
Mizuho Economic Commentary-China

July 2015

◆ Topic

Evaluating the Chinese government's measures to support stock prices

The Chinese government has introduced a number of measures to support stock prices in the wake of the stock market crash from mid-June onwards. If the government focuses on stock market stability and continues to pursue similar measures, there may be a danger that this could impede the development of healthy capital markets.

◆ Economic trends

The growth rate moved flatly in April–June. June's indicators showed signs of improvement

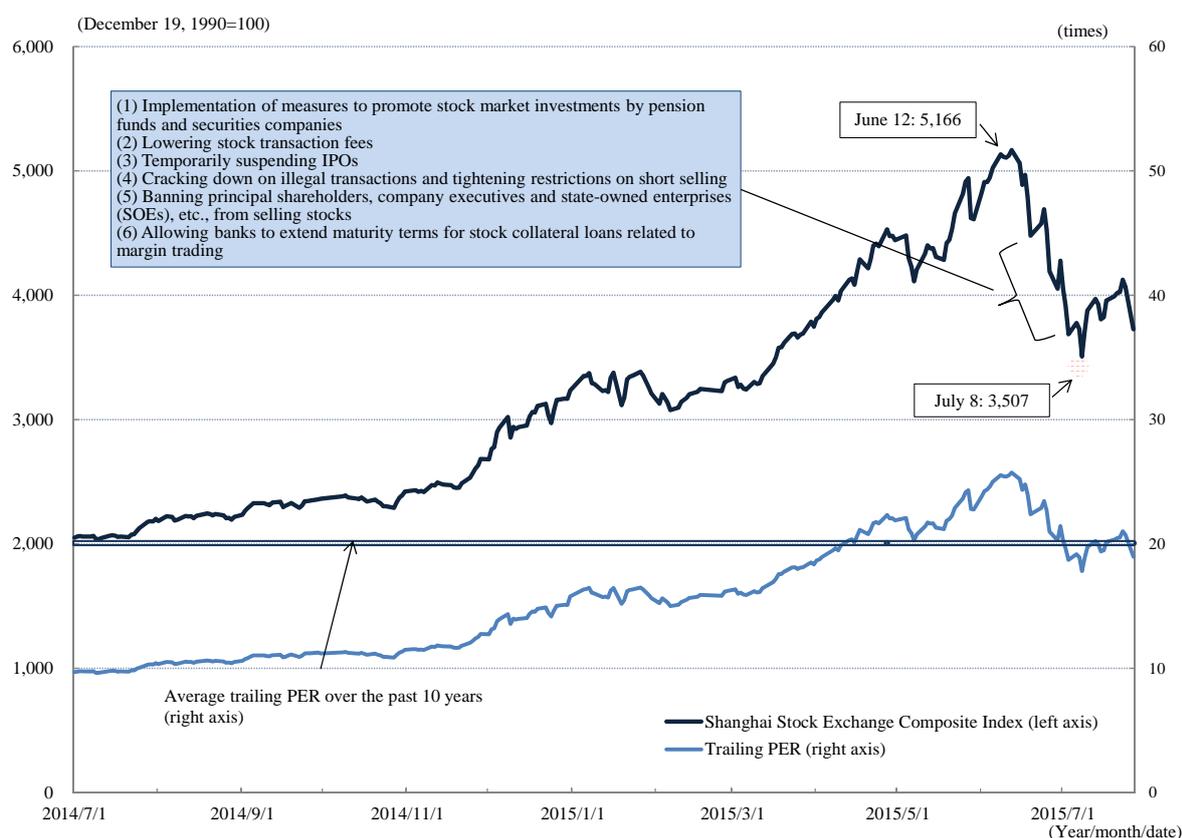
The real GDP growth rate stood at +7.0% y-o-y in April–June, with China avoiding a slowdown. June's standalone monthly major indicators showed signs of improvement, with investment in infrastructure, etc., accelerating.

1. Topic: Evaluating the Chinese government's measures to support stock prices

The Chinese government has announced a number of measures to support stock prices in the wake of the sharp falls from mid-June onwards

The sharp fall in the Chinese stocks from mid-June onwards attracted a lot of attention both within China and overseas. After peaking out at 5,166 on June 12, the Shanghai Stock Exchange Composite Index then sharply fell to 3,507 on July 8 (see Fig. 1; for the reasons behind the stock fall, see '4. Monetary policy'). Considering the speed at which stocks had previously climbed, some correction had been on the cards, but the actual scale of the slide surpassed market expectations. The Chinese government introduced a number of measures to support stock prices one after another. These included measures to promote stock market investments by pension funds and securities companies, for example, with initial public offerings (IPOs) also suspended. These measures managed to arrest stock market losses for a time.

Fig. 1: The Shanghai Stock Exchange Composite Index; and major measures to support stock prices



Note: The average trailing PER over the past 10 years show the average trailing PER for the period 2005–2014. The trailing PER and the most recent stock prices are as of July 27, 2015.

Source: Prepared by Mizuho Research Institute based on the Bloomberg data

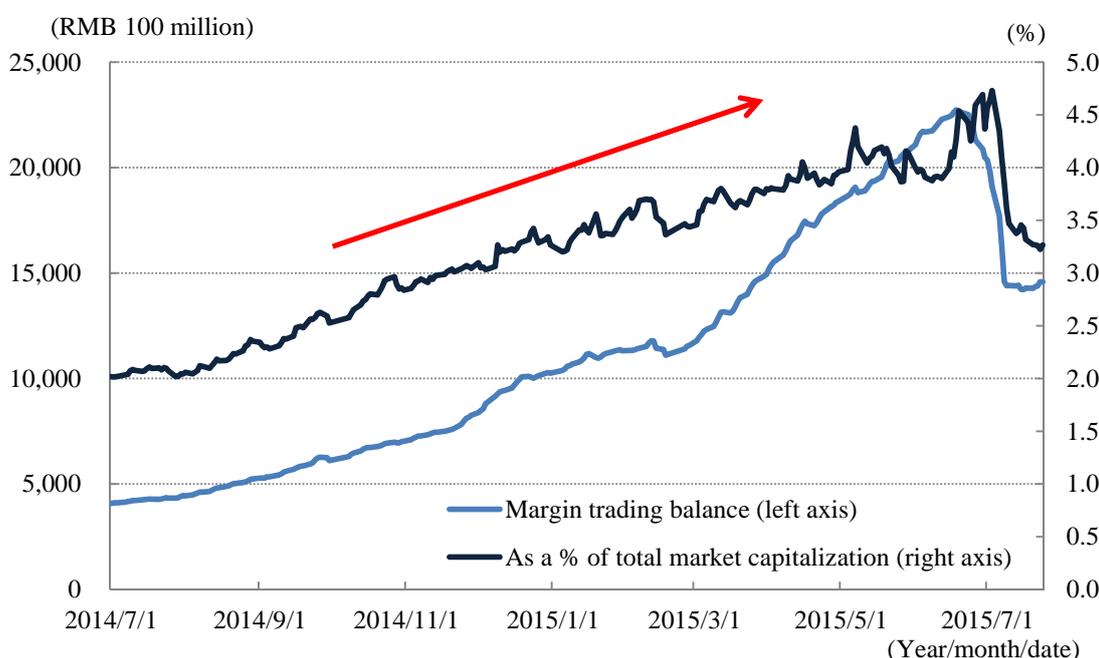
The economic slowdown and concerns about financial

The Chinese government has recently announced a number of measures. There are thought to be three main reasons behind these frantic attempts to arrest the slide in

system instability/social unrest lie behind the government's frantic attempts to support stock prices

stock prices. Firstly, with the economy slowing, there are concerns that falling stock prices could impact consumption, etc., with the economy declining further as a result. Secondly, with banks and securities companies pumping more funds into stock markets in tandem with a rise in margin trading (see Fig. 2), the authorities are probably worried that falling stock prices could lead to a growing instability of the financial system. Thirdly, the number of individual investors (including those with little investment experience) has increased sharply, and thus the government might be concerned about growing social unrest if stocks keep plummeting.

Fig. 2: Margin Trading Balance



Note: The combined share of Shanghai and Shenzhen's A-share markets. The total market capitalization is the total value of all negotiable shares. Most recent data: July 24, 2015

Source: Prepared by Mizuho Research Institute based on the materials from the Shanghai Stock Exchange and the Shenzhen Stock Exchange

China insists that it has followed the examples of other countries when intervening to support stock prices

Then, how should we evaluate the recent measures? It helps first of all to examine the assessment of the Chinese authorities themselves. An editorial in the July 20 edition of the People's Daily, the official newspaper of the Chinese Communist Party, stated that the government's moves to rescue plunging stocks were similar to those taken by developed nations such as the U.S. and Japan in the past. Vice Finance Minister Zhu Guangyao has also said that the authorities referred to the experiences of the U.K. and U.S. when intervening in the markets, with the government's measures to stabilize the markets rational in nature.

However, even if we take a positive view of the recognition by the Chinese

authorities, we still need to pay attention to the issues brought to light by the recent response.

The recent response has led to a growing sense that the Chinese government is focusing more on stable growth than reform

One of the issues is that a series of strong measures have led to a growing sense that the Chinese government is focusing more on growth than reform. The Third Plenary Session of the 18th Central Committee of the Communist Party of China (Third Plenum), held in November 2013, heard an announcement that the markets would be allowed to play a decisive role in allocating resources. This led to rising expectations that the administration of Xi Jinping would push ahead with reforms. In fact, the government has indeed implemented financial and fiscal reforms. As part of its recent response to the stock fall, however, the government has banned principal shareholders, company executives and state-owned enterprises (SOEs), etc., from selling stocks, for example. These measures have deviated significantly from the policy of promoting market reforms, with some voices saying that government has gone too far.

If China continues to rely on measures to boost stocks, this could impede the development of healthy capital markets

If the government remains focused more on short-term stable growth than reform and thus continues to rely on measures to boost stocks, this could lead to moral hazard, with investors expecting the government to rescue them again if they get into trouble, and there may be a danger that this could impede the development of healthy capital markets. Furthermore, if foreign investors lose faith in Chinese markets, this could lead to delays in capital market liberalization and the internationalization of the RMB, for example. The response to plunging stock prices has once again laid bare the risks inherent in the Chinese economy.

(Yoshino Tamai)

2. Overview: The real GDP growth rate in April–June moved flatly on the previous quarter

In April–June, China’s real GDP growth rate moved flatly on the previous quarter

At +7.0% y-o-y, China’s real GDP growth rate in April–June moved flatly on the previous quarter (see Fig. 3).

In April–June, the real growth rate of investment in fixed assets slowed to +11.8% y-o-y (January–March: +14.5% y-o-y; Mizuho Research Institute estimates). This was due to: the weakness of investment in the manufacturing sector, which is struggling with overcapacity; a sharp slowdown in investment in real-estate development; and sliding investment in mining industries such as petroleum/natural gas extraction. Infrastructure investment (such as transportation, management of water conservancy, and environment) was also weak, down slightly on the previous quarter.

The real growth rate of total retail sales of consumer goods (an indicator showing consumption trends) stood at +10.2% y-o-y in April–June. This marked a slowdown on the previous quarter’s +10.8% y-o-y. Sales of automobiles and housing-related goods, such as appliances and furniture, moved sluggishly.

Not only domestic demand but also external demand showed signs of weakness. At -2.2% y-o-y, export growth (nominal, dollar-denominated) fell into negative territories in April–June, down on the previous quarter’s +4.6% y-o-y. Exports to Europe and the BRICs slumped. Meanwhile, at -13.6% y-o-y, the pace of the decline in import growth (nominal, dollar-denominated) decreased on the previous quarter (-17.8% y-o-y). The trade surplus remained high at \$139.5 billion (January–March: \$123.7 billion).

The growth rate appeared to be pushed up by stock market activity in April–June

As outlined above, though all the major indicators slowed in April–June, the real GDP growth rate moved flatly. It could be that the real GDP growth rate was pushed up by strong growth in the financial sector due to a surge in stock trading.

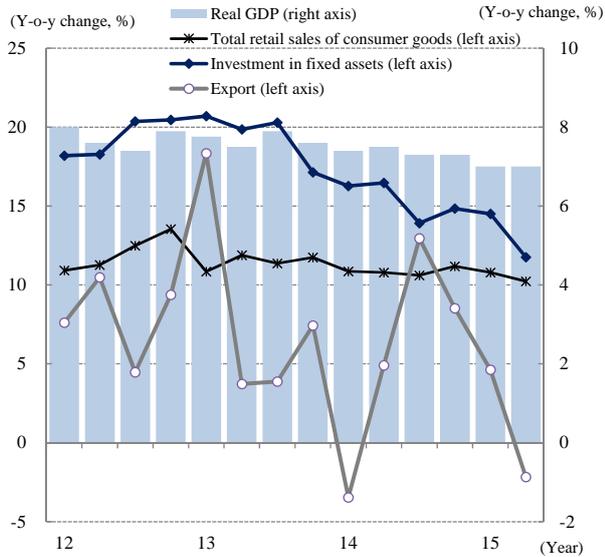
The major indicators accelerated slightly in June

However, the monthly figures for June alone showed signs of improvement, with the major indicators accelerating slightly on the previous month in tandem with rising domestic and external demand.

Industrial production growth accelerated

At +6.8% y-o-y, industrial production growth in June accelerated on the +6.1% y-o-y recorded in May (see Fig. 4). Growth was particularly pronounced when it came to industries involved in raw materials such as non-ferrous metals, automobiles, and other transportation machinery (railways, ships, etc.).

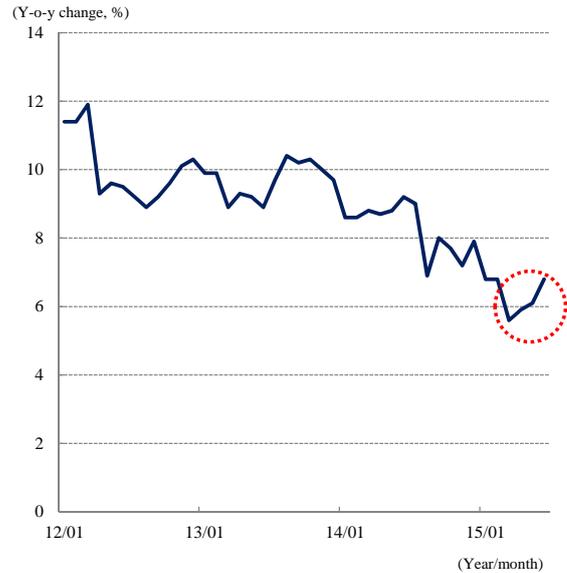
Fig. 3: Major Economic Indicators



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

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

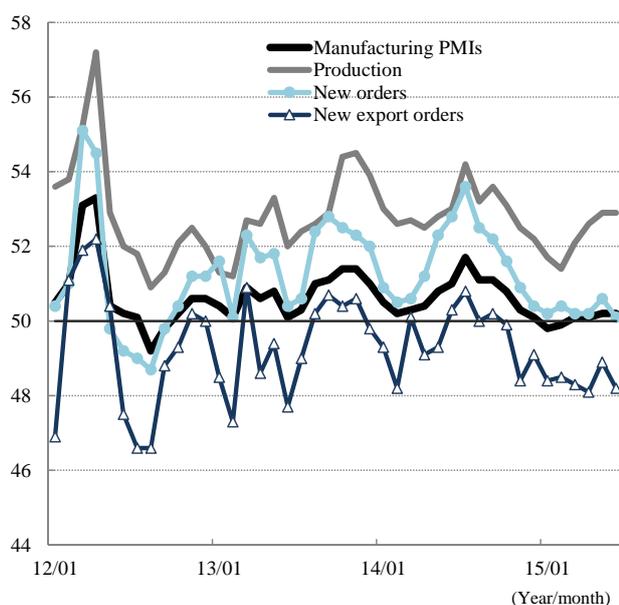
The Manufacturing PMI moved flatly

At 50.2, the government’s Manufacturing PMI in June was unchanged on May. It remained slightly topped 50, the key line dividing economic contraction from expansion (see Fig. 5). A glance at the details shows the production index moving flatly, with the new orders index sliding. At 49.6, HSBC’s Final Manufacturing PMI for June was up on May’s 49.2, though it remained below 50.

Export growth moved into positive territories

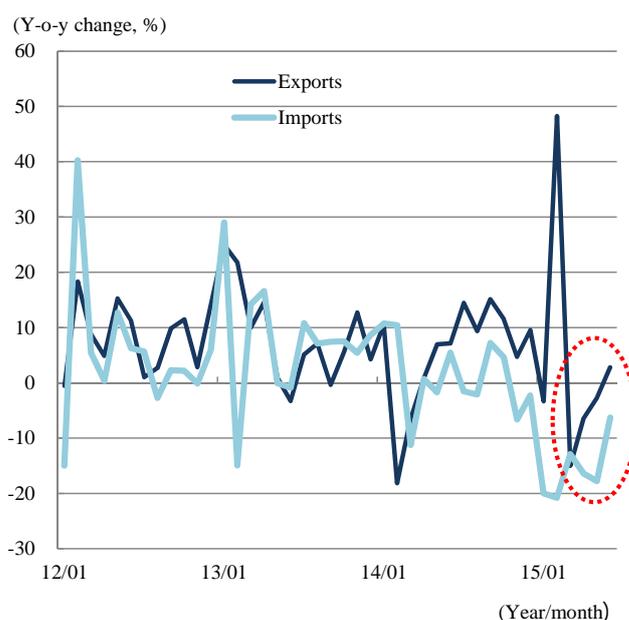
At +2.8% y-o-y, export growth (nominal, dollar-denominated) moved into positive territories in June, up from May’s figure of -2.8% y-o-y (see Fig. 6). Exports to the U.S. accelerated, while exports to the NIEs (excluding Hong Kong) also moved into positive territories. Exports to the BRICS, Japan and Europe also fell at a slower pace. A breakdown by item points to faster growth in exports of electronic equipment and parts, such as integrated circuits, mobile phones, etc.

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

The pace of the slide in import growth decreased sharply

At -6.3% y-o-y, the pace of the slide in import growth (nominal, dollar-denominated) decreased sharply on May's figure of -17.8% y-o-y (see Fig. 6). Import growth from the U.S., ASEAN (excluding Singapore), and the NIEs (excluding Hong Kong) moved into positive territories. A breakdown by item shows imports of raw materials, such as crude oil and petroleum products, etc., sliding at a slower pace on the modest recovery of crude oil prices, with imports of electronic equipment and parts moving into positive territories.

The trade surplus shrank

June's trade surplus stood at \$46.5 billion, down on May's figure of \$58.9 billion. This was mainly due to imports falling at a slower pace.

Investment growth accelerated

At +11.4% y-o-y, nominal investment growth rate (investment in fixed assets) in June accelerated on May (+10.0% y-o-y) (see Fig. 7). Investment remained sluggish when it came to iron & steel and other manufacturing sectors, but with the government ramping up infrastructure spending, for example, the impact of economic stimulus measures gradually became more apparent. In fact, investment in public facility administration, etc., accelerated.

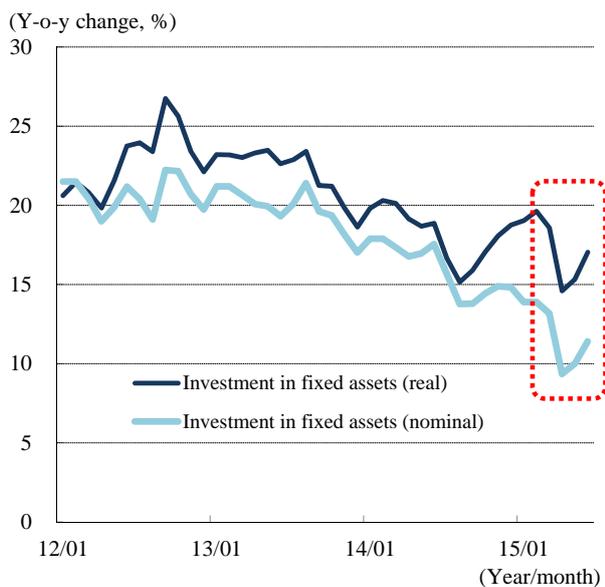
Nominal and real consumption growth both accelerated

At +10.6% y-o-y, nominal consumption growth (total retail sales of consumer goods) in June accelerated on May (+10.1% y-o-y) (see Fig. 8). The real growth rate (adjusted to remove the impact of price fluctuations) also rose. A glance at consumption trends by product, based on the total sales of retailers with sales of RMB 5 million or more, shows household appliances and automobile sales accelerating, with the consumption of petroleum and related products also declining at a slower pace.

There were signs of slowing growth in the jobs and income environment

At 1.06, the jobs-to-applicants ratio remained above 1 in April–June, though it fell for the second successive quarter. At +7.6% y-o-y, real per-capita disposable income growth in January–June slowed on January–March (+8.1% y-o-y). April–June saw the creation of 3.94 million new urban jobs, over one-third of the government’s yearly target of 10 million.

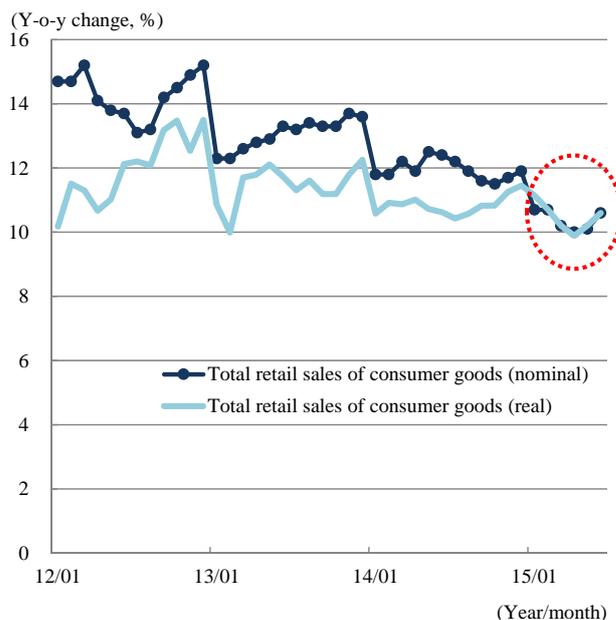
Fig. 7: Investment in Fixed Assets



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

3. Inflation: The CPI growth accelerated slightly; the PPI fell deeper into negative territories

The CPI growth rate accelerated slightly

In June, consumer price index (CPI) growth stood at +1.4% y-o-y, up slightly on May’s result (+1.2% y-o-y) (see Fig. 9). The overall figure was pushed up by the

rising price of foods such as pork and vegetables. The price of non-food items also increased slightly.

The PPI growth rate fell further into negative territories

At -4.8% y-o-y, the June producer price index (PPI) fell deeper into negative territories, down on May's figure of -4.6% y-o-y. With crude oil prices enjoying a gentle recovery, shipping costs fell at a slower pace in the petroleum/natural gas extraction sectors on a y-o-y basis. However, shipping costs dropped further into negative territories in the iron/steel, non-ferrous metal, and chemical fibers sectors.

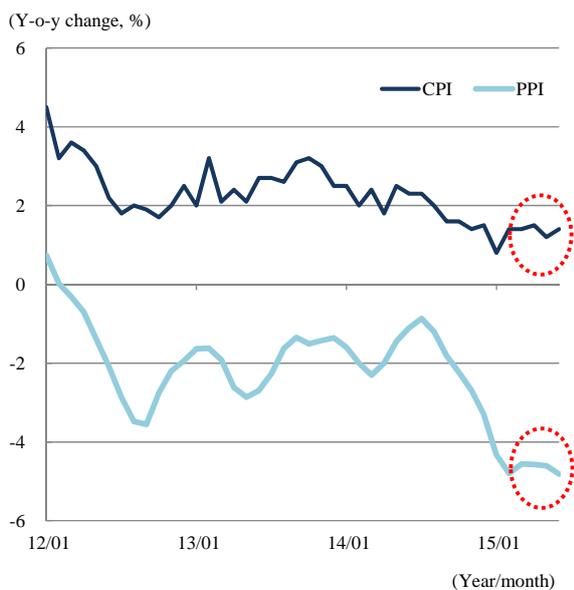
The housing price growth fell at a slower y-o-y pace for the second successive month

At -5.4% y-o-y, the new-homes price index (the average of 70 major Chinese cities) fell at a slower pace for the second successive month in June (estimate; May: -6.0% y-o-y) (see Fig. 10). On a monthly basis, the index moved into positive territories for the second successive month at +0.2% m-o-m (estimate; May: +0.1% m-o-m). 27 of the 70 major cities surveyed saw the price of new homes rising on the previous month, up from 20 in May.

Real estate sales growth accelerated

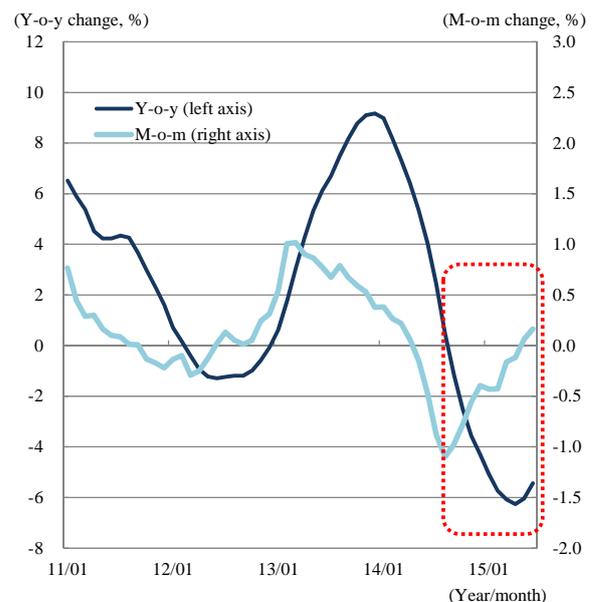
At +16.0% y-o-y, real estate sales in terms of floor space accelerated in June, up from May's figure of +15.0% y-o-y. It is considered that the decline in purchase costs on the back of monetary easing such as interest rate cuts contributed to the recovery of real estate sales.

Fig. 9: CPI and PPI



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

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

4. Monetary policy: Further monetary easing and a series of measures to support stock prices

Growth in outstanding deposits slowed; money supply growth accelerated

A glance at June's financial indicators shows outstanding RMB deposits up 10.7% on the previous year, a slight decrease on May's figure (+10.9% y-o-y). At +11.8% y-o-y, money supply (M2) growth accelerated on May (+10.8% y-o-y) (see Fig. 11).

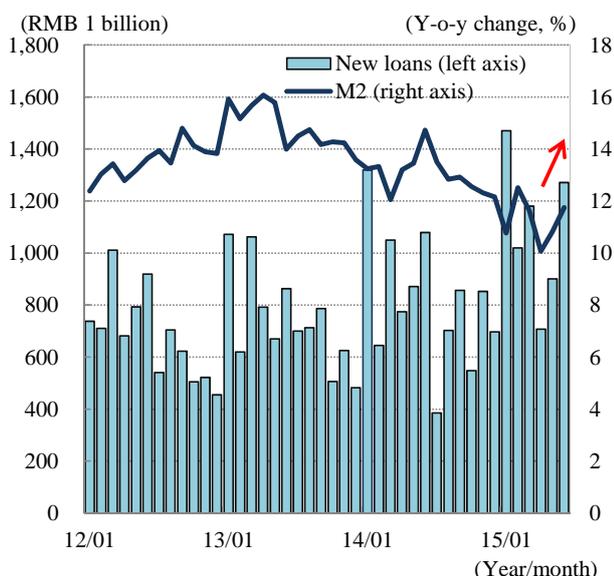
The growth in outstanding bank loans slowed

In June, outstanding RMB loans grew by 13.4% on the previous year, down on May's figure of +14.0% y-o-y. New RMB loans totaled RMB 1.2713 trillion, up sharply on May's figure of RMB 900.8 billion (see Fig. 11). Total social financing, which includes funds procured from non-bank sources, grew by RMB 1.86 trillion, up significantly on May's figure of RMB 1.2196 trillion. The amount of entrusted loans and corporate bonds increased.

The PBOC released funds into the money markets through its open-market operations. It also cut the reverse repo rate to 2.50%

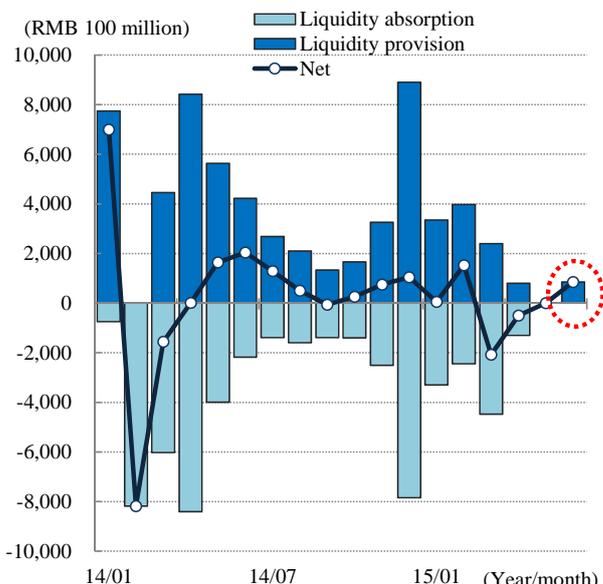
In June, the People's Bank of China (PBOC) released a net RMB 85 billion into the money markets as part of its open-market operations to control liquidity (see Fig. 12). It cut the (seven-day) reverse repo rate twice from June onwards, with the rate lowered from 3.35% to 2.50%.

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

A series of further monetary easing measures were implemented at the end of June

On June 28, the PBOC lowered the benchmark lending and deposit rates (one-year) by 0.25%Pt, respectively (see Fig. 13). It also lowered the required reserve ratio for some financial institutions on the same day. The required reserve ratio was lowered by 0.5%Pt for state-owned banks and joint-stock commercial banks, etc., that have extended a certain share of loans to small and micro enterprises and the agriculture sector, while the required reserve ratio for finance companies (financial services companies that provide funding to members within the same corporate group) was lowered by 3.0%Pt. The main purpose of these cuts is to lower funding costs for companies. Furthermore, it seems that these targeted cuts were aimed at boosting lending to small and micro enterprises and the agriculture sector, etc.

After peaking out on June 12, stock prices plunged

On June 24, the Chinese government announced its policy that it would deregulate the cap on loan-to-deposit ratio in which the commercial bank lending should be 75% of deposit balance, with the loan-to-deposit ratio to be used only as a reference index when monitoring liquidity. This appears to be a step toward financial market liberalization. However, the above cap was still in place as of July 24.

After trending upwards, the Shanghai Stock Exchange Composite Index hit 5,166 on June 12, its highest point for seven years and five months. This was followed by a crash, though. On July 8, the index temporarily plunged to a low around 35% of its peak (see Fig 14). The main factors behind the crash were: (1) growing concerns about deteriorating supply and demand conditions as a result of IPOs; (2) the announcement of a proposal to tighten up the rules on margin trading; and (3) expectations that speculative funds would flood back into the real estate market with real estate prices having stopped falling. The government introduced various measures to support stock prices in the wake of the crash. In addition to monetary easing such as interest rate cuts at the end of June, it also temporarily suspended any IPOs. Nonetheless, stocks kept falling. The PBOC then released a statement saying that it would provide liquidity to stock markets through the China Securities Finance Corporation, with the Ministry of Public Security also announcing the commencement of an investigation into ‘malicious’ short-selling. As a result, stocks stopped sliding on July 9. On July 27, however, the Shanghai Stock Exchange Composite Index plunged 8.5% from its level at the end of the previous week, with stock prices continuing to move erratically.

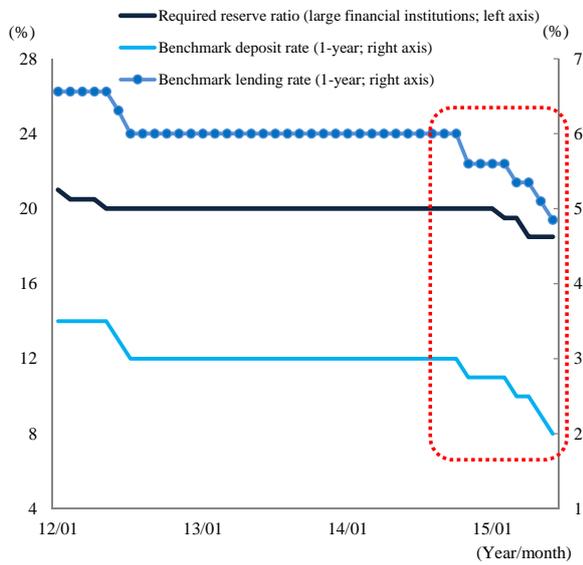
The RMB continues to move flatly against the dollar

The RMB continued to trade around RMB 6.21 against the dollar (see Fig. 14). The dollar has been sold by China’s major banks when it approaches the RMB 6.21 mark, and thus it is presumed that the authorities are intervening though

these banks to buy the RMB.

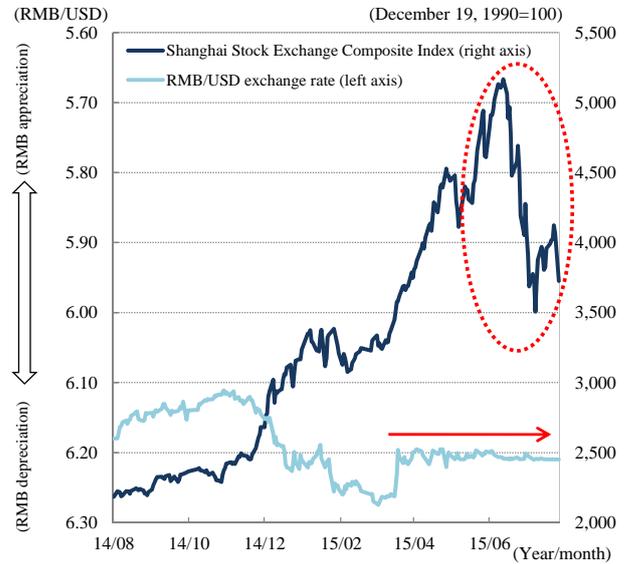
(Ayana Nakazawa)

**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: July 27

Source: Prepared by Mizuho Research Institute based on the Bloomberg data

Appendix: China's Major Economic Indicators (1)

Headings		Unit	2013	2014	15/1Q	15/2Q	April	May	June
GDP	Real GDP	Y-o-y change (%)	7.7	7.4	7.0	7.0			
	Nominal GDP	Year-to-date (total), RMB 1 trillion	58.80	63.65	14.07	29.69			
Business Sentiment	PMI	End-of-period figure, points			50.1	50.2	50.1	50.2	50.2
	New Orders	Points			50.2	50.1	50.2	50.6	50.1
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	9.7	8.3	6.4	6.3	5.9	6.1	6.8
	Light Industry	Y-o-y change (%)	9.7	8.3	6.0	6.3	5.6	6.3	6.9
	Materials	Y-o-y change (%)	11.1	9.1	8.4	9.0	9.0	8.8	9.2
	Machinery	Y-o-y change (%)	10.5	10.4	7.8	6.2	6.2	5.3	7.1
	Electric Power Generation	Y-o-y change (%)	5.3	4.3	-5.6	0.5	1.0	-0.0	0.5
	Industrial Goods Inventories	Y-o-y change (%)			8.2		7.0	7.1	
	Light Industry	Y-o-y change (%)			10.9		7.2	6.4	
	Materials	Y-o-y change (%)			3.5		3.1	3.4	
	Machinery	Y-o-y change (%)			14.9		13.0	13.1	
	Passenger Transportation Volume	Y-o-y change (%), passenger-kilometer	7.9	8.8	4.4	5.6	7.7	7.5	1.8
Freight Transportation Volume	Y-o-y change (%), ton-kilometer	7.7	9.9	1.3	-1.6	-2.2	-0.5	-2.1	
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	43.65	50.20	7.75	23.71	12.00	17.12	23.71
		Year-to-date y-o-y change (%)	19.6	15.7	13.5	11.4	12.0	11.4	11.4
	Real Estate	Year-to-date y-o-y change (%)	16.7	7.9	5.7	2.3	3.5	2.5	2.3
	Primary Industry	Year-to-date y-o-y change (%)	32.5	33.9	32.8	27.8	26.4	27.8	27.8
	Secondary Industry	Year-to-date y-o-y change (%)	17.4	13.2	11.0	9.3	9.8	9.6	9.3
	Manufacturing	Year-to-date y-o-y change (%)	18.5	13.5	10.4	9.7	9.9	10.0	9.7
	Tertiary Industry	Year-to-date y-o-y change (%)	21.0	16.8	14.7	12.4	13.2	12.1	12.4
Actual Direct Investment	Year-to-date (total), USD 100 million	1,176	1,196	349	684	445	538	684	
	Year-to-date y-o-y change (%)	-2.9	1.7	10.6	8.0	10.5	10.1	8.0	
Trade	Exports	USD 100 million	22,107	23,432	5,140	5,584	1,763	1,901	1,920
		Y-o-y change (%)	7.8	6.0	4.6	-2.2	-6.5	-2.8	2.8
	To the U.S.	Y-o-y change (%)	4.7	7.5	11.2	7.6	3.1	7.8	12.0
	To the EU	Y-o-y change (%)	1.2	9.7	2.4	-6.8	-10.4	-6.9	-3.4
	To Japan	Y-o-y change (%)	-0.9	-0.5	-11.8	-9.3	-13.3	-8.1	-6.0
	To NIES, ASEAN	Y-o-y change (%)	16.6	2.8	3.2	-2.6	-6.6	-5.3	4.1
	Imports	USD 100 million	19,493	19,631	3,903	4,188	1,422	1,312	1,454
		Y-o-y change (%)	7.3	0.7	-17.8	-13.6	-16.4	-17.8	-6.3
	To the U.S.	Y-o-y change (%)	14.8	4.3	-13.0	-1.7	-7.2	-3.7	7.0
	To the EU	Y-o-y change (%)	3.5	11.1	-10.1	-15.4	-15.0	-24.1	-6.2
	To Japan	Y-o-y change (%)	-8.7	0.5	-11.2	-10.4	-8.5	-15.6	-7.6
	To NIES, ASEAN	Y-o-y change (%)	7.9	1.6	-9.6	-4.8	-9.2	-7.4	2.3
Trade Balance	USD 100 million	2,614	3,801	1,237	1,395	341	589	465	

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	15/1Q	15/2Q	April	May	June
Consumption	Consumer Confidence Index	End-of-period figure, points			107.1		107.6	109.9	
	Consumer Expectations Index	End-of-period figure, points			110.3		110.9	113.4	
	Total Retail Sales of Consumer Goods	RMB 1 trillion	24.28	27.19	7.07	7.09	2.24	2.42	2.43
		Y-o-y change (%)	13.1	12.0	10.6	10.2	10.0	10.1	10.6
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	11.6	9.3	7.8	7.1	6.7	6.7	7.9
	Automobile Sales	10,000 automobiles	2199.3	2348.9	615.3	570.1	199.5	190.4	180.3
		Y-o-y change (%)	14.2	7.0	3.5	-1.1	-0.5	-0.4	-2.3
	Average Wages	Y-o-y change (%)	10.1	9.5			n.a.	n.a.	n.a.
Jobs-to-applicants Ratio	End-of-period figure, ratio	1.10	1.15	1.12	1.06	n.a.	n.a.	n.a.	n.a.
Prices	Consumer Price Index	Y-o-y change (%)	2.6	2.0	1.2	1.4	1.5	1.2	1.4
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.7	1.6	1.4	1.6	1.5	1.6	1.7
	Foods	Y-o-y change (%)	4.7	3.1	1.9	2.1	2.7	1.6	1.9
	Producer Price Index	Y-o-y change (%)	-1.9	-1.9	-4.6	-4.7	-4.6	-4.6	-4.8
	Producer Goods	Y-o-y change (%)	-2.6	-2.5	-5.9	-6.0	-5.9	-5.9	-6.2
	Consumer Goods	Y-o-y change (%)	0.2	-0.0	-0.1	-0.3	-0.2	-0.3	-0.2
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	5.9	2.6	-5.6	-5.9	-6.3	-6.0	-5.4
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	110.65	122.84	127.53	133.34	128.08	130.74	133.34
		End-of-period figure, y-o-y change (%)	13.6	12.2	11.6	11.8	10.1	10.8	11.8
	Outstanding Loans	End-of-period figure, RMB 1 trillion	71.90	81.68	85.91	88.79	86.61	87.52	88.79
		End-of-period figure, y-o-y change (%)	14.1	13.6	14.0	13.4	14.1	14.0	13.4
	Net Increase	Mid-period increase, RMB 10 billion	891	978	423	289	71	90	128
	Deposits	End-of-period figure, RMB 1 trillion	104.38	113.86	124.89	131.83	125.76	128.99	131.83
		End-of-period figure, y-o-y change (%)	13.8	9.1	10.1	10.7	9.7	10.9	10.7
	Required reserve ratio (Large Enterprises)	End-of-period figure, %	20.0	20.0	19.5	18.5	18.5	18.5	18.5
	1-year Benchmark Lending Rate	End-of-period figure, %	6.00	5.60	5.35	4.85	5.35	5.10	4.85
	Overnight Repo Rate	End-of-period figure, %	3.18	3.59	3.30	1.23	1.72	1.15	1.23
Foreign Currency Reserves	End-of-period figure, USD 100 million	38,213	38,430	37,300	36,938	37,481	37,111	36,938	
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.05	6.20	6.20	6.20	6.20	6.20	6.20
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	17.39	19.32	19.35	19.69	19.33	20.00	19.69
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	2,116	3,235	3,748	4,277	4,442	4,612	4,277
	PER	End-of-period figure, ratio	11.0	16.0	19.0	20.9	22.5	21.9	20.9
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	2,391	3,725	4,770	5,846	5,635	6,275	5,846
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	4,687	7,439	4,131	9,822	3,012	3,129	3,680
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	10.2	8.6	3.9	6.6	5.1	5.0	6.6
	Fiscal Expenditure	Year-to-date y-o-y change (%)	11.3	8.3	7.8	11.8	13.8	11.1	11.8

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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