Mizuho Economic Commentary-China

July 2016 edition

◆ Topic

An assessment of the second quarter GDP results

The real GDP growth rate stood at +6.7% year-on-year in April–June, with China avoiding a further slowdown. Though investment slowed, the growth rate was bolstered by a recovery in net exports. Consumption accelerated slightly on government policy, but with employment and earnings continuing to move bearishly, this trend lacks durability to a certain extent.

◆ Economic trends

Though major indicators rallied on the whole, they lacked momentum

With investment growing at a sluggish pace in June, production continued to bounce back on an improved output/inventory balance, while other major indicators like consumption and exports also rallied, though they lacked momentum. However, home prices, sales and investment showed signs of peaking out on the introduction of measures to curb overheating in the housing market.

1. Topic: An assessment of the second quarter GDP results

China avoided a further economic slowdown

At +6.7% year-on-year, China's real GDP growth rate in April–June was unchanged on the first quarter (+6.7% y-o-y), with China thus avoiding a further slowdown (see Fig. 1). A breakdown shows investment slowing in the manufacturing sector and so on as a result of adjustive pressure in relation to overcapacity, but with the government continuing to offer policy support, net exports made less of a negative contribution in the second quarter.

The export slowdown eased off and net exports contracted at a slower pace

A glance at the second quarter's major indicators (Mizuho Research Institute estimates) reveals that real export growth stood at -1.9% y-o-y, with the scale of the contraction decreasing compared to the previous quarter (-6.7% y-o-y). At -2.7% y-o-y, meanwhile, real import growth dipped on the previous quarter (-2.1% y-o-y), so net exports contracted at a slower pace than the previous quarter.

Consumption accelerated slightly thanks to government policy

At +9.8% y-o-y, consumption (real total retail sales of consumer goods) rose slightly on the first quarter (+9.6% y-o-y). Automobile sales continued to move firmly after the tax on small vehicles was lowered, while housing-related consumption also increased as home sales moved briskly thanks to an accommodative financial environment.

The environment surrounding consumption (jobs, earnings, and home sales, etc.) does not look so rosy

However, the consumption environment does not look so rosy once policy support is removed from the equation. At 1.06, for instance, the jobs-to-applicants ratio continued to slide at a gentle pace in the second quarter, down from a peak of 1.10 in October–December last year. At +5.7% y-o-y, meanwhile, real per-capita disposable income growth (median) contracted for the sixth successive month in the second quarter (January–March: +6.4% y-o-y). Bearish employment and earnings conditions saw the Future Income Confidence Index continuing to move below 50 in April–June, a sign of deteriorating sentiments (see Fig. 2). Furthermore, with some cities introducing measures to stop housing markets from overheating, home sales growth is peaking out. This is also likely to slam the brakes on any expansion of housing-related consumption.

Investment slowed in the manufacturing sector and so on, with investment growth slipping

Investment (real investment in fixed assets) growth stood at +9.1% y-o-y in the second quarter. This was the first slide in three quarters (January–March: +13.8% y-o-y) and the only time investment had grown

into single digits for the first time since records began	by single digits since records began in 2004. A glance at the nominal figures by industry shows growth falling sharply in the manufacturing sector, with real-estate investment also slowing. However, investment in infrastructure (electricity, gas, water, transportation, warehousing and postal services, etc.) increased, seemingly with the support of government spending.
The economy will slow again from here on	The Chinese government talked up the positive aspects of the second quarter GDP results, namely that the economy is growing stably and is transitioning to a consumption-led growth model. However, it recognized that the economy continues to face strong headwinds, such as the tough international climate and difficulties related to structural adjustment (such as the overcapacity problem). It seems the impact of the Brexit vote on trade will be limited as long as it does not lead to further turbulence in Europe or to financial instability, but as evinced by the current slide in new export orders, it is hard to expect much of exports going forward. The Chinese economy continues to lack the energy for a self-sustained recovery, so it is likely to continue slowing at a gentle pace, with a downturn kept at bay by government policy.
	(Kaori Yamato)

Fig. 1: China's Real GDP Growth Rate and Major Economic Indicators

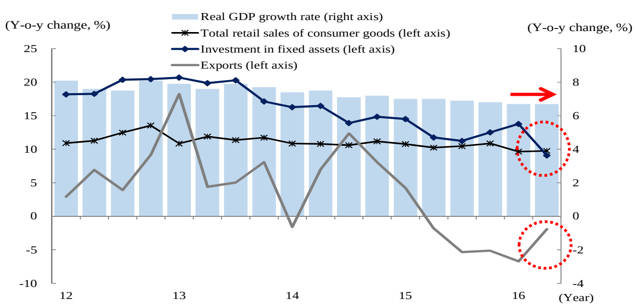
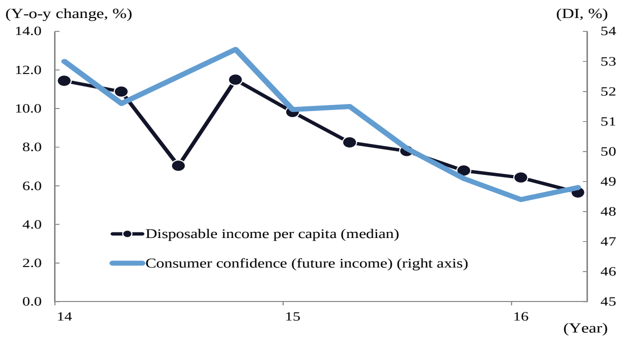


Fig. 2: Disposable Income per Capita and Consumer Confidence (Future Income)



Note
1. 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 (Mizuho Research Institute estimates). The export data has been indexed using the export price index.
2. The export data for January–March 2013 has probably been inflated by false reporting.

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

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

2. Overview: Though major indicators rallied on the whole, they lacked momentum

Industrial production growth was up slightly in June

At +6.2% y-o-y, industrial production growth in June was up slightly on May's figure of 6.0% y-o-y (see Fig. 3). Growth in the mining sector (petroleum and natural gas extraction, etc.) dipped further into negative territories, but the electricity, gas and water sector grew at a faster pace, with manufacturing growth moving flatly. A glance at the manufacturing details shows output up slightly when it came to petroleum processing, a sector whose output/inventory balance (y-o-y output growth minus y-o-y inventory growth) has seen a comparative improvement (y-o-y growth has remained in positive territories for over five months). Modest output growth was also recorded in sectors like iron & steel, general machinery, automobiles, electrical machinery, communications, and electronics. Output had dipped in the iron & steel sector for two successive months up until May, but with output adjustment proceeding apace, the iron & steel producer price index (PPI) posted y-o-y growth in May for the first time since November 2011, so it seems supply and demand conditions have improved somewhat, with output rising in June for the first time in three months.

The Manufacturing PMI fell slightly

At 50.0, the government's Manufacturing PMI for June was down slightly on the previous month's figure of 50.1 (see Fig. 4). Though production and supplier deliveries were up, the new orders, employed persons and main raw materials inventory indicators all fell. When it came to new orders, the new export orders figure was particularly bearish. It had bounced back above 50 (the line dividing expansion from contraction) in March, but it then fell from April onwards to drop below 50 again in June. An improving output/inventory balance is contributing to the output recovery, but as the PMI revealed, orders have slumped and the employed persons and main raw materials inventory indicators have both dropped below 50, so it is hard to imagine output picking up sharply from here on. At 53.7, meanwhile, June's Non-manufacturing PMI rose for the first time in three months (May: 53.1), partly due to an upswing in new orders.

Export growth contracted at a slightly slower pace on a value basis, but exports continued to

At -4.9% y-o-y, export growth (nominal, dollar-denominated) contracted at a slightly slower pace than the previous month's figure of -5.5% y-o-y (see Fig. 5). Iron & steel exports saw positive growth for the first time in

slow on a volume basis

16 months, while exports of machinery and electric products (transportation equipment and computers, etc.) saw the pace of negative growth easing off slightly. The export volume growth rate stood at +3.7% y-o-y in June (May: +4.6% y-o-y). This meant export volumes had continued to enjoy y-o-y growth since March, though the pace of this growth had now fallen for three successive months. Thus it seems June's improvement on a value basis was largely down to a price recovery. At +0.2% month-on-month, the seasonally-adjusted export volume figure (Mizuho Research Institute estimate) continued to move flatly in June.

Import growth fell further into negative territories

At -8.4% y-o-y, import growth (nominal, dollar-denominated) fell further into negative territories in June (May: -0.4% y-o-y). Imports of machine equipment, automobiles, electric products and electronic equipment all dipped. At +1.1% y-o-y, the June import volume growth rate was sharply down on the previous month (+10.4% y-o-y), with the seasonally-adjusted figure (Mizuho Research Institute estimate) falling to -1.7% m-o-m.

The trade surplus was on the previous year

With imports contracting at a faster y-o-y pace, the trade surplus was up slightly on the previous year to hit $47.9 billion in June.

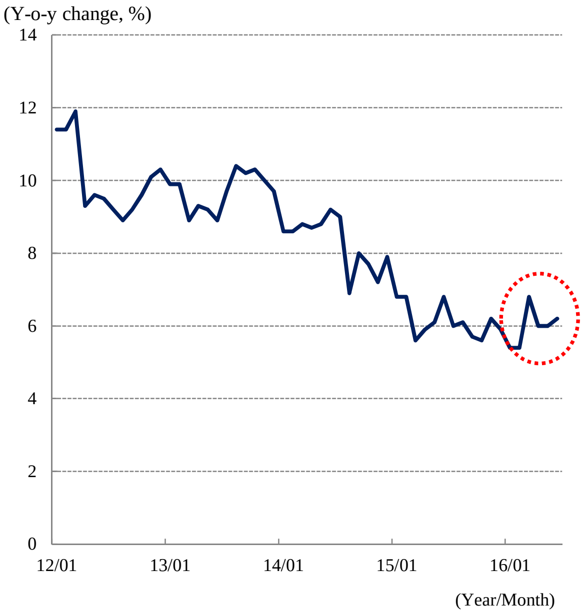
Investment growth remained at low levels

At +7.4% y-o-y, the nominal growth rate of investment in fixed assets fell further in June after previously crashing into single digits in May (+7.5% y-o-y) (see Fig. 6). While investment in the manufacturing and construction sectors contracted y-o-y, investment in infrastructure (electricity, gas, water, transportation, warehousing and postal services, etc.) increased, so it seems government support continues to make up for the drop in private-sector investment. At +10.3% y-o-y, investment also slowed slightly in real terms (May: +10.6% y-o-y).

Retail sales growth picked up slightly

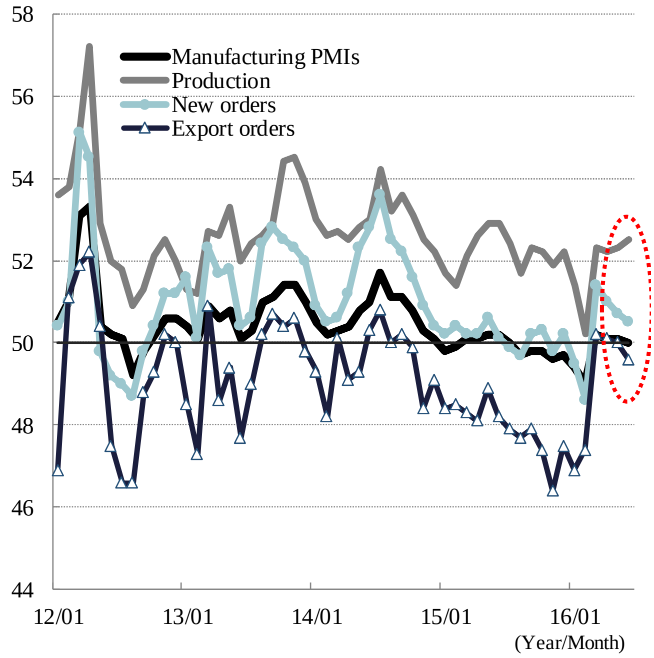
At +10.6% y-o-y, (nominal) total retail sales of consumer goods grew at a slightly faster pace in June (May: +10.0%) (see Fig. 7). Sales of housing-relating goods (like appliances and furniture) moved robustly on rising homes sales. With gasoline and other prices paring back recent losses, petroleum-related sales also rose for the first time in three months. At +9.8% y-o-y, sales also accelerated slightly in real terms (May: +9.6% y-o-y).

Fig. 3: Industrial Production



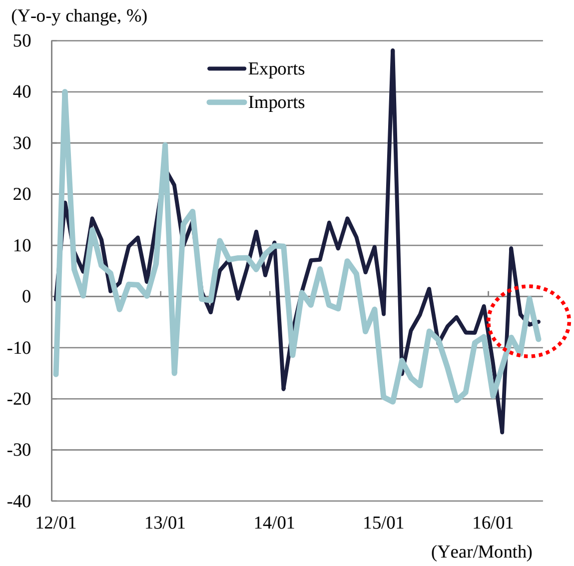
Note: The figures for January and February show the aggregate results for the same period.
Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 4: Manufacturing PMIs



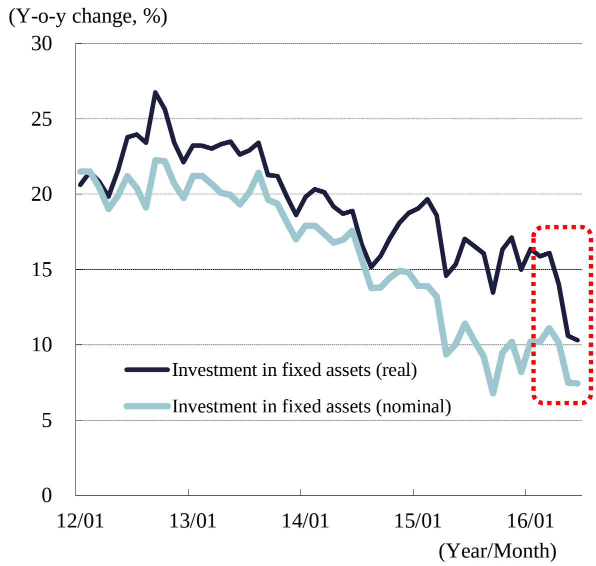
Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.
Note 2: From 2013, the number of companies sampled increased from 830 to 3,000.
Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 5: Imports and Exports



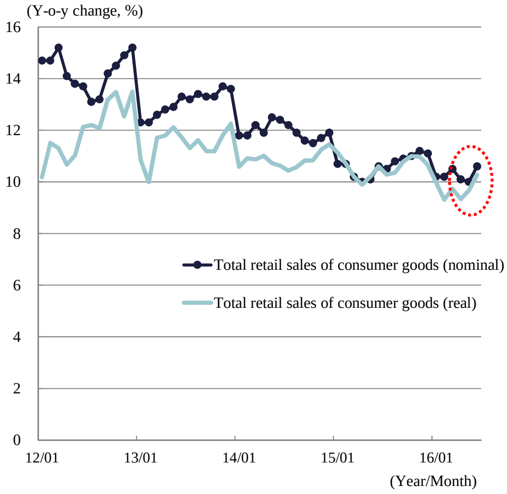
Note: Nominal, dollar-denominated
Source: Prepared by Mizuho Research Institute based on the materials from the General Administration of Customs

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: CPI growth dipped; the PPI contraction eased off

The CPI growth rate fell for the second successive month, though the core CPI moved stably

Consumer price index (CPI) growth dipped for the second successive month in June to hit +1.9% y-o-y (May: +2.0% y-o-y), with growth falling below 2% for the first time in five months (see Fig. 8). The CPI growth rate was pulled down by: vegetable prices, which began falling y-o-y; and pork prices, which finally cooled off after soaring from July 2015 onwards. The core CPI (which excludes food and energy) continued to move stably at +1.6% y-o-y, the same result as May.

The pace of the PPI contraction continued to slow

The June producer price index (PPI) stood at -2.6% y-o-y, with the pace of the contraction slowing for the sixth successive month (May: -2.8% y-o-y). The recovery was led by the mining sector (petroleum, natural gas and non-ferrous metal extraction) and materials-related industries such as petroleum processing, non-metal minerals and non-ferrous metals. However, the iron & steel sector saw a slight downturn again after previously rising in May for the first time in four-and-a-half years.

Homes price growth dropped off slightly

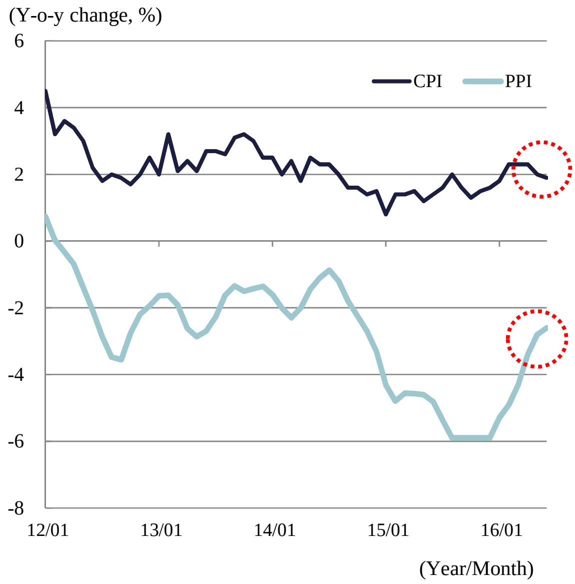
The June new-homes price index (the average of 70 major Chinese cities) stood at +5.5% y-o-y (Mizuho Research Institute estimate) (May: +5.0% y-o-y), with prices rising for the seventh successive month (see Fig. 9). However, Shenzhen has introduced measures to keep prices in check, with home prices there peaking out at +62.1% y-o-y in April to drop to +46.7% y-o-y in June. The new-homes price index is also losing some momentum when viewed on a monthly basis, with growth slipping for the second consecutive month to hit +0.7% m-o-m in June. Fifty-five cities saw prices rising on a monthly basis, the second month in a row the figure had fallen (May: 60 cities).

Growth fell when it came to real estate sales in terms of floor space and investment in development

At +14.6% y-o-y, real estate sales in terms of floor space grew at a slower pace in June for the second successive month (May: +24.2% y-o-y). Sales of homes, offices and commercial facilities all dipped. Shenzhen and some other cities have introduced measures to rein in prices (down payment requirements) in order to head off concerns of overheating, while the surge in sales of offices and commercial facilities has also eased off. At +3.5% y-o-y, investment in real-estate development fell in June (May: +6.5% y-o-y). Investment was down when it came to homes, offices and commercial facilities.

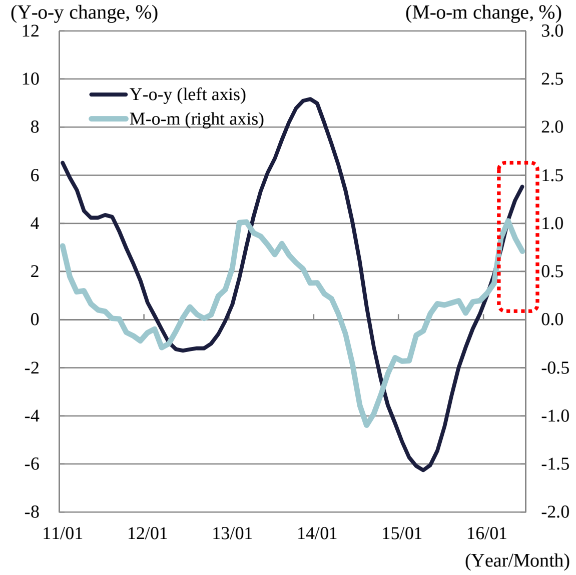
(Kaori Yamato)

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: Market liquidity is being kept at moderate levels

Money supply (M2) growth moved flatly

A glance at June's financial indicators shows money supply (M2: M1 + time, savings and other deposits) growth unchanged from May at +11.8% y-o-y (see Fig. 10). However, the narrow money supply (M1: cash in circulation + current deposits) grew by +24.6% y-o-y, up on May's figure of 23.6% y-o-y, with the divergence in M1 and M2 growth continuing to widen. Sheng Songcheng, head of the PBOC's Financial Survey and Statistics Department, said that although companies had liquid funds (current deposits, etc.), they were not investing these funds, with the economy slipping partly into a 'liquidity trap' as government policies lose their effectiveness.

Outstanding RMB loan growth remained at high levels

At +14.3% y-o-y, outstanding RMB loans continued to grow at a fast clip in June (May: +14.4% y-o-y). New RMB loans totaled RMB 1.38 trillion, up sharply on May's figure of RMB 985.5 billion (see Fig. 10). Total social financing, which includes funds procured from non-bank sources, grew by RMB 1,629.3 billion, a sharp rise on May's figure of RMB 683.6 billion. Fundraising via corporate bonds and entrusted loans were also up in addition to RMB loans. This was seemingly due to fund-raising by state-owned enterprises (SOEs). However, fund raising by private firms was quite sluggish. Some say these firms are finding it more difficult to procure funding compared to the SOEs, which are comparatively more creditworthy. Others put this down to slack demand for funds due to low appetite for investment among private companies.

The PBOC provided funds through its open-market operations in June

In June, the PBOC pumped a net RMB 535 billion into the money markets as part of its open-market operations to control liquidity (see Fig. 11). It also provided a net RMB 108 billion through its Medium-term Lending Facility (MLF). It seems the PBOC provided an ample supply of funding to meet rising demand in the run up to the end of the half-year period.

On a net basis, the PBOC looks set to absorb funds through its open-market operations in July

In July, the PBOC absorbed a net RMB 505 billion from the money markets as part of its open-market operations (as of July 26). It seems the PBOC acted to absorb the funds it had provided in June. It provided RMB 486 billion through the MLF (as of July 26) and it is expected to absorb a total of RMB 529 billion from maturing MLF loans, so on a net basis it looks set to absorb funds via the MLF in July.

The RMB weakened toward mid-July to temporarily hit its lowest point in five-and-a-half years

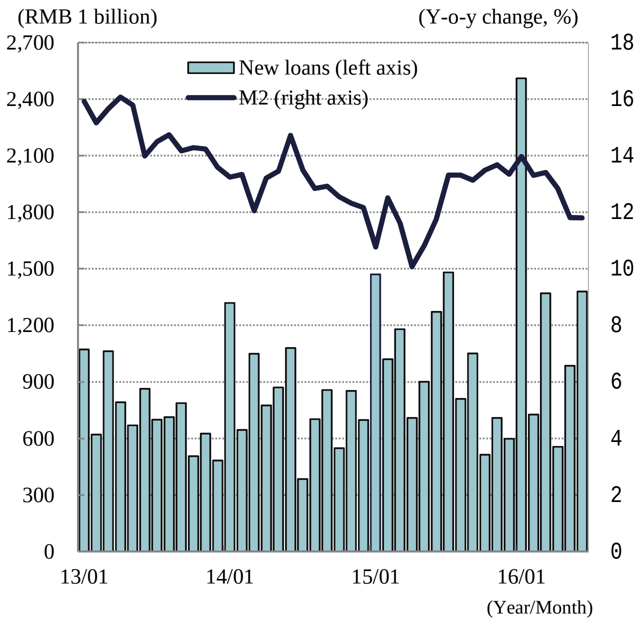
The RMB fell further against the dollar toward mid-July on dollar bullishness in the wake of the leave camp's victory in the June 24 UK referendum on EU membership (see Fig. 12). It closed at RMB 6.70 to the dollar on July 18, its lowest level in around five-and-a-half years. With the yen moving strongly and so on, the RMB also continued to trend lower in the CFETS index, which measures the RMB's movements against 13 major currencies. It seems the authorities intervened to buy the Chinese unit on July 19, though, so the RMB then strengthened a little against its U.S. counterpart. On July 20, the RMB's central parity against the dollar was set at a slightly higher level. This led to a growing sense in the markets that the Chinese authorities were set on curbing RMB depreciation, so the currency pair continued to swing to and fro around the RMB 6.60 mark (for details about recent RMB trends and the future outlook, see the July 19, 2016 edition of Mizuho Insights, entitled 'The RMB continues to fall at a gentle pace').

The Shanghai Stock Exchange Composite Index is moving around 3,000

The Shanghai Stock Exchange Composite Index continued to rise at a modest pace from the latter half of June to mid-July (see Fig. 13). It seems stocks were pushed by swelling expectations for economic stimulus amid concerns about economic decline in China and a growing sense of uncertainty about the global economy in the wake of the Brexit vote. On July 12, the Permanent Court of Arbitration in The Hague, Netherland, rejected China's claims in its closely-watched quarrel with the Philippines about sovereignty in the South China Sea, but the impact on the financial markets was negligible. The Shanghai Stock Exchange Composite Index was continuing to move around 3,000 as of July 26.

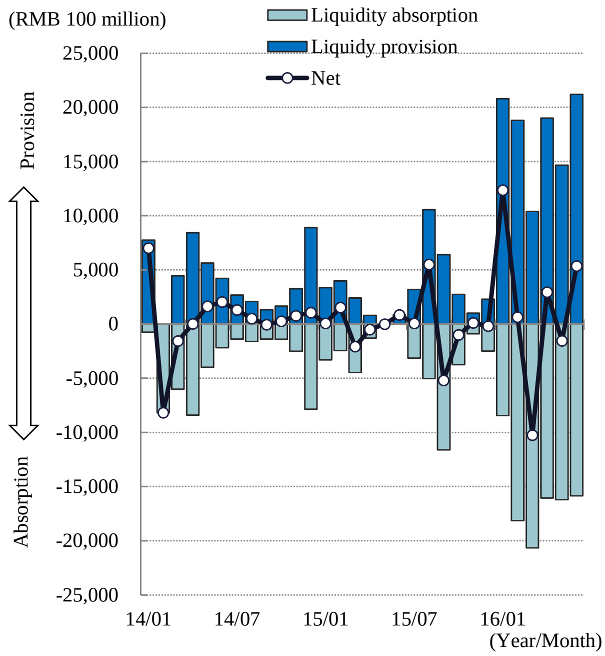
(Ayana Nakazawa)

Fig. 10: Financial Indicators



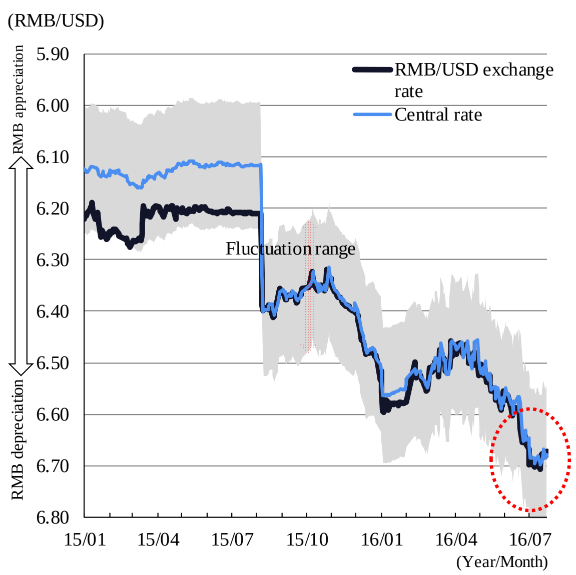
Note: 'New loans' denotes the amount of new RMB loans.
Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

Fig. 11: Open Market Operation



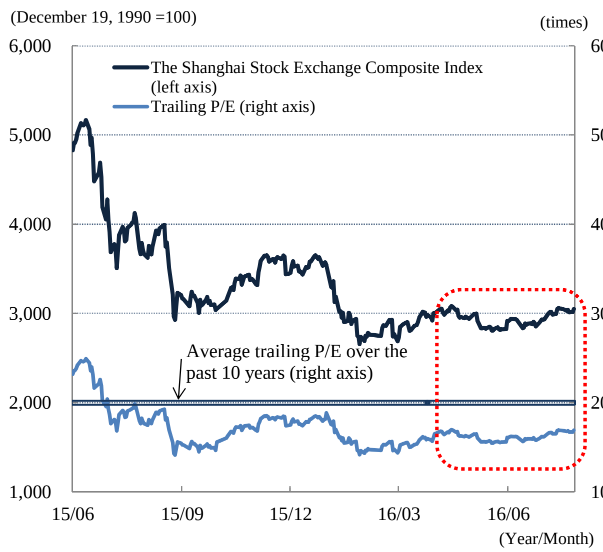
Note: Monthly data
Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

Fig. 12: Exchange Rates



Note: Daily data; The most recent day: July 26.
Source: Prepared by Mizuho Research Institute based on the materials from the China Foreign Exchange Trade System, Bloomberg and CEIC data

Fig. 13: Stocks



Note: Daily data; The most recent day: July 26.
Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China and CEIC data

Appendix: China's Major Economic Indicators (1)

Headings		Unit	2014	2015	16/1Q	16/2Q	April	May	June
GDP	Real GDP	Y-o-y change (%)	7.3	6.9	6.7	6.7			
	Nominal GDP	Year-to-date (total), RMB 1 trillion	64.40	68.55	16.07	34.06			
Business Sentiment	PMI	End-of-period figure, points			50.2	50.0	50.1	50.1	50.0
	New Orders	Points			51.4	50.5	51.0	50.7	50.5
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	8.3	6.1	5.8	6.1	6.0	6.0	6.2
	Light Industry	Y-o-y change (%)	8.3	6.0	4.6	4.5	4.1	4.8	4.5
	Materials	Y-o-y change (%)	9.1	8.6	8.1	8.3	8.3	8.2	8.3
	Machinery	Y-o-y change (%)	10.4	6.3	6.9	7.7	7.1	8.0	8.0
	Electric Power Generation	Y-o-y change (%)	4.3	-1.9	3.4	0.1	-1.7	0.0	2.1
	Industrial Goods Inventories	Y-o-y change (%)			0.5		-1.2	-1.1	
	Light Industry	Y-o-y change (%)			7.9		4.6	5.5	
	Materials	Y-o-y change (%)			-1.9		-3.8	-2.8	
	Machinery	Y-o-y change (%)			3.6		2.6	1.3	
	Passenger Transportation Volume	Year-to-date y-o-y change (%), passenger-kilometer	8.8	6.0	4.1		3.8	3.4	
	Freight Transportation Volume	Year-to-date y-o-y change (%), ton-kilometer	9.9	-0.5	0.1		-0.9	-0.5	
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	50.20	55.16	8.58	25.84	13.26	18.77	25.84
		Year-to-date y-o-y change (%)	15.7	10.0	10.7	9.0	10.5	9.6	9.0
	Real Estate	Year-to-date y-o-y change (%)	7.9	-0.2	5.6	5.1	6.7	6.5	5.1
	Primary Industry	Year-to-date y-o-y change (%)	33.9	31.8	25.5	21.1	21.7	20.6	21.1
	Secondary Industry	Year-to-date y-o-y change (%)	13.2	8.0	7.3	4.4	7.3	5.8	4.4
	Manufacturing	Year-to-date y-o-y change (%)	13.5	8.1	6.4	3.3	6.0	4.6	3.3
	Tertiary Industry	Year-to-date y-o-y change (%)	16.8	10.6	12.6	11.7	12.4	11.9	11.7
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,285	1,263	354	694	453	542	694
		Year-to-date y-o-y change (%)	3.7	-1.7	1.5	1.5	1.8	0.7	1.5
Trade	Exports	USD 100 million	23,423	22,735	4,559	5,283	1,697	1,784	1,802
		Y-o-y change (%)	6.0	-2.9	-11.1	-4.7	-3.5	-5.5	-4.9
	To the U.S.	Y-o-y change (%)	7.5	3.5	-9.0	-10.6	-9.3	-12.0	-10.5
	To the EU	Y-o-y change (%)	9.7	-3.9	-7.0	-1.0	3.2	-2.1	-3.6
	To Japan	Y-o-y change (%)	-0.5	-9.2	-5.9	-6.9	-11.8	-5.6	-3.0
	To NIES, ASEAN	Y-o-y change (%)	2.8	-2.8	-10.1	-2.6	1.4	-2.1	-6.7
	Imports	USD 100 million	19,592	16,796	3,371	3,900	1,266	1,311	1,323
		Y-o-y change (%)	0.5	-14.3	-13.7	-6.8	-11.2	-0.4	-8.4
	From the U.S.	Y-o-y change (%)	4.3	-5.9	-14.9	-11.6	-11.9	-10.4	-12.4
	From the EU	Y-o-y change (%)	11.1	-14.3	-7.3	0.4	-5.2	10.9	-3.5
	From Japan	Y-o-y change (%)	0.5	-12.3	-8.2	-1.2	-6.7	4.0	0.0
	From NIES, ASEAN	Y-o-y change (%)	1.6	-7.7	-7.4	-3.3	-4.2	2.0	-7.3
	Trade Balance	USD 100 million	3,831	5,939	1,188	1,383	431	473	479

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 from January.

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 of the People's Republic of China

Appendix: China's Major Economic Indicators (2)

Headings		Unit	2014	2015	16/1Q	16/2Q	April	May	June
Consumption	Consumer Confidence Index	End-of-period figure, points			100.0	102.9	101.0	99.8	102.9
	Consumer Expectations Index	End-of-period figure, points			103.4	105.5	104.7	102.8	105.5
	Total Retail Sales of Consumer Goods	RMB 1 trillion	27.19	30.09	7.80	7.81	2.46	2.66	2.69
		Y-o-y change (%)	12.0	10.7	10.3	10.2	10.1	10.0	10.6
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	9.3	7.8	8.0	7.1	6.6	6.5	8.2
	Automobile Sales	10,000 automobiles	2,348.9	2,456.3	652.1	628.5	212.2	209.2	207.1
		Y-o-y change (%)	7.0	3.9	5.2	10.2	6.3	9.8	14.6
	Nationwide Disposable Income per Capita Figure	Year-to-date y-o-y change (%)	10.1	8.9	8.7	8.7	n.a.	n.a.	n.a.
	Jobs-to-applicants Ratio	End-of-period figure, ratio	1.15	1.10	1.07	1.06	n.a.	n.a.	n.a.
Prices	Consumer Price Index	Y-o-y change (%)	2.0	1.4	2.1	2.1	2.3	2.0	1.9
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.6	1.6	1.4	1.6	1.5	1.6	1.6
	Foods	Y-o-y change (%)	3.1	2.3	6.3	6.0	7.4	5.9	4.6
	Producer Price Index	Y-o-y change (%)	-1.9	-5.2	-4.8	-2.9	-3.4	-2.8	-2.6
	Producer Goods	Y-o-y change (%)	-2.5	-6.8	-6.4	-3.9	-4.5	-3.7	-3.5
	Consumer Goods	Y-o-y change (%)	0.0	-0.3	-0.4	-0.2	-0.2	-0.2	-0.1
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	2.6	-3.8	1.9	4.9	4.1	5.0	5.5
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	122.84	139.23	144.62	149.05	144.52	146.17	149.05
		End-of-period figure, y-o-y change (%)	12.2	13.3	13.4	11.8	12.8	11.8	11.8
	Outstanding Loans	End-of-period figure, RMB 1 trillion	81.68	93.95	98.56	101.49	99.12	100.10	101.49
		End-of-period figure, y-o-y change (%)	13.6	14.3	14.7	14.3	14.4	14.4	14.3
	Net Increase	Mid-period increase, RMB 10 billion	978	1228	461	292	56	99	138
	Deposits	End-of-period figure, RMB 1 trillion	113.86	135.70	141.12	146.24	141.95	143.78	146.24
		End-of-period figure, y-o-y change	9.1	12.4	13.0	10.9	12.9	11.5	10.9
	Required Reserve Ratio (Large Enterprises)	End-of-period figure, %	20.0	17.5	17.0	17.0	17.0	17.0	17.0
	1-year Benchmark Lending Rate	End-of-period figure, %	5.60	4.35	4.35	4.35	4.35	4.35	4.35
	Overnight Repo Rate	End-of-period figure, %	3.59	2.10	2.02	2.04	2.07	2.01	2.04
	Foreign Currency Reserves	End-of-period figure, USD 100 million	38,430	33,304	32,126	32,052	32,197	31,917	32,052
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.20	6.48	6.45	6.65	6.47	6.58	6.65
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	19.32	18.57	17.43	15.46	16.51	16.83	15.46
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	3,235	3,539	3,004	2,930	2,938	2,917	2,930
	PER	End-of-period figure, ratio	16.0	17.6	15.1	14.5	14.8	14.4	14.5
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	3,725	5,313	4,542	4,629	4,479	4,486	4,629
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	7,439	25,559	3,210	3,206	1,146	910	1,150
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	8.6	8.5	6.8	7.4	9.0	8.7	7.4
	Fiscal Expenditure	Year-to-date y-o-y change (%)	8.3	15.8	15.7	15.4	12.6	13.8	15.4

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 Nationwide Disposable Income per Capita Figure shows the year-to-date y-o-y change from January onwards.

Note 4: 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 5: The quarterly CPI and PPI figures are calculated as a simple average of the monthly figures.

Note 6: 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 7: 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 8: 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 9: 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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