

China Economic Panel (CEP)

// February 2017

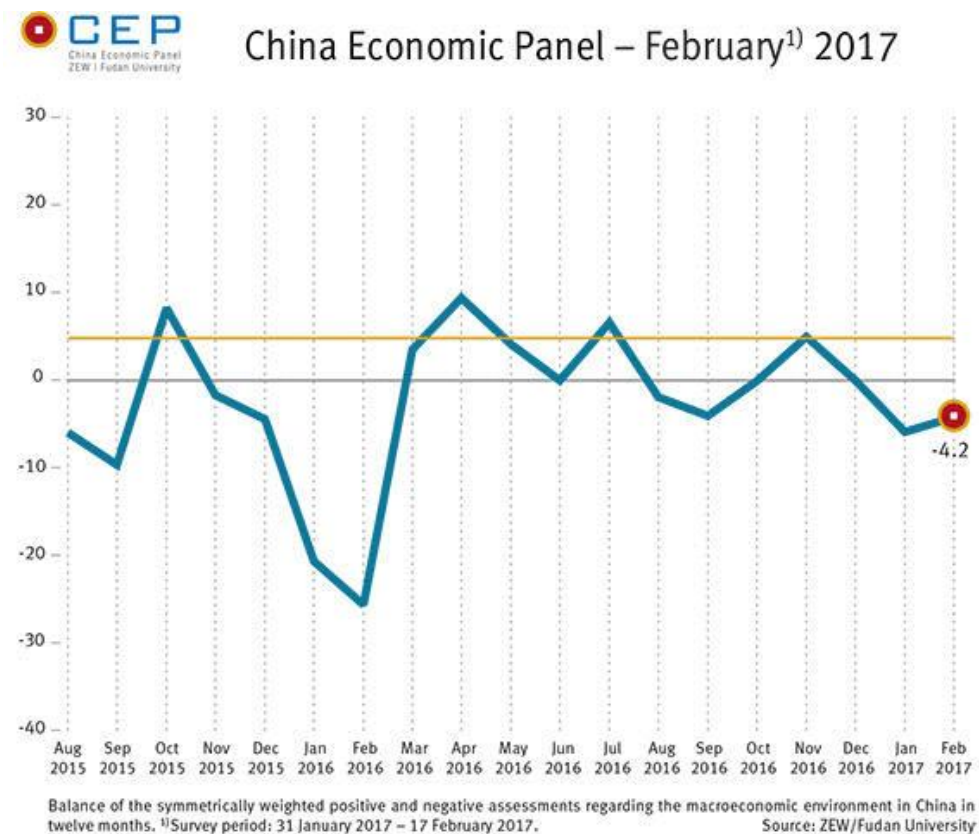
Results of the February survey in detail

Expectations for Chinese Economy Improve Slightly

According to the current survey for February (conducted between 31 January 2017 and 17 February 2017), the economic outlook for China has improved slightly. The CEP Indicator, which reflects the expectations of international financial market experts regarding China's macroeconomic development over the coming twelve months, has risen by 1.7 points compared to the previous month to a current total of minus 4.2 points. This falls far below the current long-term average of 4.8 points.

Experts have a more favourable view of the current situation. The corresponding indicator rose by 1.9 points to a level of 4.3 points. This is higher than the previous average of minus 5.5 points.

figure 1: CEP Indicator February 2017



source: ZEW/Fudan

This combination of expectations and an assessment of the current situation paints a moderately positive view of China's economic situation.

This marginally improved economic outlook could be the result of renewed more favourable assessments of China's exports. The indicator for export expectations climbed by ten points to reach a new level of 25.8 points. At 42.5 points, however, domestic consumption is still assessed more favourably.

Just as it was in January this year, annual growth for 2017 is predicted to be at a level of 6.5 per cent, whereas the predicted growth for 2018 has decreased by 0.1 percentage point to 6.3 per cent.

Experts again anticipate an upward trend in property prices across almost all regions included in the survey. Pricing pressure seems to be particularly severe in Shanghai and Beijing. In keeping with these pricing expectations, the economic expectations for the construction sector are once again slightly more positive. However, the construction sector still comes in last overall out of all sectors considered in the survey.

ZEW/Fudan China Economic Panel: Results February 2017												
Current economic situation	very good		good		normal		bad		very bad		balance	
China	2.9	(+2.9)	11.4	(-3.2)	77.1	(+1.5)	8.6	(-1.2)	0.0	(+/- 0.0)	4.3	(+1.9)
USA	3.4	(+3.4)	44.8	(-13.5)	44.9	(+8.8)	6.9	(+1.3)	0.0	(+/- 0.0)	22.4	(-4.0)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance	
China (CEP-Indicator)	0.0	(-2.4)	30.6	(+2.0)	36.0	(+12.2)	27.8	(-17.4)	5.6	(+5.6)	-4.2	(+1.7)
GDP (growth rate) in %	2017Q1		2017Q2		2017		2017		2018		2018	
China	6.5		6.5		6.5		6.5		6.3		6.3	
USA	1.9		2.0		2.1		2.1		2.2		2.2	
Inflation (CPI) in %	3 months				1 year				1 year			
China	2.3(2.4)				2.5(2.6)				2.5(2.6)			
USA	2.2(1.8)				2.4(2.0)				2.4(2.0)			
Interest rates	3 months				1 year				1 year			
SHBOR (3 months)	3.9(3.3)				3.9(3.3)				3.9(3.3)			
One-year deposit rate	1.5(1.5)				1.6(1.5)				1.6(1.5)			
One-year lending rate	4.4(4.4)				4.4(4.3)				4.4(4.3)			
Stock market indices	3 months				1 year				1 year			
SSE Composite Index	3,202(3,228)				3,436(3,469)				3,436(3,469)			
Hang Seng Index	23,572(22,021)				24,320(23,369)				24,320(23,369)			
Growth Enterprise Market Index (SZ)	1,412(1,619)				1,466(1,768)				1,466(1,768)			
WTI Crude Oil (US-Dollar)	54(53)				56(56)				56(56)			
Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance	
China M2 growth rate	9.4	(+1.3)	56.3	(-3.2)	12.4	(-3.8)	18.8	(+2.6)	3.1	(+3.1)	25.1	(-4.7)
Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance	
Foreign exchange reserves	3.0	(+3.0)	9.1	(-6.7)	9.1	(+3.8)	48.5	(-4.1)	30.3	(+4.0)	-47.0	(-2.3)
FDI outflow (out of China)	19.4	(+1.0)	51.6	(+4.2)	16.1	(+0.4)	12.9	(-0.3)	0.0	(-5.3)	38.8	(+8.6)
FDI inflow (into China)	3.3	(-2.0)	20.0	(-16.8)	43.3	(+19.6)	26.7	(+0.4)	6.7	(-1.2)	-6.8	(-9.5)
Export activity	3.0	(-4.9)	57.6	(+7.6)	27.3	(+11.5)	12.1	(-6.3)	0.0	(-7.9)	25.8	(+10.0)
Import activity	9.1	(-4.1)	54.5	(+4.5)	21.2	(+0.2)	15.2	(+4.7)	0.0	(-5.3)	28.8	(+1.1)
Domestic consumption	15.2	(-3.2)	60.6	(+8.0)	18.1	(-8.3)	6.1	(+3.5)	0.0	(+/- 0.0)	42.5	(-0.9)
Employment rate	0.0	(+/- 0.0)	28.1	(+9.7)	53.1	(-10.1)	18.8	(+0.4)	0.0	(+/- 0.0)	4.7	(+4.7)
Growth rate of new car registrations	15.2	(+9.6)	54.5	(-14.9)	21.2	(+1.8)	9.1	(+3.5)	0.0	(+/- 0.0)	37.9	(+0.4)
Total share of world trade	9.4	(+4.0)	40.6	(-10.8)	34.4	(+12.8)	12.5	(-9.1)	3.1	(+3.1)	20.4	(+0.1)
Exchange rates	3 months				1 year				1 year			
Yuan / US-Dollar	6.92(6.99)				7.06(7.12)				7.06(7.12)			
US-Dollar / Euro	1.06(1.04)				1.05(1.04)				1.05(1.04)			
Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance	
Retail banking	7.4	(+4.1)	55.6	(-7.7)	22.2	(+5.4)	11.1	(-2.2)	3.7	(+0.4)	26.0	(+1.0)
Investment banking	18.5	(+5.6)	40.7	(-30.3)	29.7	(+23.3)	7.4	(+0.9)	3.7	(+0.5)	31.5	(-10.5)
Insurance	26.9	(-8.6)	38.5	(-13.1)	30.8	(+27.6)	3.8	(-5.9)	0.0	(+/- 0.0)	44.3	(-12.2)
Automotive	7.7	(-2.0)	69.2	(+7.9)	7.8	(-8.3)	11.5	(+1.8)	3.8	(+0.6)	32.8	(+0.5)
Chemical / Pharmaceutical	16.0	(+6.0)	52.0	(-4.7)	16.0	(-4.0)	16.0	(+2.7)	0.0	(+/- 0.0)	34.0	(+2.3)
Machinery / Engineering	3.8	(-6.2)	50.0	(+3.3)	27.0	(+0.4)	19.2	(+2.5)	0.0	(+/- 0.0)	19.2	(-5.8)
Electronics	16.0	(-0.1)	44.0	(-10.8)	24.0	(+4.6)	16.0	(+6.3)	0.0	(+/- 0.0)	30.0	(-8.7)
Retail and commerce	12.0	(+2.3)	60.0	(+5.2)	16.0	(-9.8)	12.0	(+2.3)	0.0	(+/- 0.0)	36.0	(+3.7)
Construction	14.8	(+5.1)	25.9	(-3.1)	37.1	(+1.7)	18.5	(-0.9)	3.7	(-2.8)	14.8	(+6.8)
Energy	7.7	(+1.2)	69.2	(+27.3)	15.4	(-23.3)	7.7	(-5.2)	0.0	(+/- 0.0)	38.5	(+17.5)
Information Technology	22.2	(-23.0)	59.3	(+14.1)	14.8	(+8.4)	3.7	(+0.5)	0.0	(+/- 0.0)	50.0	(-16.2)
Services	22.2	(-16.5)	59.3	(+14.1)	11.1	(+1.5)	7.4	(+0.9)	0.0	(+/- 0.0)	48.2	(-9.9)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance	
Beijing	0.0	(-9.7)	56.0	(+1.2)	28.0	(+2.2)	16.0	(+6.3)	0.0	(+/- 0.0)	20.0	(-12.3)
Shanghai	4.0	(-5.7)	68.0	(-6.2)	20.0	(+13.6)	8.0	(-1.7)	0.0	(+/- 0.0)	34.0	(-8.0)
Hong Kong	0.0	(-9.4)	28.0	(+3.0)	44.0	(+6.5)	28.0	(-0.1)	0.0	(+/- 0.0)	0.0	(-7.9)
Guangzhou	8.0	(-11.4)	44.0	(-1.2)	36.0	(+13.5)	12.0	(-0.9)	0.0	(+/- 0.0)	24.0	(-11.6)
Shenzhen	20.0	(-18.7)	44.0	(-1.2)	24.0	(+14.4)	12.0	(+5.5)	0.0	(+/- 0.0)	36.0	(-22.1)
Tianjin	4.0	(-8.9)	44.0	(-4.4)	36.0	(+10.2)	16.0	(+3.1)	0.0	(+/- 0.0)	18.0	(-12.7)
Chongqing	12.0	(-13.8)	28.0	(-13.9)	40.0	(+23.8)	20.0	(+3.9)	0.0	(+/- 0.0)	16.0	(-22.7)
Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance	
Beijing	14.8	(+3.0)	48.1	(+1.0)	26.0	(+5.5)	11.1	(-9.5)	0.0	(+/- 0.0)	33.3	(+8.2)
Shanghai	25.9	(+14.1)	44.4	(-11.5)	18.6	(+3.9)	11.1	(-6.5)	0.0	(+/- 0.0)	42.6	(+11.6)
Hong Kong	11.5	(+2.4)	26.9	(-6.4)	38.5	(+17.2)	23.1	(-10.2)	0.0	(-3.0)	13.4	(+7.3)
Guangzhou	15.4	(+6.0)	38.5	(-2.1)	23.0	(-8.2)	23.1	(+4.3)	0.0	(+/- 0.0)	23.1	(+2.8)
Shenzhen	18.5	(+6.4)	44.4	(+5.0)	3.8	(-14.4)	33.3	(+6.0)	0.0	(-3.0)	24.1	(+8.9)
Tianjin	15.4	(+2.9)	34.6	(+9.6)	27.0	(-4.2)	19.2	(-12.1)	3.8	(+3.8)	19.3	(+9.9)
Chongqing	11.5	(-7.3)	42.3	(+1.7)	30.8	(+2.7)	7.7	(-1.7)	7.7	(+4.6)	21.1	(-10.4)

Note: 36 analysts participated in the February survey, which was conducted during the period 1/31-2/17/2017. 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.