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# Mizuho Economic Commentary-China

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November 2015

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## ◆ Topic

### **The draft 13th Five-Year Plan and China's future economic policy management**

The Fifth Plenum adopted a draft version of the 13th Five-Year Plan (2016–2020) when it met at the end of October. The draft set a target for average annual GDP growth of at least +6.5% over the five-year period as a step to ‘completing the building of a moderately prosperous society in all respects.’ The government is aiming to achieve sustainable growth through the promotion of innovation, etc.

## ◆ Economic trends

### **Several major indicators showed signs of improvement in October**

Investment growth recovered slightly. Investment increased in the automobile/hi-tech sectors and the tertiary sector. Consumption also continued growing at a gentle pace. However, export and import growth continued to move in negative territories.

## **1. Topic: The draft 13th Five-Year Plan and China's future economic policy management**

**A draft version of the 13th Five-Year Plan was adopted at the Fifth Plenum**

The Fifth Plenary Session of the 18th Central Committee of the Communist Party of China (hereinafter referred to as the 'Fifth Plenum') was held over October 26–29, 2015. A draft version of the 13th Five-Year Plan (the mid-term policy strategy for 2016–2020) was adopted on the final day.

**The next plan will mark a 'decisive phase' on the path to 'completing the building of a moderately prosperous society in all respects'**

According to the draft, the main aim of the next plan is to 'complete the building of a moderately prosperous society in all respects' (see Fig. 1). This was a response to China's long-term administrative goal of 'completing the building of a moderately prosperous society in all respects' by the centenary of the Chinese Communist Party (CPC) in 2021. The draft described the next plan as a 'decisive phase' on the path to realizing this goal. This reveals just how serious the Xi Jinping administration is about achieving this target.

**The five pillars: 'innovation, coordination, green development, opening up, and sharing'**

The plan discusses several specific targets for 'completing the building of a moderately prosperous society in all respects.' These include 'maintaining medium-high growth,' 'raising people's living standards and quality universally,' and 'improving the overall quality of the ecological environment.' It also outlines five pillars supporting the goal of balanced development: (1) innovation, (2) coordination, (3) green development, (4) opening up, and (5) sharing.

**The Fifth Plenum set a target of average annual GDP growth of at least +6.5% over 2016–2020**

The plan also retained the policy of transitioning the Chinese economy to a 'new normal' through maintaining medium-high growth and accelerating the structural reform. With regards to 'maintaining medium-high growth,' the Fifth Plenum targeted average annual real GDP growth of at least +6.5% over 2016–2020 in order to realize China's goal of 'doubling its 2010 GDP and per-capita income of residents both in cities and rural areas by 2020.'

**China aims to achieve its tough growth rate target by boosting productivity**

The question is, how will China achieve this growth target? When commenting about the draft plan, Xi Jinping, General Secretary of the CPC, suggested that it would not be easy to achieve this target. He pointed out that the CPC would need to manage policy considering the environment, even though China's economic structure and technological conditions had not improved sufficiently. He also pointed out that high leveraging and other risks could place restrictions on economic growth

## Prioritizing the role of innovation

## The next five years will be crucial not only for China but also for the global economy

going forward. However, the draft plan also displayed Beijing's eagerness to achieve sustainable growth not by depending on the implementation of large-scale economic policies but by improving productivity through structural reform.

This stance is epitomized by the way the Chinese government has named 'innovation' as the first of its five pillars and has put it 'at the core of its overall national development.' A glance at the achievement level of targets in the 12th Five-Year Plan (see Fig. 2) reveals that headings related to science, technology and education (especially R&D expenditure as a % of GDP) performed more poorly than headings related to economic development. This is probably one of the reasons why innovation has been prioritized in the 13th Five-Year Plan. Specific policies to improve innovation include establishing national research institutes, promoting the Next-Generation Internet, and 'Made in China 2025,' a program aimed at upgrading China's manufacturing sector.

In this way, the draft 13th Five-Year Plan points to China's ambition to move from a growth model dependent on a huge labor force and massive investment to one based on innovation, while at the same time achieving annual average growth of +6.5% or more. The next five years will be crucial for both China and the global economy to see if China can put this plan into practice and carve out a path to sustainable development.

(Yoshino Tamai)

**Fig. 1: Outline of the Draft 13th Five-Year Plan**

Policy Targets
Complete the building of a moderately prosperous society in all respects ⇒ Double 2010 GDP by 2020; eradicate rural poverty; strengthen regulations governing resource usage, etc.
Five Policy Pillars
(1) Innovation ⇒ Spur on innovation; optimize industrialization and nurture new industries; promote regional development, etc.
(2) Coordination ⇒ Coordinate rural-urban development; coordinate development between the economy and national defense, etc.
(3) Green development ⇒ Promote low-carbon development; strengthen regulations governing resource usage and pollution emissions, etc.
(4) Opening up ⇒ Ease restrictions on service-sector participation and capital transactions; promote the 'New Silk Road' plan; participate in the formulation of international rules, etc.
(5) Sharing ⇒ Reduce poverty; reduce inequality; abolish the one-child policy; reform the social security system, etc.

Source: Prepared by Mizuho Research Institute based on "中共中央关于制定国民经济和社会发展第十三个五年规划的建议" (新华网; November 3, 2015)

**Fig. 2: Achievement Level of Targets in the 12th Five-Year Plan**

Indicator		As of 2010	2015 Targets	As of 2014	Achievement levels
Economic Development					
	GDP	RMB 39.8 trillion (RMB 40.9 trillion)	Year average +7%	Year average +8%	A
	Service sector contribution to GDP	43% (44.2%)	+4%pt	+3.9%pt	B
	Urbanization	47.5% (49.9%)	+4%pt	+4.8%pt	A
Science, Technology and Education					
	Rate of nine-year compulsory education enrollment	89.7%	+3.3%pt	+2.9%pt	B
	Rate of high school enrollment	82.5%	+4.5%pt	+4%pt	B
	R&D as % of GDP	1.73%	+0.45%pt	+0.32%pt	C
	Patents per 10,000 people	1.7	+1.6	+3.2	A

Note 1: The figures within brackets in the 'As of 2010' column denote the revised figures after a revision was carried out during the target period. The '2015 Targets' denote the target increase on the figures for 'As of 2010' (excluding GDP). The 'Achievement levels' are determined based on the rate of change or the scale of change compared to 2010. 'A' grades are given to targets reached before 2015. 'B' grades are given to targets that are expected to be achieved in 2015 based on the average pace of growth up until 2014. 'C' grades are given to targets that are not expected to be achieved in 2015 based on the average pace of growth up until 2014.

Note 2: 'R&D as % of GDP' is calculated based on the revised GDP figures after the National Bureau of Statistics updated its method of calculating GDP (announced September 9, 2015).

Source: Yusuke Miura "中国・新五カ年計画の骨格と特徴～小康社会の全面的完成に向けた習政権の政策課題～" (taken from Mizuho Research Institute's 'Mizuho Insight'; November 13, 2015)

## **2. Overview: Several major indicators showed signs of improvement**

### **Several major indicators showed signs of improvement in October**

Several major monthly indicators showed signs of improvement in October. Industrial production continued to slow, but consumption remained firm and investment also grew slightly.

### **Industrial production slowed**

At +5.6% y-o-y, industrial production growth in October was down slightly on September (+5.7% y-o-y) (see Fig. 3). This is because manufacturing grew at the same pace as September, though mining production growth fell close to 0% y-o-y. A glance at the manufacturing details shows growth up in the hi-tech sector, with automobile production also rising after the government slashed the purchase tax on small automobiles on October 1. However, growth fell when it came to chemicals, non-metallic mineral products, and general machinery.

### **The manufacturing PMIs remained below 50**

The government's Manufacturing PMI for October was unchanged on September at 49.8. This was the third successive month the PMI had come in below 50, the key line dividing economic contraction from expansion (see Fig. 4). A glance at the details shows production, new orders, and supplier delivery times index all trending above 50, though the inventory and employed person index remained below 50. Under the circumstances where the new export orders index came in below 50 and also dipped on September, the upswing in the new orders index suggests

that domestic new orders are bouncing back. Caixin's Manufacturing PMI for October also remained below 50. However, the non-manufacturing PMIs of the government and Caixin both topped 50, with the sector continuing to expand.

**Export growth fell further into negative territories**

At -7.0% y-o-y, export growth (nominal, dollar-denominated) in October fell further into negative territories (September: -3.8% y-o-y) (see Fig. 5). Exports to the ASEAN region fell sharply into negative growth (September: +1.2% y-o-y; October: -11.5% y-o-y), while exports to the U.S. and the BRICS also dipped further. A breakdown by item shows mobile phone exports growing, though the overall data was pushed down by sluggish exports of materials (refined petroleum products, textiles, and iron & steel), personal computers, machinery and electric products.

**Import growth remained deep in negative territories**

At -19.0% y-o-y, import growth (nominal, dollar-denominated) in October remained deep in negative territories (September: -20.5% y-o-y) (see Fig. 5). Imports from the U.S. began growing again, but imports from the Middle East and Australia continued to plummet on falling resource prices. On a volume basis, import growth stood at -6.5% y-o-y in October, a further contraction on September's figure of -4.9% y-o-y.

**The trade surplus was up on a y-o-y basis**

The October trade surplus stood at \$61.6 billion, up on the same month last year (\$45.4 billion). The value of exports was down on the previous year, but the value of imports also fell sharply on the previous year mainly due to falling prices, and thus the surplus continued to grow on a y-o-y basis.

**Investment growth picked up**

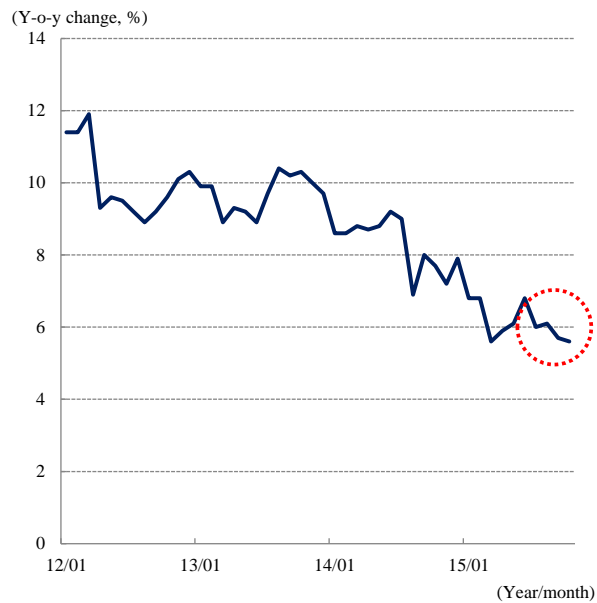
At +9.3% y-o-y, the nominal investment growth rate (investment in fixed assets) in October was up on September's figure of +6.8% y-o-y (see Fig. 6). While investment dropped off in the petroleum refinery sector, the overall data was pushed up by brisk investment in the automobile/hi-tech sectors and the tertiary sector (wholesaling and retailing, etc.). At +16.2% y-o-y, investment also grew in real terms in October (September: +13.5% y-o-y).

**Nominal and real consumption growth both slightly increased**

Consumption growth (total retail sales of consumer goods) stood at +11.0% y-o-y in October. This marked a slight increase on September's figure of +10.9% y-o-y (nominal) (see Fig. 7). The real growth rate (adjusted to remove the impact of price fluctuations) also increased. A

glance at consumption trends by product, based on the total sales of retailers with annual sales of RMB 5 million or more, shows sales of automobiles, cosmetics, and daily products growing.

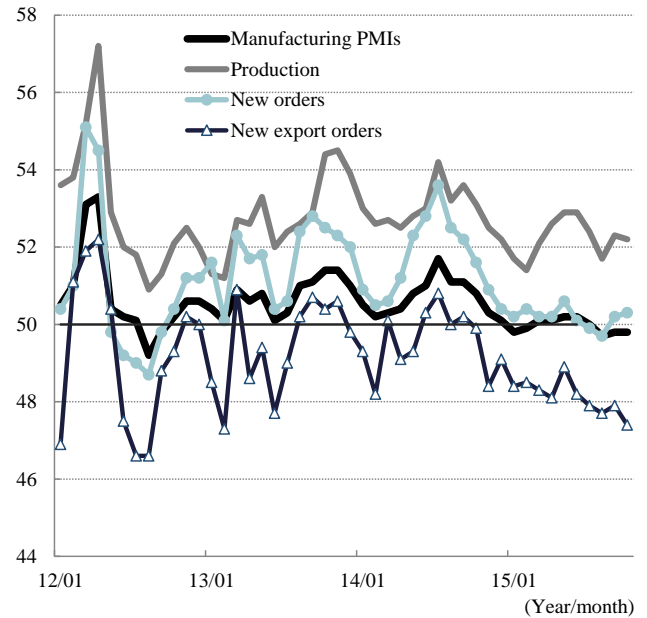
**Fig. 3: Industrial Production**



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**

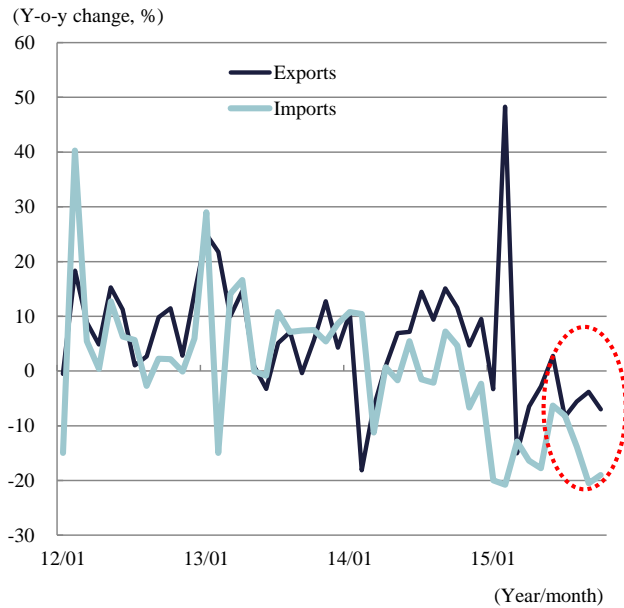


Note 1: Please note that seasonal factors, such as Chinese New Year, have not been completely eliminated from the data.

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

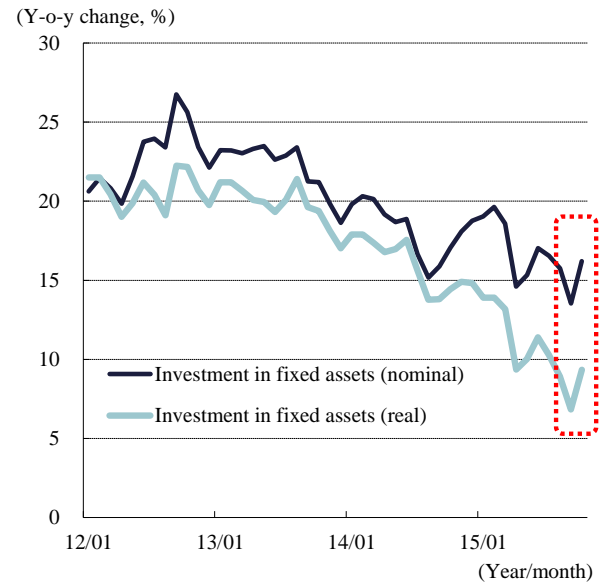
**Fig. 5: Imports and Exports**



Note: Nominal, dollar-denominated

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

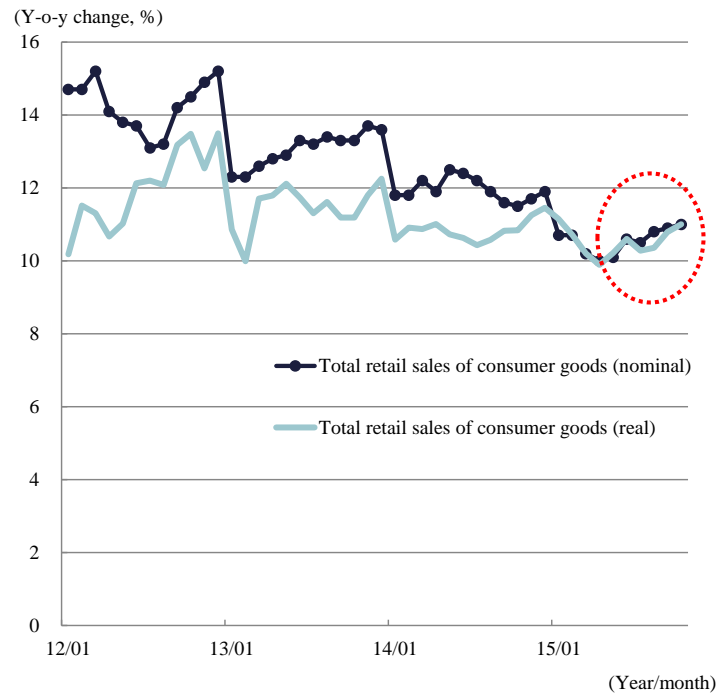
**Fig. 6: Investment in Fixed Assets**



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 fell slightly; the PPI contracted at a slower pace**

#### **The CPI growth rate fell slightly**

In October, consumer price index (CPI) growth stood at +1.3% y-o-y, down slightly on September's figure of +1.6% y-o-y (see Fig. 8). The main reason for the slowdown was a cooling off of the prices of foods such as pork, which had previously soared over summer. The growth rate of non-food prices also fell slightly. The positive contribution of education and clothes dropped off somewhat.

#### **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 October producer price index (PPI) remained deep in negative territories (September: -5.9% y-o-y). Since August, though, the scale of the contraction has stopped widening. Ex-factory prices in the mining sector continued to contract sharply on the previous year, though the extent of this negative growth was slightly improved on September. Meanwhile, the iron/steel sector is faced with growing pressure for inventory adjustment, with ex-factory price growth in this sector falling slightly deeper into negative territories.

#### **The housing price growth fell at a slower y-o-y pace**

The October new-homes price index (the average of 70 major Chinese cities) stood at -1.0% y-o-y (estimate) (September: -2.0% y-o-y), with the pace of negative growth dropping off again, thus continuing a trend that began in April 2015 (see Fig. 9). 16 cities saw the price of new homes rising on the previous year, up from 13 in September, with housing prices continuing to enjoy a modest recovery. On a monthly basis, the index rose 0.1% m-o-m (estimate), down slightly on September's figure of +0.2% m-o-m.

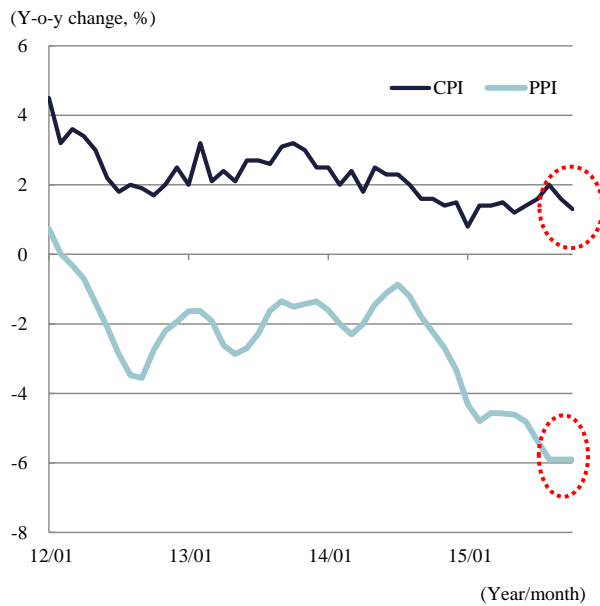
#### **Real estate sales in terms of floor space grew at a slower pace**

At +5.5% y-o-y, the October real estate sales in terms of floor space grew at a slower pace for the third successive month (September: +9.0% y-o-y). Though sales of office space grew at a faster pace, the floor space of commercial facilities sold dipped slightly into negative territories, while residential sales also slowed. Sales had rocketed over summer after the rules on home purchases were relaxed, but this trend is now easing off.

(Kaori Yamato)

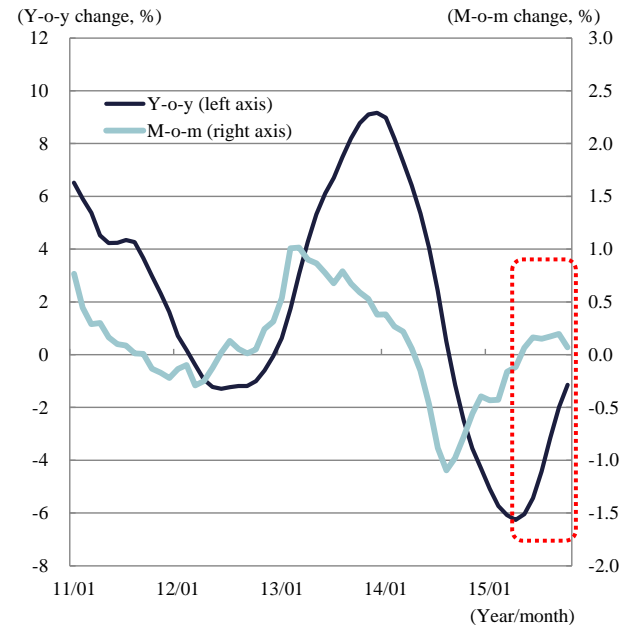


**Fig. 8: CPI and PPI**



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 its standing lending facility (SLF) interest rate**

**Outstanding deposits and the money supply grew at a faster pace**

A glance at October's financial indicators shows outstanding RMB deposits up 12.7% on the previous year. This was a slight improvement on September (+12.6% y-o-y), with deposits continuing to grow at a fast pace. At +13.5% y-o-y, money supply (M2) growth was further up on September (+13.1% y-o-y). This was also significantly higher than the 2015 target of 'around +12%' (see Fig. 10).

**Outstanding bank loans continued to grow strongly**

In October, outstanding RMB loans grew by 15.4% y-o-y, just like they had in September. New RMB loans totaled RMB 513.6 billion, down substantially on September's figure of RMB 1.05 trillion (see Fig. 10). Total social financing, which includes funds procured from non-bank sources, grew by RMB 476.7 billion, down sharply on September's figure of RMB 1.3028 trillion. The amount of undiscounted bankers' acceptances and foreign currency loans also decreased.

**The PBOC absorbed funds through its open-market operations**

In October, the PBOC absorbed a net RMB 100 billion from the money markets as part of its open-market operations to control liquidity (see Fig. 11).

**The PBOC lowered the SLF interest rate**

The PBOC announced that it would be lowering the overnight standing lending facility (SLF) rate to 2.75% and the 7-day rate to 3.25%, respectively, from November 20 (before the cut, the rates stood at 4.5% and 5.5%, respectively). In explaining the move, the PBOC said that it would promote market-demand-based interest rate formation and hasten the development of a macro-control mechanism by facilitating the role of SLF rates in forming the ceiling of market interest rates. It also said that the move was a response to current liquidity conditions and demand for macro control in the financial sector.

**Stocks soared entering November and are now swinging to and fro**

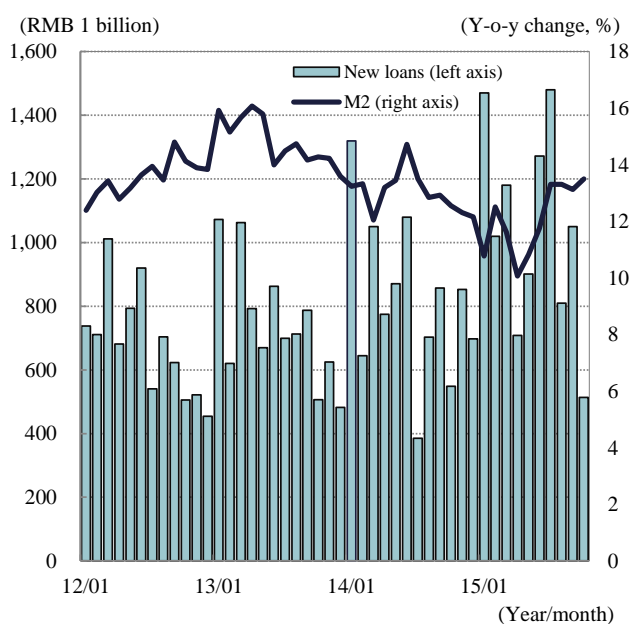
The Shanghai Stock Exchange Composite Index moved around 3,400 late October, though it rose sharply entering November (see Fig. 12). The impetus for the surge appears to be comments by PBOC Governor Zhou Xiaochuan, published on the PBOC's website on November 3. In a speech in May this year, Zhou said that a link between the stock exchanges of Shenzhen and Hong Kong (Shenzhen–Hong Kong Stock Connect) would be established within the year, with the contents of the speech republished on November 3. Though the PBOC was only reposting an old speech, this led to rising market speculation that the Shenzhen–Hong Kong Stock Connect would be established in the near future, with financial-sector stocks and other equities rising sharply as a result. The index closed above 3,600 on November 9. It has continued to swing to and fro thereafter.

**The RMB continues to weaken slightly against the dollar**

The RMB has weakened against the dollar since the end of October (see Fig. 13). This is mainly due to growing expectations for a U.S. rate hike in December. The RMB was also pushed lower as dollar buying intensified in the wake of the terror attacks that struck Paris on November 13. However, it seems that the scale of this slide is being capped by RMB buying interventions by the Chinese authorities.

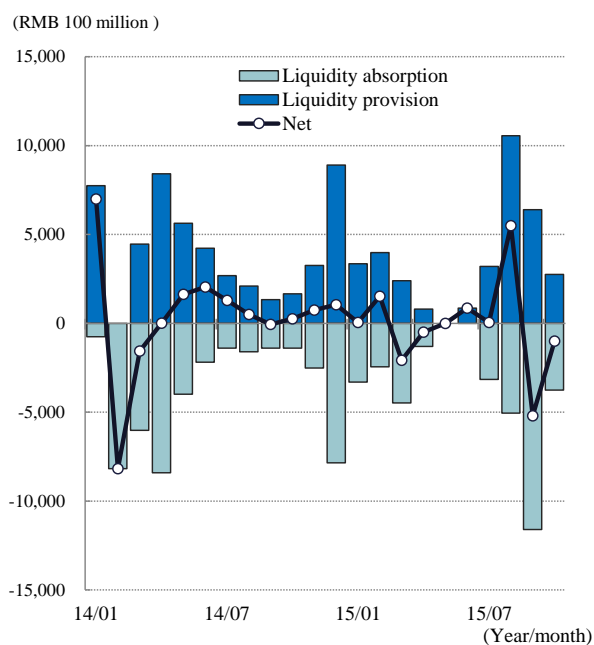
**The IMF supports the RMB's inclusion in the SDR currency basket**

On November 13, Christine Lagarde, managing director of the International Monetary Fund (IMF), voiced her support for an IMF staff review that concluded the RMB met the conditions for inclusion in the SDR currency basket. The review recognized that the RMB met the 'freely usable' criterion for inclusion. It also concluded that the Chinese authorities were sincerely working to address the issues of RMB transactions identified by the IMF Executive Board meeting in July. The Board is expected to make a final decision on the RMB's inclusion when it meets on November 30.

**Fig. 10: Financial Indicators**

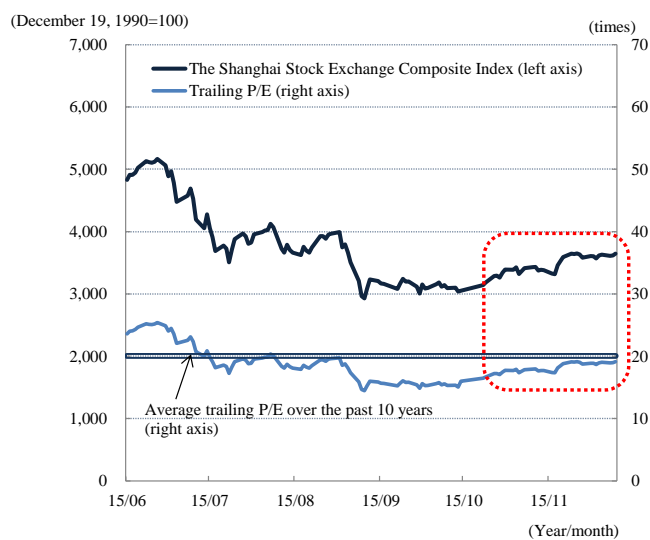
Note: 'New loans' denotes the amount of new RMB loans.

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

**Fig. 11: Open Market Operations**

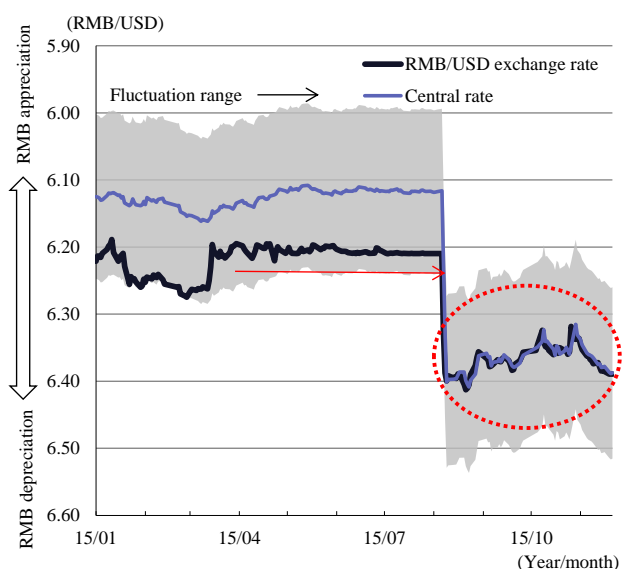
Note: Monthly data

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

**Fig. 12: Stocks**

Note: Daily data; The most recent day: November 25

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

**Fig. 13: Exchange Rates**

Note: Daily data; The most recent day: November 25

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	2013	2014	15/2Q	15/3Q	August	September	October
GDP	Real GDP	Y-o-y change (%)	7.7	7.3	7.0	6.9			
	Nominal GDP	Year-to-date (total), RMB 1 trillion	58.80	63.61	31.42	48.78			
Business Sentiment	PMI	End-of-period figure, points			50.2	49.8	49.7	49.8	49.8
	New Orders	Points			50.1	50.2	49.7	50.2	50.3
Production	Value-added Industrial Production (Real)	Y-o-y change (%)	9.7	8.3	6.3	5.9	6.1	5.7	5.6
	Light Industry	Y-o-y change (%)	9.7	8.3	6.3	6.0	6.2	5.5	4.6
	Materials	Y-o-y change (%)	11.1	9.1	9.0	8.9	8.9	9.2	8.3
	Machinery	Y-o-y change (%)	10.5	10.4	6.2	5.4	5.3	5.2	5.5
	Electric Power Generation	Y-o-y change (%)	5.3	4.3	0.5	-1.4	1.0	-3.1	-3.2
	Industrial Goods Inventories	Y-o-y change (%)			7.1	5.8	5.7	4.9	
	Light Industry	Y-o-y change (%)			6.8	7.4	7.8	6.9	
	Materials	Y-o-y change (%)			3.7	2.8	2.4	2.2	
	Machinery	Y-o-y change (%)			13.3	9.2	8.8	8.9	
	Passenger Transportation Volume	Y-o-y change (%), passenger-kilometer	7.9	8.8	5.6	6.0	7.2	4.5	
	Freight Transportation Volume	Y-o-y change (%), ton-kilometer	7.7	9.9	-1.6	0.6	0.9	-1.5	
Investment	Investment in Fixed Assets	Year-to-date (total), RMB 1 trillion	43.65	50.20	23.71	39.45	33.90	39.45	44.74
		Year-to-date y-o-y change (%)	19.6	15.7	11.4	10.3	10.9	10.3	10.2
	Real Estate	Year-to-date y-o-y change (%)	16.7	7.9	2.3	1.1	1.9	1.1	0.7
	Primary Industry	Year-to-date y-o-y change (%)	32.5	33.9	27.8	27.4	28.5	27.4	28.1
	Secondary Industry	Year-to-date y-o-y change (%)	17.4	13.2	9.3	8.0	8.5	8.0	8.0
	Manufacturing	Year-to-date y-o-y change (%)	18.5	13.5	9.7	8.3	8.9	8.3	8.3
	Tertiary Industry	Year-to-date y-o-y change (%)	21.0	16.8	12.4	11.2	11.9	11.2	11.0
	Actual Direct Investment	Year-to-date (total), USD 100 million	1,176	1,196	684	949	853	949	1,037
Trade		Year-to-date y-o-y change (%)	-2.9	1.7	8.0	8.6	8.9	8.6	8.1
	Exports	USD 100 million	22,107	23,432	5,584	5,975	1,969	2,056	1,924
		Y-o-y change (%)	7.8	6.0	-2.2	-5.9	-5.6	-3.8	-7.0
	To the U.S.	Y-o-y change (%)	4.7	7.5	7.6	1.5	-1.0	6.7	-0.9
	To the EU	Y-o-y change (%)	1.2	9.7	-6.8	-6.9	-7.5	-0.2	-2.9
	To Japan	Y-o-y change (%)	-0.9	-0.5	-9.3	-7.9	-5.9	-4.6	-7.7
	To NIES, ASEAN	Y-o-y change (%)	16.6	2.8	-2.6	-7.7	-3.7	-10.8	-11.0
	Imports	USD 100 million	19,493	19,631	4,188	4,339	1,366	1,452	1,308
		Y-o-y change (%)	7.3	0.7	-13.6	-14.4	-13.9	-20.5	-19.0
	To the U.S.	Y-o-y change (%)	14.8	4.3	-1.7	-6.5	-6.0	-8.7	3.6
	To the EU	Y-o-y change (%)	3.5	11.1	-15.4	-14.9	-21.7	-14.3	-23.4
	To Japan	Y-o-y change (%)	-8.7	0.5	-10.4	-15.8	-14.2	-19.3	-15.0
	To NIES, ASEAN	Y-o-y change (%)	7.9	1.6	-4.8	-11.6	-5.9	-22.7	-15.3
	Trade Balance	USD 100 million	2,614	3,801	1,395	1,636	602	603	616

Note 1: Value-added Industrial Production is calculated for industrial enterprises above a designated size. In 2011, this size was adjusted to “industrial enterprises with annual revenue of RMB 20 million or more” (it was previously “industrial enterprises with annual revenue of RMB 5 million or more”). The National Bureau of Statistics explains that the post-change figures and trends remain essentially the same.

Note 2: From the January-February 2015 edition of Mizuho Economic Commentary onwards, all annual figures for Value-added Industrial Production show the year-to-date y-o-y change (up until the November 2014 edition, the figures for Light Industry, Materials and Machinery were calculated as a simple average of the quarterly figures).

Note 3: The 1Q Value-added Industrial Production figure shows the year-to-date y-o-y change for the period January–March.

Note 4: The figures for Inventories show publicly-released y-o-y statistics.

Note 5: The annual y-o-y change figures in the Passenger Transportation Volume/Freight Transportation Volume show the year-to-date y-o-y change for the period January–December. The quarterly y-o-y change figures show the y-o-y change as calculated from the monthly real data.

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	2013	2014	15/2Q	15/3Q	August	September	October
Consumption	Consumer Confidence Index	End-of-period figure, points			105.5	105.6	104.0	105.6	103.8
	Consumer Expectations Index	End-of-period figure, points			108.0	108.5	106.8	108.5	106.4
	Total Retail Sales of Consumer Goods	RMB 1 trillion	24.28	27.19	7.09	7.45	2.49	2.53	2.83
		Y-o-y change (%)	13.1	12.0	10.2	10.7	10.8	10.9	11.0
	Sales at Retailers Above a Designated Size	Y-o-y change (%)	11.6	9.3	7.1	7.8	7.9	8.2	8.3
	Automobile Sales	10,000 automobiles	2199.3	2348.9	570.1	519.2	166.4	202.5	222.2
		Y-o-y change (%)	14.2	7.0	-1.1	-2.7	-3.0	2.1	11.8
	Average Wages	Y-o-y change (%)	10.1	9.5			n.a.	n.a.	n.a.
Prices	Jobs-to-applicants Ratio	End-of-period figure, ratio	1.10	1.15	1.06	1.09	n.a.	n.a.	n.a.
	Consumer Price Index	Y-o-y change (%)	2.6	2.0	1.4	1.7	2.0	1.6	1.3
	Core CPI (excluding foods and energy)	Y-o-y change (%)	1.7	1.6	1.6	1.7	1.7	1.6	1.5
	Foods	Y-o-y change (%)	4.7	3.1	2.1	3.0	3.7	2.7	1.9
	Producer Price Index	Y-o-y change (%)	-1.9	-1.9	-4.7	-5.7	-5.9	-5.9	-5.9
	Producer Goods	Y-o-y change (%)	-2.6	-2.5	-6.0	-7.4	-7.7	-7.7	-7.6
	Consumer Goods	Y-o-y change (%)	0.2	-0.0	-0.3	-0.3	-0.3	-0.3	-0.4
	New-home Price Index (average price of 70 major cities)	Y-o-y change (%)	5.9	2.6	-5.9	-3.2	-3.2	-2.0	-1.1
Finance	Money Supply (M2)	End-of-period figure, RMB 1 trillion	110.65	122.84	133.34	135.98	135.69	135.98	136.10
		End-of-period figure, y-o-y change (%)	13.6	12.2	11.8	13.1	13.3	13.1	13.5
	Outstanding Loans	End-of-period figure, RMB 1 trillion	71.90	81.68	88.79	92.13	91.08	92.13	92.65
		End-of-period figure, y-o-y change (%)	14.1	13.6	13.4	15.4	15.4	15.4	15.4
	Net Increase	Mid-period increase, RMB 10 billion	891	978	289	334	81	105	51
	Deposits	End-of-period figure, RMB 1 trillion	104.38	113.86	131.83	133.73	134.05	133.73	134.31
		End-of-period figure, y-o-y change	13.8	9.1	10.7	12.6	13.0	12.6	12.7
	Required reserve ratio (Large Enterprises)	End-of-period figure, %	20.0	20.0	18.5	18.0	18.5	18.0	17.5
	1-year Benchmark Lending Rate	End-of-period figure, %	6.00	5.60	4.85	4.60	4.60	4.60	4.35
	Overnight Repo Rate	End-of-period figure, %	3.00	2.75	3.00	3.00	1.75	1.75	1.50
	Foreign Currency Reserves	End-of-period figure, USD 100 million			0.00	0.00	0.00	0.00	0.00
	Overnight Repo Rate	End-of-period figure, %	3.18	3.59	1.23	1.98	1.77	1.98	1.76
	Foreign Currency Reserves	End-of-period figure, USD 100 million	38,213	38,430	36,938	35,141	35,574	35,141	35,255
Exchange Rates	RMB/USD Exchange Rate	End-of-period figure, RMB/USD	6.05	6.20	6.20	6.36	6.38	6.36	6.32
	JPY/RMB Exchange Rate	End-of-period figure, JPY/RMB	17.39	19.32	19.69	18.85	19.02	18.85	19.10
Stocks	Shanghai Composite Index	End-of-period figure, December 19, 1990 = 100	2,116	3,235	4,277	3,053	3,206	3,053	3,383
	PER	End-of-period figure, ratio	11.0	16.0	20.9	15.1	15.8	15.1	16.7
	Market Capitalization (Shanghai, Shenzhen)	End-of-period figure, RMB 10 billion	2,391	3,725	5,846	4,195	4,380	4,195	4,766
	Turnover (Shanghai, Shenzhen)	RMB 10 billion	4,687	7,439	9,822	6,034	2,053	1,163	1,507
Public Finances	Fiscal Revenue	Year-to-date y-o-y change (%)	10.2	8.6	6.6	7.6	7.4	7.6	7.7
	Fiscal Expenditure	Year-to-date y-o-y change (%)	11.3	8.3	11.8	16.4	14.8	16.4	18.1

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

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

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

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

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

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

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

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

Source: Prepared by Mizuho Research Institute based on the materials from the National Bureau of Statistics, the China Association of Automobile Manufacturers, the Ministry of Human Resources and Social Security of the People's Republic of China, the People's Bank of China, the FRB, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, and the Ministry of Finance of the People's Republic of China

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