

Key Releases (Apr 18 - 30)

* Mon. 4/18: Industrial Production softens growth on operation suspensions; Consumption shrinks on constrained demand.

Q1 Real GDP maintains mild growth.

Date	Time (CST)	Time (EST)	Economic Indicator	(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)							
				Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	
Mon											
4/18	10:00 AM	10:00 PM (-1)	Mar	Industrial Production (YTD)	10.9	10.1	9.6		7.5	6.5	
	10:00 AM	10:00 PM (-1)	Mar	Industrial Production (Y/Y)	3.5	3.8	4.3			5.0	
	10:00 AM	10:00 PM (-1)	Mar	Retail Sales (YTD)	14.9	13.7	12.5		6.7	3.3	
	10:00 AM	10:00 PM (-1)	Mar	Retail Sales (Y/Y)	4.9	3.9	1.7			-3.5	
	10:00 AM	10:00 PM (-1)	Mar	Fixed Asset Ex Rural (YTD)	6.1	5.2	4.9		12.2	9.3	
	10:00 AM	10:00 PM (-1)	1Q	Real GDP (Y/Y)			4.0			4.8	
Tue											
4/19											
Wed											
4/20	9:15 AM	9:15 PM (-1)	Apr 20	1-Year Loan Prime Rate	3.85	3.85	3.80	3.70	3.70	3.70	3.65 (3.65)
	9:15 AM	9:15 PM (-1)	Apr 20	5-Year Loan Prime Rate	4.65	4.65	4.65	4.60	4.60	4.60	4.55 (4.55)
Thu											
4/21											
Fri											
4/22											
					Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Mon											
4/25											
Tue											
4/26											
Wed											
4/27	9:30 AM	9:30 PM (-1)	Mar	Industrial Profits (Y/Y)	24.6	9.0	4.2			1.00	
Thu											
4/28											
Fri											
4/29	9:45 AM	9:45 PM (-1)	Apr	Caixin Manufacturing PMI (SA)	50.6	49.9	50.9	49.1	50.4	48.1	48.0
Sat											
4/30	9:30 AM	9:30 PM (-1)	Apr	NBS Manufacturing PMI (SA)	49.2	50.1	50.3	50.1	50.2	49.5	50.0
			Apr	NBS Non-Manufacturing PMI (SA)	52.4	52.3	52.7	51.1	51.6	48.4	48.9
			Apr	Composite PMI (SA)	50.8	52.2	52.2	51.0	51.2	48.8	49.1

Indicator/Event Wrap-Up

People's Bank of China (PBOC) cut the 1-Year by 10 bps in January to 3.7% from 3.8%, providing additional supports to the slowing economy. The 5-Year Loan Prime Rate is also lowered by five bps to 4.6% from 4.65%, aiming to stimulate the property market. Going forward, the PBOC is likely to continue the easing cycle and deliver further rate cuts.

Consumer Prices jumped 1.5% YoY in March after growing 0.9% YoY in February. Fresh Vegetables surged 17.2% YoY after falling 0.1%, mainly boosting the headline growth. The Core CPI (Excluding - Food and Energy) grew 1.1% YoY, the same as in February. **PPI** remained strong, rising 8.3% YoY in March following an 8.8% gain.

China's Industrial Production grew 4.3% YoY in December after growing 3.8% as the power crunch eased. **Retail Sales** decelerated to rise 1.7% YoY, down from a 3.9% growth as stringent restrictions constrained consumption. **Urban Fixed Asset Investment** further eased to 4.9% YTD YoY for the entire 2021 from 5.2% in the first eleven months.

China's Manufacturing PMI dropped to 49.5 in March from 50.2 as strict lockdowns disrupted factory operations. The Non-Manufacturing PMI also weakened to 48.4 from 51.6, the first contraction in the past seven months. The Composite PMI rose to 51.2 from 51.

The **Caixin Manufacturing** dropped to 48.1 in February from 50.4. The Caixin Services PMI fell to 52.1 from 53.8. The Composite PMI slid to 51.2 from 51.5.

GDP expanded 4% YoY (1.6% QoQ) in Q4 2021, continuing to slow from Q3's 4.9% growth. For the whole year, China's economy grew 8.1%, well above the Government's 6% target. Slowdowns in all industrial output continued in Q4. The Primary Industry rose 7.1% YoY after a 7.4% rise. The Second Industry grew 8.2% YoY after expanding 10.6%, and the Tertiary Industry grew 8.2% YoY from a 9.5% gain. The Real Disposable Income rose 8.1% YTD YoY in the first three quarters, decelerating from a 9.7% rise in the first three quarters.

DE Assessment, Underlying Themes

Economy: DE is now cautiously optimistic about China's economic growth outlook in the medium term. Even though the Government has rolled out a spate of easing policies to stimulate domestic demand and investment, repeated outbreaks remain an obstacle to recovery. The slumping property market is a major driver of cooling investment. Massive unemployment amid crackdowns on big technology companies has dampen consumers' appetite for spending. While Exports maintained strength for the time being, constrained external demand amid the global wave of Omicron could slow growth momentum at least in the first half of 2022. China's growth is projected to keep a slow pace in 2022.

Inflation: Headline CPI remains weak, still lower than the pre-Pandemic level. Weak demand dragged core inflation, which grants room for using monetary tools to stimulate growth. With the Omicron spreading fast and forcing many cities to reimpose restrictions, supply chain is back into pressures and consumption is constrained again. While a potential rebound in supply chain disruptions could push energy prices high again, discouraged consumer spending could weigh down inflation to remain subdued.

Policy: More fiscal and monetary support is expected in 2022 to stimulate domestic demand and investment amid repeated outbreaks and the struggling property market. The government shifts focus to "stabilize growth". Following the policy, the PBOC has cut RRR and One-Year and Five-Year Prime Loan Rate. Further rate cuts are expected as the government pledged more easing.