
Mizuho Economic Commentary-China

May 2016 edition

◆ Topic

The Chinese housing market is polarizing

China's housing market is showing more signs of a recovery, but the market is remarkably polarizing. While there are concerns of a bubble in the major cities, housing market recovery in regional small- to medium-sized cities is being weighed down by excess stock.

◆ Economic trends

Major indicators slowed on the whole

Investment growth contracted in April on a slight slowdown in infrastructure investment and so on, while retail sales also grew at a more sluggish pace, so it seems the economy is continuing to slow. However, the CPI growth rate remains above 2% due to soaring pork prices and so on.

1. Topic: The Chinese housing market is polarizing

China's housing market is showing more signs of a recovery

China's housing market is showing more signs of a recovery. With interest rates being cut from November 2014 and home-buying regulations loosened entering 2015, real estate sales in terms of floor space began growing year-on-year again in April–June 2015, with house prices and housing development investment also returning to positive growth in January–March 2016 (see Fig. 1). Real estate sales in terms of floor space have since grown further to hit +35.6% y-o-y.

There are concerns of a bubble in the first-tier cities and some second-tier cities

However, the housing market is becoming remarkably polarized. A glance at new-homes price index in each city shows prices soaring to almost bubble-like levels in major urban areas like the first-tier cities (Beijing, Shanghai, Guangzhou and Shenzhen) and some second-tier cities (see Fig. 2). Prices in Shenzhen have risen particularly sharply, up 62.4% y-o-y in April. Under these circumstances, some measures have been introduced to rein in the soaring cost of houses in major cities. For example, in March 2016 the minimum required mortgage down payment rate for second homes was lifted from 30% to 50–70% in Shanghai. Furthermore, home buying criteria have been tightened for people who do not hold a Shanghai *hukou* (household registration). In Shenzhen, meanwhile, the minimum required mortgage down payment rate for second homes was lifted from 30% to 40%. Suzhou, a second-tier city, has introduced measures to keep the rise in house prices to less than 12% per annum.

In April 2016, the National Development and Reform Commission also announced it would provide more land for home building in the first-tier cities and in some second-tier cities with soaring house prices.

The pace of the housing market recovery is sluggish in regional small- to medium-sized cities like the third-tier cities

However, the pace of the housing market rally has stalled in regional small- to medium-sized cities like the third-tier cities, with the recovery of new-homes prices stalling in the third-tier cities. This polarized recovery in house prices is down to the fact that third-tier cities are not facing much pressure from population inflows. As such, they seem to have a lot of excess housing stock and they have yet to see an adjustment in housing inventories. This adjustment is already underway in the first-tier cities, with the ratio of housing stock under construction to the area of housing sold falling from 4.2 times at the end of 2014 to 3.7 times at the end of 2015, but the ratio in third-tier cities has risen from 4.8 times to 4.9 times over the same period and it remains at high levels compared to the first-tier cities. Under these circumstances, the Chinese leadership adopted real-estate stock reduction as one of its prioritized

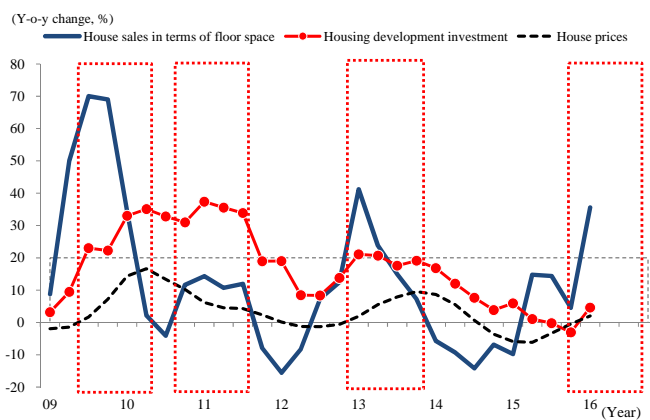
tasks for 2016 at the Central Economic Work Conference in December 2015. They are trying to lower housing stock levels in regional small- to medium-sized cities by reforming the *hukou* system and pursuing other policies aimed at enabling rural migrant workers to settle down permanently in these cities.

The recovery in housing development investment will continue throughout 2016, though with less momentum than in the past

When looking at past house sales in terms of floor space and price, positive growth has been occurring for both at the same time, and this has often lasted for one year in duration. Investment in housing development has also tended to ramp up sharply during these occurrences. Based on these trends, it seems highly likely that the recovery in housing development investment will continue throughout 2016. However, considering the high levels of housing stock in regional small- to medium-sized cities or the tightening of curbs on speculation in the first-tier cities, for example, it seems this recovery will probably be weaker than other similar recoveries in the past.

(Ayana Nakazawa)

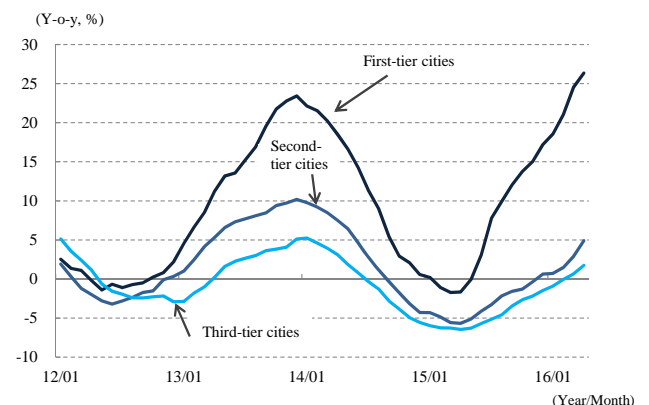
Fig. 1: House sales in terms of floor space/prices/investment



Note: The sections within the red dashed lines denote periods when house sales in terms of floor space and prices both posted year-on-year growth at the same time.

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

Fig. 2: New-homes prices by city (100 cities)



Note:

First-tier cities: Four cities (Beijing, Shanghai, Guangzhou and Shenzhen)

Second-tier cities: 22 cities (Tianjin, Chongqing, Hangzhou, Nanjing, Wuhan, Shenyang, Chengdu, Xi'an, Dalian, Qingdao, Ningbo, Suzhou, Changsha, Jinan, Xiamen, Changchun, Harbin, Taiyuan, Zhengzhou, Hefei, Nanchang and Fuzhou)

Third-tier cities: 74 cities other than above

Source: Prepared by Mizuho Research Institute based on the materials from the Wind

2. Overview: Major indicators slowed on the whole

Industrial production growth slowed in April

At +6.0% year-on-year, industrial production growth in April was down on March, when growth had hit a comparatively high +6.8% y-o-y due to a bounce back after the Chinese New Year holidays (see Fig. 3). Growth in the mining sector contracted to around 0%, while manufacturing also grew at a somewhat sluggish pace. A glance at the manufacturing details shows automobile production increasing at a faster pace thanks to a tax cut, but overcapacity continued to hit the iron and steel sector, with growth falling into negative territories for the first time since April 2009. This points to an ongoing trend of simultaneous policy support and structural adjustment.

The Manufacturing PMI remained above 50 for the second successive month, though it fell slightly

At 50.1, the government's Manufacturing PMI for April was down slightly on the previous month, though it remained above 50 for the second successive month (see Fig. 4). A glance at the details shows the new orders, production, supplier delivery times, employed persons and main raw materials inventory indicators all falling. The employed persons and main raw materials inventory headings in particular remained substantially below the 50 mark. The finished goods inventory index, an indicator related to the PMI, continued to trend lower at a faster pace than the main raw materials inventory index, which points to ongoing inventory adjustment. At 49.4, Caixin's Manufacturing PMI for April was down slightly on March's 49.7.

Export value growth contracted, but export volumes remained in positive territories

At -1.8% y-o-y, export growth (nominal, dollar-denominated) dipped into negative territories in April (March: +11.4% y-o-y) (see Fig. 5). This was due to a slide in exports of machine equipment and electric/electronic products (computers, communication equipment, etc.). The April export volume growth rate was also down on March, though it remained in positive territories at +6.9% y-o-y. The seasonally-adjusted export volume figure (a Mizuho Research Institute estimate) was up slightly compared to January–March, with the export slump (ongoing since last year) now easing off.

Import growth contracted at a faster pace

At -10.9% y-o-y, import growth (nominal, dollar-denominated) contracted at a faster pace in April (March: -7.5% y-o-y). As with exports, imports of machine equipment and electric/electronic products slumped. Imports from the U.S. and Japan fell at a faster pace, while imports from the EU contracted. At +203.5% y-o-y, imports from Hong Kong (which have been the subject of suspicions about inflated figures) grew even faster than March (+116.5% y-o-y). This rise was mainly accounted for by jewelry. Though small-scale, this suggests funds are

The trade surplus grew on the previous year

Investment growth slowed

Retail sales growth dipped

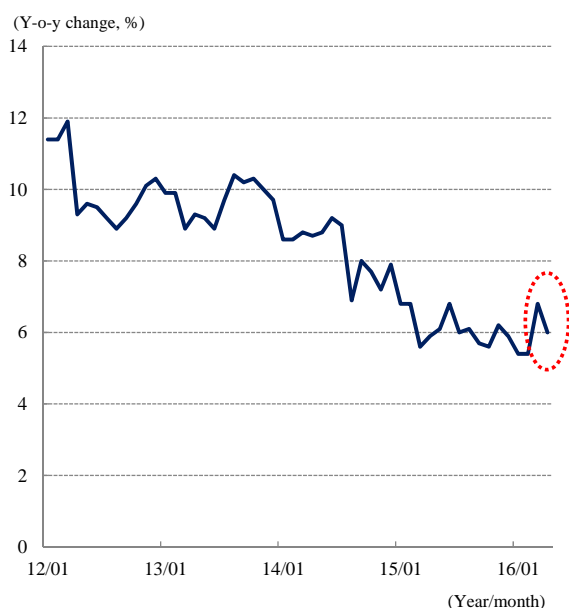
being shifted overseas via jewelry imports.

The value of imports contracted at a faster y-o-y pace than the value of exports, so the trade surplus grew on the previous year to hit \$45.6 billion in April.

At +10.1% y-o-y, the nominal growth rate of investment in fixed assets in April was down on March's figure of +11.1% y-o-y (see Fig. 6). This was due to a slowdown in the real estate and infrastructure sectors. Manufacturing investment growth also fell for the second successive month. At +14.0% y-o-y, investment also slowed in real terms (March: +16.1% y-o-y).

At +10.1% y-o-y, (nominal) total retail sales of consumer goods grew at a slower pace in April (March: +10.5% y-o-y) (see Fig. 7). This was due to a slide in automobiles sales, which had previously hit double-digit y-o-y growth in March. However, even when this temporary factor is removed from the equation, retail sales have lost some momentum since the turn of the year. At +9.3%, retail sales growth also dipped in real terms in April (March: +9.7%).

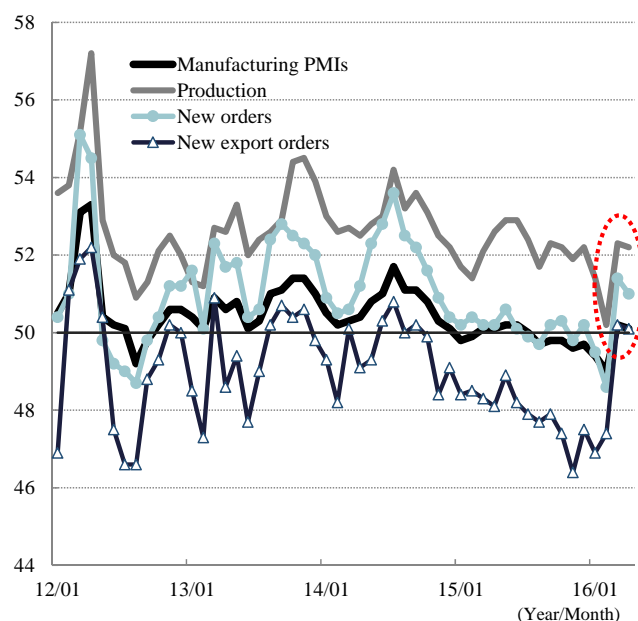
Fig. 3: Industrial Production



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

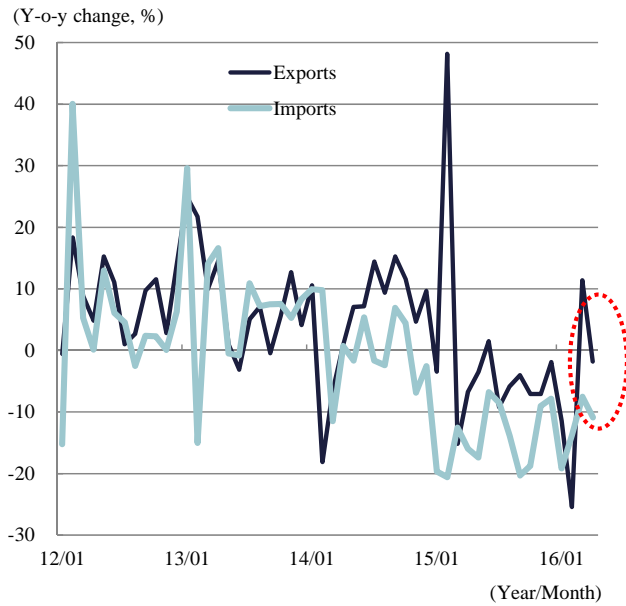


Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.

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

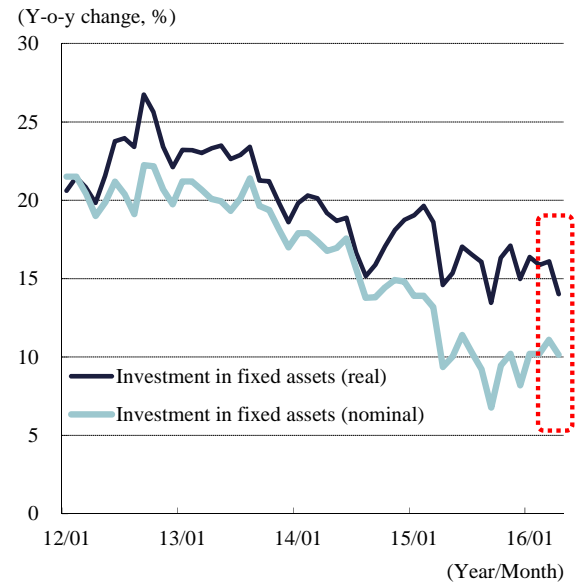
Fig. 5: Imports and Exports



Note: Nominal, dollar-denominated

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

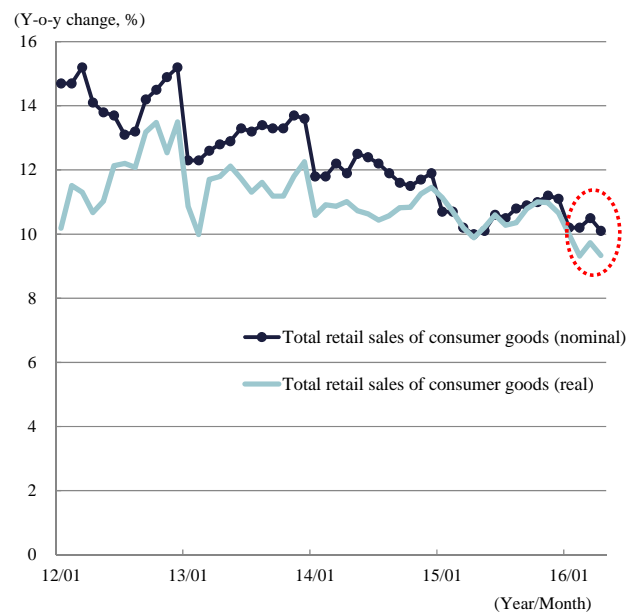
Fig. 6: Investment in Fixed Assets



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 third successive month, but core CPI moved stably

In April, the consumer price index (CPI) grew by 2.3% y-o-y for the third successive month (March: +2.3% y-o-y) (see Fig. 8). Though soaring vegetable prices cooled down somewhat, service prices and so on grew at a faster rate. Furthermore, at +33.5% y-o-y, pork price growth continued to accelerate (March: +28.4% y-o-y). However, the core CPI (which excludes food and energy) stood at +1.5% y-o-y and it has been moving stably around this level since February 2014.

The pace of the PPI contraction continued to slow

The April producer price index (PPI) stood at -3.4% y-o-y, with the pace of the contraction slowing for the fourth successive month (March: -4.3% y-o-y). This was due to a decrease in negative growth in the mining sector (petroleum/iron ore extraction) and the petroleum products sector. With the international situation improving and demand for automobiles bouncing back, the contraction in the iron and steel sector also decreased sharply, from -20.8% y-o-y in December 2015 to -2.4% y-o-y in April.

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

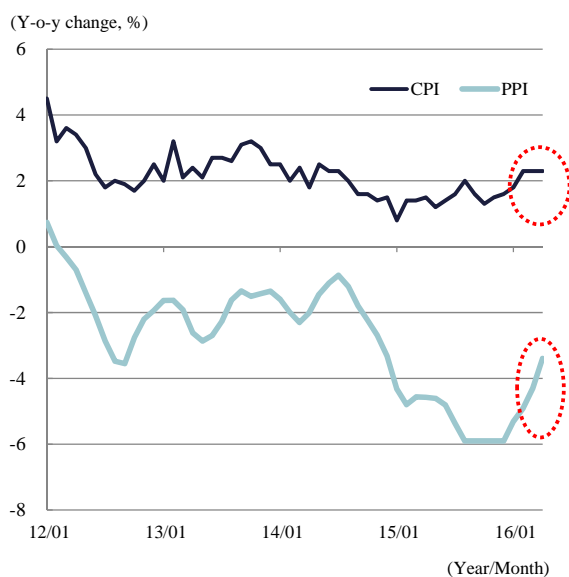
The April new-homes price index (the average of 70 major Chinese cities) stood at +4.1% y-o-y (estimate) (March: +2.9% y-o-y), with growth increasing for the fourth successive month (see Fig. 9). At +1.0% m-o-m, monthly growth also moved further into positive territories. 46 cities saw the price of new homes rising on the previous year (March: 40 cities), while 65 cities saw prices rising on a monthly basis (March: 62 cities), with prices now bouncing back across a wide range of cities.

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

At +44.1% y-o-y, real estate sales in terms of floor space grew at a faster pace in April (March: +37.7% y-o-y). Though office sales slowed, sales of residential and commercial facilities grew at a faster clip. With sales and prices both rallying, the recovery of housing development investment is also gaining momentum. At +9.6% y-o-y, investment in real estate development slowed slightly in April (March: +9.8% y-o-y). However, housing development by itself grew by +10.7% y-o-y (March: +7.8% y-o-y) to record double-digit y-o-y growth for the first time in 21 months.

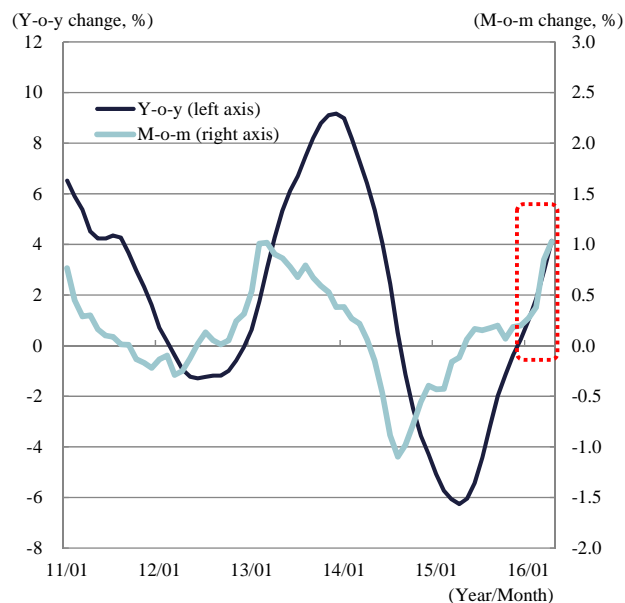
(Kaori Yamato)

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 is providing moderate yet ample liquidity

Outstanding RMB deposits and the money supply continued to grow at a fast pace

A glance at April's financial indicators shows outstanding RMB deposits rising by 12.9% on the previous year. This was more-or-less unchanged on March's figure of +13.0% y-o-y. At +12.8% y-o-y, money supply (M2) growth was down on March (+13.4% y-o-y), though it remained close to the 2016 target of 'around +13.0%' (see Fig. 10).

Outstanding RMB loan growth remained at high levels

At +14.4% y-o-y, outstanding RMB loans continued to grow at a fast clip in April (March: +14.7% y-o-y). However, new RMB loans totaled RMB 555.6 billion, a significant slide on March's figure of RMB 1.37 trillion (see Fig. 10). The People's Bank of China (PBOC) said this decline in new RMB loans was due to the fact that local governments were bypassing banks and were instead using refinancing bonds to procure funds to repay existing debts. Total social financing, which includes funds procured from non-bank sources, grew by RMB 751 billion. This was substantially lower than March's figure of RMB 2.404 trillion. In addition to the aforementioned RMB loans, fundraising via corporate bonds and discounted bills also decreased.

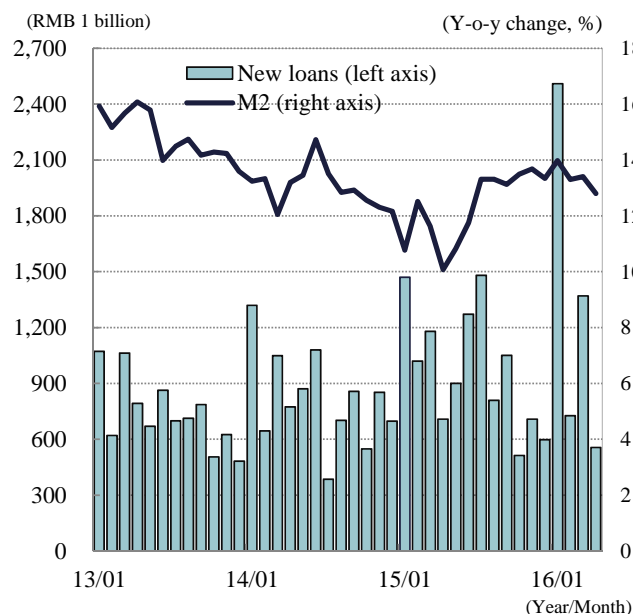
The PBOC provided funds in April as part of its open-market

In April, the PBOC released a net RMB 295 billion into the money markets as part of its open-market operations to control liquidity (see

operations

Fig. 11). It also provided a net RMB 164 billion through its Medium-term Lending Facility (MLF).

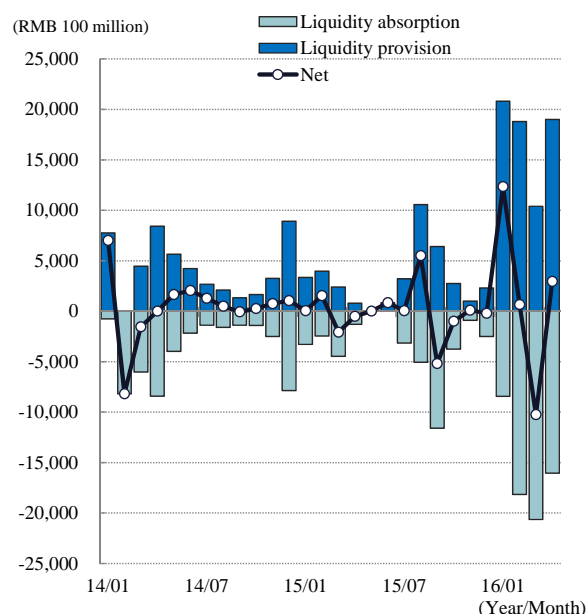
Fig. 10: Financial Indicators



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 absorbed net funds in May as part of its open-market operations

In May, the PBOC absorbed a net RMB 210 billion from the money markets as part of its open-market operations (as of May 27). There seems to be two factors behind this move: (1) the PBOC provided ample funds in April through its open-market operations and the MLF; (2) the PBOC announced on May 3 that starting in May, it would use its Pledged Supplementary Lending (PSL) program to provide funds to its policy banks at the start of every month. Interbank rates are moving stably and the markets are being provided with moderate yet ample liquidity.

The RMB strengthened toward the end of April, but it is currently trending downwards

The RMB strengthened against the dollar up until mid-April on a decline in expectations for a U.S. rate hike, but the trend switched to dollar bullishness and RMB bearishness late April (see Fig. 12). This trend has continued at a gentle pace entering May. With other currencies like the yen and euro moving bearishly against the dollar as expectations for a U.S. rate hike flare up again, it seems the RMB has been allowed to weaken against the dollar as the PBOC focuses on the stability of its currency basket. It made waves on May 25 when this trend resulted in the RMB's central parity against the dollar being set at its lowest level for around five years.

The Shanghai Stock Exchange

The Shanghai Stock Exchange Composite Index moved around 3,000

Composite Index fell early May and it continues to move bearishly around 2,800

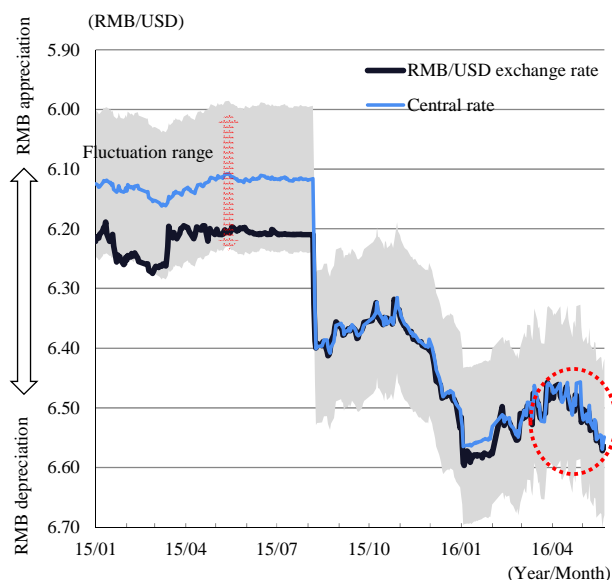
Cases of NPLs and defaults are increasing

after entering April, though it fell sharply on May 6 and May 9. The markets reacted badly to the weak April trade statistics and the bearishness of policy expectations. The latter factor was down to an interview published in the People's Daily, seemingly with an authority figure, that stressed the dangers of relying on economic stimulus. The Index has continued to move bearishly around 2,800 on a shortage of factors capable of pushing stocks higher (see Fig. 13).

Though the RMB and stock prices have not plunged as sharply as they did at the start of the year, their current movements point to ongoing and persistent risk related to financial market instability. The non-performing loan ratio of the commercial banking sector is trending upwards, with the rate rising to 1.8% at the end of March 2016, or 5.8% when substandard loans are added to the equation. Amid an increase in the number of defaults involving state-owned enterprises (SoE) and so on, the spreads on corporate bonds, particularly those with low credit ratings, are currently widening. The exit of companies struggling with management restructuring is vital for the soundness of the economy, but it will be important to observe whether this leads to systematic risk as expectations grow that the government will suddenly withdraw its implicit guarantee offered to SoEs.

(Ayana Nakazawa)

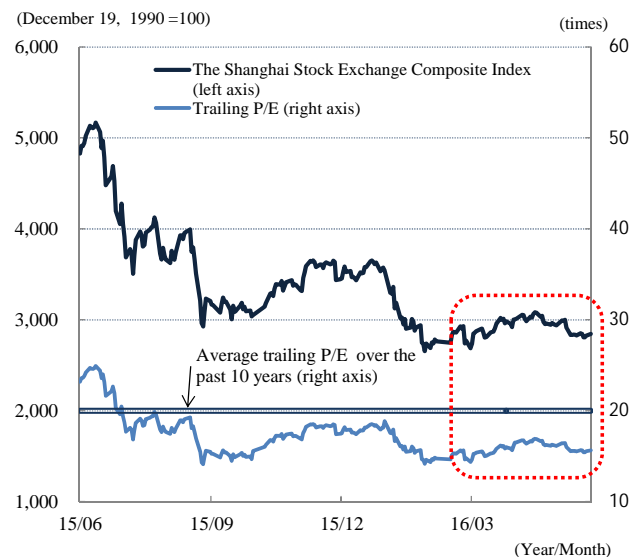
Fig. 12: Exchange Rates



Note: Daily data; The most recent day: May 27.

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: May 27.

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	February	March	April
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	49.0	50.2	50.1
	New Orders	Points			50.2	51.4	48.6	51.4	51.0
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	8.3	6.1	5.9	5.8	5.4	6.8	6.0
	Light Industry	Y-o-y change (%)	8.3	6.0	5.7	4.6	4.6	4.7	7.9
	Materials	Y-o-y change (%)	9.1	8.6	8.1	8.1	7.8	8.5	8.1
	Machinery	Y-o-y change (%)	10.4	6.3	5.8	6.9	6.4	7.4	7.2
	Electric Power Generation	Y-o-y change (%)	4.3	-1.9	-2.3	4.0	0.0	4.0	-1.7
	Industrial Goods Inventories	Y-o-y change (%)			4.1	0.5	0.7	0.0	
	Light Industry	Y-o-y change (%)			7.4	7.9	8.4	6.7	
	Materials	Y-o-y change (%)			1.9	-1.9	-1.6	-2.4	
	Machinery	Y-o-y change (%)			7.1	3.6	4.0	3.0	
	Passenger Transportation Volume	Year-to-date y-o-y change (%), passenger-kilometer	8.8	6.0	6.0	4.1	11.1	4.1	3.8
	Freight Transportation Volume	Year-to-date y-o-y change (%), ton-kilometer	9.9	-0.5	-0.5	0.1	-0.2	0.1	-0.9
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	50.20	55.16	55.16	8.58	3.80	8.58	13.26
		Year-to-date y-o-y change (%)	15.7	10.0	10.0	10.7	10.2	10.7	10.5
	Real Estate	Year-to-date y-o-y change (%)	7.9	-0.2	-0.2	5.6	4.0	5.6	0.0
	Primary Industry	Year-to-date y-o-y change (%)	33.9	31.8	31.8	25.5	34.3	25.5	21.7
	Secondary Industry	Year-to-date y-o-y change (%)	13.2	8.0	8.0	7.3	7.9	7.3	7.3
	Manufacturing	Year-to-date y-o-y change (%)	13.5	8.1	8.1	6.4	7.5	6.4	6.0
	Tertiary Industry	Year-to-date y-o-y change (%)	16.8	10.6	10.6	12.6	11.1	12.6	12.4
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,285	1,263	1,263	354	225	354	453
Trade		Year-to-date y-o-y change (%)	3.7	-1.7	-1.7	1.5	0.1	1.5	1.8
	Exports	USD 100 million	23,423	22,735	6,120	4,639	1,261	1,608	1,728
		Y-o-y change (%)	6.0	-2.9	-5.2	-9.6	-25.4	11.5	-1.8
	To the U.S.	Y-o-y change (%)	7.5	3.5	-3.7	-9.0	-23.1	9.0	-9.3
	To the EU	Y-o-y change (%)	9.7	-3.9	-3.4	-7.0	-19.8	17.9	3.2
	To Japan	Y-o-y change (%)	-0.5	-9.2	-7.7	-5.9	-20.1	9.3	-11.8
	To NIES, ASEAN	Y-o-y change (%)	2.8	-2.8	-2.7	-10.1	-27.0	8.8	1.4
	Imports	USD 100 million	19,592	16,800	4,374	3,382	935	1,310	1,272
		Y-o-y change (%)	0.5	-14.3	-11.7	-13.5	-13.8	-7.6	-10.9
	From the U.S.	Y-o-y change (%)	4.3	-5.9	-1.9	-14.9	-14.3	-2.8	-11.9
	From the EU	Y-o-y change (%)	11.1	-14.3	-16.5	-7.3	-3.6	1.4	-5.2
	From Japan	Y-o-y change (%)	0.5	-12.3	-11.5	-8.2	-6.3	-3.1	-6.7
	From NIES, ASEAN	Y-o-y change (%)	1.6	-7.7	-4.9	-7.4	-9.0	-2.7	-4.2
	Trade Balance	USD 100 million	3,831	5,935	1,745	1,257	325	299	456

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	February	March	April
Consumption	Consumer Confidence Index	End-of-period figure, points			103.7	100.0	104.4	100.0	101.0
	Consumer Expectations Index	End-of-period figure, points			105.8	103.4	106.9	103.4	104.7
	Total Retail Sales of Consumer Goods	RMB 1 trillion	27.19	30.09	8.49	7.80	5.29	2.51	2.46
		Y-o-y change (%)	12.0	10.7	11.1	10.3	10.2	10.5	10.1
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	9.3	7.8	8.7	8.0	7.6	8.7	6.6
	Automobile Sales	10,000 automobiles	2,348.9	2,456.3	751.6	652.1	158.1	244.0	212.2
		Y-o-y change (%)	7.0	3.9	15.7	5.2	-0.9	8.8	6.3
	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	1.10	1.07	n.a.	n.a.	n.a.
	Consumer Price Index	Y-o-y change (%)	2.0	1.4	1.5	2.1	2.3	2.3	2.3
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.6	1.6	1.5	1.4	1.3	1.5	1.5
	Foods	Y-o-y change (%)	3.1	2.3	2.3	6.3	7.3	7.6	7.4
	Producer Price Index	Y-o-y change (%)	-1.9	-5.2	-5.9	-4.8	-4.9	-4.3	-3.4
	Producer Goods	Y-o-y change (%)	-2.5	-6.8	-7.6	-6.4	-6.5	-5.7	-4.5
	Consumer Goods	Y-o-y change (%)	0.0	-0.3	-0.4	-0.4	-0.4	-0.2	-0.2
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	2.6	-3.8	-0.4	1.9	1.9	2.9	4.1
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	122.84	139.23	139.23	144.62	142.46	144.62	144.52
		End-of-period figure, y-o-y change (%)	12.2	13.3	13.3	13.4	13.3	13.4	12.8
	Outstanding Loans	End-of-period figure, RMB 1 trillion	81.68	93.95	93.95	98.56	97.19	98.56	99.12
		End-of-period figure, y-o-y change (%)	13.6	14.3	14.3	14.7	14.7	14.7	14.4
	Net Increase	Mid-period increase, RMB 10 billion	978	1228	182	461	73	137	56
	Deposits	End-of-period figure, RMB 1 trillion	113.86	135.70	135.70	141.12	138.60	141.12	141.95
		End-of-period figure, y-o-y change	9.1	12.4	12.4	13.0	13.3	13.0	12.9
	Required Reserve Ratio (Large Enterprises)	End-of-period figure, %	20.0	17.5	17.5	17.0	17.5	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	2.10	2.02	1.97	2.02	2.07
Exchange Rates	Foreign Currency Reserves	End-of-period figure, USD 100 million	38,430	33,304	33,304	32,126	32,023	32,126	32,197
	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.20	6.48	6.48	6.45	6.55	6.45	6.47
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	19.32	18.57	18.57	17.43	17.23	17.43	16.51
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	3,235	3,539	3,539	3,004	2,688	3,004	2,938
	PER	End-of-period figure, ratio	16.0	17.6	17.6	15.1	13.5	15.1	14.8
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	3,725	5,313	5,313	4,542	3,970	4,542	4,479
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	7,439	25,559	5,573	3,210	783	1,343	1,146
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	8.6	8.4	8.4	6.8	6.5	6.8	9.0
	Fiscal Expenditure	Year-to-date y-o-y change (%)	8.3	15.8	15.8	15.7	12.2	15.7	12.6

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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