

China Economic Panel (CEP)

// September 2017

Results of the September survey in detail

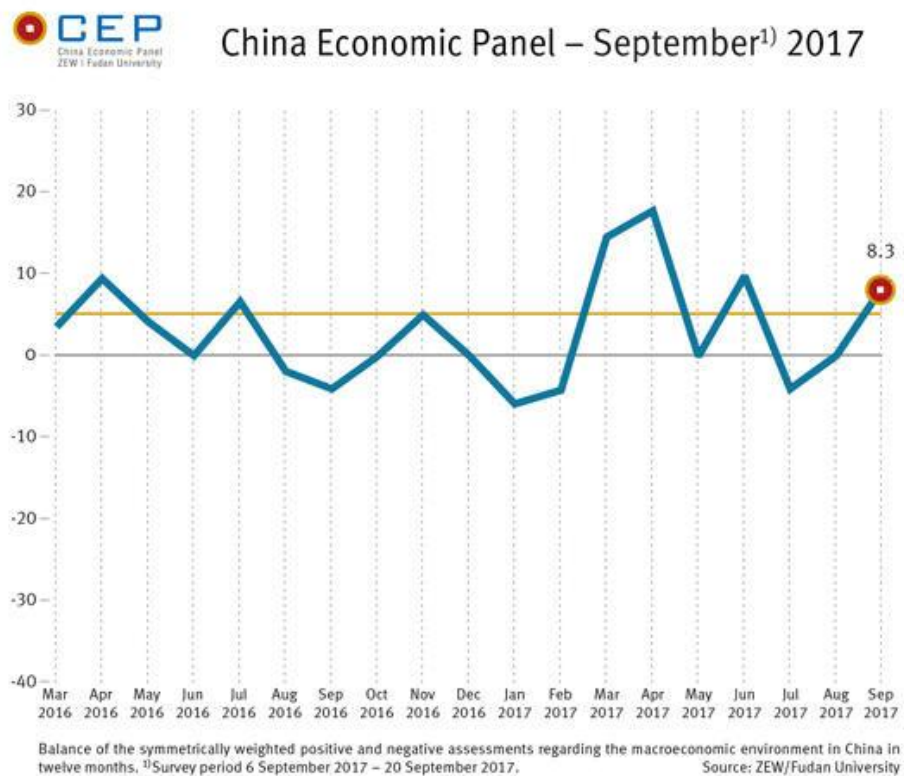
Expectations for Chinese Economy Continue to Recover

According to the most recent survey for September (6 – 20 September 2017), the economic outlook for China has improved again, rising by 8.3 points.

The CEP Indicator, which reflects the expectations of international financial market experts regarding China's macroeconomic development over the coming twelve months, currently stands at 8.3 points (August 2017: 0.0 points), coming in once again slightly above the long-term average of 5.1 points.

The point forecasts for the growth of China's gross domestic product (GDP) for 2018 have also increased from 6.6 per cent to a current reading of 6.7 per cent. The forecasts for 2017 have, however, remained unchanged at 6.8 per cent.

figure 1: CEP Indicator September 2017



source: ZEW/Fudan

The assessment of the current economic situation has once again improved and currently stands at 25.0 points. This corresponds to an increase of 1.8 points compared to the previous month. This is the highest value recorded since the survey began. Since the beginning of this year the assessment of the economic climate in China has gone up by 25 points.

"All in all, the outlook for the Chinese economy has improved significantly over the last few months and stabilised at a relatively high level. A year ago, there were still fears that Chinese economic growth would weaken considerably, posing a threat to the global economy. These fears seem to have faded further into the background," explains Dr. Michael Schröder, Senior Researcher in ZEW's Research Department "International Finance and Financial Management" and project leader of the CEP survey.

ZEW/Fudan China Economic Panel: Results September 2017										
Current economic situation	very good		good	normal		bad	very bad		balance	
China	10.0	(+10.0)	33.3	(-13.1)	53.4	(- 0.2)	3.3	(+ 3.3)	0.0	(+/- 0.0)
USA	3.8	(- 0.2)	26.9	(- 5.1)	69.3	(+ 5.3)	0.0	(+/- 0.0)	0.0	(+/- 0.0)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen	balance
China (CEP-Indicator)	3.3	(+ 3.3)	43.3	(+ 4.0)	23.4	(+ 2.0)	26.7	(-12.6)	3.3	(+ 3.3)
GDP (growth rate) in %	2017Q3		2017Q4		2017		2018		2018	
China	6.8		6.7		6.8		6.7		6.7	
USA	2.4		2.5		2.4		2.5		2.5	
Inflation (CPI) in %	3 months				1 year					
China	1.8 (1.6)				2.0 (1.8)					
USA	0.8 (0.6)				1.0 (0.8)					
Interest rates	3 months				1 year					
SHIBOR (3 months)	4.5 (4.4)				4.6 (4.3)					
One-year deposit rate	1.5 (1.5)				1.6 (1.5)					
One-year lending rate	4.4 (4.4)				4.5 (4.4)					
Stock market indices	3 months				1 year					
SSE Composite Index	3,438 (3,332)				3,639 (3,577)					
Hang Seng Index	27,714 (27,772)				27,953 (28,427)					
Growth Enterprise Market Index (SZ)	1,449 (1,551)				1,603 (1,614)					
WTI Crude Oil (US-Dollar)	48 (48)				48 (50)					
Monetary aggregate M2 (6 M)	increase	slightly increase		not change	slightly decrease		decrease	balance		
China M2 growth rate	4.0	(+ 4.0)	64.0	(+ 6.3)	12.0	(- 3.4)	16.0	(- 7.1)	4.0	(+ 0.2)
Specific indicators China (1 Y)	increase	slightly increase		not change	slightly decrease		decrease	balance		
Foreign exchange reserves	12.0	(+12.0)	44.0	(+ 1.7)	32.0	(- 2.6)	12.0	(-11.1)	0.0	(+/- 0.0)
FDI outflow (out of China)	12.0	(+ 4.0)	40.0	(- 8.0)	16.0	(- 8.0)	32.0	(+16.0)	0.0	(- 4.0)
FDI inflow (into China)	0.0	(- 4.0)	56.0	(- 4.0)	24.0	(+ 8.0)	16.0	(- 4.0)	4.0	(+ 4.0)
Export activity	15.4	(+ 0.6)	61.5	(+ 5.9)	0.0	(-14.8)	23.1	(+ 8.3)	0.0	(+/- 0.0)
Import activity	11.5	(- 3.3)	42.3	(-17.0)	23.2	(+12.1)	19.2	(+ 4.4)	3.8	(+ 3.8)
Domestic consumption	7.7	(- 7.1)	76.9	(+13.9)	15.4	(- 3.1)	0.0	(- 3.7)	0.0	(+/- 0.0)
Employment rate	0.0	(+/- 0.0)	42.3	(+ 9.0)	57.7	(+ 9.5)	0.0	(-18.5)	0.0	(+/- 0.0)
Growth rate of new car registrations	12.0	(+ 4.3)	64.0	(- 1.4)	20.0	(+ 0.8)	4.0	(- 3.7)	0.0	(+/- 0.0)
Total share of world trade	0.0	(- 4.0)	65.2	(+ 9.2)	30.5	(+ 2.5)	4.3	(- 7.7)	0.0	(+/- 0.0)
Exchange rates	3 months				1 year					
Yuan / US-Dollar	6.58 (6.68)				6.70 (6.84)					
US-Dollar / Euro	1.19 (1.17)				1.21 (1.18)					
Sectors (1 Y)	increase	slightly increase		not change	slightly decrease		decrease	balance		
Retail banking	4.5	(+ 0.3)	59.1	(-11.7)	27.4	(+23.3)	4.5	(-12.2)	4.5	(+ 0.3)
Investment banking	13.6	(+ 0.6)	54.5	(-10.7)	22.8	(+14.0)	9.1	(- 3.9)	0.0	(+/- 0.0)
Insurance	17.4	(-11.8)	56.5	(- 1.8)	13.1	(+ 8.9)	13.0	(+ 4.7)	0.0	(+/- 0.0)
Automotive	0.0	(+/- 0.0)	65.2	(-14.8)	21.8	(+ 5.8)	13.0	(+ 9.0)	0.0	(+/- 0.0)
Chemical / Pharmaceutical	17.4	(+ 9.4)	47.8	(-16.2)	26.1	(+ 6.1)	8.7	(+ 0.7)	0.0	(+/- 0.0)
Machinery / Engineering	13.0	(+ 1.0)	52.2	(+24.2)	30.5	(- 5.5)	4.3	(-18.7)	0.0	(+/- 0.0)
Electronics	21.7	(+ 5.7)	52.2	(+ 0.2)	26.1	(- 5.9)	0.0	(+/- 0.0)	0.0	(+/- 0.0)
Retail and commerce	17.4	(+ 4.9)	65.2	(+ 6.9)	8.8	(-16.2)	4.3	(+ 0.1)	4.3	(+ 4.3)
Construction	8.7	(+ 4.7)	43.5	(- 4.5)	13.1	(-18.9)	30.4	(+18.4)	4.3	(+ 0.3)
Energy	27.3	(+23.1)	50.0	(-16.7)	18.2	(+ 1.6)	4.5	(- 8.0)	0.0	(+/- 0.0)
Information Technology	40.9	(+ 7.6)	50.0	(- 8.3)	4.6	(- 3.8)	0.0	(+/- 0.0)	4.5	(+ 4.5)
Services	22.7	(- 6.5)	59.1	(+17.4)	4.6	(-20.3)	13.6	(+ 9.4)	0.0	(+/- 0.0)
Economic expectation (1 Y)	improve	slightly improve		not change	slightly worsen		worsen	balance		
Beijing	4.5	(+ 0.3)	36.4	(-17.8)	54.6	(+29.7)	4.5	(-12.2)	0.0	(+/- 0.0)
Shanghai	4.5	(- 3.8)	54.5	(- 8.0)	36.5	(+19.8)	4.5	(- 8.0)	0.0	(+/- 0.0)
Hong Kong	0.0	(- 4.2)	22.7	(-14.8)	50.1	(+21.0)	22.7	(- 6.5)	4.5	(+ 4.5)
Guangzhou	9.5	(+ 0.8)	57.1	(+ 4.9)	23.9	(+ 2.2)	9.5	(- 7.9)	0.0	(+/- 0.0)
Shenzhen	47.6	(+21.5)	38.1	(-14.1)	14.3	(+ 1.3)	0.0	(- 8.7)	0.0	(+/- 0.0)
Tianjin	14.3	(- 3.1)	28.6	(- 1.8)	38.1	(+ 7.6)	19.0	(+ 1.6)	0.0	(- 4.3)
Chongqing	23.8	(+ 6.4)	28.6	(-14.9)	33.3	(+ 7.2)	14.3	(+ 1.3)	0.0	(+/- 0.0)
Real estate price expectation (1 Y)	increase	slightly increase		not change	slightly decrease		decrease	balance		
Beijing	9.1	(+ 4.9)	31.8	(- 5.7)	22.7	(+ 1.9)	36.4	(- 1.1)	0.0	(+/- 0.0)
Shanghai	13.6	(+ 9.4)	31.8	(-18.2)	27.3	(+ 6.5)	27.3	(+ 2.3)	0.0	(+/- 0.0)
Hong Kong	4.5	(- 3.8)	27.3	(- 6.0)	45.5	(+16.3)	22.7	(- 2.3)	0.0	(- 4.2)
Guangzhou	9.5	(+ 0.8)	42.9	(+ 3.8)	28.6	(+ 2.5)	19.0	(- 7.1)	0.0	(+/- 0.0)
Shenzhen	9.5	(- 3.5)	33.3	(+ 7.2)	23.8	(+ 6.4)	28.6	(-14.9)	4.8	(+ 4.8)
Tianjin	9.5	(- 3.5)	19.0	(-11.4)	47.7	(+21.5)	23.8	(- 2.3)	0.0	(- 4.3)
Chongqing	4.8	(- 3.9)	42.9	(- 0.6)	33.2	(+ 2.8)	14.3	(- 3.1)	4.8	(+ 4.8)

Note: 30 analysts participated in the September survey, which was conducted during the period 9/8-9/20/2017. 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.