
Mizuho Economic Commentary-China

January-February 2016 edition

◆ Topic

Assessment of GDP in October–December 2015

At +6.8% y-o-y, real GDP growth in October–December was down 0.1%Pt on the previous quarter. The figure was pushed down by stalling GDP in the financial sector due to sluggish stock trading. The economy lacks the energy for a self-sustained recovery, so the slowdown has been restrained by government policy.

◆ Economic trends

The economy continues to slow

Investment and consumption both fell in December. The PMI's of the government and Caixin moved in opposite directions, though both Manufacturing PMIs remained below 50. Imports and exports both fell at a slower y-o-y pace, though the figures may have been inflated.

1. Topic: Assessment of GDP in October–December 2015

The Chinese economy slowed

China's real GDP growth rate for October–December was released on January 19. At +6.8% year-on-year, the rate was down 0.1%Pt on the previous quarter (see Fig. 1). This meant growth had now declined for two successive quarters, with the economy continuing to slow. On a quarterly basis, this was the lowest pace of growth since January–March 2009 (+6.2% y-o-y), soon after the Lehman Shock.

With major indicators improving, it seems the growth rate may have been pulled lower by a stalling financial sector

A glance at key indicators related to demand reveals more signs of improvement than July–September. Retail sales grew in real terms by +10.9%, up on the +10.5% recorded in July–September, while investment in fixed assets also rose from +11.2% to +12.5% and real export growth improved from -4.3% to -1.4% (all figures year-on-year; Mizuho Research Institute estimates). These indicators do not really paint a picture of how the financial sector performed, though. Indeed, it seems real GDP in this sector fell (from +16.1% y-o-y in July–September to +12.9%), which probably explains why the real GDP rate declined in October–December despite the healthy results outlined above. The slowdown in the financial sector is probably due to sluggish stock transactions as a result of the recent fall in stock prices. With sales growth stalling, real GDP also dropped off in the real estate sector (from +4.9% y-o-y in July–September to +4.1% y-o-y).

The economy still lacks the energy for a self-sustained recovery

However, even though retail sales and investment swung upwards in October–December, it would be rash to assume this meant the economy was now recovering on its own steam. This is because the real estate and mining sectors are struggling, the former with excess stock and the latter with overcapacity, with real estate investment growth contracting and mining investment growth slipping further into negative territories. The problem of excess capital stock continues to exert downward pressure on the economy. Furthermore, the recovery of retail sales and investment in October–December was due in part to government policy. For example, rising retail sales were due in large part to a recovery in car sales after the purchase tax on small vehicles was lowered in October. Also, year-on-year government spending turned positive in February last year and it continued to expand up until November. This also seems to have supported investment growth on a progress basis. In this way, a sharp economic contraction was avoided thanks to government policy, with the real GDP growth rate only dropping by 0.1%Pt on July–September. This is the real state of the Chinese economy.

Shanghai stocks rallied for a time in the wake of the GDP announcement

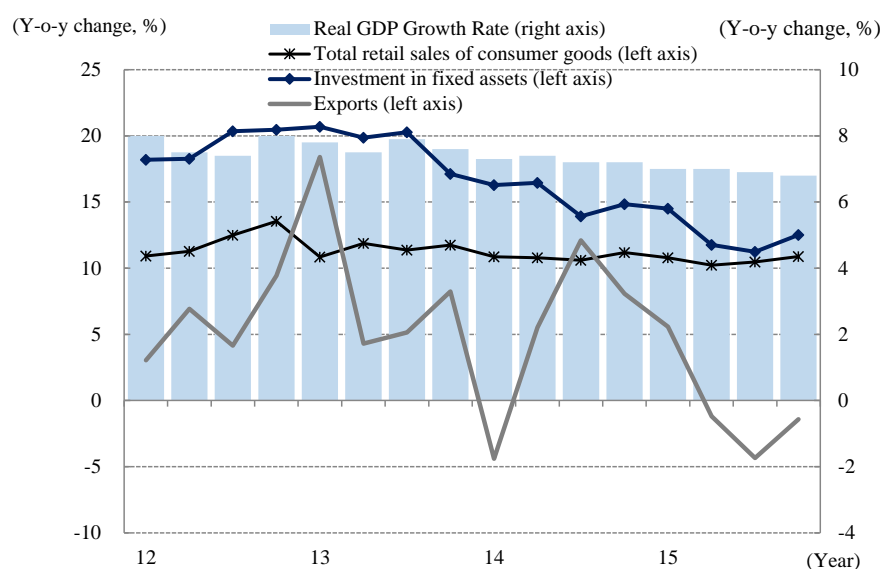
After sliding since the start of the year, the Shanghai Stock Exchange Composite Index bounced back for a time on the GDP announcement. However, this was only because expectations for further government economic stimulus increased after the growth rate dropped below market expectations (+6.9% y-o-y), with stocks moving bearishly again from the next day on uncertainty about the direction of the economy and so on.

The March NPC will require attention as the government announces the 13th Five-Year Plan and details of its fiscal policy

In this way, concerns about the direction of the Chinese economy have stood behind the recent slide in Chinese stock prices and the value of the RMB. Uncertainty about the Chinese economy and financial markets is also impacting the global economy, particularly the emerging economies. For this reason alone, the Chinese government's macroeconomic policy has become a major focus for the markets. The scale and contents of the government's fiscal policy will become clearer at the National People's Congress (the Chinese parliament; hereinafter referred to as the 'NPC') in March. The event will also see the announcement of the 13th Five-Year Plan and the specific economic measures to be pursued up until 2020. As such, the NPC will need to be watched closely when gauging the direction of the Chinese economy and financial markets within China and across the globe.

(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). In exports, the real export growth rate has been estimated using the export volume growth rate.

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

Source: National Bureau of Statistics, General Administration of Customs, CEIC

2. Overview: Major indicators slowed again

The real GDP growth rate continued to slide in October–December

At +6.8% y-o-y, the real GDP growth rate continued to slide in October–December (July–September: +6.9% y-o-y). Major indicators improved on the whole in the fourth quarter. Investment and consumption grew strongly, while export growth also declined at a slower pace. The major indicators do not include the financial sector, though. The slowdown in this sector seems to be behind the drop in the growth rate.

Industrial production slowed in December

At +5.9% y-o-y, industrial production growth in December was down slightly on November (+6.2% y-o-y) (see Fig. 2). Though mining output grew at a faster pace, manufacturing growth contracted. A glance at the manufacturing details shows growth slowing sharply in sectors like petroleum processing, communications/electronic equipment, metal products and machine equipment repair. The automobile sector also dipped slightly, though it continued to enjoy double-digit y-o-y growth thanks to brisk sales after the purchase tax on small automobiles was lowered in October.

The manufacturing PMIs remained below 50

The government's Manufacturing PMI was up slightly in December at 49.7 (November: 49.6), though it remained below 50 (the key line dividing economic contraction from expansion) for the fifth successive month (see Fig. 3). A glance at the details shows the employed persons indicator deteriorating, though improvements were seen when it came to new orders, production, supplier delivery times, and the main raw materials inventory index. On the other hand, Caixin's Manufacturing PMI for December contradicted the government's PMI by falling from 48.6 in November to 48.2. The same was true when it came to non-manufacturing, with the government's PMI showing improvements while Caixin's PMI deteriorated. Caixin's PMI includes a large number of small and medium-sized enterprises (SMEs), so the discrepancy could be down to the fact that it is hard for these SMEs to feel the benefit of government's stimulus measures, with SMEs also more vulnerable to export downswings. At the end of the day, though, both manufacturing PMIs only made small movements below the key 50 mark, with manufacturing activity continuing to trend downwards.

Export growth contracted at a slower pace

At -1.7% y-o-y, export growth (nominal, dollar-denominated) contracted at a slower pace in December (November: -7.2% y-o-y) (see Fig. 4). Exports to Hong Kong and the EU began growing on a y-o-y basis, while exports to the U.S. and Japan declined at a slower pace. Export to and imports from Hong Kong both soared (+10.6% y-o-y and +64.5% y-o-y,

**Import growth also contracted
at a slower pace**

respectively), which suggests the figures may have been inflated. However, the scale of negative growth is decreasing even when exports to Hong Kong are removed from the equation.

At -7.6% y-o-y, import growth (nominal, dollar-denominated) contracted at a slower pace in December (November: -9.2% y-o-y) (see Fig. 4). Imports from the U.S., South Africa and Iraq played a large role in pushing growth upwards. Imports from Hong Kong (which have been the subject of suspicions about inflated figures) were boosted by a rise in jewelry imports, but jewelry imports from other countries (South Africa, etc.) have also risen sharply. The value of imports contracted at a faster y-o-y pace than the value of exports, so the December trade balance hit \$59.4 billion, up sharply on the same month last year (\$49.6 billion).

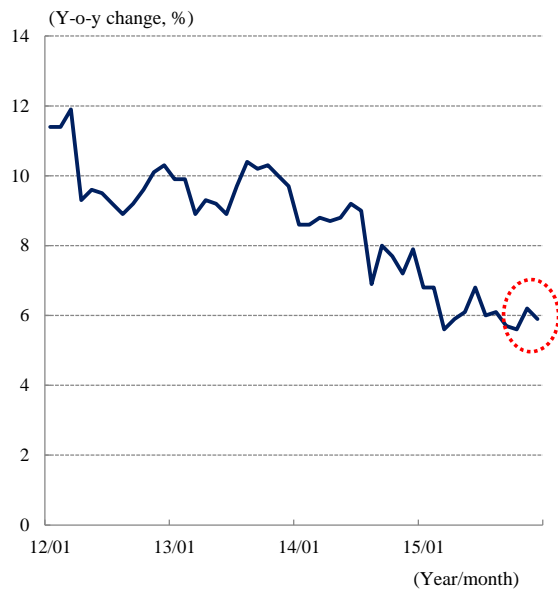
Investment growth slowed

At +8.2% y-o-y, the nominal investment growth rate (investment in fixed assets) in December was down on November's figure of +10.2% y-o-y (see Fig. 5). Infrastructure (roads and water conservancy, etc.) and manufacturing investment slowed. At +15.0% y-o-y, investment also slowed in real terms (November: +17.1% y-o-y).

Consumption growth fell

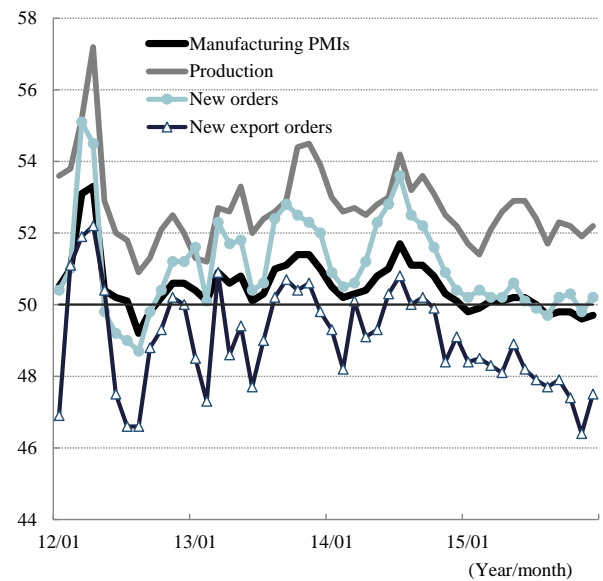
Consumption growth (total retail sales of consumer goods) hit +11.1% y-o-y in December. This was down slightly on November's figure of +11.2% y-o-y (nominal) (see Fig. 6). A glance at consumption trends by product, based on the total sales of retailers with annual sales of RMB 5 million or more, shows communications sales dropping sharply. Automobile sales also fell, though they remained at high levels.

Fig. 2: Industrial Production



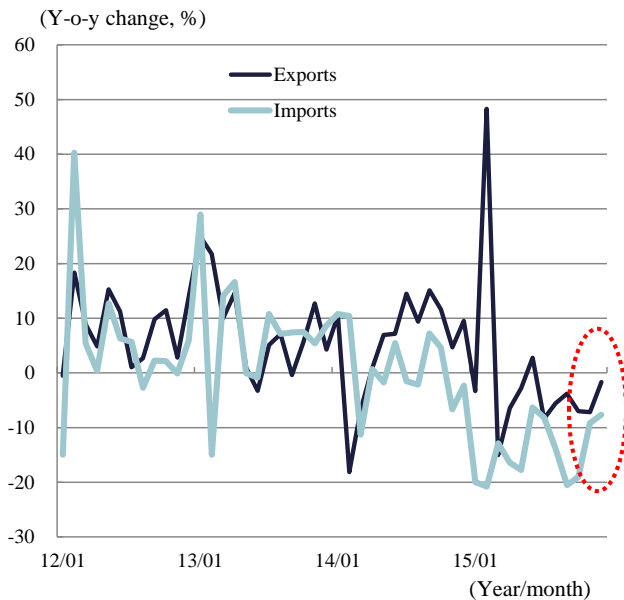
Note: The figures for January and February show the aggregate results for the same period.
Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 3: Manufacturing PMIs



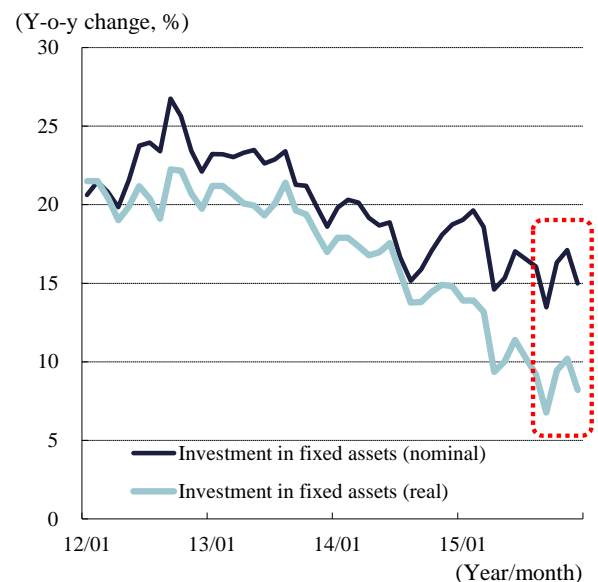
Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.
Note 2: From 2013, the number of companies sampled increased from 830 to 3,000.
Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics

Fig. 4: Imports and Exports



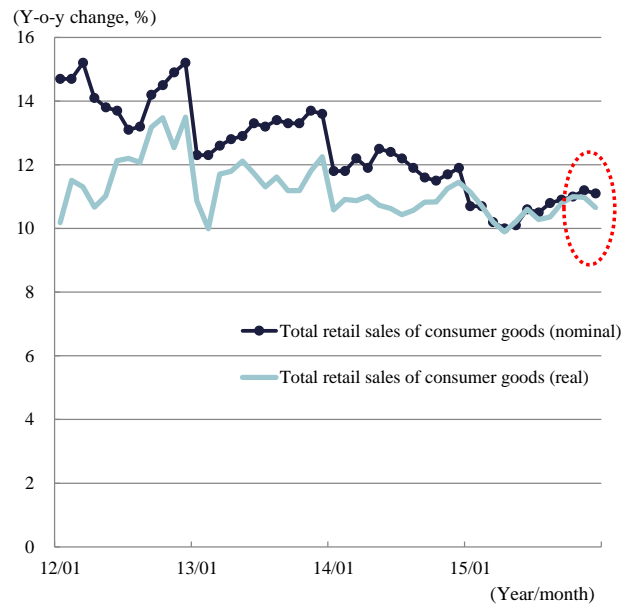
Note: Nominal, dollar-denominated
Source: Prepared by Mizuho Research Institute based on the materials from the General Administration of Customs

Fig. 5: 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. 6: 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 rose slightly; the PPI stopped falling deeper into negative territories

The CPI growth rate rose slightly

In December, consumer price index (CPI) growth stood at +1.6% y-o-y, up slightly on November's figure of +1.5% y-o-y (see Fig. 7). This was due in large part to a slight rise in the price of food (pork and grains, etc.), with non-farm prices moving stably.

The PPI growth rate remained deep in negative territories, though the scale of the contraction has stopped widening

At -5.9% y-o-y, the December producer price index (PPI) remained deep in negative territories (November: -5.9% y-o-y). However, the scale of the contraction has stopped widening since August. A glance at the details shows energy prices (crude oil, natural gas, coal, etc.) falling further, though raw materials sector (petroleum processing, etc.) contracted at a slightly slower pace.

House prices rose on the previous year

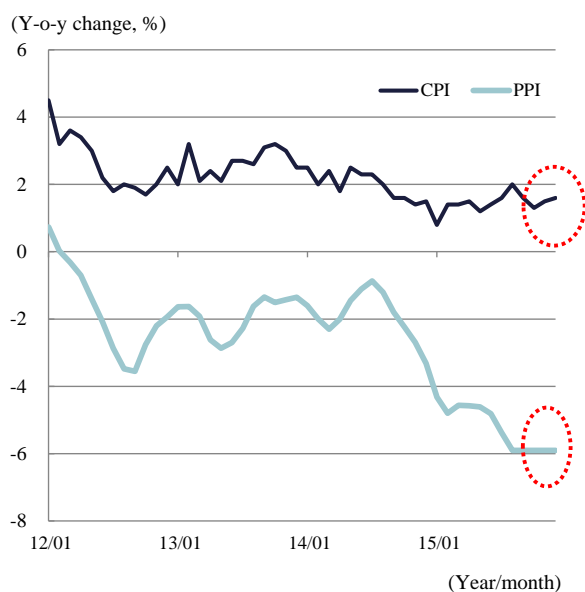
The December new-homes price index (the average of 70 major Chinese cities) stood at +0.2% y-o-y (estimate) (November: -0.4% y-o-y). This was the first positive growth since August 2014 (see Fig. 8). On a monthly basis, the index hit +0.2% m-o-m to just about remain in positive territories for the eighth successive month. 21 cities saw the price of new homes rising on the previous year while 49 cities saw prices falling, just like in November. However, 39 cities saw the price of new homes rising on a monthly basis, up sharply from 33 cities in November.

Real estate sales in terms of floor space grew at a slower pace

At +1.6% y-o-y, real estate sales in terms of floor space grew at a slower pace in December (November: +8.6% y-o-y). The floor space of commercial facilities sold dipped slightly into negative territories, while residential and office sales also slowed. Sales had rocketed over summer after the rules on home purchases were relaxed, but this trend has now eased off.

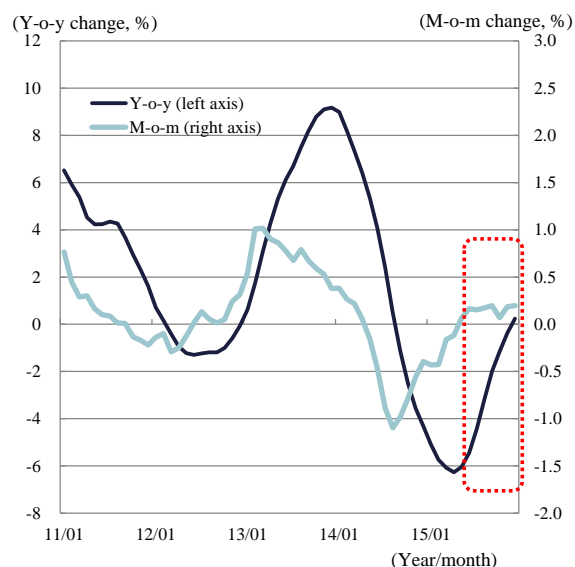
(Kaori Yamato)

Fig. 7: CPI and PPI



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

Fig.8: 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 has pumped large amounts of liquidity into the markets entering 2016

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

A glance at December's financial indicators shows outstanding RMB deposits up 12.4% on the previous year. Though this was down on November's figure (+13.1% y-o-y), deposits continued to grow at a fast pace. At +13.3% y-o-y, money supply (M2) growth was down on November (+13.7% y-o-y). However, it remained significantly higher than the 2015 target of 'around +12%' (see Fig. 9).

Outstanding RMB loans continued to grow strongly

At +14.3% y-o-y, outstanding RMB loans continued to grow strongly in December (November: +14.9% y-o-y). New RMB loans totaled RMB 597.8 billion, down on November's figure of RMB 708.9 billion (see Fig. 9). However, total social financing, which includes funds procured from non-bank sources, grew by RMB 1.8151 trillion, up sharply on

The PBOC absorbed funds in December as part of its open-market operations, though it ramped up its liquidity provision in January

November's figure of RMB 1.224 trillion. Financing via bankers' acceptances and entrusted loans increased.

The PBOC released more funds via the MLF and so on entering 2016

In December, the PBOC absorbed a net RMB 20 billion from the money markets as part of its open-market operations to control liquidity (see fig. 10). However, it ramped up its liquidity provision entering 2016 and by January 26 it had released a gross RMB 1.435 trillion into the markets. With funds flowing out at a faster rate and demand for financing rising in advance of the Chinese New Year holidays (from February 7), it seems the PBOC is trying to avoid a liquidity crunch.

Stocks have fallen sharply since the start of the year

Furthermore, on January 19 the PBOC also announced it would be injecting over RMB 600 billion into the markets via its Medium-term Lending Facility (MLF) and so on, also with the aim of providing liquidity in the run up to the New Year holidays. The PBOC did indeed release RMB 410 billion via the MLF on the same day while also cutting the 3-month MLF rate from 3.5% to 2.75%.

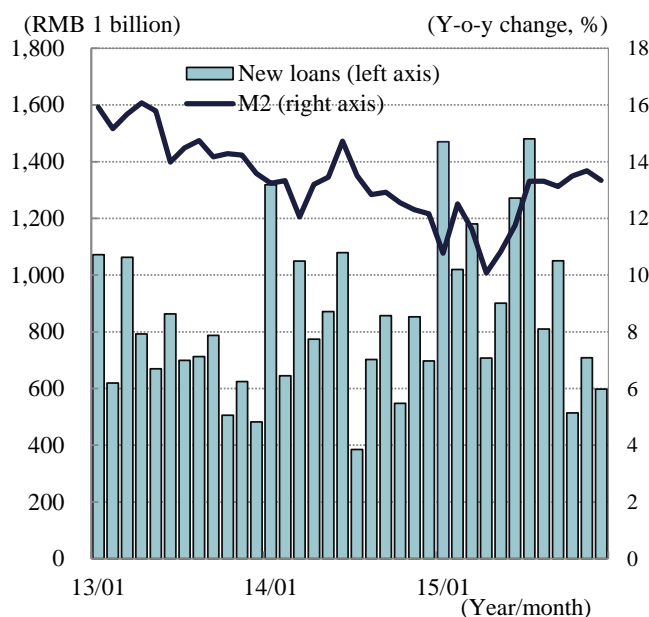
The Shanghai Stock Exchange Composite Index has fallen sharply since the start of the year (see Fig. 11). Selling pressure was so great that a circuit breaker introduced on January 4 was activated on the same day, with all trading suspended after 1 pm local time. It seems stocks started plunging after: Caixin's Manufacturing PMI began trending downwards in December; and concerns about fund outflows increased on the back of the RMB's depreciation. A further factor was the approach of January 8, on which a measure banning major shareholders from selling stock was to be lifted. Furthermore, following a decision to streamline the approval procedures for initial public offerings (IPOs), it seems stocks were dumped as concerns flared up again that supply and demand conditions would deteriorate due to an increase in IPOs. Stocks plummeted on January 7 too, with the circuit breaker activated just 30 minutes after the start of trading. Figuring that the introduction of a circuit breaker had actually encouraged selling, the authorities announced that they were temporarily suspending this system from January 8. As a further measure to stop sharp falls and stabilize stock prices, the authorities also announced new selling restrictions on major shareholders who own 5% or more of a listed company's stock, for example. However, with stocks sliding on fears about the direction of the Chinese economy and growing concerns about fund outflows on expectations for RMB depreciation, the Shanghai Stock Exchange Composite Index closed below 2,800 on January 26, its lowest level since December 2014.

The RMB fell at a faster pace entering 2016

The RMB began sliding against the dollar in November and this trend accelerated entering 2016 (see Fig. 12). This is because it seemed the authorities were prepared to allow the RMB to weaken after they set the RMB's central parity against the dollar at a lower level than the previous day's reference rate over January 6–7. Under these circumstances, the PBOC has stepped up its interventions to buy the RMB, with the onshore RMB's rate against the dollar stabilizing from January 8 onwards. However the rate in the Hong Kong offshore market continues to move at a lower level than the onshore market due to concerns about the direction of the Chinese economy and so on. As a move to curb speculation in the offshore market, the PBOC announced it would be imposing required reserve ratios on RMB deposits held by offshore banks in RMB clearing banks from January 25, though the RMB continues to move at a lower rate in the offshore market compared to the onshore market (as of January 27).

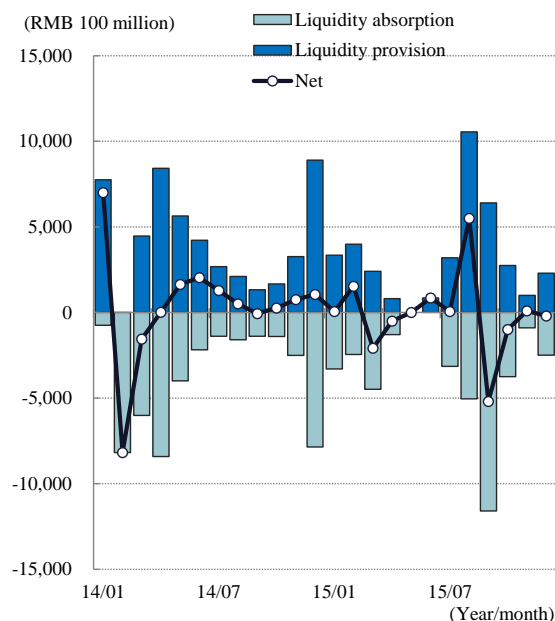
(Ayana Nakazawa)

Fig. 9: Financial Indicators



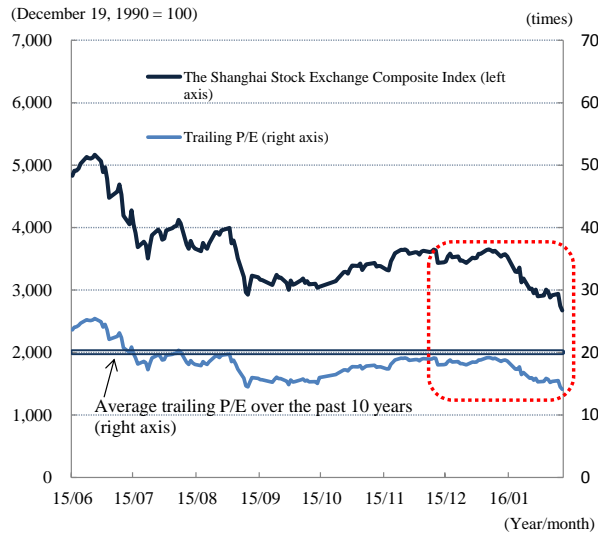
Note: 'New loans' denotes the amount of new RMB loans.
Source: Prepared by Mizuho Research Institute based on the materials from the People's Bank of China

Fig. 10: Open Market Operations



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

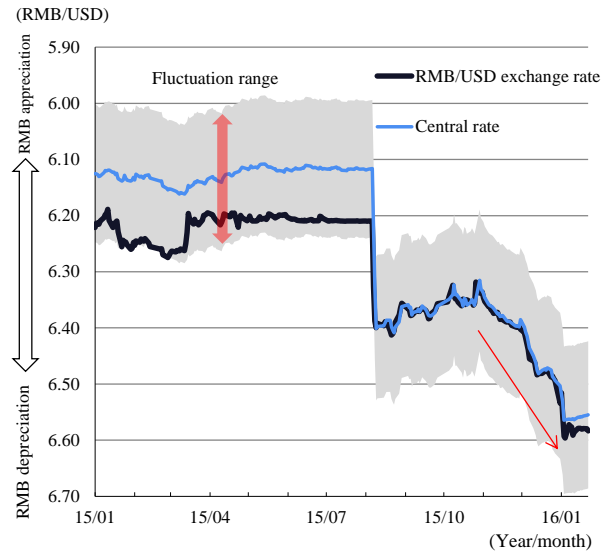
Fig. 11: Stocks



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

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

Fig. 12: Exchange Rates



Note: Daily data; The most recent day: January 26.

Source: Prepared by Mizuho Research Institute based on the materials from the China Foreign Exchange Trade System, Bloomberg and CEIC data

Appendix: China's Major Economic Indicators (1)

Headings		Unit	2014	2015	15/3Q	15/4Q	October	November	December
GDP	Real GDP	Y-o-y change (%)	7.3	6.9	6.9	6.8			
	Nominal GDP	Year-to-date (total), RMB 1 trillion	63.59	67.67	48.78	67.67			
Business Sentiment	PMI	End-of-period figure, points			49.8	49.7	49.8	49.6	49.7
	New Orders	Points			50.2	50.2	50.3	49.8	50.2
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	8.3	6.1	5.9	5.9	5.6	6.2	5.9
	Light Industry	Y-o-y change (%)	8.3	6.0	6.0	5.7	4.6	6.1	6.4
	Materials	Y-o-y change (%)	9.1	8.6	8.9	8.1	8.3	8.3	7.8
	Machinery	Y-o-y change (%)	10.4	6.3	5.4	5.8	5.5	5.9	5.9
	Electric Power Generation	Y-o-y change (%)	4.3	-1.9	-1.4	-2.3	-3.2	0.1	-3.7
	Industrial Goods Inventories	Y-o-y change (%)			5.8		4.5	4.6	
	Light Industry	Y-o-y change (%)			7.4		7.6	8.5	
	Materials	Y-o-y change (%)			2.8		1.9	2.6	
	Machinery	Y-o-y change (%)			9.2		8.3	7.3	
	Passenger Transportation Volume	Year-to-date y-o-y change (%), passenger-kilometer	8.8	6.0	6.5	6.0	6.6	6.4	6.0
	Freight Transportation Volume	Year-to-date y-o-y change (%), ton-kilometer	9.9	-0.5	0.0	-0.5	-0.1	-0.1	-0.5
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	50.20	55.16	39.45	55.16	44.74	49.72	55.16
		Year-to-date y-o-y change (%)	15.7	10.0	10.3	10.0	10.2	10.2	10.0
	Real Estate	Year-to-date y-o-y change (%)	7.9	-0.2	1.1	-0.2	0.7	0.1	-0.2
	Primary Industry	Year-to-date y-o-y change (%)	33.9	31.8	27.4	31.8	28.1	28.7	31.8
	Secondary Industry	Year-to-date y-o-y change (%)	13.2	8.0	8.0	8.0	8.0	8.1	8.0
	Manufacturing	Year-to-date y-o-y change (%)	13.5	8.1	8.3	8.1	8.3	8.4	8.1
	Tertiary Industry	Year-to-date y-o-y change (%)	16.8	10.6	11.2	10.6	11.0	11.0	10.6
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,285	1,263	949	1,263	1,037	1,140	1,263
		Year-to-date y-o-y change (%)	3.7	-1.7	8.6	-1.7	8.1	7.3	-1.7
Trade	Exports	USD 100 million	23,432	22,824	5,975	6,125	1,924	1,965	2,237
		Y-o-y change (%)	6.0	-2.6	-5.9	-5.2	-7.0	-7.2	-1.7
	To the U.S.	Y-o-y change (%)	7.5	3.5	1.5	-3.7	-0.9	-6.4	-3.8
	To the EU	Y-o-y change (%)	9.7	-3.9	-6.9	-3.4	-2.9	-9.5	1.7
	To Japan	Y-o-y change (%)	-0.5	-9.2	-7.9	-7.7	-7.7	-10.6	-4.6
	To NIES, ASEAN	Y-o-y change (%)	2.8	-2.8	-7.7	-2.7	-11.0	-1.2	3.0
	Imports	USD 100 million	19,631	16,808	4,339	4,378	1,308	1,427	1,643
		Y-o-y change (%)	0.7	-14.4	-14.4	-11.8	-19.0	-9.2	-7.6
	To the U.S.	Y-o-y change (%)	4.3	-5.9	-6.5	-1.9	3.6	-7.8	-0.8
	To the EU	Y-o-y change (%)	11.1	-14.3	-14.9	-16.5	-23.4	-10.5	-15.5
	To Japan	Y-o-y change (%)	0.5	-12.3	-15.8	-11.5	-15.0	-10.3	-9.5
	To NIES, ASEAN	Y-o-y change (%)	1.6	-7.7	-11.6	-4.9	-15.3	2.2	-1.4
	Trade Balance	USD 100 million	3,801	6,017	1,636	1,748	616	537	594

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	15/3Q	15/4Q	October	November	December
Consumption	Consumer Confidence Index	End-of-period figure, points			105.6		103.8	104.1	
	Consumer Expectations Index	End-of-period figure, points			108.5		106.4	106.6	
	Total Retail Sales of Consumer Goods	RMB 1 trillion	27.19	30.09	7.45	8.49	2.83	2.79	2.86
		Y-o-y change (%)	12.0	10.7	10.7	11.1	11.0	11.2	11.1
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	9.3	7.8	7.8	8.7	8.3	9.0	8.8
	Automobile Sales	10,000 automobiles	2,348.9	2,456.3	519.2	751.6	222.2	250.9	278.6
		Y-o-y change (%)	7.0	3.9	-2.7	15.7	11.8	20.0	15.4
	Average Wages	Y-o-y change (%)	9.5				n.a.	n.a.	n.a.
Prices	Jobs-to-applicants Ratio	End-of-period figure, ratio	1.15		1.09		n.a.	n.a.	n.a.
	Consumer Price Index	Y-o-y change (%)	2.0	1.4	1.7	1.5	1.3	1.5	1.6
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.6	1.6	1.7	1.5	1.5	1.5	1.5
	Foods	Y-o-y change (%)	3.1	2.3	3.0	2.3	1.9	2.3	2.7
	Producer Price Index	Y-o-y change (%)	-1.9	-5.2	-5.7	-5.9	-5.9	-5.9	-5.9
	Producer Goods	Y-o-y change (%)	-2.5	-6.8	-7.4	-7.6	-7.6	-7.6	-7.6
	Consumer Goods	Y-o-y change (%)	0.0	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	2.6	-3.8	-3.2	-0.4	-1.1	-0.4	0.2
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	122.84	139.23	135.98	139.23	136.10	137.40	139.23
		End-of-period figure, y-o-y change (%)	12.2	13.3	13.1	13.3	13.5	13.7	13.3
	Outstanding Loans	End-of-period figure, RMB 1 trillion	81.68	93.95	92.13	93.95	92.65	93.36	93.95
		End-of-period figure, y-o-y change (%)	13.6	14.3	15.4	14.3	15.4	14.9	14.3
	Net Increase	Mid-period increase, RMB 10 billion	978	1228	334	182	51	71	60
	Deposits	End-of-period figure, RMB 1 trillion	113.86	135.70	133.73	135.70	134.31	135.74	135.70
		End-of-period figure, y-o-y change	9.1	12.4	12.6	12.4	12.7	13.1	12.4
	Required reserve ratio (Large Enterprises)	End-of-period figure, %	20.0	17.5	18.0	17.5	17.5	17.5	17.5
	1-year Benchmark Lending Rate	End-of-period figure, %	5.60	4.35	4.60	4.35	4.35	4.35	4.35
	Overnight Repo Rate	End-of-period figure, %	3.59	2.10	1.98	2.10	1.76	1.77	2.10
Exchange Rates	Foreign Currency Reserves	End-of-period figure, USD 100 million	38,430	33,304	35,141	33,304	35,255	34,383	33,304
	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.20	6.48	6.36	6.48	6.32	6.39	6.48
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	19.32	18.57	18.85	18.57	19.10	19.29	18.57
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	3,235	3,539	3,053	3,539	3,383	3,445	3,539
	PER	End-of-period figure, ratio	16.0	17.6	15.1	17.6	16.7	17.1	17.6
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	3,725	5,313	4,195	5,313	4,766	5,036	5,313
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	7,439	25,559	6,034	5,573	1,507	2,236	1,829
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	8.6		7.6		7.7	8.0	
	Fiscal Expenditure	Year-to-date y-o-y change (%)	8.3		16.4		18.1	18.9	

Note 1: The government releases both the real data and the y-o-y figures for Total Retail Sales of Consumer Goods, Sales at Retailers Above a Designated Size, and Automobile Sales. However, the y-o-y figures calculated from the real data sometimes diverge from the publicly-released y-o-y figures. This appendix uses the publicly-released y-o-y figures.

Note 2: With regards to the Total Retail Sales of Consumer Goods and Sales at Retailers Above a Certain Size, the (1) annual real data and (2) annual y-o-y figures show the (1) year-to-date sales and (2) year-to-date y-o-y change, respectively (up until the November 2014 edition, the data was calculated based on an aggregation of the standalone monthly figures).

Note 3: The Total Retail Sales of Consumer Goods figures and the Sales at Retailers Above a Designated Size figures for January and February show the aggregate results for the period January–February.

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

Note 5: Since October 2011, the Money Supply (M2) data includes deposits of housing provident fund centers and non-depository financial institutions' deposits with depository financial institutions (the margin accounts of securities companies, for example). Following this change, the y-o-y figures calculated from the real data and the publicly-released y-o-y figures have diverged from October 2011 onwards. This appendix uses the publicly-released y-o-y figures.

Note 6: The outstanding loan growth rate is a y-o-y figure released by the PBOC. However, the y-o-y figures calculated from the real data and the publicly-released y-o-y figures have diverged from November 2008 to November 2009 and from January 2011 onwards.

Note 7: The deposit growth rate is a y-o-y figure released by the PBOC. However, the y-o-y figures calculated from the real data and the publicly-released y-o-y figures have diverged from 2011 onwards.

Note 8: PER shows the prior period's actual PER (stock price divided by net income in the last fiscal year). The standards are revised each May.

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