Key Releases (Oct 26- Nov 6)

* Tue 10/27: September Industrial Profits is expected to keep growing.

(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)

Date	Time (CST)	Time (EST)		Economic Indicator	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Mon 10/26											
Tue 10/27	9:30 AM	9:30 PM (-1)	Sep	Industrial Profits (Y/Y)	-4.3	6.0	11.5	19.6	19.1	19.5	
Wed 10/28											
Thu 10/29											
Fri 10/30											
					Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Sat 10/31	9:00 AM	9:00 PM (-1)	Oct	NBS Manufacturing PMI (SA)	50.8	50.6	50.9	51.1	51.0	51.5	52.0
			Oct	NBS Non-Manufacturing PMI (SA)	53.2	53.6	54.4	54.2	55.2	55.9	56.0
			Oct	Composite PMI (SA)	53.4	53.4	54.2	54.1	54.5	55.1	55.3
Mon 11/2	8:45 AM	8:45 PM (-1)	Oct	Caixin Manufacturing PMI (SA)	49.4	50.7	51.2	52.8	53.1	53.0	53.5
Tue 11/3											
Wed 11/4	8:45 AM	8:45 PM (-1)	Oct	Caixin Services PMI (SA)	44.4	55.0	58.4	54.1	54.0	54.8	55.3
			Oct	Caixin Composite PMI (SA)	47.6	54.5	55.7	54.5	55.1	54.5	54.8
Thu 11/5											
Fri 11/6											

Indicator/Event Wrap-Up

People's Bank of China (PBOC) held the 1-Year and 5-Year Loan Prime Rates unchanged as expected. The central bank held for the fourth consecutive month, reflecting a stable economic recovery. Going forward, the PBOC is expected to maintain a cautiously accommodative stance in short-term, as its recently operations of repos maintained reasonable and sufficient liquidity.

CPI slowed down in September to rise 1.7% y/y from 2.4% in August and **PPI** deepened its contraction to -2.1% y/y from -2 % y/y in August. Inflation gauges are expected to soften in following months, as food prices are expected to continue to soften.

Industrial Production picked up strongly, rising 6.9% YoY in September from a 5.6% growth in August. Manufacturing Production jumped to 7.6% YoY, Mining rose 2.2% YoY and Power Supply edged down to 4.5% YoY . **Retail Sales** momentum up to a 3.3% YoY growth . The **Urban Fixed Asset** Investment turned to grow 0.8% in the first three quarters, the first gain in 2020.

Caixin **Manufacturing PMI** read at 53 in September. The official Manufacturing PMI picked up to 51.5 from 51. Output rose to 54 from 53.5. New export orders climbed above 50 for the first time in 2020, at 50.8. The Non-Manufacturing PMI rose to 55.9 from 55.2, align with Caixin Services PMI softened to 54 from 54.1, with employment finally reversed to expansion but dragged by a drop in new orders.

Q3 GDP accelerated to grow 4.9% YoY following a 3.2% YoY growth in Q2, with cumulative GDP rebounded to positive at 0.7% YTD YoY after two months contraction. • All industry output accelerated in Q3.The Primary Industry rose 3.9% YoY, the Secondary Industry jumped to 6% YoY, the Tertiary Industry surged to 4.3% YoY. Nominal disposable income increased 3.9% ytd y/y in the first three quarters, reversed the real term to a 0.6% ytd y/y gain from the drop of 1.3% ytd y/y in the first half year. Q3 Exports and Imports both rose 5% y/y and 3.8% y/y, resulting in a 7.5% y/y increase in the combined amount of international trade.

DE Assessment, Underlying Themes

Economy: DE is now positive on China's economic growth outlook in the medium term. Regardless of the uncertainties surrounding international trade and the potential resurgence of COVID-19, strong recovery in manufacturing and business activities make strong supports for real economy growth. Growth rate has already bounced back to positive in Q2 and will maintain momentum up in the second half year. It is likely to reach 6% YoY by end of 2020 and keep stepping up in the next 2-3 years, however may be held back by domestic pressure

Inflation: Headline CPI has breached the governemnt's target of 3% due to the elevated pork price driven by supply shortage. Core inflation, however, stays low and is under downward pressure as producer prices continue to fall. High headline CPI is indeed an obstacle for the central bank to cut interest rates aggressively, but the relatively low core inflation grants room for using monetary tools to stimulate growth.

Policy: More fiscal and monetary support are expected in 2020 to stimulate domestic demand amid significant deterioration in economic activities due to the COVID-19 outbreak. The government should issue more supportive measures to prolong the moderate economoic growth for the next 1-3 years regardless of external uncertainties related to trade conflicts with the United States.