
Mizuho Economic Commentary-China

April 2016 edition

◆ Topic

Assessment of GDP in January–March 2016

At +6.7% year-on-year, China's real GDP growth rate for January–March fell slightly again. With consumption slowing and exports stalling, the economy was supported by increased investment in infrastructure spending and real-estate development. The self-sustained recovery remains weak and the economy continues to rely on policy support to keep the pace of the slowdown in check.

◆ Economic trends

Apart from investment, the major indicators moved bearishly on average

Many leading indicators related to production, consumption, investment and exports showed signs of improvement in March, but this data was significantly impacted by the concentrated production, etc. after the Chinese New Year holidays. Apart from investment, major indicators moved bearishly over the first quarter.

1. Topic: Assessment of GDP in January–March 2016

The Chinese economy slowed

China's real GDP growth rate for January–March was released on April 15. At +6.7% year-on-year, the result was down slightly on the previous quarter's figure of +6.8% y-o-y (see Fig. 1). Several recent indicators have shown signs of improvement. With inventory adjustment proceeding at a modest pace, for example, the production/inventory balance has moved around zero entering 2016 (see Fig. 2). With the economy lacking the energy for a self-sustained recovery, though, it once again seemed that a downturn had been staved off by government policy.

Exports continued to slide and consumption slowed

A glance at key indicators related to demand reveals that (real) exports continued to fall sharply in the first quarter on the global slump in investment demand (-5.1% y-o-y; October–December: -5.1% y-o-y). Consumption (real total retail sales of consumer goods) had increased at a gentle pace over the latter half of 2015, but at +9.7% y-o-y, it now fell for the first time in three quarters (October–December: +10.9% y-o-y).

Consumption was pushed lower by temporary factors and also by a bearish employment and income environment

The slowdown in consumption is thought to be due to several temporary factors. For example, real incomes have moved sluggishly on the rising price of fresh foods and other food items, while automobile sales have dropped off after previously soaring when the purchase tax on small vehicles was lowered last October. However, a glance at the details shows employment moving somewhat bearishly, with the unemployment rate rising slightly (December = 5.0%; January–February = 5.1%; March = 5.2%) and new jobs growth slowing off from the first quarter of 2015 onwards. Furthermore, the results of a PBOC survey suggest that sentiments are growing more bearish when it comes to the outlook for employment and incomes. In light of the jobs and earnings situation, it seems consumption may continue to trend downwards at a gentle pace, even after the impact of the temporary factors ease off from April onwards.

Investment accelerated on the back of infrastructure spending and real-estate development

At +13.8% y-o-y, though, the real investment growth rate (investment in fixed assets) accelerated (October–December: +12.5% y-o-y). A glance at the nominal figure points to a sharp rise in infrastructure spending (electricity, gas and water, transportation, warehousing, postal services, water conservancy, the environment, and public facilities). The figure for regional private-sector investment (excluding state-owned enterprises (SOEs) and foreign companies) fell below the overall growth rate, thus

suggesting the growth in investment was driven by SOEs.

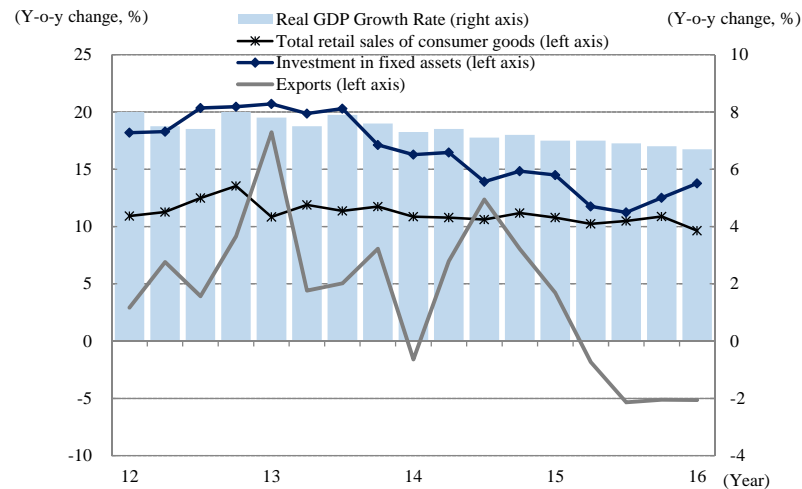
Furthermore, though investment in real-estate development dipped on the previous year in October–December, it returned to positive territories in the first quarter and this gave a big boost to overall investment growth. The Chinese government relaxed the rules on home purchases from 2014 onwards (apart from in large cities) in an attempt to use up real-estate stock in the regions and elsewhere. Under these circumstances, the real estate sales in terms of floor space data moved into positive territories (y-o-y) in April 2015, with house prices following suit at the end of 2015. In February 2016, the minimum required mortgage down payment rate was lowered from 30% to 25% for first-time buyers and from 40% to 30% for buyers of second homes. As a result of these moves, real estate sales in terms of floor space soared in January–February (+30.4% y-o-y), with investment in housing development then soaring in March (+7.8% y-o-y). However, signs of overheating have already started to appear in large cities and there is a growing sense of caution, with some cities tightening rules on home buying, for example. Events from here on will need to be watched carefully.

From here on, the pace of the slowdown will continue to be kept in check by government policies

With regards to the first quarter GDP data, the Chinese government stated that “the national economy continued to be stable... structural adjustment deepened...positive changes showed on major indicators... and they were better than expected.” However, the data was lackluster once investment was removed from the equation. This investment in turn was driven in large part by government policy. As such, there are no signs of the economy heading towards a self-sustained recovery. For the time being, the Chinese economy will continue to rely on policy support to keep the pace of the slowdown in check.

(Kaori Yamato)

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

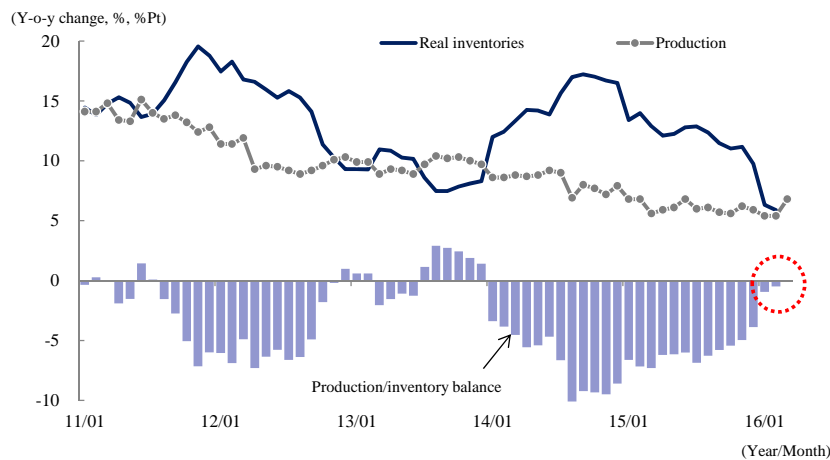


Note 1: The total retail sales of consumer goods data has been indexed using the retail price index; the investment in fixed assets data has been indexed using the fixed asset price index (Mizuho Research Institute estimate). The export data has been indexed using the export price index.

Note 2: The export data for January–March 2013 was probably inflated by false reporting.

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

Fig. 2: Production/Inventory Balance



Note: The production/inventory balance = the production growth rate - the real inventories growth rate. The inventories data has been indexed using the PPI. Most recent data: March for production; February for real inventories and the production/inventory balance.

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

2. Overview: Though major indicators recovered slightly in March, the economy moved sluggishly on average once investment was removed from the equation

Industrial production rallied in March

At +6.8% y-o-y, industrial production growth in March was up on January–February (+5.4% y-o-y), when productive activity had slowed due to the Chinese New Year holidays (see Fig. 3). A glance at the details shows the mining sector bouncing back, with manufacturing also growing briskly, particularly when it came to automobiles, non-metal mineral products and pharmaceuticals, etc. Automobile production had

The Manufacturing PMI rose above 50, though PMIs moved flatly on average

risen after the purchase tax on small vehicles was lowered last autumn, and although this trend had dropped off for a time in January–February, the industry recorded double-digit y-o-y growth again in March.

At 50.2, the government's Manufacturing PMI rose above 50 (thus signaling expansion) in March for the first time since July 2015 (see Fig. 4). The details show the new orders index topping 50 for the first time in three months on a revival of new export orders, with the supplier delivery times indicator also rising above 50. Production rose too. The employed persons and main raw materials inventory indicators remained below 50, though both trended upwards. At 49.7, Caixin's Manufacturing PMI for March recovered to its highest level since dipping below 50 in March 2015. However, these bullish March PMIs were probably impacted in large part by the concentrated industrial activity after the Chinese New Year holidays. The quarterly data shows the government's PMI sliding and Caixin's PMI rising over January–March, but these movements were limited in scale and the PMIs seem to have moved flatly on the whole.

Export growth moved into positive territories in March, but exports fell further over January–March

At +11.5% y-o-y, export growth (nominal, dollar-denominated) returned to positive territories in March for the first time in nine months (February: -25.3% y-o-y) (see Fig. 5). However, exports fell sharply over January–February and the subsequent bounce-back was weak, so export growth actually declined by 9.5% y-o-y in the first quarter, down further on October–December's figure of -5.1% y-o-y. The overall figure was pushed down by a fall in shipments of machinery, electric products and hi-tech goods, with exports to the U.S., South Korea and the ASEAN region also moving bearishly. It seems the export slump was due in part to stalling capital investment in the U.S. together with stagnant IT-related demand during the period between the launch of new mobile phones.

Imports contracted at a slower pace in March, but they fell further over the first quarter

At -7.6% y-o-y, the slump in import growth (nominal, dollar-denominated) eased off slightly in March (February: -13.8% y-o-y). At -13.4% y-o-y, though, import growth fell further into negative territories over the first quarter (October–November: -11.6%). As with exports, imports of machinery, electric products and hi-tech goods all slumped. While imports from almost all countries and regions fell over the first quarter, imports from Hong Kong (which have been the subject of suspicions about inflated figures) soared by 92.3% y-o-y. Though the value of exports increased on the previous year, the value of imports fell, so the y-o-y trade surplus expanded by \$29.9 billion in March. The

Investment growth accelerated

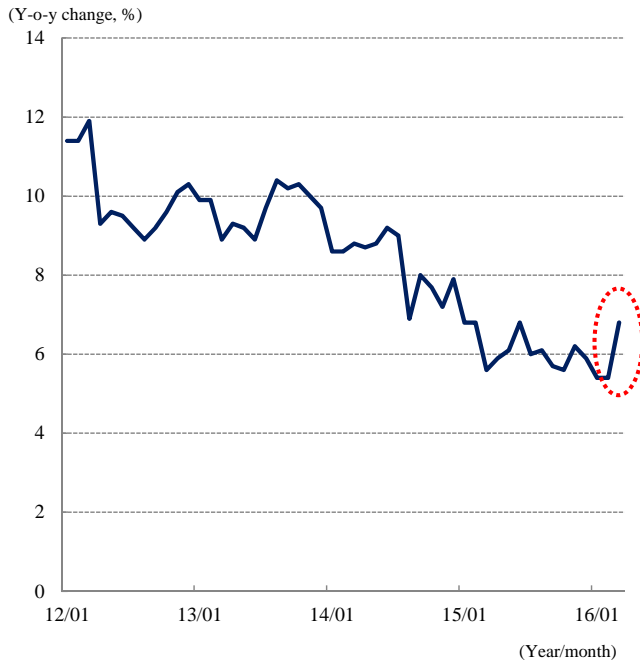
surplus grew slightly over the first quarter.

At +11.1% y-o-y, the nominal investment growth rate (investment in fixed assets) in March was up on January–February’s figure of +10.2% y-o-y (see Fig. 6). It seems investment was boosted by economic stimulus, with the real estate sector buoyed by policies to encourage home buying, for example, and transportation, water conservancy and other infrastructure spending also rising. At +16.2% y-o-y, the real growth rate also accelerated slightly (January–February: +15.9%). Nominal and real investment in fixed assets also increased over the first quarter.

Though retail sales growth accelerated in March, it shrank over the first quarter

At +10.5% y-o-y, total retail sales of consumer goods increased in March (nominal) (see Fig. 7), though growth slowed over the first quarter. Automobile sales had soared toward the end of 2015 after the purchase tax on small vehicles was lowered, but this trend now cooled off, while real household purchasing power was pushed down by rising food prices. Both these factors probably impacted the growth figure. The real growth rate followed suit by accelerating slightly in March but falling on a quarterly basis.

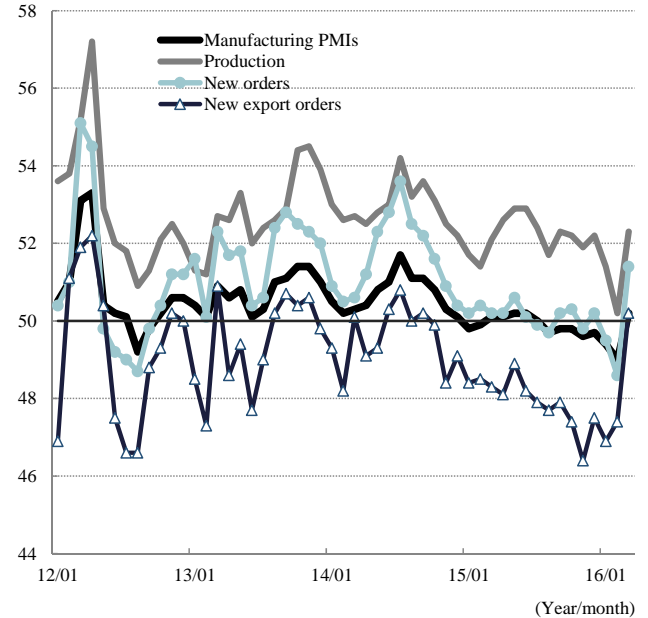
Fig. 3: Industrial Production



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

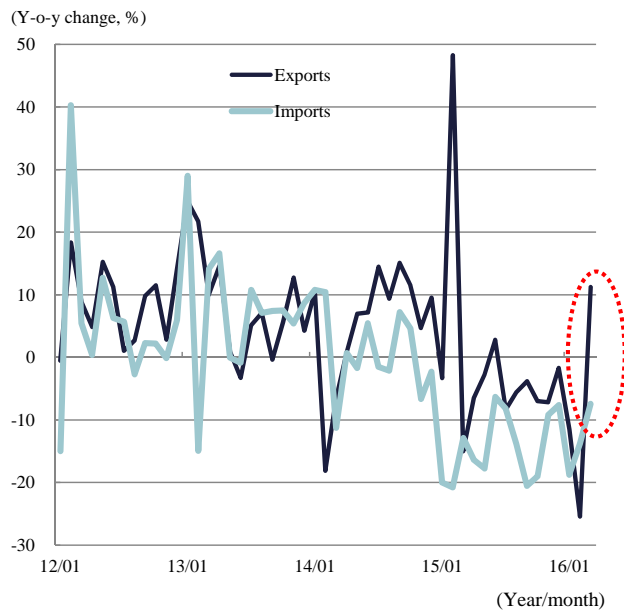


Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.

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

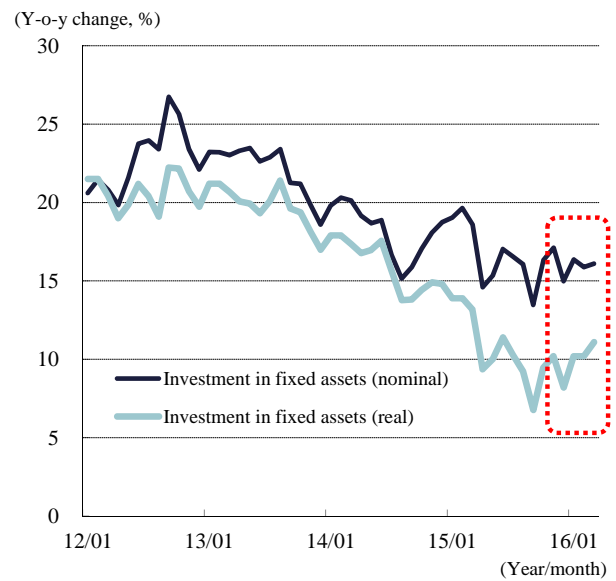
Fig. 5: Imports and Exports



Note: Nominal, dollar-denominated

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

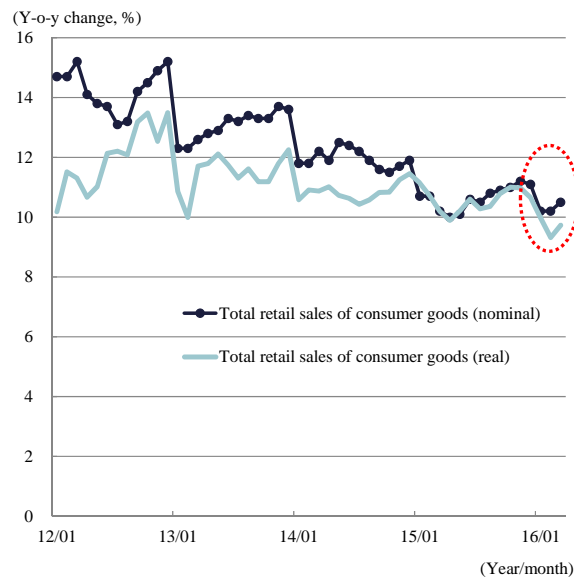
Fig. 6: Investment in Fixed Assets



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 moved flatly, while the PPI data fell at a slower pace

The CPI growth rate topped 2% for the second successive month, but core CPI moved stably

In March, consumer price index (CPI) growth stood at +2.3% y-o-y, thus topping 2% for the second successive month (February: +2.3% y-o-y) (see Fig. 8). Vegetable prices rose as a result of bad weather, while pork also grew more expensive as more small-scale pig farmers shut up shop after environmental regulations were tightened up. However, core CPI (which excludes food and energy prices) has grown stably by around 1.5% y-o-y since February 2014.

The PPI growth rate contracted at a slower pace

At -4.3% y-o-y, the March producer price index (PPI) contracted at a slower pace for the third consecutive month (February: -4.9% y-o-y). This was mainly because the cost of crude oil extraction and other resource-related prices fell at a slower pace. In January this year, the Chinese government announced it would not be adjusting domestic retail gasoline and diesel prices to reflect international prices when the global price of crude oil dropped below \$40/ barrel (the ceiling is set at \$130/barrel). With WTI remaining below \$40/barrel since January, it seems gasoline and diesel prices have been fixed. However, the overall PPI petroleum products data fell further year-on-year in March too, so the impact of these changes to the price-setting formula has yet to be felt.

House prices grew at a faster y-o-y rate

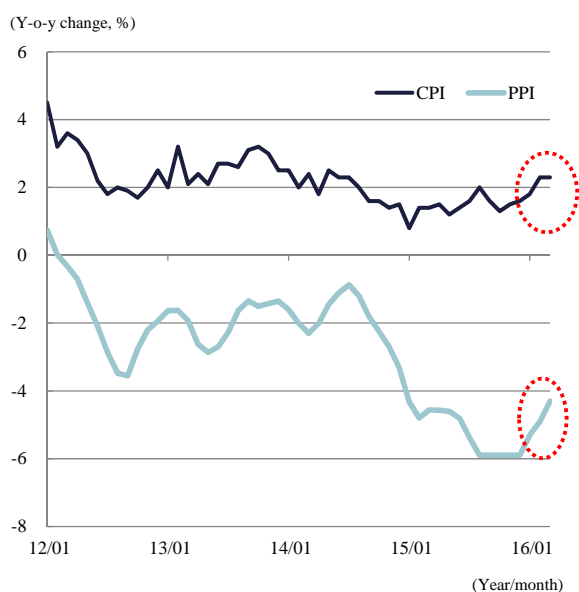
At +2.9% y-o-y (estimate), the March new-homes price index (the average of 70 major Chinese cities) grew at faster pace (February: +1.9% y-o-y) (see Fig. 9). On a monthly basis, the index hit +0.8% m-o-m, the highest growth since it returned to positive territories in May 2015. 40 cities saw the price of new homes rising on the previous year, up from 32 in February, while 62 cities saw prices rising on the previous month, up sharply on February's figure of 47.

Real estate sales in terms of floor space grew at a faster clip

At +37.7% y-o-y, real estate sales in terms of floor space grew at a faster clip in March (January–February: +28.2%). This was due to a sharp rise in home purchases from January–February onwards following a relaxation of mortgage down payment rules. With sales and prices both bouncing back, investment in real estate development showed clear signs of a recovery over March.

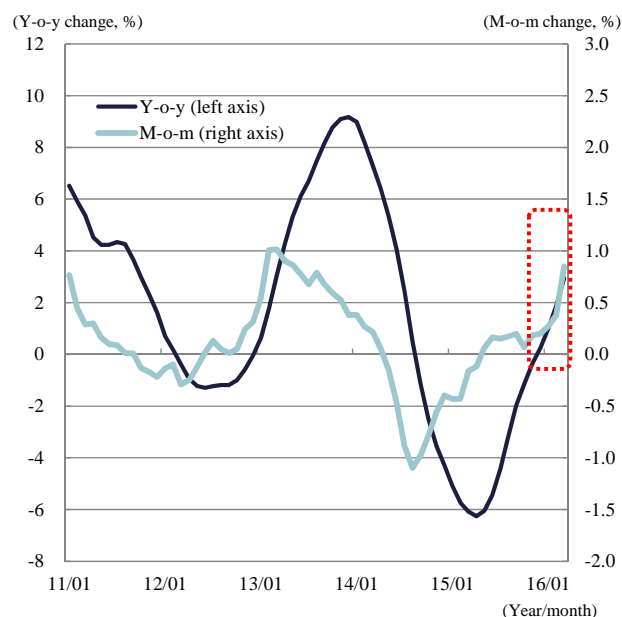
(Kaori Yamato)

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: The PBOC lowered required reserve ratios for the first time in around four months

Outstanding RMB deposits and the money supply continued to grow at high levels

A glance at March's financial indicators shows outstanding RMB deposits up 13.0% y-o-y. Though this was down on February's figure of +13.3% y-o-y, deposits continued to grow strongly. At +13.4% y-o-y, money supply (M2) growth was up slightly on February (+13.3% y-o-y), with growth remaining at high levels (see Fig. 10).

Outstanding RMB loans continued to grow strongly

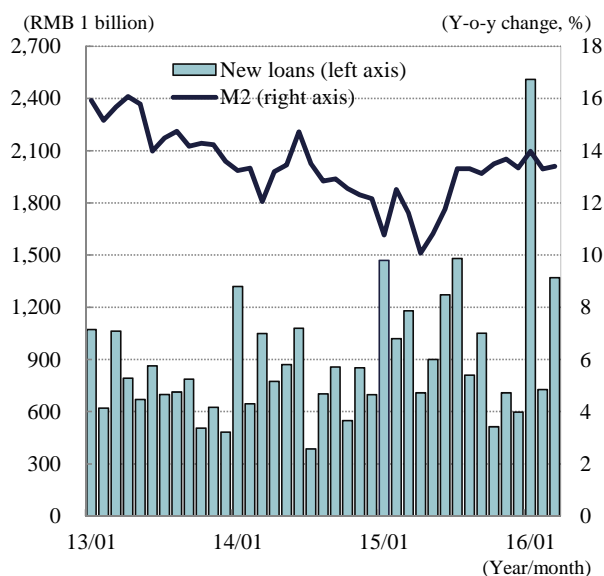
At +14.7% y-o-y, outstanding RMB loans continued to grow strongly in March (February: +14.7% y-o-y). New RMB loans totaled RMB 1.37 trillion, up sharply on February's figure of RMB 726.6 billion (see Fig. 10). Total social financing, which includes funds procured from non-bank sources, grew by RMB 2.34 trillion, a significant increase on February's figure of RMB 780.2 billion. This included an increase in financing via RMB loans and bonds.

The PBOC absorbed funds through open-market operations in March

In March, the PBOC absorbed a whopping net RMB 1.025 trillion from the money markets as part of its open-market operations to control liquidity (see Fig. 11). This was a reaction to moves to pump substantial funds into the markets in January, mainly via open-market operations

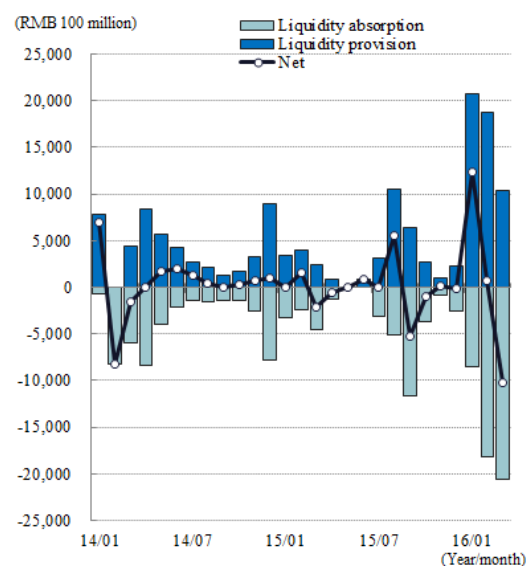
and the Medium-term Lending Facility (MLF), in the wake of rising demand for funds in the run up to the Chinese New Year holidays (February 7–13).

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

The PBOC lowered required reserve ratios

A further reason why open-market operations switched back to liquidity absorption in March is because the PBOC moved to supply liquidity in a more stable manner by lowering required reserve ratios. On February 29, the PBOC announced it was cutting required reserve ratios for all financial institutions by 0.5%pt (the ratio for large banks was lowered to 17.0%), with the cut coming into effect on March 1. This was the first time required reserve ratios had been lowered since October 2015.

The PBOC's open-market operations provided net fund in April

In April, the PBOC injected a net RMB 585 billion into the markets as part of its open-market operations (on April 22). This was seemingly a response to a liquidity crunch due to corporate tax payment demands and the expiration of the MLF. With regards to liquidity supplied through the MLF, RMB 551 billion was absorbed with the expiration of the last MLF, with RMB 448 billion pumped back into the markets with the implementation of a new MLF.

The RMB grew stronger towards

The RMB strengthened against the dollar entering February when the

**mid-April, though it is now
weakening slightly**

PBOC set the RMB's central parity against the dollar at a higher rate and the PBOC Governor made verbal interventions to curb RMB depreciation. Though the currency pair then swung to and fro thereafter, the RMB trended upwards on declining expectations for a U.S. rate hike (see Fig. 12). Funds had flowed out of China on expectations for RMB depreciation and dollar appreciation, but at this trend eased off, there was less need for RMB-buying/dollar-selling interventions, so at the end of March China's foreign currency reserves rose on the end of the previous month for the first time in five months (up by \$10.3 billion). The PBOC set the RMB's central parity against the dollar at a lower rate on successive days late April. This has led to a growing sense in the markets that the authorities are trying to guide the Chinese unit lower, with the RMB's rate against the dollar now moving in a slightly-bearish-RMB direction.

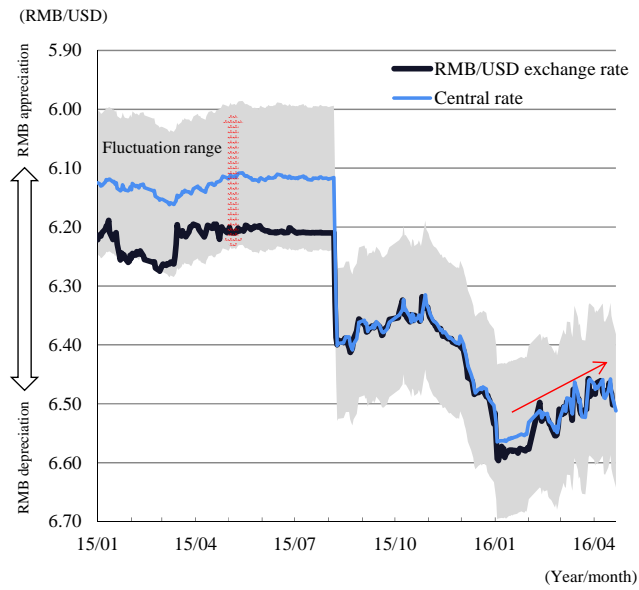
**After trending upwards again,
the Shanghai Stock Exchange
Composite Index is now moving
close to 3,000**

The Shanghai Stock Exchange Composite Index dipped below 2,700 at the end of February, though it began trending upwards from March onwards (see Fig. 13). Stocks rose on expectations for policy announcements at the National People's Congress (March 5–16) together with the warm reaction to news that a government fund was supporting stocks through buying interventions. It is also likely that stock prices were pushed up as concerns about fund outflows waned on the RMB's ongoing appreciation against the dollar. When March's economic indicators were released in April, they generally outperformed market expectations on the whole. This supported stock prices, but it also led to a decline in swollen expectations for further economic stimulus, with the Composite Index now moving close to 3,000.

Incidentally, yield spreads on corporate bonds, particularly low-grade bonds, are currently expanding on an increase in the number of SOE defaults. From here on, financial market unease could increase on yet more defaults and related disposal methods, with the RMB and stocks subsequently trending lower, so caution will be needed.

(Ayana Nakazawa)

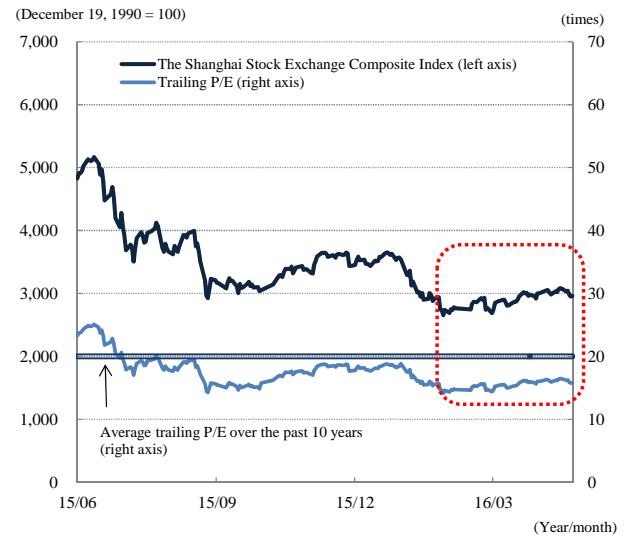
Fig. 12: Exchange Rates



Note: Daily data; The most recent day: April 22.

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: April 22.

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	15/4Q	16/1Q	January	February	March
GDP	Real GDP	Y-o-y change (%)	7.3	6.9	6.8	6.7			
	Nominal GDP	Year-to-date (total), RMB 1 trillion	63.59	67.67	67.67	15.85			
Business Sentiment	PMI	End-of-period figure, points			49.7	50.2	49.4	49.0	50.2
	New Orders	Points			50.2	51.4	49.5	48.6	51.4
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	8.3	6.1	5.9	5.8	5.4	5.4	6.8
	Light Industry	Y-o-y change (%)	8.3	6.0	5.8	4.6	4.6	4.6	5.1
	Materials	Y-o-y change (%)	9.1	8.6	8.2	8.1	7.8	7.8	8.4
	Machinery	Y-o-y change (%)	10.4	6.3	4.7	6.9	6.4	6.4	6.9
	Electric Power Generation	Y-o-y change (%)	12.8	6.3	4.1				0.0
	Industrial Goods Inventories	Y-o-y change (%)			-0.9		1.1	1.1	
	Light Industry	Y-o-y change (%)			6.3		7.1	7.1	
	Materials	Y-o-y change (%)			4.7		0.4	0.4	
	Machinery	Y-o-y change (%)			30259.3		30704.4	36941.1	
	Passenger Transportation Volume	Year-to-date y-o-y change (%), passenger-kilometer	8.8	6.0	6.0		13.0	11.1	
	Freight Transportation Volume	Year-to-date y-o-y change (%), ton-kilometer	9.9	-0.5	-0.5		-1.0	-0.2	
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	50.20	55.16	55.16	8.58	3.80	3.80	8.58
		Year-to-date y-o-y change (%)	15.7	10.0	10.0	10.7	10.2	10.2	10.7
	Real Estate	Year-to-date y-o-y change (%)	7.9	-0.2	-0.2	5.6	4.0	4.0	5.6
	Primary Industry	Year-to-date y-o-y change (%)	33.9	31.8	31.8	25.5	34.3	34.3	25.5
	Secondary Industry	Year-to-date y-o-y change (%)	13.2	8.0	8.0	7.3	7.9	7.9	7.3
	Manufacturing	Year-to-date y-o-y change (%)	13.5	8.1	8.1	6.4	7.5	7.5	6.4
	Tertiary Industry	Year-to-date y-o-y change (%)	16.8	10.6	10.6	12.6	11.1	11.1	12.6
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,285	1,263	1,263	354	141	225	354
Trade		Year-to-date y-o-y change (%)	3.7	-1.7	-1.7	1.5	1.1	0.1	1.5
	Exports	USD 100 million	23,423	22,747	6,126	4,641	1,772	1,261	1,608
		Y-o-y change (%)	6.0	-2.9	-5.1	-9.5	-11.4	-25.3	11.5
	To the U.S.	Y-o-y change (%)	7.5	3.5	-3.7	-9.0	-9.9	-23.1	9.0
	To the EU	Y-o-y change (%)	9.7	-3.9	-3.4	-7.0	-12.0	-19.8	17.9
	To Japan	Y-o-y change (%)	-0.5	-9.2	-7.7	-5.9	-6.0	-20.1	9.3
	To NIES, ASEAN	Y-o-y change (%)	3.0	-2.1	-2.8	-10.4	-12.6	-27.2	8.7
	Imports	USD 100 million	19,592	16,806	4,379	3,384	1,139	936	1,310
		Y-o-y change (%)	0.5	-14.2	-11.6	-13.4	-19.0	-13.8	-7.6
	To the U.S.	Y-o-y change (%)	4.3	-5.9	-1.9	-14.9	-27.0	-14.3	-2.8
	To the EU	Y-o-y change (%)	11.1	-14.3	-16.5	-7.3	-18.5	-3.6	1.4
	To Japan	Y-o-y change (%)	0.5	-12.3	-11.5	-8.2	-16.0	-6.3	-3.1
	To NIES, ASEAN	Y-o-y change (%)	1.7	-7.9	-5.7	-8.4	-12.1	-9.8	-3.6
	Trade Balance	USD 100 million	3,831	5,940	1,747	1,258	633	326	299

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	15/4Q	16/1Q	January	February	March
Consumption	Consumer Confidence Index	End-of-period figure, points				103.7	100.0	104.0	104.4	100.0
	Consumer Expectations Index	End-of-period figure, points				105.8	103.4	106.6	106.9	103.4
	Total Retail Sales of Consumer Goods	RMB 1 trillion		27.19	30.09	8.49	7.80	7.80	7.80	2.51
		Y-o-y change (%)		12.0	10.7	11.1	10.3	10.3	10.3	10.5
	Sales at Retailers Above a Designated Size	Y-o-y change (%)		9.3	7.8	8.7	8.0	8.0	8.0	8.7
	Automobile Sales	10,000 automobiles		2,348.9	2,456.3	751.6	652.1	250.1	158.1	244.0
		Y-o-y change (%)		7.0	3.9	15.7	5.2	7.7	-0.9	8.8
	Nationwide Disposable Income per Capita Figure	Year-to-date y-o-y change (%)		10.1	8.9	8.9	8.7	n.a.	n.a.	n.a.
Prices	Jobs-to-applicants Ratio	End-of-period figure, ratio		1.15		1.10		n.a.	n.a.	n.a.
	Consumer Price Index	Y-o-y change (%)		2.0	1.4	1.5	2.1	1.8	2.3	2.3
	Core CPI (excluding foods and energy)	Y-o-y change (%)		1.6	1.6	1.5	1.4	1.5	1.3	1.5
	Foods	Y-o-y change (%)		3.1	2.3	2.3	6.3	4.1	7.3	7.6
	Producer Price Index	Y-o-y change (%)		-1.9	-5.2	-5.9	-4.8	-5.3	-4.9	-4.3
	Producer Goods	Y-o-y change (%)		-2.5	-6.8	-7.6	-6.4	-6.9	-6.5	-5.7
	Consumer Goods	Y-o-y change (%)		0.0	-0.3	-0.4	-0.4	-0.5	-0.4	-0.2
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)		2.6	-3.8	-0.4	1.9	1.0	1.9	2.9
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion		122.84	139.23	139.23	144.62	141.63	142.46	144.62
		End-of-period figure, y-o-y change (%)		12.2	13.3	13.3	13.4	14.0	13.3	13.4
	Outstanding Loans	End-of-period figure, RMB 1 trillion		81.68	93.95	93.95	98.56	96.46	97.19	98.56
		End-of-period figure, y-o-y change (%)		13.6	14.3	14.3	14.7	15.3	14.7	14.7
	Net Increase	Mid-period increase, RMB 10 billion		978	1228	182	461	251	73	137
	Deposits	End-of-period figure, RMB 1 trillion		113.86	135.70	135.70	141.12	137.75	138.60	141.12
		End-of-period figure, y-o-y change		9.1	12.4	12.4	13.0	12.5	13.3	13.0
	Required Reserve Ratio (Large Enterprises)	End-of-period figure, %		20.0	17.5	17.5	17.0	17.5	17.5	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	2.10	2.02	1.97	1.97	2.02
Exchange Rates	Foreign Currency Reserves	End-of-period figure, USD 100 million		38,430	33,304	33,304	32,126	32,309	32,023	32,126
	RMB/USD Exchange Rate	End-of-period figure, RMB/USD		6.20	6.48	6.48	6.45	6.58	6.55	6.45
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB		19.32	18.57	18.57	17.43	18.41	17.23	17.43
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100		3,235	3,539	3,539	3,004	2,738	2,688	3,004
	PER	End-of-period figure, ratio		16.0	17.6	17.6	15.1	13.7	13.5	15.1
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion		3,725	5,313	5,313	4,542	4,038	3,970	4,542
	Turnover (Shanghai, Shenzhen)	RMB 10 billion		7,439	25,559	5,573	3,210	1,084	783	1,343
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)		8.6	8.4	8.4	6.8	5.9	6.5	6.8
	Fiscal Expenditure	Year-to-date y-o-y change (%)		8.3	15.8	15.8	15.7	24.5	12.2	15.7

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 Designated 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.

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Kaori Yamato; Senior Economist, Research Department-Asia

Mizuho Research Institute Ltd.

+81-3-3591-1368 kaori.yamato@mizuho-ri.co.jp

Ayana Nakazawa; Economist, China Unit, Research Department-Asia

Mizuho Research Institute Ltd.

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

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