
Mizuho Economic Commentary-China

August 2015

◆ Topic

Why was the RMB devalued?

The recent devaluation of RMB/USD pair seems to be part of moves to liberalize exchange rates by adjusting the pair's central parity to reflect market conditions. The pair's market rate only fell by around 3% in the wake of the devaluation, and thus the move would only have a limited impact on boosting exports.

◆ Economic trends

Major indicators moved bearishly on the whole in July

Investment growth dropped off. Investment in infrastructure and real-estate development moved sluggishly. Consumption growth also slowed, and automobile sales fell. Both import and export growth continued to move in negative territories, with demand moving weakly both within China and overseas.

1. Topic: Why was the RMB devalued?

The PBOC lowered the central parity of the RMB's rate against the dollar

In August, the movements of the RMB attracted attention both within China and overseas. The RMB's rate against the dollar (interbank market) is only allowed to fluctuate within 2% of a central parity published each morning by the China Foreign Exchange Trade System. On August 11, though, the People's Bank of China (PBOC) lowered the central parity by 1.9% on the previous day in order to reflect market conditions (see Fig. 1). As a result, the RMB's market rate temporarily dropped to a four-year low on August 12. Though its slide was arrested for a time on August 14, concerns grew that the sudden devaluation could be a sign that 'the Chinese economy is in such a bad condition that the authorities were forced to guide the RMB lower to boost exports.'

The aim of the move was to correct the deviation between the central parity and the market rate. It was also a step toward RMB liberalization

The PBOC explained that the recent adjustment was a reaction to concerns that the central parity was losing its authority due to the recent expanding deviation of the benchmark from the market rate. It also stated that the accumulated gap between the central parity and the market rate had grown to around 3%, with the devaluation a one-time correction that basically ended on August 13. Furthermore, the PBOC explained that the move as a necessary stage in the reform of the RMB exchange rate formation mechanism and a measure aimed at RMB liberalization. Though the IMF said that the adjustment would have no direct impact on the debate about including the RMB in the SDR currency basket, it welcomed the adjustment as a step toward RMB liberalization.

The move will boost exports, though the effect will be limited

That is not to say that the recent devaluation will not act to stimulate the economy by supporting exports at all. However, the boost to exports and the subsequent economic bounce will probably be limited. Because the RMB had been kept from fluctuating widely against the dollar, the RMB's real effective value rose faster since the latter half of 2014 on the back of dollar strength (due to expectations for a U.S. rate hike and monetary easing in Japan and Europe) (see Fig. 2). In July 2015, the real effective exchange rate was up 9% compared to January 2014, but the recent adjustment only lowered the RMB's market rate against the dollar around 3%, and thus it will probably not be enough to compensate for the recent downswing in exports due to RMB bullishness. Furthermore, resource-rich economies are likely to continue moving bearishly on the falling price of crude oil and other resources, while the pace of the recovery in Japan and Europe remains sluggish. Thus, exports will

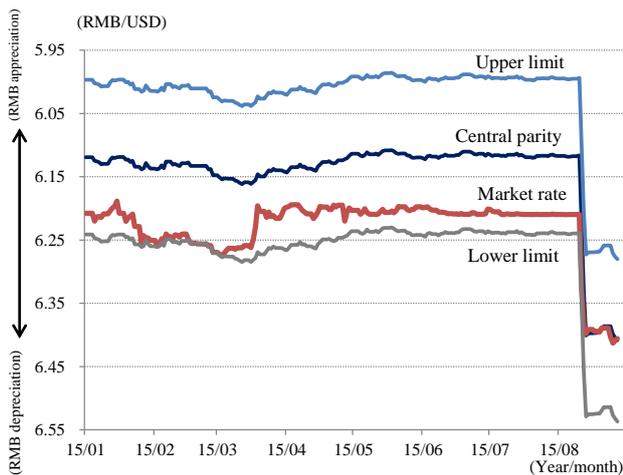
probably continue to be weighed down by weak global demand. Based on this, it seems improbable that the main purpose of the recent adjustment was to support exports. Therefore, it is natural to assume that the move was a reform on the path to RMB liberalization, as the PBOC has asserted.

The RMB will continue sliding from here on, though any sharp depreciation will probably be avoided

If the U.S. lifts rates from here on and the dollar appreciates as a result, the RMB's rate against the dollar will probably move in bearish-RMB direction for a while, though any sharp RMB depreciation will likely be avoided. The U.S.-China Summit is looming late September. With the IMF also set to discuss the RMB's inclusion in the SDR currency basket, political considerations also mean that the RMB is unlikely to fall substantially. Furthermore, the PBOC has hinted that it will intervene to prevent any excessive RMB depreciation. In fact, it seems that the PBOC has been intervening to buy the RMB and sell the dollar even after the recent devaluation. If these interventions become the norm, however, this will run counter to China's goal of RMB liberalization. China will face the difficult issue of how to balance exchange rate stability with RMB liberalization.

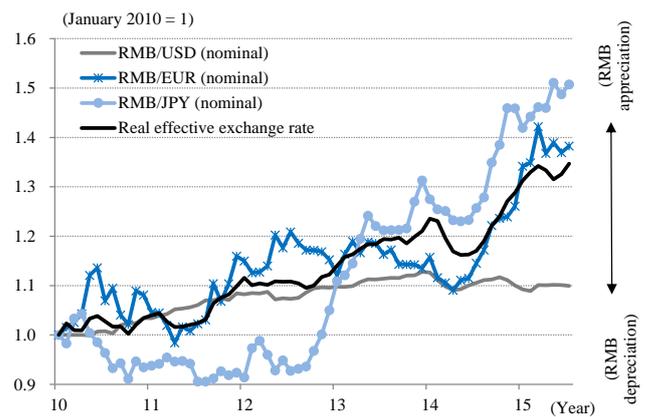
(Yoshino Tamai)

Fig. 1: RMB/USD Exchange Rate



Note: The most recent day: August 27
 Source: Prepared by Mizuho Research Institute based on Bloomberg and CFETS data

Fig. 2: The RMB's Rate against Other Major Currencies and the RMB's Real Effective Exchange Rate



Source: Prepared by Mizuho Research Institute based on BIS and FRB materials

2. Overview: Domestic and external demand moved bearishly

Most major indicators saw growth slowing in July

In July, most major indicators saw growth slowing on June, with both domestic and external demand moving bearishly.

Industrial production growth slowed

At +6.0% y-o-y, industrial production growth in July was down on June's figure of +6.8% y-o-y (see Fig. 3). The automobile growth slipped into negative territories, while production dropped off in a number of sectors involved in raw materials (such as iron & steel).

The Manufacturing PMI fell slightly

The government's Manufacturing PMI for July fell on June's figure of 50.2 to dip slightly below 50.0, the key line dividing economic contraction from expansion (see Fig. 4). A glance at the details shows the production index and new orders index both sliding on June, with the new export orders indicator trending below 50 for the tenth successive month. At 47.1, Caixin's Flash Manufacturing PMI for August dipped on the Final Manufacturing PMI for July (47.8) to move below 50 for the sixth consecutive month.

Export growth slipped into negative territories

At -8.4% y-o-y, export growth (nominal, dollar-denominated) in July slipped into negative territories following June's figure of +2.8% y-o-y (see Fig. 5). Exports slowed to most major countries and regions. Exports to the U.S. had been growing comparatively strongly, but they also fell sharply in July to record negative growth. A breakdown by item shows growth stalling when it came to machinery (such as PCs, smart phones, mobile phones and integrated electronic circuits), light industry (such as textiles and clothing) and raw materials.

Import growth fell further into negative territories

At -8.2% y-o-y, import growth (nominal, dollar-denominated) in July fell further into negative territories, down from June's figure of -6.3% y-o-y (see Fig. 5). Imports from major developed nations and the NIEs (excluding Hong Kong) slowed. A breakdown by item shows imports moving sluggishly when it came to raw materials (such as plastic raw materials and iron & steel) and machinery (such as PCs and PC parts, liquid crystal panels and auto parts).

The trade surplus shrank

July's trade surplus stood at \$43.0 billion, down slightly on June's figure of \$46.5 billion. This was mainly due to the sharp fall in exports.

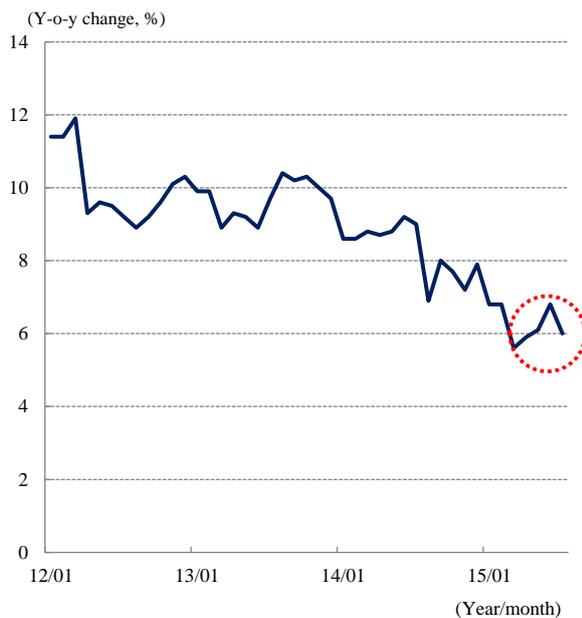
Investment growth slowed

At +10.3% y-o-y, nominal investment growth rate (investment in fixed assets) in July was down on June's figure of +11.4% y-o-y (see Fig. 6). Manufacturing and real estate growth slowed. Though infrastructure investment growth remained high, it also dipped slightly.

Nominal and real consumption growth both slowed slightly

At +10.5% y-o-y, nominal consumption growth rate (total retail sales of consumer goods) in July was down slightly on June's figure of +10.6% y-o-y (see Fig. 7). The real growth rate (adjusted to remove the impact of price fluctuations) also fell slightly. A glance at consumption trends by product, based on the total sales of retailers with sales of RMB 5 million or more, shows sales of automobiles and housing-related goods (such as furniture and household appliances) growing at a slower pace, with the consumption of petroleum and related products also slipping further into negative territories.

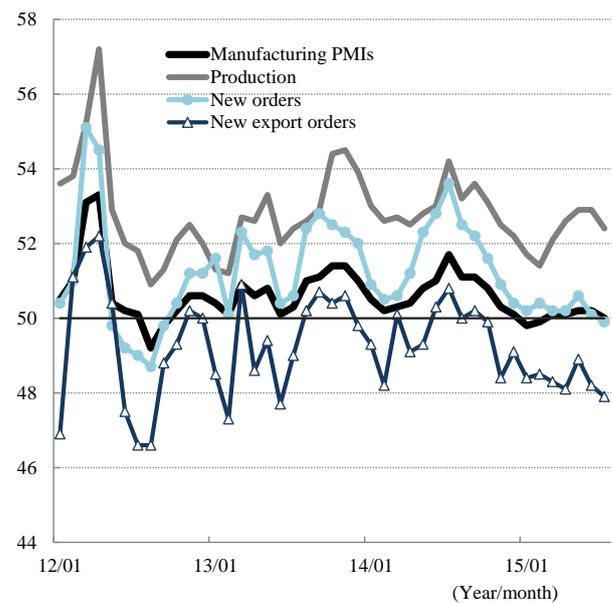
Fig. 3: Industrial Production



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 Statistics

Fig. 4: Manufacturing PMIs

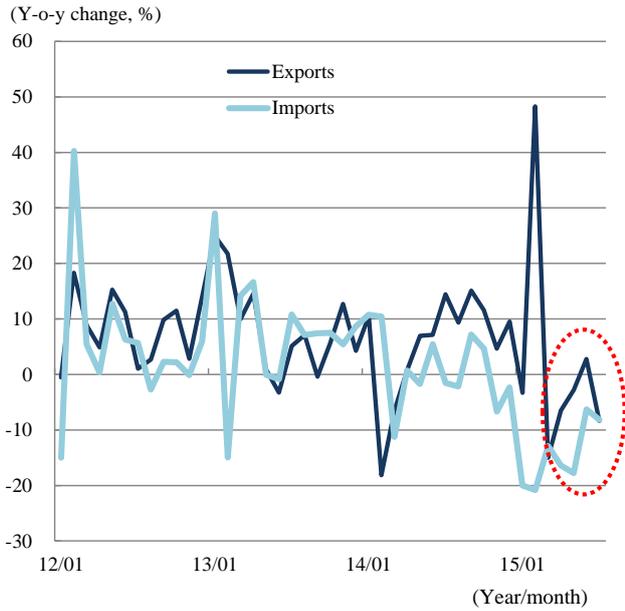


Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.

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

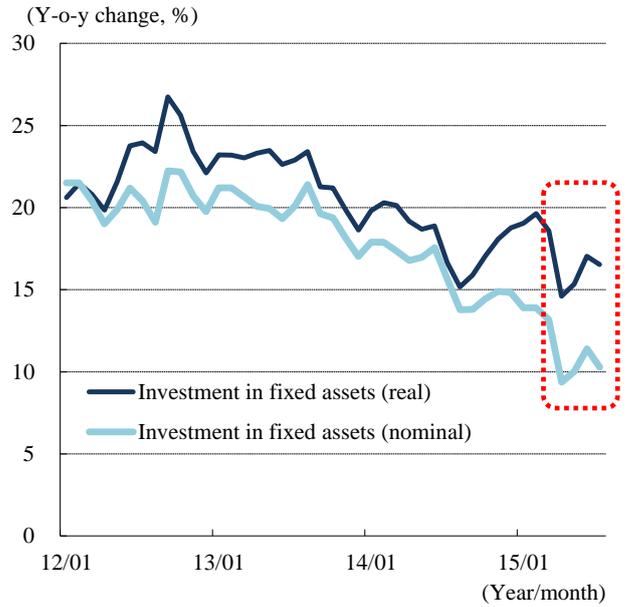
Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 5: Imports and Exports



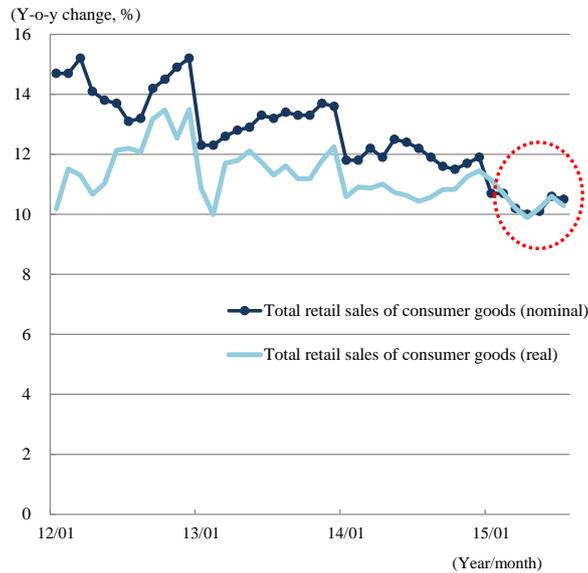
Note: Nominal, dollar-denominated
 Source: Prepared by Mizuho Research Institute based on the materials from the General Administration of Customs

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 growth rose slightly, while the PPI fell further into negative territories

The CPI growth rate rose slightly

In July, consumer price index (CPI) growth stood at +1.6% y-o-y, up slightly on June's figure of +1.4% y-o-y (see Fig. 8). Non-food price growth was down slightly on the previous year, though the overall figure was pushed up by rising food prices following a surge in the price of pork.

The PPI growth rate fell further into negative territories

At -5.4% y-o-y, the producer price index (PPI) fell deeper into negative territories in July, down on June's figure of -4.8% y-o-y. Ex-factory prices fell further across a wide-range of mining industries, with the petroleum/natural gas extraction sectors hit by the falling price of crude oil, for example. The iron/steel sector is struggling with overcapacity and it also saw ex-factory prices dipping deeper into negative territories.

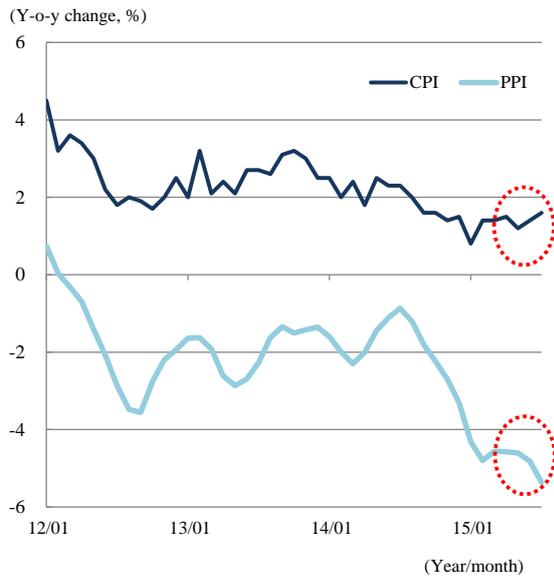
The housing price saw negative growth, though less so than the previous month

At -4.4% y-o-y, the new-homes price index (the average of 70 major Chinese cities) continued to post negative growth in July, though less so than the previous month (estimate; June: -5.4% y-o-y) (see Fig. 9). The same index had already shown positive y-o-y growth in Shenzhen and Shanghai, with Beijing also joining the growth camp in July. On a monthly basis, the index was unchanged on June at +0.2% m-o-m (estimate). Furthermore, 31 of the 70 major cities surveyed saw the price of new homes rising on the previous month, up from 27 in June.

Real estate sales in terms of floor space accelerated

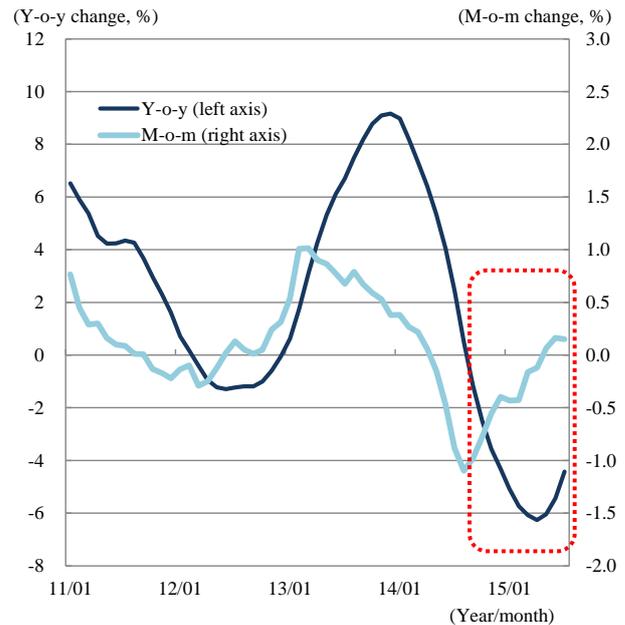
Real estate sales in terms of floor space accelerated by 18.9% y-o-y in July, up on June's figure of +16.0% y-o-y. It is considered that real estate sales continued to be bolstered by the decline in purchase costs on the back of monetary easing, such as interest rate cuts.

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 implemented further monetary easing and effectively devalued the RMB’s rate against the dollar

Deposits and M2 grew at a faster pace

As for July’s financial indicators, outstanding RMB deposits grew by 13.4% y-o-y, up on June’s figure of +10.7% y-o-y. At +13.3% y-o-y, money supply (M2) growth also accelerated on June (+11.8% y-o-y). This was above the Chinese government’s 2015 target of ‘around +12%’ (see Fig.10).

Outstanding bank loans grew at a faster pace, though total social financing fell sharply

In July, outstanding RMB loans grew by 15.5% y-o-y. This was up on June’s figure of +13.4% y-o-y. New RMB loans totaled RMB 1.48 trillion, an increase on June’s figure of RMB 1.2713 trillion (see Fig. 10). Total social financing, which includes funds procured from non-bank sources, grew by RMB 718.8 billion, down substantially on June’s figure of RMB 1.8334 trillion. The slowdown in new RMB loans in July was mainly a reactive dip following the sharp upswing in new RMB loans in June, with the figure also impacted by a further slide in the amount of bank acceptances.

The PBOC pumped liquidity into the money markets through

In July, the PBOC released a net RMB 5 billion into the money markets as part of its open-market operations to control liquidity (see Fig. 11). In

its open-market operations

August, the PBOC had pumped a net total of RMB 350 billion into the markets by August 27, with the (seven-day) reverse repo rate also cut from 2.50% to 2.35% on August 27.

The PBOC announced some further monetary easing measures

On the evening of August 25, the PBOC announced that it was cutting both the benchmark lending and deposit rates by 0.25%Pt from August 26 (see Fig. 12). It is considered that the purpose was to lessen the risk of an economic downturn by lowering funding costs.

The PBOC also announced that it was lowering the required reserve ratio by 0.5%Pt from September 6. As mentioned below, it seems that the PBOC has been intervening to buy the RMB to counter RMB-selling pressure brought about by expectations for a rate hike in the U.S. As a result, liquidity is likely to grow tighter. Indeed, the PBOC has provided the markets with liquidity through the aforementioned open-market operations and the Medium-term Lending Facility (MLF; RMB 110 billion on August 19). However, it seems that the PBOC decided that even more liquidity was needed to deal with persistent RMB-selling pressure, which explains the decision to lower the required reserve ratio. In addition, aiming to boost lending to small and micro enterprises and the agriculture sector, the PBOC lowered the required reserve ratio a further 0.5%Pt for some financial institutions (such as non-county-level rural commercial banks, rural cooperative banks, and rural credit cooperatives) that lend substantially to these sectors. Furthermore, the required reserve ratio was cut a further 3.0% for auto loan companies and finance lease companies, aiming to boost sagging automobile sales and consumption.

The PBOC also took a step closer to interest-rate liberalization when it announced that it was abolishing the rate ceiling (1.5 times the benchmark rate) for fixed deposits of over one year to coincide with the recent cuts.

Stocks continued sliding despite moves to support stock prices

After peaking out mid-June, the Shanghai Stock Exchange Composite Index fell sharply before swinging to and fro from mid-July onwards on the back of price-keeping operations (PKO) to support stock prices. From late August onwards, though, it plummeted again due to four events outlined below (see Fig.13).

(1) The PBOC carried out a de-facto RMB devaluation on August 11, with concerns then growing that the Chinese real economy must have been deteriorated if China felt the need to boost exports through such a

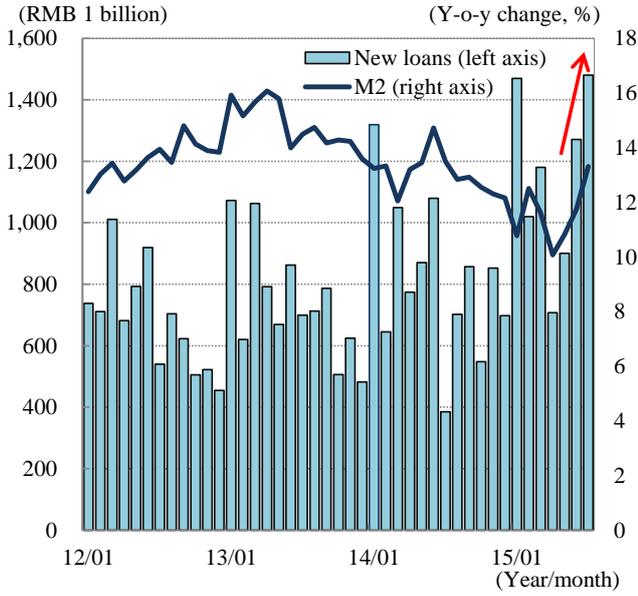
move. Then, (2) on August 14, the China Securities Regulatory Commission announced that it would be further promoting the expansion of the role of the market in stock price formation. This led to growing speculation that the authorities would hold off from implementing any PKOs. Meanwhile, (3) statistics released on August 18 confirmed that conditions in the housing market were improving. This led to swelling expectations that funds would now flow from stock markets to the housing market. (4) Caixin's Flash Manufacturing PMI for August was then released on August 21. It hit 47.1, its lowest level for six years and five months. All of this saw stocks trending downwards, with the Stock Exchange Composite Index dropping to 2,800 at one point. Under these circumstances, the Chinese government announced that it was cracking down on short selling and introducing some further monetary easing measures. However, this failed to dispel concerns about the direction of the economy, and stocks were unable to stage a strong recovery. Though Shanghai trading closed at 3,084 on August 27, some see that stocks are being supported by more interventions by the government.

The PBOC effectively devalued the RMB's rate against the dollar, with the RMB/USD pair now moving around RMB 6.40

On August 11, the PBOC announced that it was lowering the central parity of the RMB's rate against the dollar in order to reflect market conditions. By August 13, the central parity had dropped by 4.7% compared to August 10 (see '1. Topic'). Up until August 10, the RMB had moved around RMB 6.21 to the dollar, but with the market rate also dropping after the central parity was lowered, the RMB/USD pair fell temporarily to RMB 6.45 on August 12, its lowest level for around four years (see Fig.13). However, it continued moved around RMB 6.40 from August 13 onwards. It is likely that the authorities have intervened to curb the RMB's sharp slide.

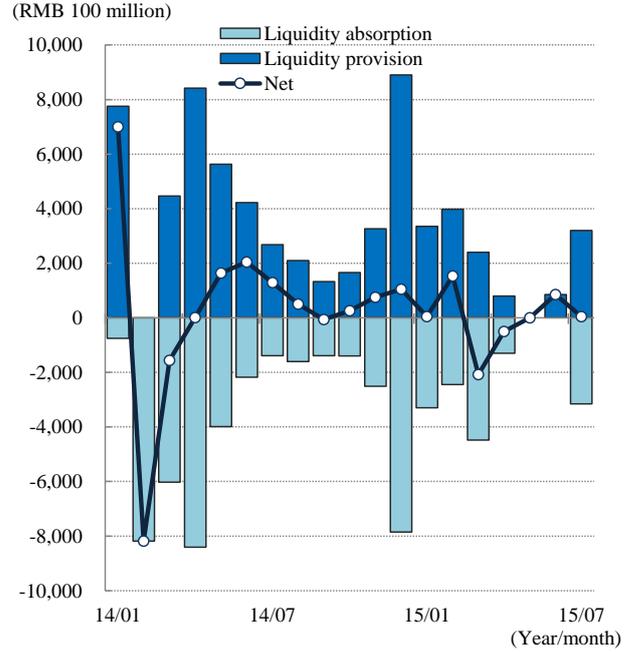
(Ayana Nakazawa)

Fig. 10: Financial Indicators



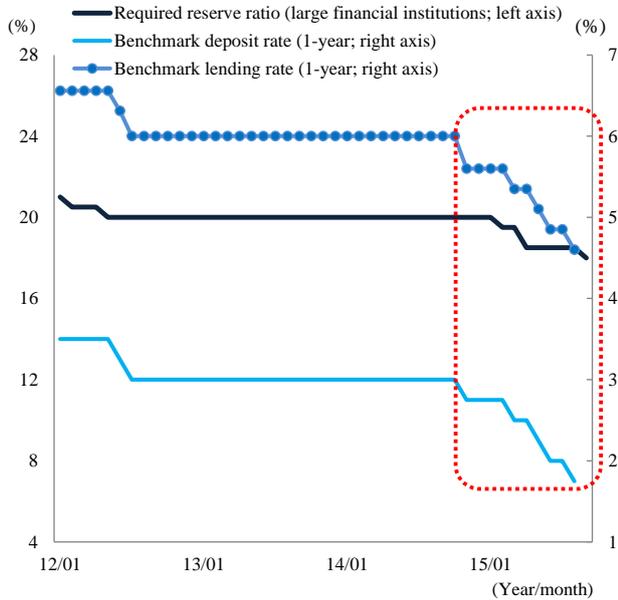
Note: 'New loans' denotes the amount of new RMB loans.
 Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

Fig. 11: Open Market Operations



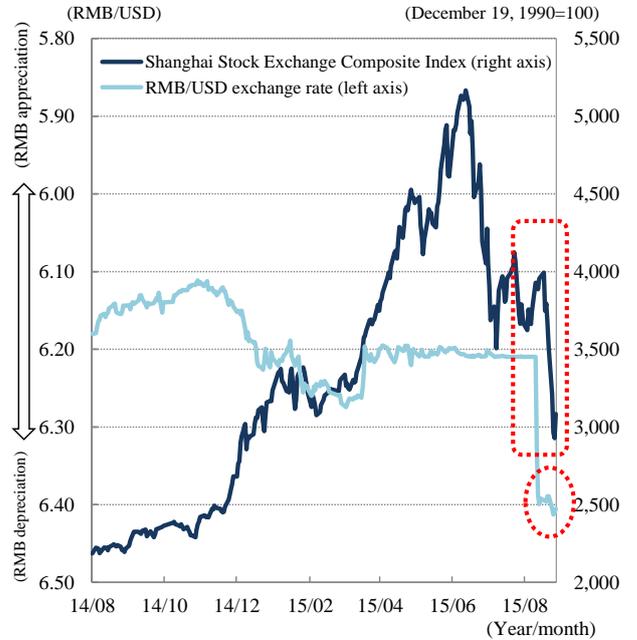
Note: Monthly data
 Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

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: August 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	May	June	July	
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	50.2	50.2	50.0	
	New Orders	Points			50.2	50.1	50.6	50.1	49.9	
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	9.7	8.3	6.4	6.3	6.1	6.8	6.0	
	Light Industry	Y-o-y change (%)	9.7	8.3	6.0	6.3	6.3	6.9	6.3	
	Materials	Y-o-y change (%)	11.1	9.1	8.4	9.0	8.8	9.2	8.6	
	Machinery	Y-o-y change (%)	10.5	10.4	7.8	6.2	5.3	7.1	5.8	
	Electric Power Generation	Y-o-y change (%)	5.3	4.3	-5.6	0.5	-0.0	0.5	-2.0	
	Industrial Goods Inventories	Y-o-y change (%)			8.2	7.1	7.1	7.4		
	Light Industry	Y-o-y change (%)			10.9	6.8	6.4	6.7		
	Materials	Y-o-y change (%)			3.5	3.7	3.4	4.6		
	Machinery	Y-o-y change (%)			14.9	13.3	13.1	13.8		
	Passenger Transportation Volume	Y-o-y change (%), passenger-kilometer	7.9	8.8	4.4	5.6	7.5	1.8	6.2	
Freight Transportation Volume	Y-o-y change (%), ton-kilometer	7.3	9.9	1.3	-1.6	-0.5	-2.1	2.6		
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	43.65	50.20	7.75	23.71	17.12	23.71	28.85	
		Year-to-date y-o-y change (%)	19.6	15.7	13.5	11.4	11.4	11.4	11.2	
	Real Estate	Year-to-date y-o-y change (%)	16.7	7.9	5.7	2.3	2.5	2.3	2.5	
	Primary Industry	Year-to-date y-o-y change (%)	32.5	33.9	32.8	27.8	27.8	27.8	28.2	
	Secondary Industry	Year-to-date y-o-y change (%)	17.4	13.2	11.0	9.3	9.6	9.3	9.0	
	Manufacturing	Year-to-date y-o-y change (%)	18.5	13.5	10.4	9.7	10.0	9.7	9.2	
	Tertiary Industry	Year-to-date y-o-y change (%)	21.0	16.8	14.7	12.4	12.1	12.4	12.1	
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,176	1,196	349	684	538	684	766	
	Year-to-date y-o-y change (%)	-2.9	1.7	10.6	8.0	10.1	8.0	7.7		
Trade	Exports	USD 100 million	22,107	23,432	5,140	5,584	1,901	1,920	1,951	
		Y-o-y change (%)	7.8	6.0	4.6	-2.2	-2.8	2.8	-8.4	
		To the U.S.	Y-o-y change (%)	4.7	7.5	11.2	7.6	7.8	12.0	-1.3
		To the EU	Y-o-y change (%)	1.2	9.7	2.4	-6.8	-6.9	-3.4	-12.3
		To Japan	Y-o-y change (%)	-0.9	-0.5	-11.8	-9.3	-8.1	-6.0	-13.0
		To NIES, ASEAN	Y-o-y change (%)	16.6	2.8	3.2	-2.6	-5.3	4.1	-8.2
	Imports	USD 100 million	19,493	19,631	3,903	4,188	1,312	1,454	1,521	
		Y-o-y change (%)	7.3	0.7	-17.8	-13.6	-17.8	-6.3	-8.2	
		To the U.S.	Y-o-y change (%)	14.8	4.3	-13.0	-1.7	-3.7	7.0	-4.8
		To the EU	Y-o-y change (%)	3.5	11.1	-10.1	-15.4	-24.1	-6.2	-8.9
		To Japan	Y-o-y change (%)	-8.7	0.5	-11.2	-10.4	-15.6	-7.6	-13.6
		To NIES, ASEAN	Y-o-y change (%)	7.9	1.6	-9.6	-4.8	-7.4	2.3	-3.0
Trade Balance	USD 100 million	2,614	3,801	1,237	1,395	589	465	430		

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	15/1Q	15/2Q	May	June	July
Consumption	Consumer Confidence Index	End-of-period figure, points			107.1	105.5	109.9	105.5	104.5
	Consumer Expectations Index	End-of-period figure, points			110.3	108.0	113.4	108.0	107.0
	Total Retail Sales of Consumer Goods	RMB 1 trillion	24.28	27.19	7.07	7.09	2.42	2.43	2.43
		Y-o-y change (%)	13.1	12.0	10.6	10.2	10.1	10.6	10.5
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	11.6	9.3	7.8	7.1	6.7	7.9	7.2
	Automobile Sales	10,000 automobiles	2199.3	2348.9	615.3	570.1	190.4	180.3	150.3
		Y-o-y change (%)	14.2	7.0	3.5	-1.1	-0.4	-2.3	-7.1
	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.	
Prices	Consumer Price Index	Y-o-y change (%)	2.6	2.0	1.2	1.4	1.2	1.4	1.6
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.7	1.6	1.4	1.6	1.6	1.7	1.7
	Foods	Y-o-y change (%)	4.7	3.1	1.9	2.1	1.6	1.9	2.7
	Producer Price Index	Y-o-y change (%)	-1.9	-1.9	-4.6	-4.7	-4.6	-4.8	-5.4
	Producer Goods	Y-o-y change (%)	-2.6	-2.5	-5.9	-6.0	-5.9	-6.2	-6.9
	Consumer Goods	Y-o-y change (%)	0.2	-0.0	-0.1	-0.3	-0.3	-0.2	-0.3
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	5.9	2.6	-5.6	-5.9	-6.0	-5.4	-4.4
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	110.65	122.84	127.53	133.34	130.74	133.34	135.32
		End-of-period figure, y-o-y change (%)	13.6	12.2	11.6	11.8	10.8	11.8	13.3
	Outstanding Loans	End-of-period figure, RMB 1 trillion	71.90	81.68	85.91	88.79	87.52	88.79	90.27
		End-of-period figure, y-o-y change (%)	14.1	13.6	14.0	13.4	14.0	13.4	15.5
	Net Increase	Mid-period increase, RMB 10 billion	891	978	423	289	90	128	148
	Deposits	End-of-period figure, RMB 1 trillion	104.38	113.86	124.89	131.83	128.99	131.83	134.00
		End-of-period figure, y-o-y change (%)	13.8	9.1	10.1	10.7	10.9	10.7	13.4
	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	5.10	4.85	4.85
	Overnight Repo Rate	End-of-period figure, %	3.00	2.75	3.00	3.00	2.25	2.00	2.00
	Foreign Currency Reserves	End-of-period figure, USD 100 million			0.00	0.00	0.00	0.00	0.00
	Overnight Repo Rate	End-of-period figure, %	3.18	3.59	3.30	1.23	1.15	1.23	1.46
Foreign Currency Reserves	End-of-period figure, USD 100 million	38,213	38,430	37,300	36,938	37,111	36,938	36,513	
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.05	6.20	6.20	6.20	6.20	6.20	6.21
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	17.39	19.32	19.35	19.69	20.00	19.69	19.96
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	2,116	3,235	3,748	4,277	4,612	4,277	3,664
	PER	End-of-period figure, ratio	11.0	16.0	19.0	20.9	21.9	20.9	18.0
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	2,391	3,725	4,770	5,846	6,275	5,846	5,048
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	4,687	7,439	4,131	9,822	3,129	3,680	2,818
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	10.2	8.6	3.9	6.6	5.0	6.6	7.5
	Fiscal Expenditure	Year-to-date y-o-y change (%)	11.3	8.3	7.8	11.8	11.1	11.8	13.4

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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