

China's current economic situation and outlook for 2020

WANG Yuanhong

Deputy-director of Department
of economic forecasting of State
infomation center

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- **I. Performance of economic operation**
- **II. Tendence of macro-economic policies**
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I. Performance of economic operation

The economy operates in a reasonable range, and the downward pressure increased after the second quarter.

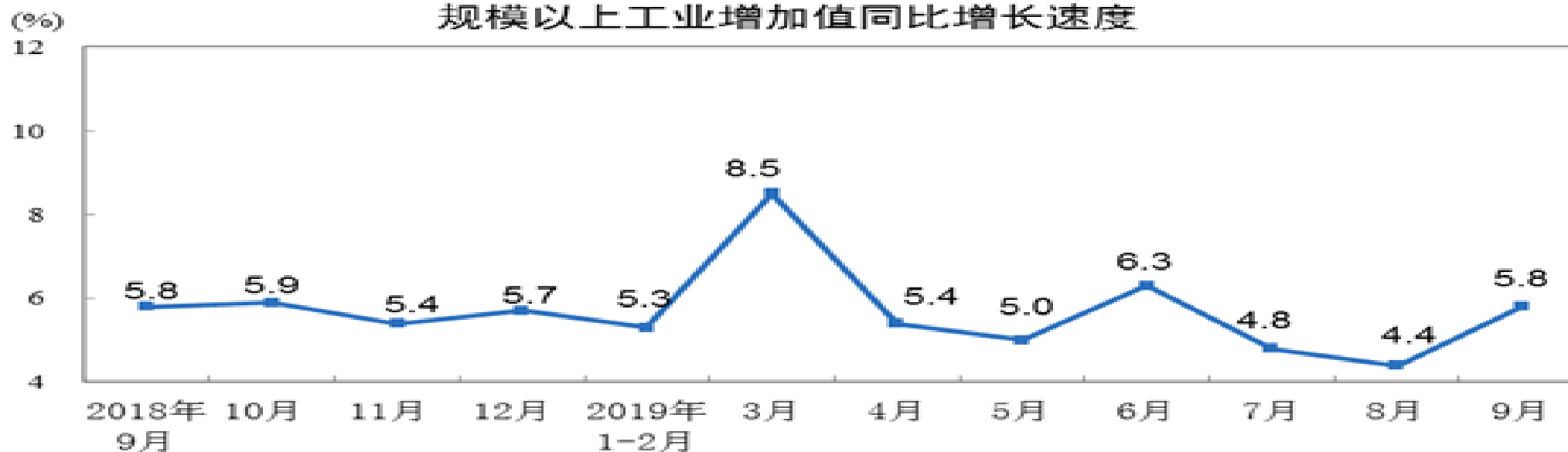
- Since 2019, China has stepped up its counter-cyclical adjustment. In the first quarter, the GDP growth rate reported as 6.4% better than expected. Since the second quarter, due to the combination of domestic demand declining and China-US trade friction, the economy grew by 6.2% and 6.0% respectively in the second and third quarter. In the first three quarters, China's GDP grow by 6.2%, within a reasonable range, which is the highest growth rate among the major economies in the world.

I. Performance of economic operation

- Industrial production and efficiency be weak, while service industry growth slowed down

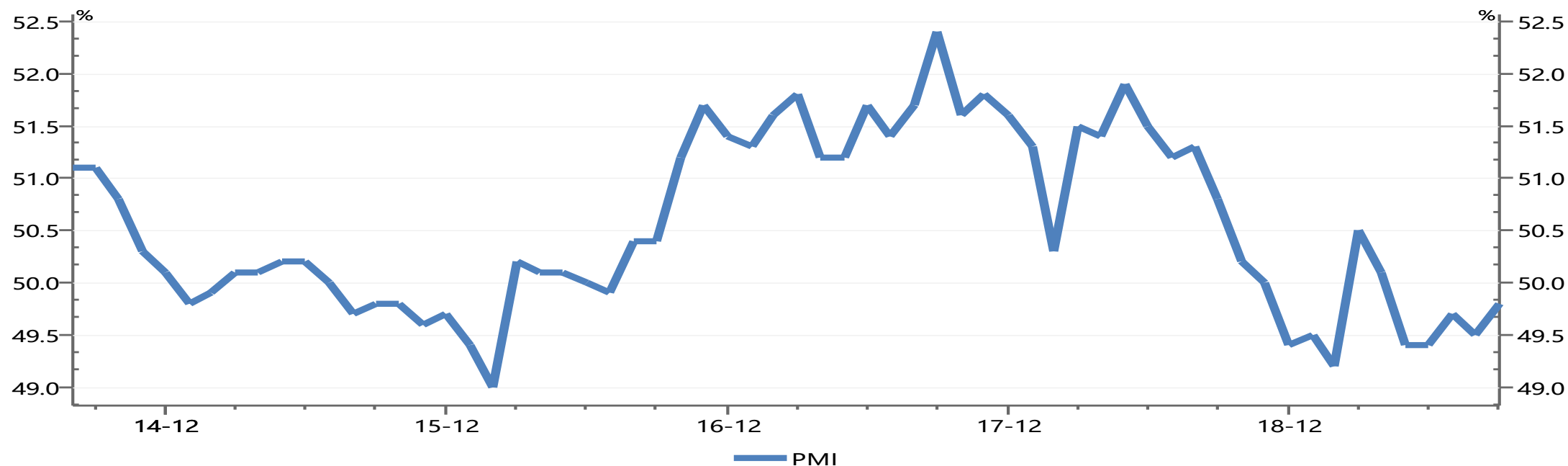
Year-on-year growth rate of industrial added value above designated size

规模以上工业增加值同比增长速度



I. Performance of economic operation

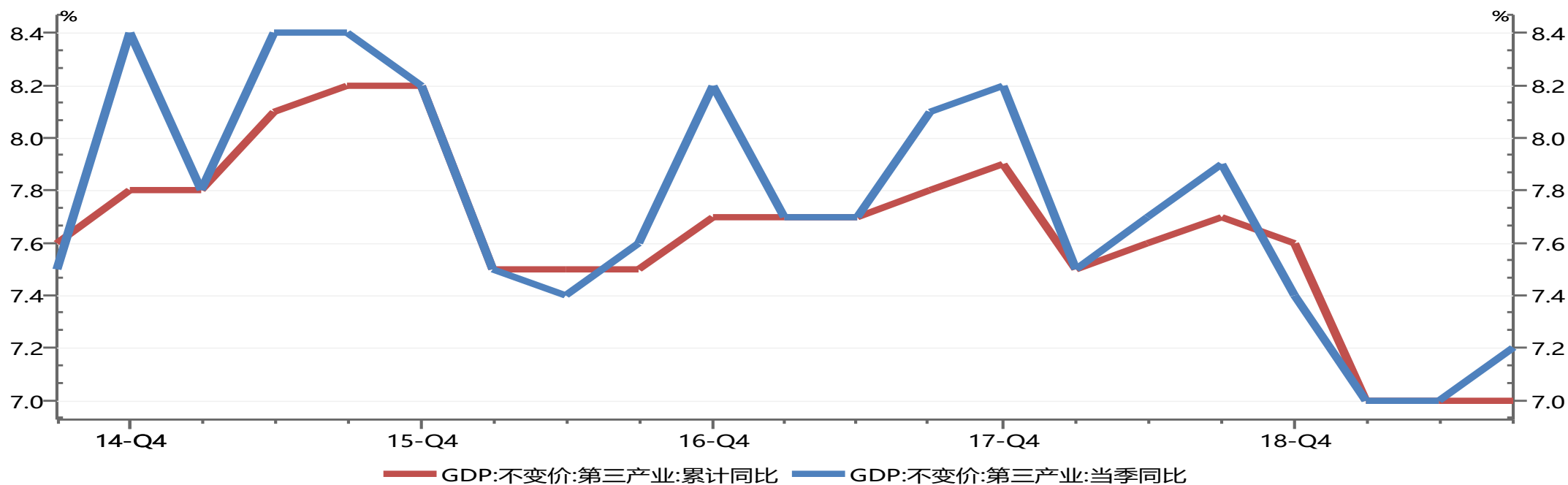
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数据来源: Wind

I. Performance of economic operation

- Industrial production and efficiency be weak, while service industry growth slowed down



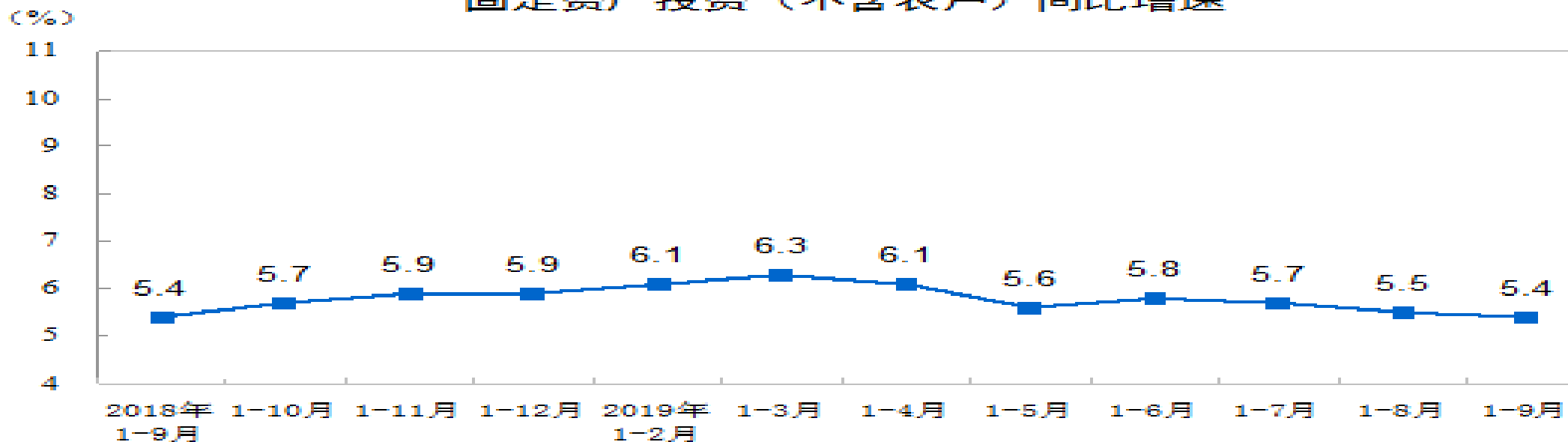
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I. Performance of economic operation

- Slow growth on infrastructuring, manufacturing and private investment, while real estate investing better than expected.

Year-on-year growth rate of real estate investing (except farmer)

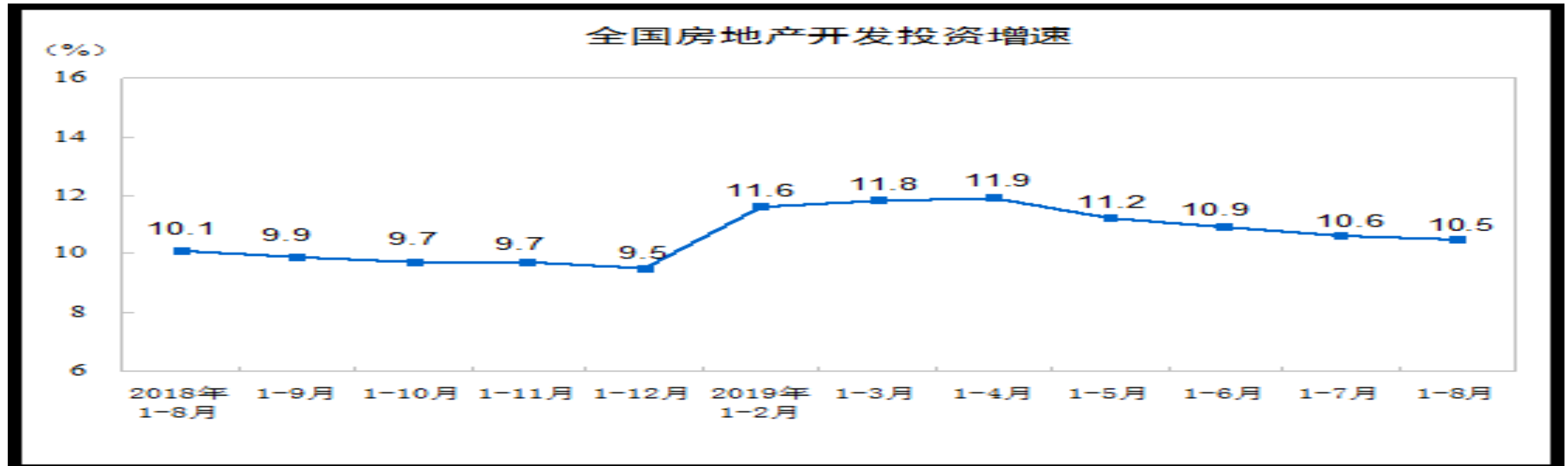
固定资产投资（不含农户）同比增速



I. Performance of economic operation

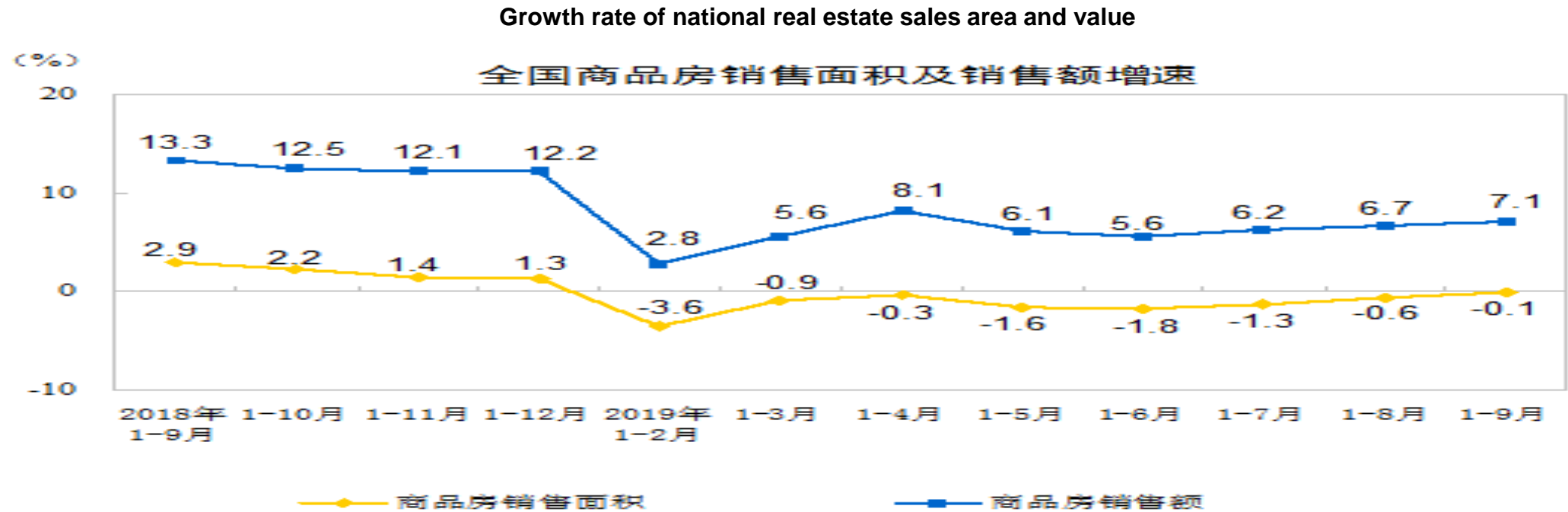
- Slow growth on infrastructuring, manufacturing and private investment, while real estate investing better than expected.

Growth rate of national real estate development investment



I. Performance of economic operation

- Slow growth on infrastructuring, manufacturing and private investment, while real estate investing better than expected.



I. Performance of economic operation

- **Stable growth of income, while consumption moves down**

Year-on year growth rate of total retail sales of social consumer goods par month

社会消费品零售总额分月同比增长速度

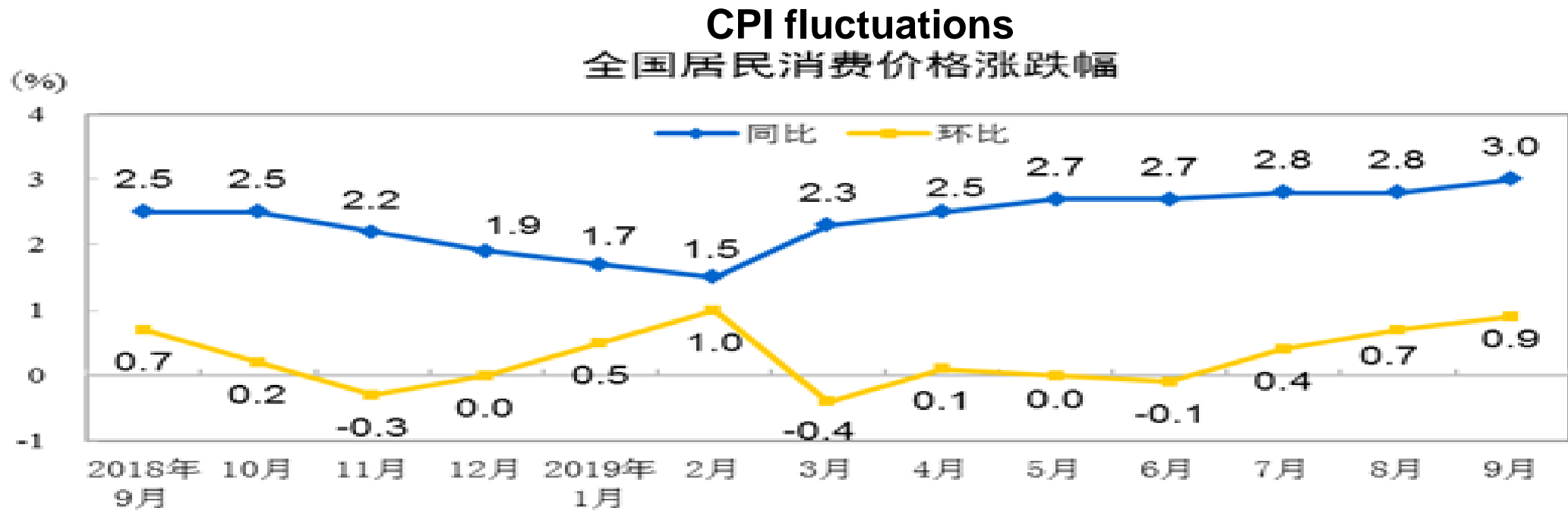


I. Performance of economic operation

- **The employment generally stable, while the pressure of some areas has increased.**
- In the first three quarters, employment was generally stable, with 10.97 million new jobs in urban areas, finished 99.7% of the annual target tasks, faster than the schedule; The national urban survey unemployment rate and the survey unemployment rate in 31 major cities fluctuated slightly between 5.0% and 5.3%, below the annual adjustment target of 5.5%.
- The employment pressure has increased from the prior year, mainly in the following reasons: First, Sino-US trade friction has a significant impact on employment. Second, the impact of industrial restructuring on employment has deepened. Third, smart applications have led to a reduction in the number of low-end technical jobs. Fourth, the employment pressure of key groups is still relatively heavy.

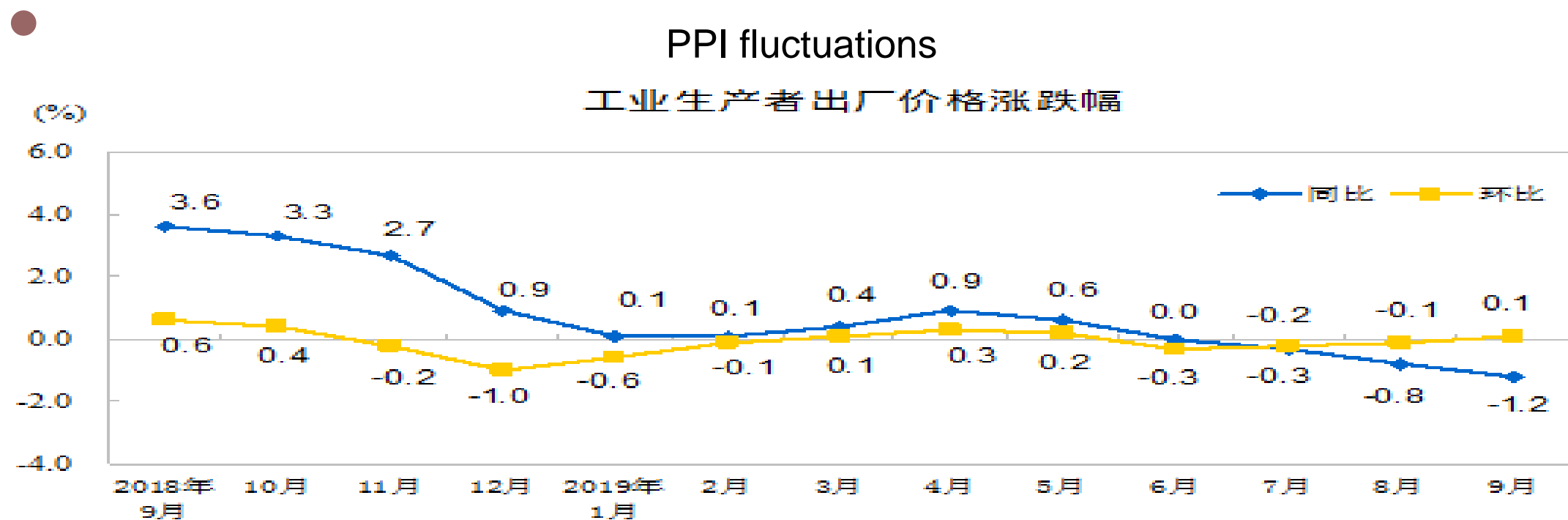
I. Performance of economic operation

- Expanding of the growth of consumer price, and a negative growth appears on the industrial producer price.



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I. Performance of economic operation

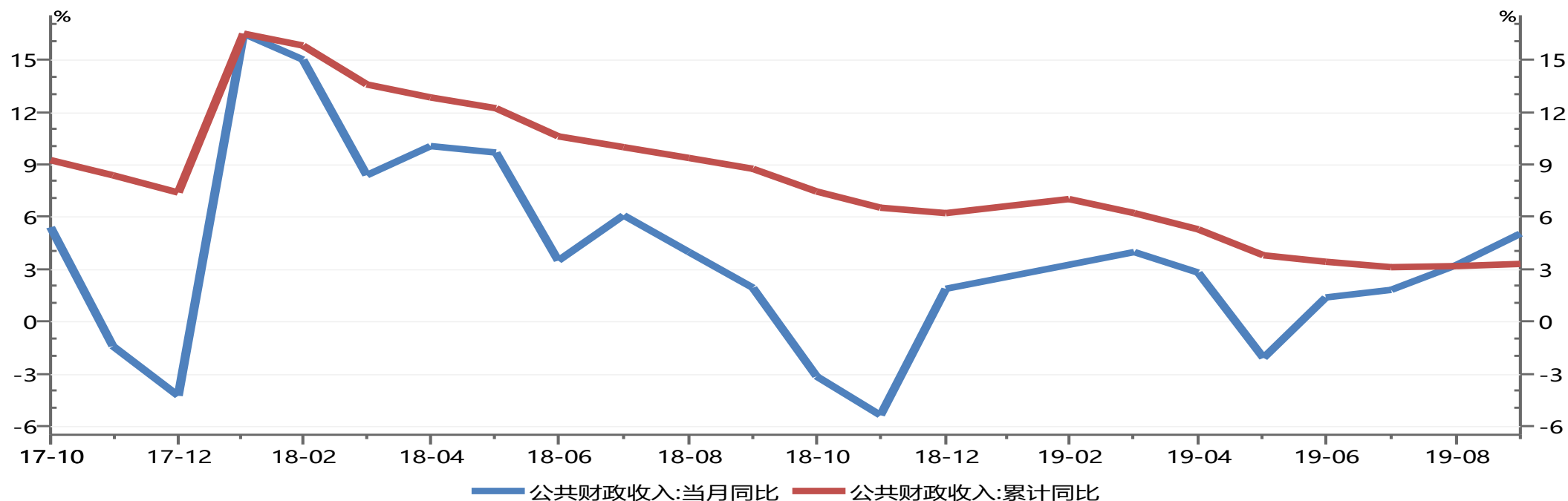
- **Expanding of the growth of consumer price, and a negative growth appears on the industrial producer price.**
- In the first three quarters, compared with last year, the PPI rose by 0.0%, down 4.0 %. In July, PPI decreased by 0.3% year-on-year, 0.8% in August and 1.2% in September.

I. Performance of economic operation

- **The growth rate of import and export slowed down and the trade surplus expanded significantly**
- In the first three quarters, the total import and export of Chinese goods was 229.45 billion yuan, increased 2.8% from last year. The exports were 1,240.3 billion yuan, up 5.2%; imports were 1,343.4 billion yuan, down 0.1%. The surplus was 2,046.2 billion yuan, increased 44.2%. In the first three quarters, the net export of goods and services contributed 19.6% to GDP growth, driving GDP growth by 1.2 percentage points.

I. Performance of economic operation

- Appearing of the effect of cutting taxes and fees gradually, and rebounding of the growth rate of fiscal revenue and expenditure at a low level.



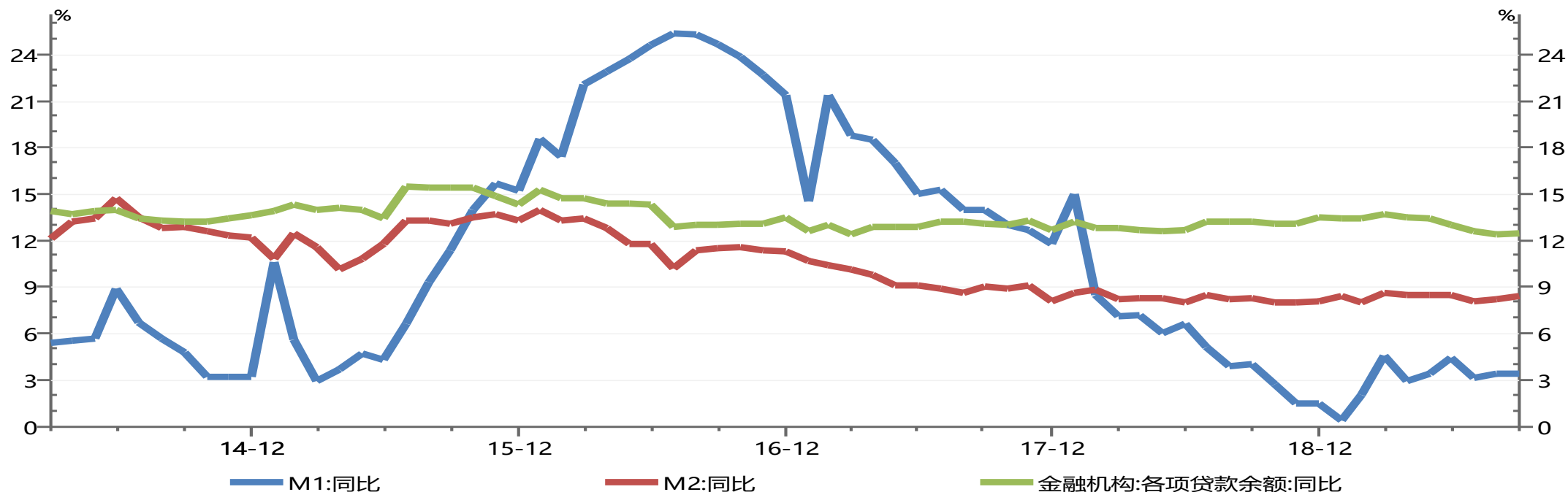
数据来源: Wind

I. Performance of economic operation

- **Appearing of the effect of cutting taxes and fees gradually, and rebounding of the growth rate of fiscal revenue and expenditure at a low level.**
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- In the first three quarters, the national general public budget revenue was 1,567.8 billion yuan, increased 3.3% from the prior year, and the growth rate dropped by 5.4 percentage points. While the income growth has slowed down markedly, there is a great demand of funds for supporting three tough battles, deepening the supply-side structural reform, implementing the rural revitalization strategy, strengthening scientific and technological innovation and key core technology research, safeguarding and reforming people's livelihood, etc. financial expenditure is still relatively high. The national general public budget expenditure was 1,781.2 billion yuan, increased 9.4%, and the growth rate accelerated by 1.9 percentage points.

I. Performance of economic operation

- Monetary credit grows steadily, and the monetary credit structure to be optimized



数据来源: Wind

I. Performance of economic operation

- **Monetary credit grows steadily, and the monetary credit structure to be optimized**
- In the first three quarters, the growth rate of M2 and social financing has basically matched the growth rate of nominal GDP. The rapid growth of RMB loans, the recovery of bank bond investments and off-balance-sheet business pushed the growth rate of M2 to rebound. At the end of September, the broad money (M2) balance was 192.14 trillion yuan, an increase of 8.4% year-on-year, 0.2 percentage points higher than the end of last month and 0.5 percentage points higher than the corresponding time of the previous year. At the end of September, the stock of social financing was 219.04 trillion yuan, increased 10.8%, 1.1 percentage points higher than the corresponding time of the previous year. The balance of RMB loans issued to the real economy was 148.58 trillion yuan, increased 12.7% year-on-year.

II、Tendence of macro-economic policies

- **1. Strengthening the counter-cyclical adjustment of macro-economic policies to ensure the economy operating in a reasonable range**
- **Improving the efficiency of active fiscal and continue to implement the policy of cutting taxes and fees**
 - Appropriately increasing the deficit rate when necessary.
 - Timely and moderately increasing the scale of special bonds.
 - Implementing special bonds to supplement the capital of major projects and appropriately reduce the proportion of capital.
 - Strengthening the responsibility of local government for illegal debts, preventing and resolving local government debt risks.
 - Strengthening fiscal, monetary, planning, industrial, regional, social and other policy coordination.
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II、Tendence of macro-economic policies

Continuing to implement a prudent monetary policy, maintaining a reasonable liquidity and a reasonable growth in social financing scale

Making great efforts to clear the channels of transmission of monetary policy.

Continuing to do a good job in supporting the issuance of special bonds for local governments.

Attaching great importance to the development of infrastructure, high-tech, traditional industrial transformation, social services and other areas of new growth poles.

Encouraging banks to replenish capital through multiple channels, implementing the due diligence clauses, effectively mobilizing the enthusiasm of financial institutions, and increasing support for the real economy.

Using differentiated reserves, interest rates, and exchange rate policies.

II、Tendence of macro-economic policies

2. Strengthening the construction of structural policy's system and mechanism

Demanding the driving forces form reform, deepening the reform of state-owned enterprises, fiscal and finance, land, market access, social management, etc.

Strengthening the basic position of competition policy, breaking administrative monopoly and local protection, optimizing standards of technology, environmental protection, quality and safety, and improving property rights system and market exit system

Industrial policy should gradually shift from differentiation and selectivity to generalization and functionality.

II、Tendence of macro-economic policies

3. Strengthening the function of guaranteeing basic living standard for people of social policies

Deepening implementation of the employment priority policy, do a good job in the employment of key groups such as college graduates, migrant workers, and ex-service men, and alleviate the structural employment conflicts.

The social security policy should provide timely help, improving the level of social insurance and guaranteeing basic living standard for people.

Strengthening and innovating construction of social security mechanisms.

II、Tendence of macro-economic policies

● 4. Consolidating and enhancing supply-side structural reforms

Consolidating the fruits of the policies of capacity reduction, de-stocking, deleveraging, cost reduction and improving underdeveloped areas.

Enhancing the vitality of micro-agents.

Improving the industrial chain level.

Clear economic circulation.

II、Tendence of macro-economic policies

5. Promoting high quality development of manufacturing industry

Promoting the survival of the fittest of enterprises steadily.

Enhancing technology innovation capabilities in manufacturing industry.

Reducing the cost of enterprises.

II、Tendence of macro-economic policies

6. Accelerating the formation of a powerful internal market.

Introducing steadily and orderly a number of promotion consumption measures.

Expanding reasonably effective investment.

Accelerating industrial transformation and upgrading, works on key areas, as petrochemical, nuclear power, urban infrastructure, energy pipeline network reserves, logistics hub.

II、Tendence of macro-economic policies

7. Coordinating regions development

Implementing the overall strategy for regional development

Exploiting important sources for high quality development

Promoting the development of the Yangtze River Economic Belt

Advancing urbanization

III、 Perspective of macro-economy

Economic growth basically stable

Employment pressure relatively high

Investment growth stabilizing at a low level

Consumption growth basically stable

III、 Perspective of macro-economy

Export growth declining

Industrial growth basically stable

Three productions with a steady rise

Price rising slightly

谢谢!

