

China Economic Panel (CEP)

// March 2021

Results of the March survey in detail

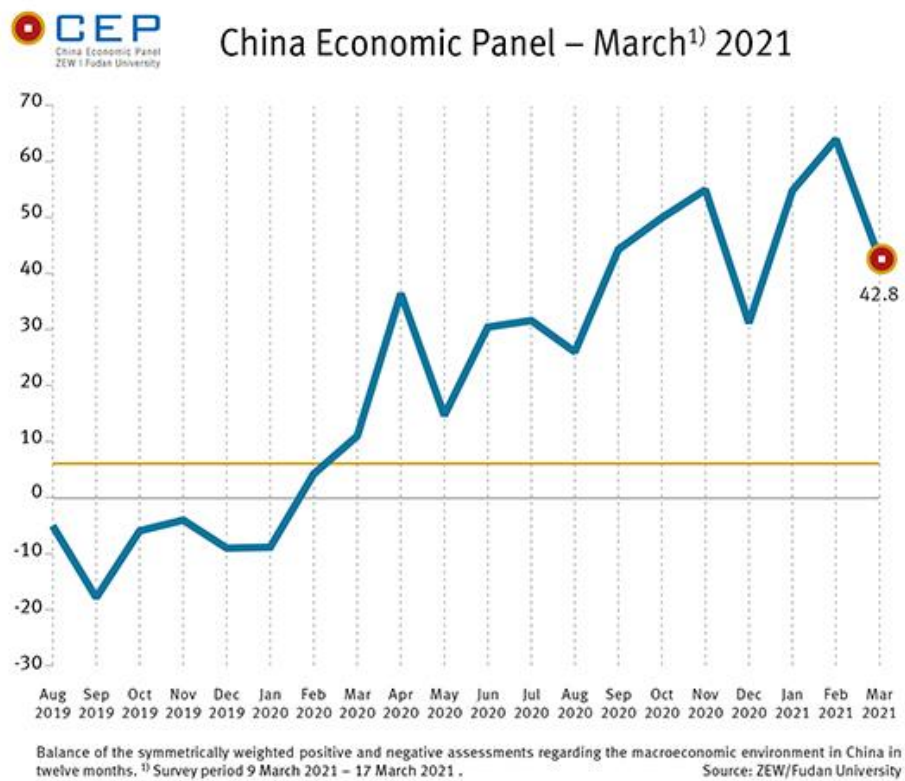
Expectations for China Decline, But Outlook Remains Positive

In the March 2021 survey (9 – 17 March 2021), the CEP indicator decreased by 21.2 points to a new value of 42.8 points. Despite this sharp decline, the indicator remains at a very high level.

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 in China has also declined. The corresponding indicator currently stands at 42.9 points, 12.9 points lower than in the previous month. However, the economic outlook is still very positive.

figure 1: CEP Indicator March 2021



source: ZEW/Fudan

“The financial market experts have revised their forecasts for real gross domestic product (GDP) slightly downwards. The forecasts thus reflect the targets set by the recently concluded Chinese National People’s Congress (NPC),” says Dr. Michael Schröder, who coordinates the survey in ZEW’s Research Department “International Finance and Financial Management”.

For 2021, the NPC set a real GDP growth target of “over 6.0 per cent”. 6.0 per cent is also precisely the average GDP growth forecast given by the experts in the CEP survey in March. In the previous month, the forecast was still 6.5 per cent. For 2022, the GDP forecasts were lowered from 5.5 per cent to 5.2 per cent in the current survey.

The experts do not see any major inflation risks at present. Over the course of one year, consumer prices are expected to climb 2.1 per cent and producer prices are predicted to rise very moderately by 1.7 per cent. According to these forecasts, the inflation rate for consumers is expected to remain below the value of three per cent, which the NPC proclaimed as a target for 2021.

“Economic expectations for the most important economic regions – with the exception of Beijing – have also declined significantly. However, the outlook remains positive for almost all regions. Only Hong Kong’s economic development is expected to deteriorate over the next twelve months,” says Schröder.

ZEW/Fudan China Economic Panel: Results March 2021											
Current economic situation	very good		good		normal		bad		very bad		balance
China	10.7	(-20.1)	67.9	(+17.9)	17.8	(-1.4)	3.6	(+3.6)	0.0	(+/- 0.0)	42.9 (-12.9)
Eurozone	0.0	(+/- 0.0)	18.5	(+ 9.8)	40.8	(- 2.7)	37.0	(- 6.5)	3.7	(- 0.6)	-13.0 (+ 8.7)
USA	0.0	(- 4.3)	44.4	(+40.1)	29.7	(- 5.2)	25.9	(-26.3)	0.0	(- 4.3)	9.3 (+33.3)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
China (CEP-Indicator)	35.7	(-20.3)	32.1	(+12.1)	14.3	(- 5.7)	17.9	(+13.9)	0.0	(+/- 0.0)	42.8 (-21.2)
GDP (growth rate) in %	2021Q1			2021Q2			2021			2022	
China	7.7			8.3			8.0			5.2	
Eurozone	-1.5			0.8			0.3			1.6	
USA	0.6			2.8			2.2			2.5	
Inflation (CPI) in %	3 months				1 year						
China	1.1 (1.0)				2.1 (2.0)						
Eurozone	0.7 (0.8)				1.0 (1.5)						
USA	2.1 (1.3)				2.5 (2.3)						
Producer Price Index (PPI) in % Starting Jan 2021	3 months				1 year						
China	1.5 (0.9)				1.7 (1.3)						
Wage Inflation in %	3 months				1 year						
China	5.4 (4.6)				5.5 (5.6)						
Eurozone	2.1 (2.0)				2.5 (2.4)						
USA	2.7 (2.5)				3.5 (2.9)						
Interest rates	3 months				1 year						
SHIBOR (3 months)	2.8 (2.9)				3.0 (3.0)						
One-year deposit rate	1.5 (1.5)				1.6 (1.6)						
One-year lending rate	4.2 (4.1)				4.2 (4.2)						
Stock market indices	3 months				1 year						
SSE Composite Index	3,458 (3,711)				3,571 (3,882)						
Hang Seng Index	28,938 (30,902)				29,509 (32,139)						
Growth Enterprise Market Index (SZ)	2,769 (3,481)				2,866 (3,651)						
Sci-Tech innovation board index (STAR) Starting Jan 2021	1,311 (1,485)				1,390 (1,665)						
WTI Crude Oil (US-Dollar)	68 (62)				70 (62)						
Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance
China M2 growth rate	20.8	(- 4.2)	45.8	(- 4.2)	20.9	(+16.7)	8.3	(-12.5)	4.2	(+ 4.2)	35.4 (- 4.2)
Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Foreign exchange reserves	15.4	(- 4.6)	53.8	(- 6.2)	15.4	(+ 7.4)	7.7	(- 4.3)	7.7	(+ 7.7)	30.8 (-13.2)
FDI outflow (out of China)	12.0	(+ 4.0)	52.0	(+/- 0.0)	16.0	(+ 4.0)	16.0	(- 8.0)	4.0	(+/- 0.0)	26.0 (+ 8.0)
FDI inflow (into China)	16.0	(- 4.0)	44.0	(- 8.0)	16.0	(+ 4.0)	8.0	(- 8.0)	16.0	(+16.0)	18.0 (-20.0)
Export activity	30.8	(-21.2)	46.2	(+10.2)	15.3	(+ 7.3)	7.7	(+ 3.7)	0.0	(+/- 0.0)	50.1 (-17.9)
Import activity	23.1	(- 8.9)	57.7	(+17.7)	3.8	(-16.2)	7.7	(+ 3.7)	7.7	(+ 3.7)	40.4 (- 5.6)
Private Consumption	30.8	(- 1.2)	38.5	(-17.5)	23.1	(+11.1)	3.8	(+ 3.8)	3.8	(+ 3.8)	44.4 (-15.6)
Private Investment	23.1	(+ 7.1)	42.3	(- 9.7)	19.2	(+ 3.2)	7.7	(- 8.3)	7.7	(+ 7.7)	32.7 (- 1.3)
Govt. Consumption	44.0	(-12.0)	36.0	(+ 4.0)	12.0	(+ 4.0)	8.0	(+ 4.0)	0.0	(+/- 0.0)	58.0 (-12.0)
Debt Domestic	28.0	(- 8.0)	56.0	(- 8.0)	12.0	(+12.0)	4.0	(+ 4.0)	0.0	(+/- 0.0)	54.0 (-14.0)
Debt Foreign	8.0	(- 8.0)	48.0	(+/- 0.0)	36.0	(+12.0)	8.0	(- 4.0)	0.0	(+/- 0.0)	28.0 (- 6.0)
Employment rate	12.0	(- 4.0)	48.0	(-12.0)	28.0	(+ 8.0)	8.0	(+ 4.0)	4.0	(+ 4.0)	28.0 (-16.0)
Growth rate of new car registrations	12.0	(-20.0)	60.0	(+12.0)	16.0	(+ 4.0)	12.0	(+ 4.0)	0.0	(+/- 0.0)	36.0 (-16.0)
Total share of world trade	20.0	(-24.0)	52.0	(+16.0)	12.0	(+ 4.0)	12.0	(+/- 0.0)	4.0	(+ 4.0)	36.0 (-20.0)
Exchange rates	3 months				1 year						
Yuan / US-Dollar	6.51 (6.43)				6.65 (6.49)						
Yuan / Euro	7.74 (7.79)				7.81 (7.83)						
Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Retail banking	20.8	(+ 7.8)	58.3	(+ 1.8)	8.4	(-17.6)	12.5	(+ 8.2)	0.0	(+/- 0.0)	43.7 (+ 4.6)
Investment banking	37.5	(+ 2.7)	37.5	(- 1.6)	12.5	(- 9.3)	8.3	(+ 8.3)	4.2	(- 0.1)	47.9 (- 2.2)
Insurance	33.3	(+ 2.9)	45.8	(-10.7)	12.6	(+ 3.8)	8.3	(+ 4.0)	0.0	(+/- 0.0)	52.1 (- 4.4)
Automotive	16.7	(- 9.4)	58.3	(- 2.6)	12.5	(+12.5)	8.3	(- 4.7)	4.2	(+ 4.2)	37.5 (-12.6)
Chemical / Pharmaceutical	33.3	(-18.9)	54.2	(+10.7)	12.5	(+ 8.2)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	60.4 (-13.6)
Machinery / Engineering	29.2	(- 9.9)	41.7	(+ 6.9)	16.6	(- 5.2)	12.5	(+ 8.2)	0.0	(+/- 0.0)	43.8 (-10.6)
Electronics	29.2	(-14.3)	45.8	(+ 6.7)	16.7	(- 0.7)	8.3	(+ 8.3)	0.0	(+/- 0.0)	48.0 (-15.1)
Retail and commerce	28.0	(- 2.4)	48.0	(+ 4.5)	16.0	(- 5.8)	4.0	(- 0.3)	4.0	(+ 4.0)	46.0 (- 4.0)
Construction	33.3	(+ 2.9)	45.8	(-10.7)	8.4	(- 4.7)	8.3	(+ 8.3)	4.2	(+ 4.2)	47.9 (-10.8)
Energy	33.3	(- 5.8)	50.0	(- 2.2)	16.7	(+ 8.0)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	58.3 (- 6.9)
Information Technology	37.5	(-27.7)	41.7	(+20.0)	16.6	(+ 3.5)	4.2	(+ 4.2)	0.0	(+/- 0.0)	56.3 (-19.8)
Services	41.7	(- 3.8)	29.2	(-11.7)	20.8	(+11.7)	8.3	(+ 3.8)	0.0	(+/- 0.0)	52.2 (-11.5)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
Beijing	29.2	(+ 3.1)	41.7	(- 6.1)	24.9	(+ 7.5)	4.2	(- 4.5)	0.0	(+/- 0.0)	48.0 (+ 2.3)
Shanghai	37.5	(-10.3)	45.8	(+ 2.3)	12.5	(+ 3.8)	4.2	(+ 4.2)	0.0	(+/- 0.0)	58.3 (-11.3)
Hong Kong	8.3	(- 4.7)	25.0	(- 9.8)	25.1	(+ 7.6)	20.8	(- 9.6)	20.8	(+16.5)	-10.4 (-21.3)
Guangzhou	17.4	(-21.7)	47.8	(+ 8.7)	21.8	(+/- 0.0)	13.0	(+13.0)	0.0	(+/- 0.0)	34.8 (-23.9)
Shenzhen	26.1	(-30.4)	43.5	(+13.1)	21.7	(+ 8.6)	8.7	(+ 8.7)	0.0	(+/- 0.0)	43.5 (-28.2)
Tianjin	13.0	(- 4.4)	21.7	(+/- 0.0)	34.9	(+ 8.8)	26.1	(- 8.7)	4.3	(+ 4.3)	6.5 (- 4.4)
Chongqing	21.7	(-13.1)	17.4	(+ 4.4)	34.9	(- 4.3)	21.7	(+ 8.7)	4.3	(+ 4.3)	15.3 (-19.5)
Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Beijing	20.8	(+12.1)	58.3	(- 2.6)	12.6	(- 9.1)	8.3	(- 0.4)	0.0	(+/- 0.0)	45.8 (+11.0)
Shanghai	25.0	(+ 3.3)	54.2	(-15.4)	20.8	(+16.4)	0.0	(- 4.3)	0.0	(+/- 0.0)	52.1 (- 2.3)
Hong Kong	20.8	(+20.8)	16.7	(-26.8)	25.0	(+ 7.6)	29.2	(+ 3.1)	8.3	(- 4.7)	6.3 (+10.6)
Guangzhou	8.7	(+ 4.4)	52.2	(-30.4)	34.8	(+30.4)	4.3	(- 4.4)	0.0	(+/- 0.0)	32.7 (- 8.6)
Shenzhen	21.7	(- 4.4)	52.2	(-13.0)	17.4	(+17.4)	8.7	(+/- 0.0)	0.0	(+/- 0.0)	43.5 (-10.9)
Tianjin	4.3	(- 4.4)	26.1	(+/- 0.0)	39.2	(+ 0.1)	30.4	(+ 4.3)	0.0	(+/- 0.0)	2.2 (- 6.5)
Chongqing	8.7	(+/- 0.0)	26.1	(- 8.7)	39.1	(+/- 0.0)	26.1	(+ 8.7)	0.0	(+/- 0.0)	8.7 (- 8.7)

Note: 28 analysts participated in the March survey, which was conducted during the period 3/9-3/17/2021. 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.