

---

# Mizuho Economic Commentary-China

---

May 2015

---

## ◆ Topic

### The impact of monetary easing in China and the outlook from here on

China has taken a series of monetary easing measures since around the end of last year. However, this pumped money has not done enough so far to support the real economy. China looks set to implement more easing from here on, though the impact of this is likely to be limited.

## ◆ Economic trends

### Most major indicators moved bearishly in April

Investment growth fell sharply. Consumption growth also slowed. Export and import growth remained in negative territories, with domestic and external demand both decelerating at a faster pace. M2 growth dropped to its lowest level since the monthly data was first released in 1998.

## 1. Topic: The impact of monetary easing in China and the outlook from here on

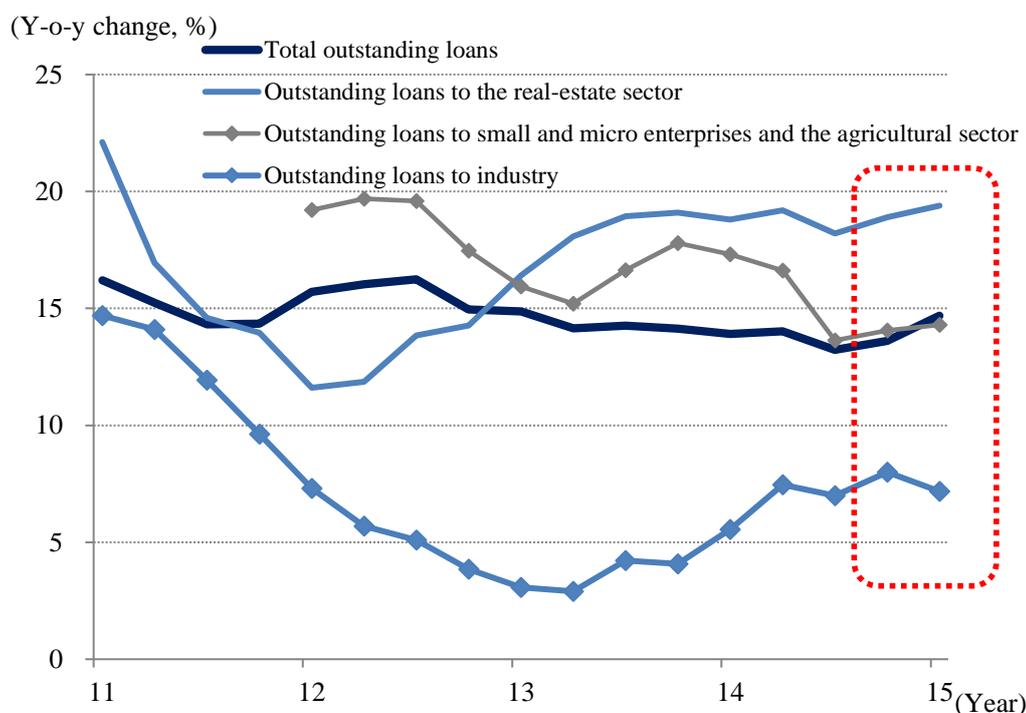
**China has implemented a series of monetary easing since around the end of last year by cutting interest rates and lowering the required reserve ratio**

**Lending to industry remains weak even after the introduction of monetary easing; some of the pumped money has flowed into the real-estate sector and stocks**

China has taken a series of monetary easing measures since around the end of last year. It cut interest rates in November 2014, March 2015, and also on May 11, 2015. (For details, see ‘4. Monetary policy.’) Real interest rates have been rising owing to falling inflation, but China is trying to curb this trend and cut funding costs for companies, thus tackling deflationary pressure and economic headwinds. The required reserve ratio was also lowered in February and April this year. With funds flowing overseas on the back of Chinese interest rate cuts and expectations for U.S. interest rate hikes, liquidity supply has declined within China. These recent moves were probably designed to tackle this problem.

Then, what impact have these monetary easing measures had? Firstly, a glance at lending trends shows the total growth in outstanding loans picking up pace slightly. However, this is largely due to faster growth in outstanding loans geared toward the real-estate sector, with lending to industry remaining weak (see Fig. 1). Furthermore, the Shanghai Stock Exchange Composite Index has risen sharply since last November’s interest rate cut, and thus some of the pumped money may have flowed into stock investments.

**Fig. 1: Outstanding Loans by Industry**

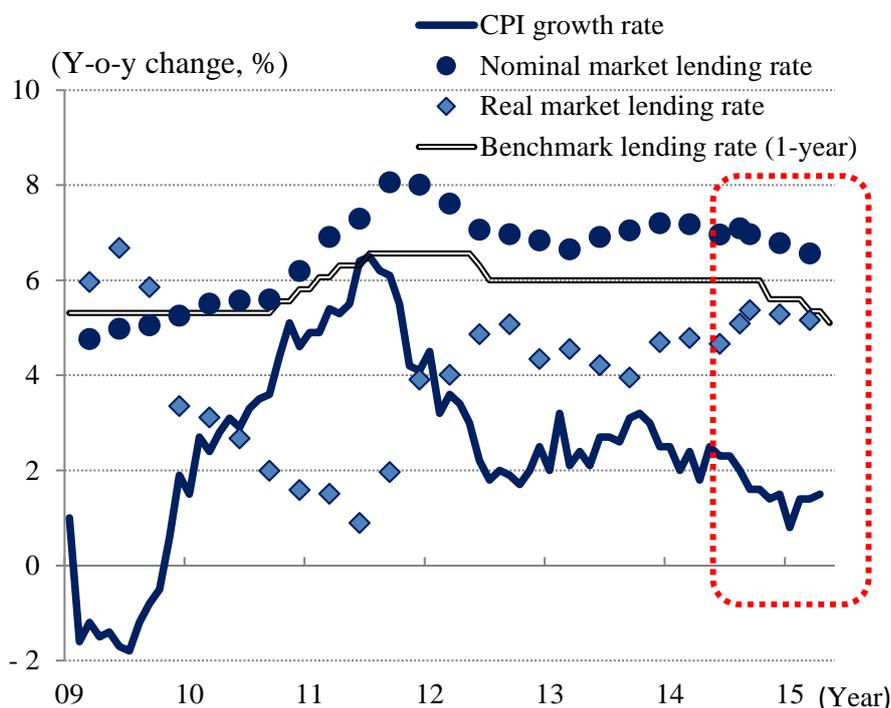


Source: Prepared by Mizuho Research Institute based on the materials from the People’s Bank of China

**Real market lending rates remain high**

Next, a glance at market lending rates shows that real interest rates (adjusted to remove the impact of inflation) remain at high levels (see Fig. 2). Though the inflation rate has been trending downwards on falling crude oil prices since the latter half of 2014, nominal market lending rates have not fallen much more than the inflation rate has. This suggests that banks are trying to protect their margins and are thus not lowering their lending rates to private-sector and small and medium-sized enterprises (SMEs), which have low credit ratings compared to large state-owned enterprises (SOEs).

**Fig. 2: The Inflation Rate and Lending Rates**



Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics and the People’s Bank of China

**China is expected to cut interest rates and lower the required reserve ratio again going forward**

As this shows, monetary easing has not done enough so far to support the real economy. In addition, with the economy currently facing downward pressure, it seems likely that China will additionally cut interest rates and lower the required reserve ratio going forward. Both the benchmark rates and the required reserve ratio remain at high levels, and there is room for further reductions. In its ‘China Monetary Policy Report Q1,’ meanwhile, the People’s Bank of China (PBOC) announced that it was prepared to adjust monetary policy as appropriate to deal with changes in conditions related to liquidity supply, prices and the economy.

**The PBOC also wants to prevent speculation and ensure funds are directed toward supporting the real economy**

However, the PBOC has also indicated that it wants to prevent funds from flowing into real estate and stocks in excess, while ensuring monetary easing contributes to further supporting the real economy. More specifically, it is also expected to introduce some targeted monetary easing aimed at diverting funds toward infrastructure projects, small and micro enterprises, and the agricultural sector.

**However, monetary easing will only have a limited impact on the economy**

At any rate, it is necessary to bear in mind that in today's China, monetary easing will only have a limited impact on boosting the economy. Manufacturing and other sectors are struggling with overcapacity, and thus falling interest rates will only have a minimal impact on raising investment. Furthermore, it is hard to imagine a scenario whereby lower interest rates lead to a weaker RMB and thus to higher exports. This is because the RMB's movements are strongly correlated with those of the U.S. dollar, and with the greenback set to strengthen from here on as the U.S. lifts interest rates, the RMB's real effective exchange rate is also likely to rise. Based on the aforementioned circumstances, it seems that in addition to monetary policy, China will need to rely even more on fiscal policy to stimulate the economy going forward.

(Yoshino Tamai)

## **2. Overview: Domestic and external demand are both decelerating at a faster pace**

**Most major indicators saw growth slowing in April**

In April, most major indicators saw growth slowing on the previous month, with domestic and external demand both decelerating at a faster pace.

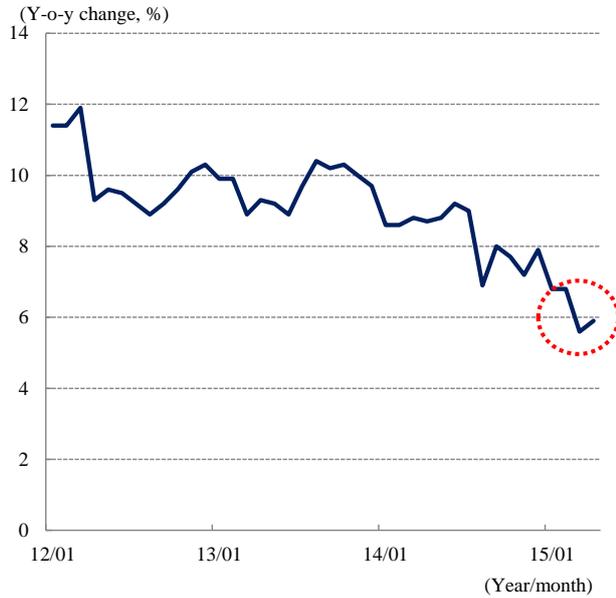
**Industrial production growth remained at low levels**

At +5.9% y-o-y, industrial production growth in April was slightly up on the +5.6% y-o-y recorded in March, though it remained low (see Fig. 3). Some industries involved in raw materials (such as the petroleum/coal processing sectors) saw growth rising, though the machinery sector moved bearishly.

**The Manufacturing PMI moved flatly**

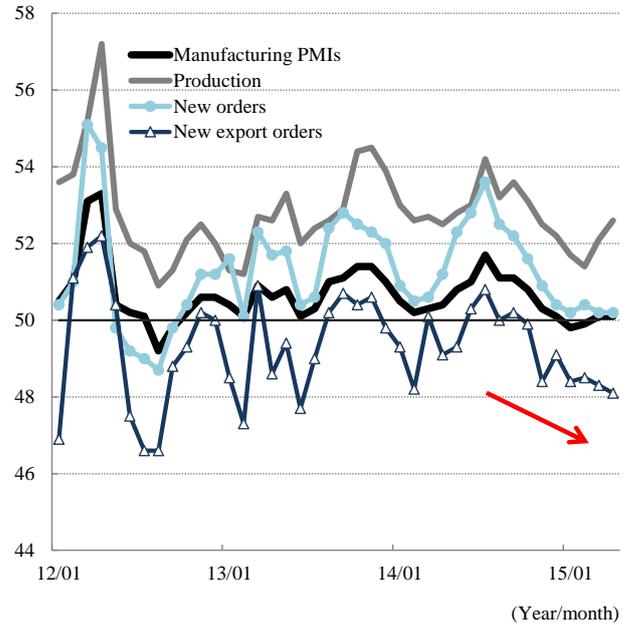
At 50.1, the government's Manufacturing PMI in April was unchanged from March. This was the second successive month the figure had slightly topped 50, the key line dividing economic contraction from expansion (see Fig. 4). A glance at the details shows the production index rising, though the new orders index moved flatly, with new export orders remaining below 50 for the seventh successive month. At 49.1, meanwhile, HSBC's Flash Manufacturing PMI for May was up slightly on the Final Manufacturing PMI for April (48.9), though it remained below 50.

**Fig. 3: 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 Statistic

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

**Export growth remained in negative territories, though less so than before**

At -6.5% y-o-y, export growth (nominal, dollar-denominated) in April was down on the previous year. Though this was an improvement on March's result (-15.0% y-o-y), export growth nonetheless remained in negative territories for the second successive month (see Fig. 5). Exports to the U.S. actually grew, though exports to other major countries and regions continued to post negative growth. A breakdown by items points to ongoing negative growth, especially in sectors like light industry (such as clothing) and machinery (such as PCs and liquid crystal panels).

**Import growth fell further into negative territories**

At -16.4% y-o-y, import growth (nominal, dollar-denominated) fell further into negative territories in April (March: -12.9% y-o-y) (see Fig. 5). Imports fell sharply from resource-rich regions such as the Middle East and Australia. A breakdown by items shows the overall figure pushed down by sliding imports of materials (such as crude oil, coal and petroleum products) and machinery (such as automobiles). Though crude oil imports continue to post negative growth due to price-related factors, the actual volume of imports is growing. It seems that China is importing more crude oil to build up stocks, while crude oil prices are globally low.

**The trade surplus grew**

April's trade surplus stood at \$34.1 billion, up sharply on March's figure of \$3.1 billion. The main reason for this was the sharp fall in imports.

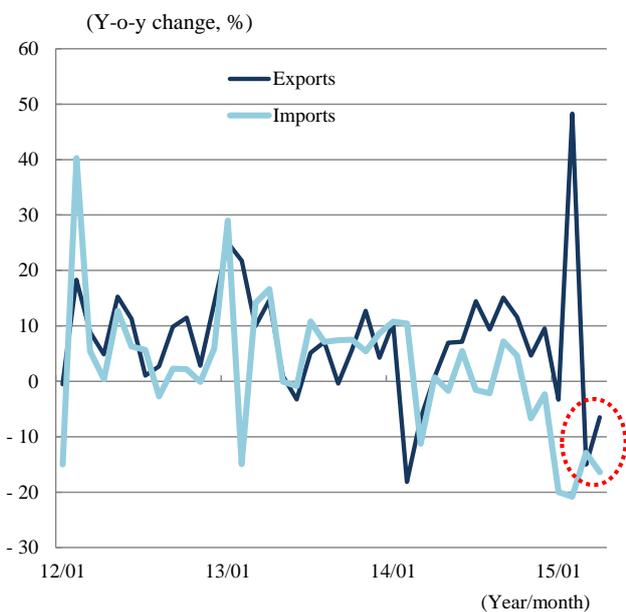
**Investment growth fell sharply**

At +9.4%, nominal investment growth (investment in fixed assets) in April was down sharply on March (+13.2% y-o-y) (see Fig. 6). Investment in real-estate development, while investment in the manufacturing and extractive industries also moved bearishly. Infrastructure investment growth also slowed, though it remained strong.

**Nominal and real consumption growth both slowed**

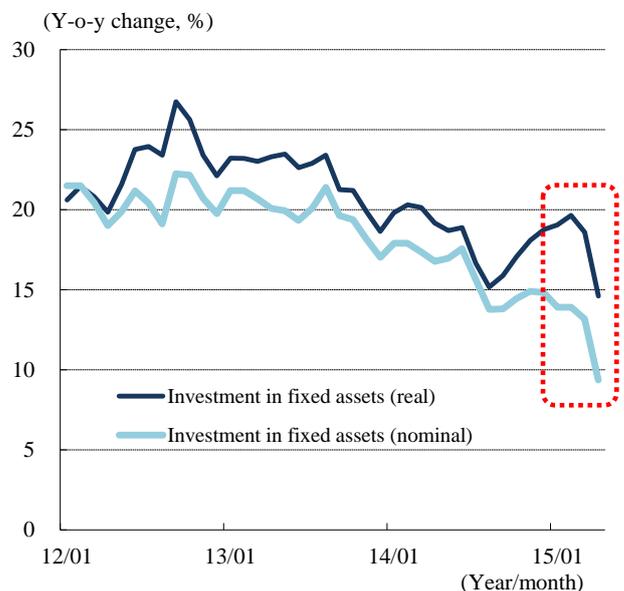
At +10.0%, nominal consumption growth (total retail sales of consumer goods) in April was slightly down on March's +10.2% y-o-y (see Fig. 7). The real growth rate (adjusted to remove the impact of price fluctuations) also slowed. A glance at consumption trends by product, based on the total sales of retailers with sales of RMB 5 million or more, points to a lull in smartphone sales growth, with the overall figure also pushed down by sluggish sales of automobiles and housing-related goods.

**Fig. 5: Imports and Exports**



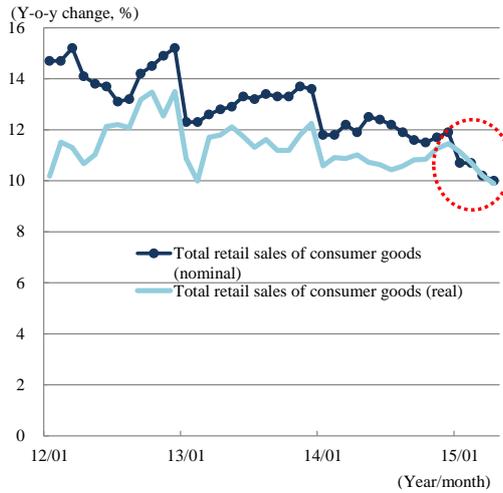
Note: Nominal, dollar-denominated  
 Source: Prepared by Mizuho Research Institute based on the materials from the General Administration of Customs

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

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

### **3. Inflation: The CPI rose slightly while the PPI moved flatly**

**The CPI growth rate rose slightly**

In April, consumer price index (CPI) growth stood at +1.5% y-o-y, a slight rise on March's figure of +1.4% y-o-y (see Fig. 8). Non-food price growth moved flatly on the previous year, but the overall figure was pushed up by the rising pork, vegetable and other food prices.

**The PPI growth rate moved flatly**

At -4.6% y-o-y, the April producer price index (PPI) was unchanged from the previous month. Shipping prices fell at a slower pace in the petroleum/natural gas extraction sectors after crude oil prices rose slightly, but shipping prices in the iron/steel sector with overcapacity fell further into negative territories.

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

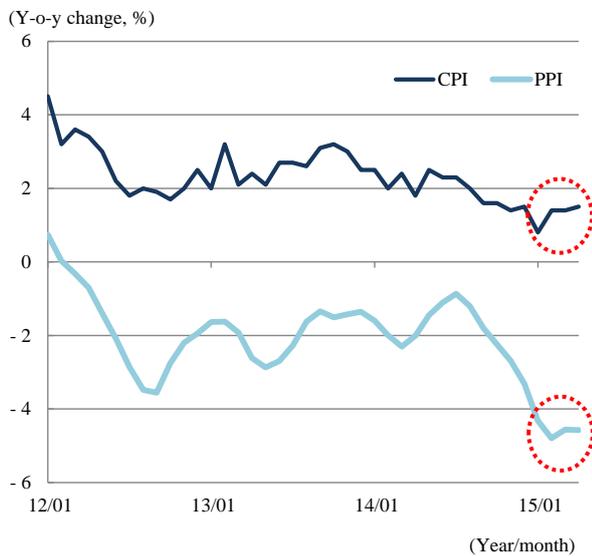
At -6.3% y-o-y, the new-homes price index (the average of 70 major Chinese cities) continued to fall in April (estimate; March: -6.1% y-o-y) (see Fig. 9). On a monthly basis, however, the pace of the fall decreased from -0.2% m-o-m in March to -0.1% m-o-m in April (estimate). Especially in first-tier cities (Beijing, Shanghai, Guangzhou and Shenzhen), m-o-m growth actually moved into positive territories.

**Real estate sales growth in terms of floor space moved into positive territories**

At +7.0% y-o-y, real estate sales growth in terms of floor space moved into positive territories in April (March: -1.6% y-o-y). At the end of March, China announced that down payment rates would be lowered for people taking out mortgages, a moved targeted mainly at second homebuyers, with business tax exemption conditions also relaxed for individual home sellers. These measures

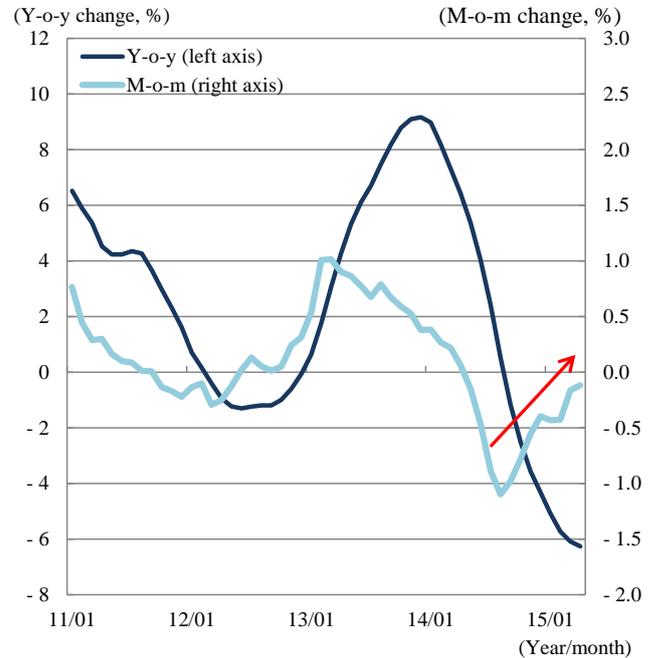
seem to have prompted a recovery in home sales.

**Fig. 8: CPI and PPI**



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

**Fig. 9: 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

#### **4. Monetary policy: The PBOC cut interest rates for the third time following the cuts in November last year and March this year**

**Growth in outstanding deposits slowed, while M2 growth fell to its lowest level since 1998**

In April, outstanding RMB deposits grew by 9.7% on the previous year, down on March's figure of +10.1% y-o-y. At +10.1% y-o-y, money supply (M2) growth also dipped on March's +11.6% y-o-y to hit its lowest level since the monthly data was first released in 1998 (see Fig. 10).

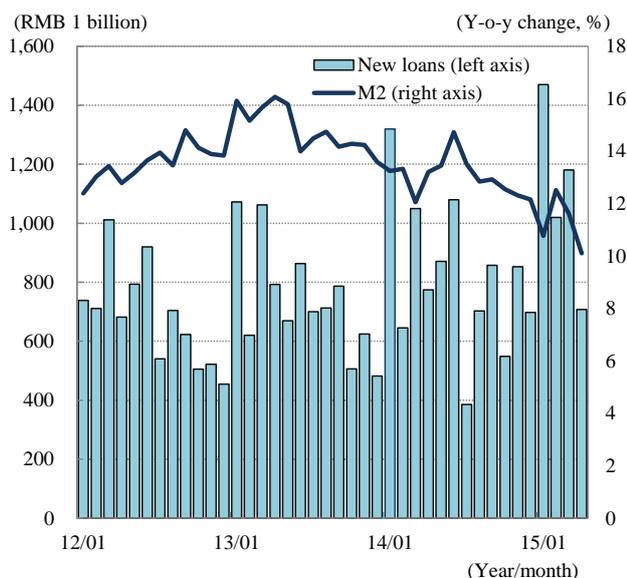
**Outstanding bank loans grew at a slightly faster pace**

In April, outstanding RMB loans grew by 14.1% on the previous year, up slightly on March's figure of +14.0% y-o-y. New RMB loans totaled RMB 707.9 billion, down on March's figure of 1.18 trillion (see Fig. 10). Total social financing, which includes funds procured from non-bank sources, stood at RMB 1.05 trillion, down slightly on March's figure of RMB 1.1816 trillion. Bank acceptances and entrusted loans decreased.

**The PBOC absorbed funds from the money markets through its open-market operations**

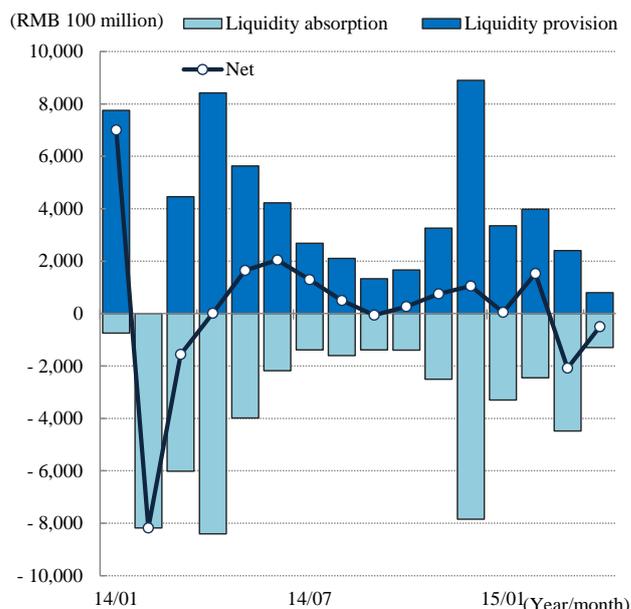
In April, the PBOC absorbed a net RMB 50 billion from the money markets as part of its open-market operations to control liquidity (see Fig. 11).

**Fig. 10: 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. 11: Open Market Operations**



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

**The PBOC cut interest rates and also lifted the upper limit for deposit rates**

The PBOC lowered the benchmark lending and deposit rates on May 11. This follows on from previous cuts in November last year and March this year (see Fig. 12). Both rates were lowered by 0.25%Pt, with the one-year benchmark lending rate now standing at 5.10% and the one-year benchmark deposit rate at 2.25%. The PBOC said that the recent rate cuts were aimed at lowering real interest rates and reducing funding costs.

At the same time, the PBOC also lifted the upper limit for deposit rates to 1.5 times the benchmark rate (up from 1.3 times previously), with banks now able to offer (one year) deposit rates of up to 3.375% (up from 3.250%). These measures were aimed at liberalizing deposit rates, with PBOC Governor Zhou Xiaochuan commenting that there was a very high likelihood that the cap on deposit rates would be deregulated within the year.

**Stocks cooled off for a time, though they are now rising again**

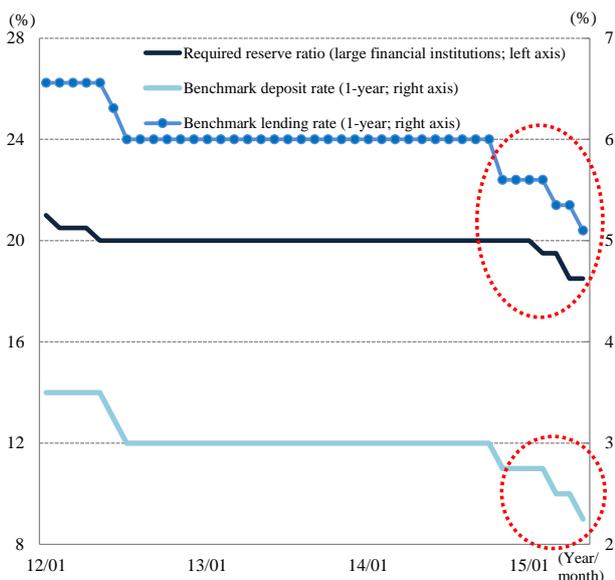
**The RMB continues to move flatly against the dollar**

The Shanghai Stock Exchange Composite Index hit 4,500 mark on April 27, its highest level since January 2008, some seven years ago. However, the index's climb was then arrested for a time (see Fig. 13). Factors behind this lull included moves on May 5 to strengthen risk management in margin trading operations, as well as growing concerns about worsening supply and demand conditions due to an increase in IPOs. Stocks have since begun trending upwards again after the markets reacted favorably to: the release of 'Made in China 2025,' the 10-year action plan aimed at upgrading China's manufacturing sector; and an announcement about a public-private partnership (PPP) project involving the participation of private capital.

The RMB continues to trade around RMB 6.20 mark against the dollar (see Fig. 13). The dollar has been sold by China's major banks when it approaches the RMB 6.21 mark. Some say that the authorities are intervening through these major banks in the foreign exchange markets in order to keep currency fluctuations in check. Anticipation for rising U.S. interest rates could easily lead to expectations for RMB depreciation. Under these circumstances, these RMB-buying interventions point to a desire by the authorities to keep a lid on fund outflows.

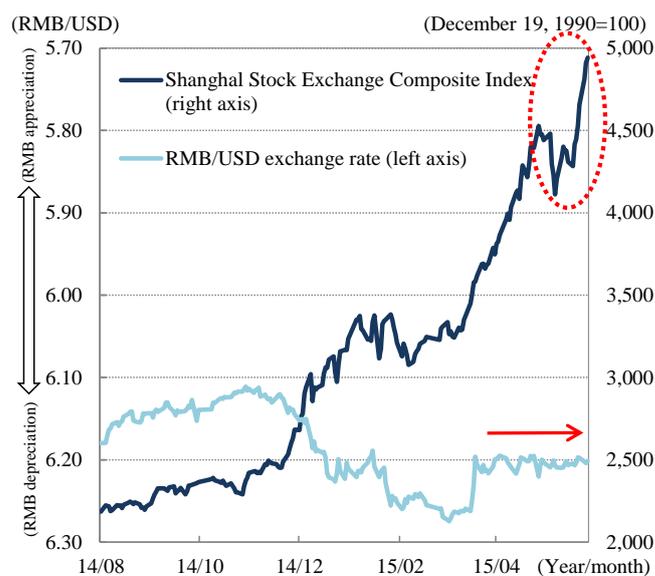
(Ayana Nakazawa)

**Fig. 12: 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. 13: Exchange Rates/Stocks**



Note: Daily data; The most recent day: May 27  
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	February	March	April
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	49.9	50.1	50.1
	New Orders	Points			50.4	50.2	50.4	50.2	50.2
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	9.7	8.3	7.6	6.4	6.8	5.6	5.9
	Light Industry	Y-o-y change (%)	9.7	8.3	7.9	6.0	6.3	5.4	5.6
	Materials	Y-o-y change (%)	11.1	9.1	8.8	8.4	8.5	8.3	9.0
	Machinery	Y-o-y change (%)	10.5	10.4	9.3	7.8	7.9	7.4	6.2
	Electric Power Generation	Y-o-y change (%)	5.3	4.3	1.3	-5.6	-7.6	-3.7	1.0
	Industrial Goods Inventories	Y-o-y change (%)			13.5	8.2	8.5	7.7	
	Light Industry	Y-o-y change (%)			15.6	10.9	11.1	10.4	
	Materials	Y-o-y change (%)			8.9	3.5	3.6	3.3	
	Machinery	Y-o-y change (%)			17.9	14.9	15.0	14.8	
	Passenger Transportation Volume	Y-o-y change (%), passenger-kilometer	7.9	8.8	n.a.	4.4	-3.0	26.3	7.7
Freight Transportation Volume	Y-o-y change (%), ton-kilometer	7.3	9.9	n.a.	1.3	0.3	-1.4	-2.2	
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	43.65	50.20	50.20	7.75	3.45	7.75	12.00
		Year-to-date y-o-y change (%)	19.6	15.7	15.7	13.5	13.9	13.5	12.0
	Real Estate	Year-to-date y-o-y change (%)	16.7	7.9	7.9	5.7	9.5	5.7	3.5
	Primary Industry	Year-to-date y-o-y change (%)	32.5	33.9	33.9	32.8	36.3	32.8	26.4
	Secondary Industry	Year-to-date y-o-y change (%)	17.4	13.2	13.2	11.0	11.5	11.0	9.8
	Manufacturing	Year-to-date y-o-y change (%)	18.5	13.5	13.5	10.4	10.6	10.4	9.9
	Tertiary Industry	Year-to-date y-o-y change (%)	21.0	16.8	16.8	14.7	14.8	14.7	13.2
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,176	1,196	1,196	349	225	349	445
	Year-to-date y-o-y change (%)	-2.9	1.7	1.7	10.6	16.4	10.6	10.5	
Trade	Exports	USD 100 million	22,107	23,432	6,460	5,140	1,692	1,446	1,763
		Y-o-y change (%)	7.8	6.0	8.5	4.6	48.3	-15.0	-6.5
	To the U.S.	Y-o-y change (%)	4.7	7.5	7.7	11.2	48.5	-8.0	3.1
	To the EU	Y-o-y change (%)	1.2	9.7	4.3	2.4	44.1	-19.1	-10.4
	To Japan	Y-o-y change (%)	-0.9	-0.5	-7.0	-11.8	23.6	-24.8	-13.3
	To NIES, ASEAN	Y-o-y change (%)	16.6	2.8	13.5	3.2	31.7	-12.0	-6.6
	Imports	USD 100 million	19,493	19,631	4,965	3,903	1,086	1,415	1,422
		Y-o-y change (%)	7.3	0.7	-1.6	-17.8	-20.8	-12.9	-16.4
	To the U.S.	Y-o-y change (%)	14.8	4.3	2.4	-13.0	-25.9	-4.8	-7.2
	To the EU	Y-o-y change (%)	3.5	11.1	6.2	-10.1	-16.3	-7.9	-15.0
	To Japan	Y-o-y change (%)	-8.7	0.5	-2.6	-11.2	-14.9	-5.5	-8.5
	To NIES, ASEAN	Y-o-y change (%)	7.9	1.6	4.0	-9.6	-9.7	-6.7	-9.2
Trade Balance	USD 100 million	2,614	3,801	1,495	1,237	606	31	341	

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: The annual y-o-y change figures in the Passenger Transportation Volume/Freight Transportation Volume show the year-to-date y-o-y change for the period January-December. The quarterly y-o-y change figures show the y-o-y change as calculated from the monthly real data. The monthly figure for December 2014 has not been released, and thus the y-o-y figure for October-December 2014 has not been listed.

Note 6: 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 7: 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 8: The Inventory figures for January and February show the aggregate result for the period January-February.

Note 9: 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	February	March	April
Consumption	Consumer Confidence Index	End-of-period figure, points			105.8	107.1	109.8	107.1	
	Consumer Expectations Index	End-of-period figure, points			109.1	110.3	113.0	110.3	
	Total Retail Sales of Consumer Goods	RMB 1 trillion	23.78	26.24	7.32	7.07	4.80	2.27	2.24
		Y-o-y change (%)	13.1	12.0	11.7	10.6	10.7	10.2	10.0
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	11.6	9.3	9.2	7.8	8.1	6.8	6.7
	Automobile Sales	10,000 automobiles	2199.3	2348.9	648.8	615.3	159.3	224.1	199.5
		Y-o-y change (%)	14.2	7.0	6.0	3.5	-0.2	3.3	-0.5
	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	1.4	1.4	1.5
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.7	1.6	1.3	1.4	1.6	1.5	1.5
	Foods	Y-o-y change (%)	4.7	3.1	2.6	1.9	2.4	2.3	2.7
	Producer Price Index	Y-o-y change (%)	-1.9	-1.9	-2.8	-4.6	-4.8	-4.6	-4.6
	Producer Goods	Y-o-y change (%)	-2.6	-2.5	-3.6	-5.9	-6.2	-5.9	-5.9
	Consumer Goods	Y-o-y change (%)	0.2	0.0	-0.1	-0.1	-0.1	-0.1	-0.2
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	5.9	2.6	-3.5	-5.6	-5.7	-6.1	-6.3
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	110.65	122.84	122.84	127.53	125.74	127.53	128.08
		End-of-period figure, y-o-y change (%)	13.6	12.2	12.2	11.6	12.5	11.6	10.1
	Outstanding Loans	End-of-period figure, RMB 1 trillion	71.90	81.68	81.68	85.91	84.72	85.91	86.61
		End-of-period figure, y-o-y change (%)	14.1	13.6	13.6	14.0	14.3	14.0	14.1
	Net Increase	Mid-period increase, RMB 10 billion	891	978	210	423	102	118	71
	Deposits	End-of-period figure, RMB 1 trillion	104.38	113.86	113.86	124.89	122.33	124.89	125.76
		End-of-period figure, y-o-y change	13.8	9.1	9.1	10.1	10.9	10.1	9.7
	Required reserve ratio (Large Enterprises)	End-of-period figure, %	20.0	20.0	20.0	19.5	19.5	19.5	18.5
	1-year Benchmark Lending Rate	End-of-period figure, %	6.00	5.60	5.60	5.35	5.60	5.35	5.35
	Overnight Repo Rate	End-of-period figure, %	3.18	3.59	3.59	3.30	3.54	3.30	1.72
Foreign Currency Reserves	End-of-period figure, USD 100 million	38,213	38,430	38,430	37,300	38,015	37,300		
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.05	6.20	6.20	6.20	6.27	6.20	6.20
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	17.39	19.32	19.32	19.35	19.10	19.35	19.33
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	2,116	3,235	3,235	3,748	3,310	3,748	4,442
	PER	End-of-period figure, ratio	11.0	16.0	16.0	19.0	16.6	19.0	22.5
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	2,391	3,725	3,725	4,770	4,076	4,770	5,635
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	4,687	7,439	3,357	4,131	762	2,090	3,012
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	10.2	8.6	8.6	3.9	3.2	3.9	5.1
	Fiscal Expenditure	Year-to-date y-o-y change (%)	11.3	8.2	8.2	7.8	10.5	7.8	13.8

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

---

**Release on May 28, 2015**

---

**Yoshino Tamai; Economist, China Unit, Research Department-Asia,  
Mizuho Research Institute Ltd.**

+81-3-3591-1367 yoshino.tamai@mizuho-ri.co.jp

**Ayana Nakazawa; Economist, China Unit, Research Department-Asia,  
Mizuho Research Institute Ltd.**

+81-3-3591-1413 ayana.nakazawa@mizuho-ri.co.jp

---

This publication is compiled solely for the purpose of providing readers with information and is in no way meant to encourage readers to buy or sell financial instruments. Although this publication is compiled on the basis of sources that MHRI believes to be reliable and correct, MHRI does not warrant its accuracy and certainty. Readers are requested to exercise their own judgment in the use of this publication. Please also note that the contents of this publication may be subject to change without prior notice.

---