Decision Economics: China Indicator/Event Calendar

8-Nov-19 **You**

Key Releases (November 11 - November 22)

* Thu 11/14: Industrial Production: Likely to further weaken in October due to the week-long national holiday, but progress in trade negotiation should reduce downside risks.

Date	Time (CST)	Time (EDT)		Economic Indicator	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
				(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)							
Mon 11/11											
Tue 11/12											
Wed 11/13											
Thu 11/14	10:00 AM	9:00 PM (-1)	Oct	Industrial Production (YTD)	6.2	6.0	6.0	5.8	5.6	5.6	5.5 (5.6)
	10:00 AM	9:00 PM (-1)	Oct	Industrial Production (Y/Y)	5.4	5.0	6.3	4.8	4.4	5.8	5 (5.4)
	10:00 AM	9:00 PM (-1)	Oct	Retail Sales (YTD)	8.0	8.1	8.4	8.3	8.2	8.2	8.1 (8.1)
	10:00 AM	9:00 PM (-1)	Oct	Retail Sales (Y/Y)	7.2	8.6	9.8	7.6	7.5	7.8	8 (7.8)
	10:00 AM	9:00 PM (-1)	Oct	Fixed Assets Ex Rural (YTD)	6.1	5.6	5.8	5.7	5.5	5.4	5.5 (5.4)
Fri 11/15											
					Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
Mon 11/18											
Tue 11/19											
Wed 11/20	TBD	TBD	Nov	1-Year Loan Prime Rate	4.31	4.3	4.3	4.3	4.3	4.2	4.2
Thu 11/21											
Fri 11/22											

Indicator/Event Wrap-Up

NBS PMI figures slid more than expected in October, with Manufacturing down to 49.3 from 49.8 and Non-Manufacturing dropping to 52.8 from 53.7. The disappointing figures were due mainly to the week-long national holiday, which dragged down output significantly, but the business conditions clearly failed to improve as trade uncertainties persist. Caixin Manufacturing PMI rebounded unexpectedly to 51.7 from 51.4.

The People's Bank of China disappointed with holding the Loan Prime Rates unchanged, reflecting the bank's commitment to a cautious, though accommodative, monetary policy stance. The encouraging progress on trade deal may give the central bank more time before cutting rates to stimulate growth.

GDP grew 6% year-over-year in the third quarter after the 6.2% figure in Q2, refreshing the lowest number of economic expansion on record since 1992, dragged by declining demand and lower industrial profits. The second industry grew 5.2% y/y, compared to 5.6% in prior quarter, while the tertiary industry expansion edged up to 7.2% y/y from 7.0% in Q2.

The mid-month activity updates were mixed in September, as **Industrial Production** surprised with a 5.8% y/y growth compared to 4.4% in August, **Retail Sales** accelerated to 7.8% from 7.5%, and **Urban Fixed Asset Investment** decelerated to 5.4% ytd y/y from 5.5%. Urban jobless rate held at 5.2%. Manufacturing output grew 5.6% y/y in September, compared to 4.3% in August, likely boosted by infrastructure projects.

CPI held at 2.8% y/y again in August on surging pork prices related to a temporary supply shortage. Non-food prices dropped to 1.1% y/y from 1.3% in prior month, marking a fifth consecutive deceleration since March. **Produce prices** came in as expected, at -0.8% after a -0.3% decline in July.

Unsurprisingly, China's **growth** target for 2019 is set in a 6-6.5% range, down from "about 6.5%" in 2018, supported by **tax cuts** and targeted **stimulus** measures including modest VAT cuts. Each successive round of stimulus in recent years boosts underlying debt measures, and this time will be no different.

DE Assessment, Underlying Themes

Economy: DE is now less positive on China's economic growth outlook in the medium term. Besides the persistent uncertainty surrounding international trade, softness in domestic and foreign demand continue to weigh on output growth. Growth target is lowered to be in the range of 6% to 6.5% for 2019 and 2020, still on path to achieving the goal of doubling 2010 GDP by 2020.

Inflation: CPI inflation has stayed under authorities' target of 3%, despite seasonal upward pressure on food prices. Relatively low inflation does grant authorities more room to implement fiscal and monetary tools to safeguard the growth path, if needed. Core gauge is steadily below 2%.

Policy: The government pledges to further expand VAT cuts in manufacturing industry, especially for micro and small businesses. Fiscal spending is moderately expanded from 2018, and various targeted rates continue to be the main monetary policy tool. More support measures are expected in the remainder of 2019 to stimulate domestic demand, regardless of external uncertainties related to trade conflicts with the United States.