Decision Economics: China Indicator/Event Calendar

15-Jan-21 **Yu**

Key Releases (Jan 18- Jan 29)

*Mon 1/18: December Activities are set to accelerate growing.
Q4 Real GDP is expected to pace up recovery.

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

Date	Time (CST)	Time (EST)		Economic Indicator	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Mon 1/18	9:00 AM	9:00 PM (-1)	Dec	Industrial Production (YTD)	-1.3	-0.4	0.4	1.2	1.8	2.3	2.7 (2.7)
	9:00 AM	9:00 PM (-1)	Dec	Industrial Production (Y/Y)	4.8	4.8	5.6	6.9	6.9	7.0	7.1 (6.9)
	9:00 AM	9:00 PM (-1)	Dec	Retail Sales (YTD)	-11.4	-9.9	-8.6	-7.2	-5.9	-4.8	-3.2 (-3.9)
	9:00 AM	9:00 PM (-1)	Dec	Retail Sales (Y/Y)	-1.8	-1.1	0.5	3.3	4.3	5.0	5.2 (5.5)
	9:00 AM	9:00 PM (-1)	Dec	Fixed Asset Ex Rural (YTD)	-3.1	-1.6	-0.3	0.8	1.8	2.6	3.4 (3.2)
	9:00 AM	9:00 PM (-1)	4Q	Real GDP (Y/Y)	3.2			4.9			6.3 (6.2)
Tue 1/19											
Wed 1/20	8:30 AM	8:30 PM (-1)	Jan 20	1-Year Loan Prime Rate	3.85	3.85	3.85	3.85	3.85	3.85	3.85
	8:30 AM	8:30 PM (-1)	Jan 20	5-Year Loan Prime Rate	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Thu 1/21											
Fri 1/22											
					Jun-20	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Nov-20**	**Dec-20**
Mon 1/25											
Tue 1/26											
Wed 1/27	8:30 AM	8:30 PM (-1)	Dec	Industrial Profits (Y/Y)	11.5	19.6	19.1	10.1	28.2	15.5	13.4
Thu 1/28											
Fri 1/29											

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 eighth consecutive month, reflecting a stable economic recovery. Going forward, the PBOC is likely to keep the key rates unchanged and maintain an eased Momentary stance in the short term due to weak inflation and renewed restrictions amid the recent virus resurgence.

CPI gained 0.2% YoY in Decmber after a brief deflation and the deflation in **PPI** accelerated to improve to -0.4% YoY. Inflation gauges are expected to hover low on limited household demand amid renewed restrictions on recent virus outbreak.

Industrial Production rose 7% YoY in November. Manufacturing Production paced up to rise 7.7% YoY and Power Supply jumped 5.4% YoY, while Mining slowed to 2% YoY from 3.5%. **Retail Sales** momentum up to a 5% YoY growth . The **Urban Fixed Asset** Investment advanced to 2.6% YTD YoY in the first 11 months.

Caixin **Manufacturing PMI** moved to 53 in December from the decade-high of 54.9. The **Official Manufacturing PMI** fell to 51.9 from the three-year high of 52.1 . Output softened to 54.2 from 54.7 . New export orders inched down to 51.3 from 51.5. The **Non-Manufacturing PMI** dropped to 55.7 from 56.4. December Caixin Services PMI fell to 56.3 from its record-high of 57.8, suggesting a resilient Recovery in consumer demand.

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

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.