's figure of RMB 1.3574 trillion. Bank acceptances and entrusted loans decreased.

The PBOC absorbed funds from the money markets. The reverse repo rate was lowered five times

In March, the PBOC absorbed a net RMB 208 billion from the money markets as part of its open-market operations to control liquidity (see Fig. 12). It lowered the (seven-day) reverse repo rate five times between March 3 and April 14, with the rate dropping from 3.85% to 3.35%.

The PBOC cut interest rates in March and reduced required reserve ratio in April

On March 1, the PBOC cut interest rates for the first time since November last year. The benchmark lending and deposit rates (one-year) were both lowered by 0.25%Pt (see Fig. 13). One factor behind the move was PBOC concerned that real interest rates might rise on falling inflation.

On April 20, the PBOC reduced required reserve ratio for the second time this year. The PBOC customarily cuts the ratio by 0.5%Pt, but this time it reduced the ratio sharply by 1.0%Pt, with the required reserve ratio for large financial institutions now standing at 18.5%. The ratio was reduced an extra 2%Pt for the Agricultural Development Bank of China, an extra 1%Pt for rural financial institutions, and an extra 0.5%Pt for state-owned commercial banks and joint-stock commercial banks that have extended a certain share of loans to small and micro enterprises or to the agriculture, farmers, and rural areas. It seems that these cuts were intended to tackle concerns of an economic downturn and weakening liquidity provision.

Stocks rose steadily to hit a seven-year high

The Shanghai Stock Exchange Composite Index rose sharply from March onwards to hit a seven-year high at the 4,000 mark on April 10 (see Fig. 14). Factors behind this rise include: the March 28 release of an action plan outlining the ‘Silk Road vision’; the abolishment of the ‘one person one account’ rule in China’s A-share markets, with investors now allowed to open multiple accounts (up to 20); and growing expectations for economic stimulus measures following comments by Premier Li Keqiang and other high-ranking figures.

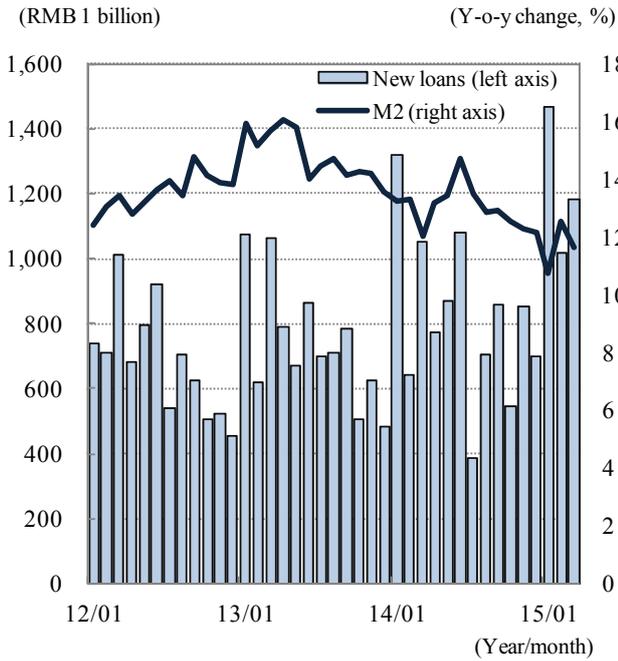
After the markets closed on April 17, the Securities Association of China announced measures that would allow asset management companies, etc., to lend stocks for short selling, which was taken as a relaxation of the rules on short selling. The China Securities Regulatory Commission explained that this move was not intended to keep stock prices in check but rather to lessen volatility and help with risk hedging. Nonetheless, concerns about short selling flared up and stocks dipped for a time. They rose again following a decision about the first project to receive investment from the Silk Road fund, and an announcement of the plans for more pilot free trade zones.

The RMB has trended upwards against the dollar, though it is hovering flatly at the moment

The RMB began strengthening against the dollar from March onwards. It seems that the RMB’s sharp appreciation in mid-March took place after the authorities intervened in the exchange markets with an eye on the RMB’s inclusion in the SDR currency basket (see Fig. 14). At present the unit continues to hover at the RMB 6.20 mark against the dollar.

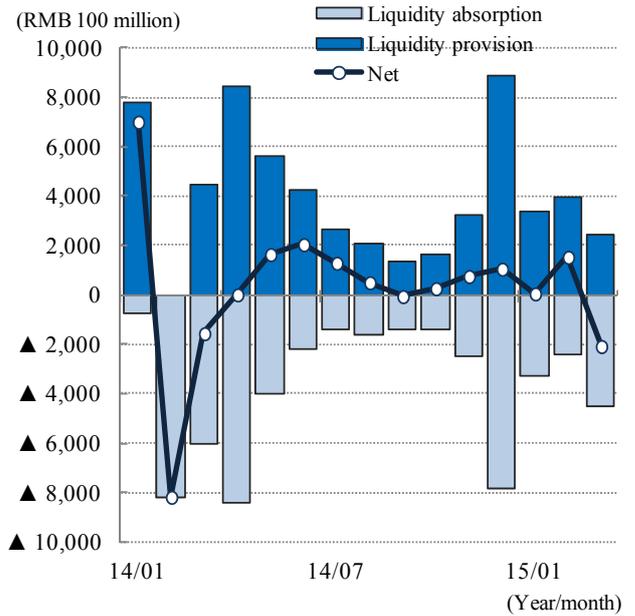
(Ayana Nakazawa)

Fig. 11: Financial Indicators



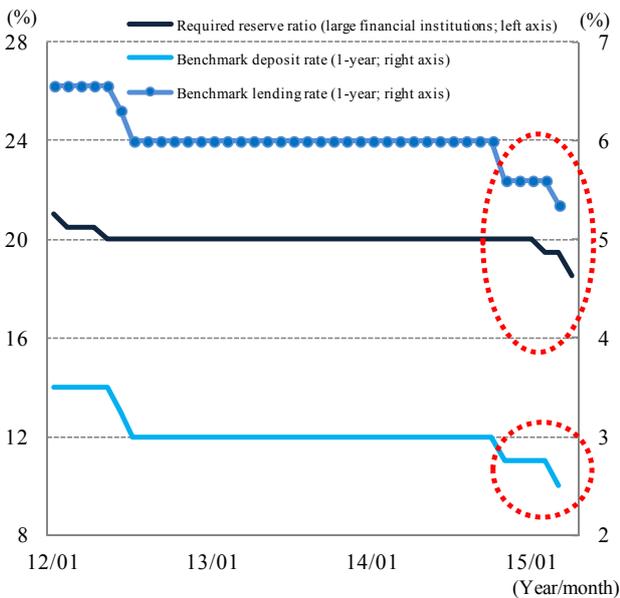
Note: 'New loans' denotes the amount of new RMB loans.
 Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

Fig. 12: Open Market Operations



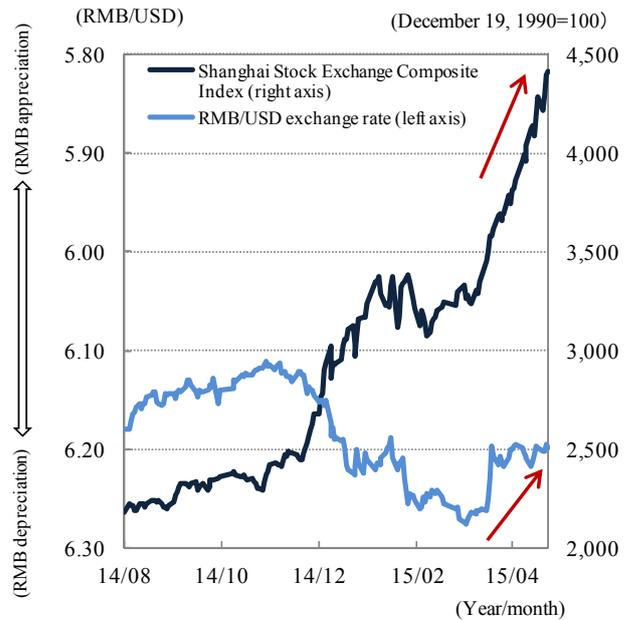
Note: Monthly data
 Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China
 *▲ indicates minus.

Fig. 13: Required reserve ratio/ benchmark deposit and lending rates



Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

Fig. 14: Exchange Rates/Stocks



Note: Daily data; The most recent day: April 23
 Source: Prepared by Mizuho Research Institute based on the Bloomberg data

Appendix: China's Major Economic Indicators (1)

Headings		Unit	2013	2014	14/4Q	15/1Q	January	February	March
GDP	Real GDP	Y-o-y change (%)	7.7	7.4	7.3	7.0			
	Nominal GDP	Year-to-date (total), RMB 1 trillion	58.80	63.65	63.65	14.07			
Business Sentiment	PMI	End-of-period figure, points			50.1	50.1	49.8	49.9	50.1
	New Orders	Points			50.4	50.2	50.2	50.4	50.2
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	9.7	8.3	7.6	6.4	6.8	6.8	5.6
	Light Industry	Y-o-y change (%)	9.7	8.3	7.9	6.0	6.3	6.3	5.4
	Materials	Y-o-y change (%)	11.1	9.1	8.8	8.4	8.5	8.5	8.3
	Machinery	Y-o-y change (%)	10.5	10.4	9.3	7.8	7.9	7.9	7.4
	Electric Power Generation	Y-o-y change (%)	5.3	4.3	1.3	-5.6		-7.6	-3.7
	Industrial Goods Inventories	Y-o-y change (%)			13.5		8.5	8.5	
	Light Industry	Y-o-y change (%)			15.6		11.1	11.1	
	Materials	Y-o-y change (%)			8.9		3.6	3.6	
	Machinery	Y-o-y change (%)			17.9		15.0	15.0	
	Passenger Transportation Volume	Y-o-y change (%), passenger-kilometer	7.9			4.4	-7.9	-3.0	26.3
Freight Transportation Volume	Y-o-y change (%), ton-kilometer	7.7			1.3	4.9	0.3	-1.4	
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	43.65	50.20	50.20	7.75	3.45	3.45	7.75
		Year-to-date y-o-y change (%)	19.6	15.7	15.7	13.5	13.9	13.9	13.5
	Real Estate	Year-to-date y-o-y change (%)	16.7	7.9	7.9	5.7	9.5	9.5	5.7
	Primary Industry	Year-to-date y-o-y change (%)	32.5	33.9	33.9	32.8	36.3	36.3	32.8
	Secondary Industry	Year-to-date y-o-y change (%)	17.4	13.2	13.2	11.0	11.5	11.5	11.0
	Manufacturing	Year-to-date y-o-y change (%)	18.5	13.5	13.5	10.4	10.6	10.6	10.4
	Tertiary Industry	Year-to-date y-o-y change (%)	21.0	16.8	16.8	14.7	14.8	14.8	14.7
Actual Direct Investment	Year-to-date (total), USD 100 million	1,176	1,196	1,196	349	139	225	349	
	Year-to-date y-o-y change (%)	-2.9	1.7	1.7	10.6	29.4	16.4	10.6	
Trade	Exports	USD 100 million	22,107	23,432	6,460	5,140	2,003	1,692	1,446
		Y-o-y change (%)	7.8	6.0	8.5	4.6	-3.3	48.3	-15.0
	To the U.S.	Y-o-y change (%)	4.7	7.5	7.7	11.2	4.8	48.5	-8.0
	To the EU	Y-o-y change (%)	1.2	9.7	4.3	2.4	-4.6	44.1	-19.1
	To Japan	Y-o-y change (%)	-0.9	-0.5	-7.0	-11.8	-20.6	23.6	-24.8
	To NIES, ASEAN	Y-o-y change (%)	16.6	2.8	13.5	3.2	0.2	31.7	-12.0
	Imports	USD 100 million	19,493	19,631	4,965	3,903	1,402	1,086	1,415
		Y-o-y change (%)	7.3	0.7	-1.6	-17.8	-20.0	-20.8	-12.9
	To the U.S.	Y-o-y change (%)	14.8	4.3	2.4	-13.0	-9.5	-25.9	-4.8
	To the EU	Y-o-y change (%)	3.5	11.1	6.2	-10.1	-7.7	-16.3	-7.9
	To Japan	Y-o-y change (%)	-8.7	0.5	-2.6	-11.2	-13.9	-14.9	-5.5
To NIES, ASEAN	Y-o-y change (%)	7.9	1.6	4.0	-9.6	-12.1	-9.7	-6.7	
Trade Balance	USD 100 million	2,614	3,801	1,495	1,237	600	606	31	

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.”

Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics, the General Administration of Customs, and the Ministry of Commerce the People's Republic of China

Appendix: China's Major Economic Indicators (2)

Headings		Unit	2013	2014	14/4Q	15/1Q	January	February	March
Consumption	Consumer Confidence Index	End-of-period figure, points			105.8	107.1	105.7	109.8	107.1
	Consumer Expectations Index	End-of-period figure, points			109.1	110.3	109.0	113.0	110.3
	Total Retail Sales of Consumer Goods	RMB 1 trillion	23.78	26.24	7.32	7.07	4.80	4.80	2.27
		Y-o-y change (%)	13.1	12.0	11.7	10.6	10.7	10.7	10.2
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	11.6	9.3	9.2	7.8	8.1	8.1	6.8
	Automobile Sales	10,000 automobiles	2199.3	2348.9	648.8	615.3	232.0	159.3	224.1
		Y-o-y change (%)	14.2	7.0	6.0	3.5	7.6	-0.2	3.3
	Average Wages	Y-o-y change (%)	10.1				n.a.	n.a.	n.a.
Jobs-to-applicants Ratio	End-of-period figure, ratio	1.10	1.15	1.15	1.12	n.a.	n.a.	n.a.	
Prices	Consumer Price Index	Y-o-y change (%)	2.6	2.0	1.5	1.2	0.8	1.4	1.4
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.7	1.6	1.3	1.4	1.2	1.6	1.5
	Foods	Y-o-y change (%)	4.7	3.1	2.6	1.9	1.1	2.4	2.3
	Producer Price Index	Y-o-y change (%)	-1.9	-1.9	-2.8	-4.6	-4.3	-4.8	-4.6
	Producer Goods	Y-o-y change (%)	-2.6	-2.5	-3.6	-5.9	-5.6	-6.2	-5.9
	Consumer Goods	Y-o-y change (%)	0.2	0.0	-0.1	-0.1	-0.2	-0.1	-0.1
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	5.9	2.6	-3.5	-5.6	-5.1	-5.7	-6.1
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	110.65	122.84	122.84	127.53	124.27	125.74	127.53
		End-of-period figure, y-o-y change (%)	13.6	12.2	12.2	11.6	10.8	12.5	11.6
	Outstanding Loans	End-of-period figure, RMB 1 trillion	71.90	81.68	81.68	85.91	83.70	84.72	85.91
		End-of-period figure, Y-o-y change (%)	14.1	13.6	13.6	14.0	13.9	14.3	14.0
	Net Increase	Mid-period increase, RMB 10 billion	891	978	210	423	202	102	118
	Deposits	End-of-period figure, RMB 1 trillion	104.38	113.86	113.86	124.89	122.41	122.33	124.89
		End-of-period figure, y-o-y change	13.8	9.1	9.1	10.1	13.7	10.9	10.1
	Required reserve ratio (Large Enterprises)	End-of-period figure, %	20.0	20.0	20.0	19.5	20.0	19.5	19.5
	1-year Benchmark Lending Rate	End-of-period figure, %	6.00	5.60	5.60	5.35	5.60	5.60	5.35
Overnight Repo Rate	End-of-period figure, %	3.18	3.59	3.59	3.30	2.97	3.54	3.30	
Foreign Currency Reserves	End-of-period figure, USD 100 million	38,213	38,430	38,430	37,300	38,134	38,015	37,300	
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.05	6.20	6.20	6.20	6.25	6.27	6.20
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	17.39	19.32	19.32	19.35	18.79	19.10	19.35
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	2,116	3,235	3,235	3,748	3,210	3,310	3,748
	PER	End-of-period figure, ratio	11.0	16.0	16.0	19.0	15.9	16.6	19.0
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	2,391	3,725	3,725	4,770	3,854	4,076	4,770
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	4,687	7,439	3,357	4,131	1,279	762	2,090
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	10.2	8.6	8.6	3.9	5.0	3.2	3.9
	Fiscal Expenditure	Year-to-date y-o-y change (%)	11.3	8.2	8.2	7.8	-19.9	10.5	7.8

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: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics, the China Association of Automobile Manufacturers, the Ministry of Human Resources and Social Security of the People's Republic of China, the People's Bank of China, the FRB, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, and the Ministry of Finance of the People's Republic of China

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