

China Economic Panel (CEP)

// January 2021

Results of the January survey in detail

Expectations for China Continue to Rise

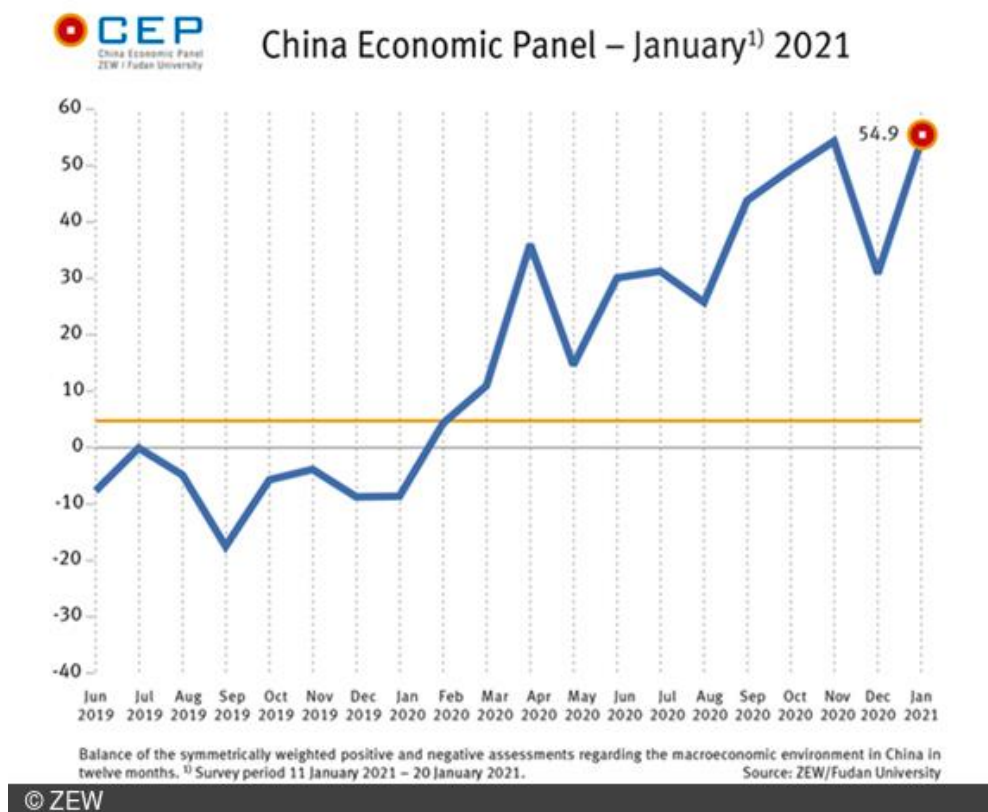
CEP Indicator stands at 54.9 points

In the January 2021 survey (11 – 20 January 2021), the CEP indicator increased by 23.6 points to a new reading of 54.9 points, thus returning to the very high level seen in November 2020.

The CEP indicator, based on the China Economic Panel (CEP) and conducted by ZEW Mannheim in cooperation with Fudan University, Shanghai, reflects the economic expectations of international financial market experts for China on a 12-month basis.

The assessment of the current economic situation dropped slightly by 1.6 points to a still very high value of 42.2 points. This positive assessment reflects China’s rather good economic growth performance in 2020 compared to that of the EU or the USA.

figure 1: CEP Indicator January 2021



source: ZEW/Fudan

China’s gross domestic product (GDP) only showed a decline in the first quarter of 2020 before growing again by 6.5 per cent in the fourth quarter of 2020 (compared to the same quarter of the previous year). In 2020 as a whole, the economy grew 2.3 per cent.

In the first quarter of 2021, real GDP growth is expected to increase even further and, according to the forecasts, will reach eight per cent (relative to the previous year). In the course of the year, however, the forecasts show that the dynamic recovery will weaken slightly: real GDP is projected to increase by 5.9 per cent in the second quarter. This is also the expected growth rate for the whole of 2021. The survey participants continue to assume that the Chinese government will promote growth with supportive economic policy measures. Accordingly, they expect a further increase in government and corporate debt.

“The positive outlook for China for the current year is visible in virtually all sectors covered in our survey as well as in all important economic regions of China. Only for Hong Kong and, to a lesser extent, Tianjin are the prospects clearly below average,” says Dr. Michael Schröder, who coordinates the survey in ZEW’s Research Department “International Finance and Financial Management”.

For 2022, however, the experts assume that the long-term downward trend in GDP growth rates will take hold of the Chinese economy again. They expect economic growth of only 4.9 per cent in 2022, which would be rather modest by Chinese standards.

ZEW/Fudan China Economic Panel: Results January 2021											
Current economic situation	very good		good		normal		bad		very bad		balance
China	15.6	(+ 3.1)	53.1	(- 9.4)	31.3	(+ 6.3)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	42.2 (- 1.6)
Eurozone	3.3	(- 3.8)	6.7	(+ 6.7)	30.0	(- 5.7)	50.0	(+ 7.1)	10.0	(- 4.3)	-28.4 (+ 0.3)
USA	0.0	(+/- 0.0)	6.7	(- 7.6)	26.7	(- 1.9)	53.3	(+17.6)	13.3	(- 8.1)	-36.6 (- 4.5)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
China (CEP-Indicator)	35.5	(+ 4.2)	48.4	(+29.6)	6.4	(-24.7)	9.7	(- 9.1)	0.0	(+/- 0.0)	54.9 (+23.6)
GDP (growth rate) in %	2021Q1		2021Q2		2021		2022				
China	8.0		5.9		5.9		4.9				
Eurozone	-3.4		0.1		0.2		1.6				
USA	-1.1		1.3		1.1		1.8				
Inflation (CPI) in %	3 months				1 year						
China	0.5(0.9)				1.9(1.9)						
Eurozone	-0.1(0.2)				0.6(0.5)						
USA	1.1(1.1)				1.6(1.7)						
Wage Inflation in %	3 months				1 year						
China	5.3(5.0)				5.2(6.0)						
Eurozone	2.0(3.5)				2.5(3.4)						
USA	2.7(2.6)				3.0(2.8)						
Interest rates	3 months				1 year						
SHIBOR (3 months)	2.8(3.1)				2.8(3.0)						
One-year deposit rate	1.5(1.5)				1.6(1.6)						
One-year lending rate	4.1(4.2)				4.1(4.1)						
Stock market indices	3 months				1 year						
SSE Composite Index	3,534 (3,108)				3,737 (3,313)						
Hang Seng Index	26,883 (26,450)				27,792 (27,654)						
Growth Enterprise Market Index (SZ)	2,883 (2,726)				3,032 (2,929)						
Sci-Tech innovation board index (STAR) <i>Starting Jan 2021</i>	1,074 (0)				1,147 (0)						
WTI Crude Oil (US-Dollar)	48 (45)				54 (48)						
Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance
China M2 growth rate	17.9	(+ 2.5)	50.0	(- 3.8)	14.2	(-16.6)	17.9	(+17.9)	0.0	(+/- 0.0)	34.0 (- 8.3)
Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Foreign exchange reserves	16.7	(+16.7)	73.3	(+16.2)	6.7	(-14.8)	3.3	(-18.1)	0.0	(+/- 0.0)	51.7 (+33.8)
FDI outflow (out of China)	16.7	(+16.7)	73.3	(+ 9.0)	6.7	(- 0.5)	3.3	(-18.1)	0.0	(- 7.1)	51.7 (+37.3)
FDI inflow (into China)	16.7	(+ 2.4)	60.0	(+10.0)	10.0	(+ 2.9)	10.0	(-18.6)	3.3	(+ 3.3)	38.4 (+13.4)
Export activity	36.7	(+10.0)	53.3	(+/- 0.0)	6.7	(- 6.6)	3.3	(- 3.4)	0.0	(+/- 0.0)	61.7 (+11.7)
Import activity	26.7	(+26.7)	56.7	(-16.6)	9.9	(+ 3.2)	6.7	(- 6.6)	0.0	(- 6.7)	51.7 (+28.4)
Private Consumption	13.3	(+/- 0.0)	70.0	(+30.0)	13.4	(-26.6)	3.3	(- 3.4)	0.0	(+/- 0.0)	46.7 (+16.7)
Private Investment	13.3	(+/- 0.0)	53.3	(+13.3)	13.4	(- 6.6)	20.0	(+/- 0.0)	0.0	(- 6.7)	30.0 (+13.4)
Govt. Consumption	27.6	(- 5.7)	51.7	(- 8.3)	6.9	(+ 0.2)	13.8	(+13.8)	0.0	(+/- 0.0)	46.6 (-16.7)
Debt Domestic	30.0	(-12.9)	56.7	(- 0.4)	10.0	(+10.0)	3.3	(+ 3.3)	0.0	(+/- 0.0)	56.7 (-14.8)
Debt Foreign	10.0	(+ 2.9)	50.0	(+/- 0.0)	23.4	(- 5.2)	13.3	(- 1.0)	3.3	(+ 3.3)	25.1 (+ 0.1)
Employment rate	13.3	(+/- 0.0)	46.7	(+/- 0.0)	20.0	(+/- 0.0)	20.0	(+ 6.7)	0.0	(- 6.7)	26.7 (+ 3.4)
Growth rate of new car registrations	20.0	(+/- 0.0)	66.7	(+26.7)	6.6	(-20.1)	6.7	(- 6.6)	0.0	(+/- 0.0)	50.0 (+16.6)
Total share of world trade	33.3	(- 6.7)	50.0	(+10.0)	6.7	(- 6.6)	10.0	(+ 3.3)	0.0	(+/- 0.0)	53.3 (- 3.4)
Exchange rates	3 months				1 year						
Yuan / US-Dollar	6.45 (6.55)				6.53 (6.64)						
Yuan / Euro	7.86 (7.78)				7.85 (7.83)						
Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Retail banking	14.3	(+14.3)	75.0	(+ 8.3)	10.7	(-14.3)	0.0	(- 8.3)	0.0	(+/- 0.0)	51.8 (+22.6)
Investment banking	28.6	(+28.6)	57.1	(-17.9)	3.6	(-13.1)	10.7	(+ 2.4)	0.0	(+/- 0.0)	51.8 (+18.4)
Insurance	28.6	(+10.4)	53.6	(-10.0)	14.2	(+ 5.1)	3.6	(- 5.5)	0.0	(+/- 0.0)	53.6 (+ 8.1)
Automotive	32.1	(+ 7.1)	53.6	(+11.9)	7.2	(- 1.1)	7.1	(-17.9)	0.0	(+/- 0.0)	55.4 (+22.0)
Chemical / Pharmaceutical	46.4	(+13.1)	53.6	(+ 3.6)	0.0	(-16.7)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	73.2 (+14.9)
Machinery / Engineering	39.3	(+ 6.0)	46.4	(+ 4.7)	14.3	(+ 6.0)	0.0	(-16.7)	0.0	(+/- 0.0)	62.5 (+16.7)
Electronics	35.7	(+ 2.4)	60.7	(+35.7)	0.0	(-33.4)	3.6	(- 4.7)	0.0	(+/- 0.0)	64.3 (+22.6)
Retail and commerce	28.6	(+11.9)	50.0	(+/- 0.0)	14.3	(-19.0)	7.1	(+ 7.1)	0.0	(+/- 0.0)	50.1 (+ 8.4)
Construction	17.9	(+ 1.2)	50.0	(+/- 0.0)	21.4	(+ 4.8)	10.7	(- 6.0)	0.0	(+/- 0.0)	37.6 (+ 4.2)
Energy	21.4	(- 3.6)	60.7	(+19.0)	17.9	(-15.4)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	51.8 (+ 5.9)
Information Technology	35.7	(- 6.0)	60.7	(+19.0)	0.0	(- 8.3)	3.6	(- 4.7)	0.0	(+/- 0.0)	64.3 (+ 5.9)
Services	35.7	(+ 2.4)	46.4	(+ 4.7)	10.8	(-14.2)	7.1	(+ 7.1)	0.0	(+/- 0.0)	55.4 (+ 1.2)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
Beijing	21.4	(- 3.6)	32.1	(+ 7.1)	32.2	(- 9.5)	14.3	(+ 6.0)	0.0	(+/- 0.0)	30.3 (- 3.1)
Shanghai	28.6	(+ 3.6)	53.6	(+20.3)	10.7	(-31.0)	7.1	(+ 7.1)	0.0	(+/- 0.0)	51.9 (+10.2)
Hong Kong	3.6	(-13.1)	39.3	(+31.0)	17.9	(- 7.1)	32.1	(- 9.6)	7.1	(- 1.2)	0.1 (+ 8.4)
Guangzhou	33.3	(+ 8.3)	44.4	(+ 2.7)	18.6	(- 6.4)	3.7	(- 4.6)	0.0	(+/- 0.0)	53.7 (+12.0)
Shenzhen	44.4	(+19.4)	44.4	(-13.9)	3.8	(-12.9)	7.4	(+ 7.4)	0.0	(+/- 0.0)	62.9 (+ 8.7)
Tianjin	11.1	(- 5.6)	29.6	(+29.6)	37.1	(-21.2)	18.5	(- 6.5)	3.7	(+ 3.7)	13.0 (+ 8.8)
Chongqing	22.2	(- 2.8)	33.3	(+25.0)	26.0	(-24.0)	14.8	(- 1.9)	3.7	(+ 3.7)	27.8 (+ 7.0)
Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Beijing	7.1	(+ 7.1)	64.3	(+14.3)	21.5	(-11.8)	7.1	(- 9.6)	0.0	(+/- 0.0)	35.7 (+19.0)
Shanghai	28.6	(+20.3)	50.0	(-16.7)	14.3	(- 2.4)	7.1	(- 1.2)	0.0	(+/- 0.0)	50.1 (+12.6)
Hong Kong	7.1	(+ 7.1)	17.9	(- 7.1)	35.7	(+27.4)	28.6	(-21.4)	10.7	(- 6.0)	-9.0 (+20.2)
Guangzhou	22.2	(+22.2)	63.0	(- 3.7)	11.1	(- 5.5)	3.7	(-13.0)	0.0	(+/- 0.0)	51.9 (+26.9)
Shenzhen	33.3	(+25.0)	51.9	(-23.1)	3.7	(-13.0)	11.1	(+11.1)	0.0	(+/- 0.0)	53.7 (+ 7.9)
Tianjin	11.1	(+ 2.8)	18.5	(+10.2)	44.5	(+11.1)	22.2	(-19.5)	3.7	(- 4.6)	5.6 (+22.3)
Chongqing	11.1	(+11.1)	29.6	(- 3.7)	37.1	(+ 3.7)	22.2	(-11.1)	0.0	(+/- 0.0)	14.8 (+14.8)

Note: 32 analysts participated in the January survey, which was conducted during the period 1/11-1/20/2021. The analysts were asked about their expectations for the respective time horizons (Y = year, M = month). Numbers displayed are percentages in case of directional forecasts (change compared to previous survey in parentheses) and numerical values in case of point forecasts (results of previous survey in parentheses). Balances refer to the weighted distributions from positive and negative assessments.