

China Economic Panel (CEP)

// April 2017

Results of the April survey in detail

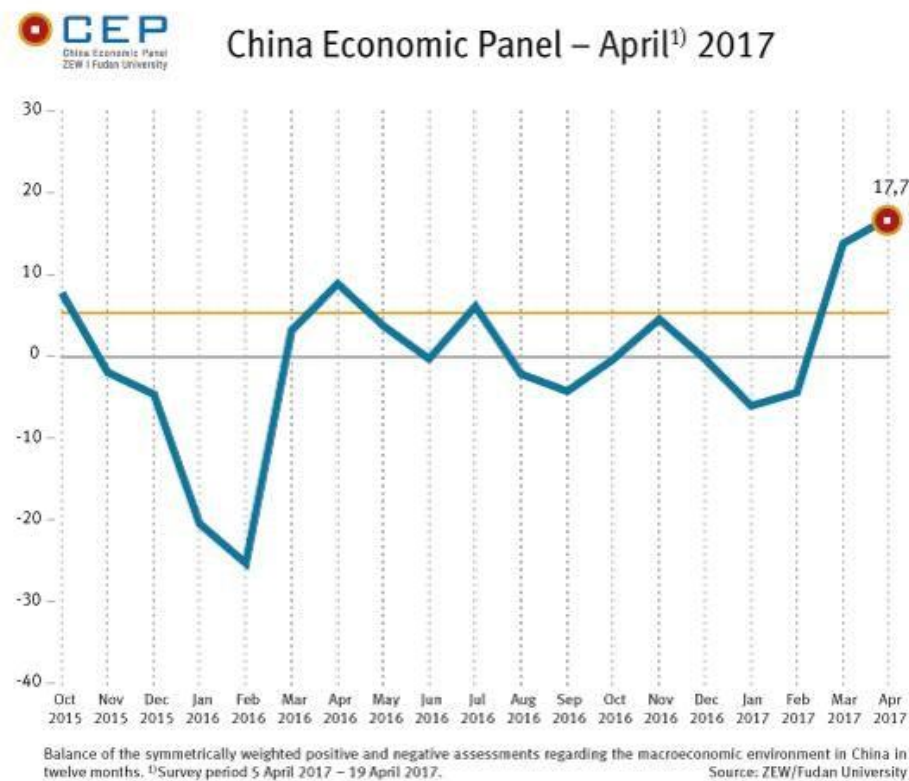
Expectations for Chinese Economy Rise for the Third Consecutive Time

According to the current survey for April (5 – 19 April 2017), the economic outlook for China has improved by 3.2 points. The CEP Indicator, which reflects the expectations of international financial market experts regarding China's macroeconomic development over the coming twelve months, is currently at 17.7 points (March 2017: 14.2 points).

This is the third consecutive time that the indicator rises. As a result, the CEP Indicator has now significantly exceeded the long-term average of 5.4 points. Due to this development, the highest level recorded since the introduction of the survey (21.4 points in June 2014) seems to be within reach.

The assessment of the current economic situation has improved considerably by 14.3 points and now stands at 17.6 points. This is the most positive assessment of the economic situation since the introduction of the survey in July 2013.

figure 1: CEP Indicator April 2017



source: ZEW/Fudan

The point forecasts have also improved. For instance, the forecast for the second quarter of 2017 has increased from 6.6 per cent to 6.7 per cent. For the whole of 2017, the respondents expect an average growth in China's gross domestic product of 6.6 per cent. For 2018, experts forecast an average growth of 6.5 per cent. For both forecasts this constitutes an increase of 0.1 percentage points compared to the previous survey (March 2017).

Domestic consumption – one of the main drivers of growth – should benefit from a significant expected increase in employment. According to the financial experts, foreign trade is also likely to improve again.

In terms of the various sectors, high hopes rest on the information technology sector as well as on insurance companies and investment banks. The automotive and the construction sectors as well as consumer-oriented sectors are also viewed very positively.

"Given the current forecasts and expectations, we could see the Chinese economy move back into calmer waters with a return to the usual high growth rates," says Dr. Michael Schröder, Senior Researcher in the ZEW Research Department "International Finance and Financial Management" and project leader of the CEP survey.

ZEW/Fudan China Economic Panel: Results April 2017											
Current economic situation	very good		good		normal		bad		very bad		balance
China	2.9	(+ 2.9)	29.4	(+19.7)	67.7	(-19.4)	0.0	(- 3.2)	0.0	(+/- 0.0)	17.6 (+14.3)
USA	3.2	(+ 3.2)	74.2	(+26.1)	22.6	(-29.3)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	40.3 (+16.2)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
China (CEP-Indicator)	5.9	(+ 5.9)	47.1	(- 4.5)	23.5	(- 2.3)	23.5	(+ 0.9)	0.0	(+/- 0.0)	17.7 (+ 3.2)
GDP (growth rate) in %	2017Q2		2017Q3		2017		2017		2017		2018
China	6.7		6.6		6.6		6.6		6.5		6.5
USA	2.0		2.1		2.1		2.1		2.2		2.2
Inflation (CPI) in %	3 months				1 year						
China	2.2(2.5)				2.5(2.7)						
USA	2.5(2.5)				2.7(2.6)						
Interest rates	3 months				1 year						
SHIBOR (3 months)	4.3(4.3)				4.4(4.4)						
One-year deposit rate	1.5(1.5)				1.5(1.6)						
One-year lending rate	4.4(4.4)				4.4(4.4)						
Stock market indices	3 months				1 year						
SSE Composite Index	3,299(3,294)				3,562(3,499)						
Hang Seng Index	23,865(23,801)				24,606(24,985)						
Growth Enterprise Market Index (SZ)	1,944(1,625)				1,948(1,685)						
WTI Crude Oil (US-Dollar)	54(53)				54(55)						
Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance
China M2 growth rate	0.0	(-10.3)	59.4	(- 6.1)	9.3	(- 1.1)	31.3	(+17.5)	0.0	(+/- 0.0)	14.1 (-22.1)
Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Foreign exchange reserves	0.0	(+/- 0.0)	15.6	(- 8.5)	12.5	(+ 5.6)	68.8	(+20.5)	3.1	(-17.6)	-29.7 (+ 3.1)
FDI outflow (out of China)	16.7	(+ 6.0)	43.3	(-13.8)	20.0	(+ 9.2)	20.0	(- 1.4)	0.0	(+/- 0.0)	28.4 (- 0.2)
FDI inflow (into China)	0.0	(+/- 0.0)	33.3	(- 2.4)	23.4	(- 5.2)	40.0	(+ 7.9)	3.3	(- 0.3)	-6.7 (- 4.9)
Export activity	15.6	(+ 5.3)	50.0	(+ 5.2)	9.4	(-11.4)	25.0	(+ 0.9)	0.0	(+/- 0.0)	28.1 (+ 7.4)
Import activity	21.9	(+ 4.7)	56.3	(+18.4)	9.3	(-21.8)	9.4	(- 4.4)	3.1	(+ 3.1)	42.3 (+13.0)
Domestic consumption	12.5	(- 1.3)	75.0	(+23.3)	6.2	(-11.1)	6.3	(- 7.5)	0.0	(- 3.4)	48.9 (+17.5)
Employment rate	3.2	(+ 3.2)	32.3	(+ 7.3)	38.7	(-14.8)	22.6	(+ 4.7)	3.2	(- 0.4)	4.9 (+ 4.9)
Growth rate of new car registrations	10.0	(+ 3.1)	60.0	(-15.9)	23.3	(+16.4)	6.7	(- 0.2)	0.0	(- 3.4)	36.7 (- 1.3)
Total share of world trade	3.3	(+ 3.3)	56.7	(-10.3)	36.7	(- 6.2)	3.3	(- 7.4)	0.0	(+/- 0.0)	30.0 (+12.1)
Exchange rates	3 months				1 year						
Yuan / US-Dollar	6.92(6.93)				7.07(7.05)						
US-Dollar / Euro	1.07(1.05)				1.09(1.04)						
Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Retail banking	7.1	(- 0.9)	60.7	(+ 4.7)	21.5	(- 6.5)	10.7	(+ 2.7)	0.0	(+/- 0.0)	32.1 (+ 0.1)
Investment banking	25.0	(+ 9.0)	60.7	(- 3.3)	3.6	(- 4.4)	10.7	(- 1.3)	0.0	(+/- 0.0)	50.0 (+ 8.0)
Insurance	25.0	(- 3.0)	64.3	(+12.3)	3.6	(- 8.4)	7.1	(- 0.9)	0.0	(+/- 0.0)	53.6 (+ 3.6)
Automotive	14.3	(- 5.7)	67.9	(+ 3.9)	10.7	(- 1.3)	7.1	(+ 3.1)	0.0	(+/- 0.0)	44.7 (- 5.3)
Chemical / Pharmaceutical	7.7	(+ 3.7)	73.1	(- 2.9)	15.4	(- 0.6)	3.8	(- 0.2)	0.0	(+/- 0.0)	42.4 (+ 2.4)
Machinery / Engineering	14.8	(- 9.2)	48.1	(+12.1)	22.3	(- 9.7)	14.8	(+ 6.8)	0.0	(+/- 0.0)	31.5 (- 6.5)
Electronics	11.1	(- 4.9)	55.6	(-12.4)	22.2	(+14.2)	11.1	(+ 3.1)	0.0	(+/- 0.0)	33.4 (-12.6)
Retail and commerce	14.3	(+ 2.3)	60.7	(- 3.3)	17.9	(+ 5.9)	7.1	(- 0.9)	0.0	(- 4.0)	41.1 (+ 5.1)
Construction	28.6	(+ 4.6)	42.9	(+ 6.9)	17.8	(-10.2)	10.7	(+ 6.7)	0.0	(- 8.0)	44.7 (+12.7)
Energy	14.3	(+ 6.3)	46.4	(- 1.6)	28.6	(- 3.4)	10.7	(- 1.3)	0.0	(+/- 0.0)	32.2 (+ 6.2)
Information Technology	29.6	(+ 5.6)	59.3	(- 4.7)	3.7	(- 8.3)	7.4	(+ 7.4)	0.0	(+/- 0.0)	55.6 (- 0.4)
Services	25.9	(+ 1.9)	44.4	(+ 0.4)	14.9	(- 9.1)	14.8	(+ 6.8)	0.0	(+/- 0.0)	40.7 (- 1.3)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
Beijing	18.5	(+ 7.0)	40.7	(-17.0)	29.7	(+ 6.6)	11.1	(+ 3.4)	0.0	(+/- 0.0)	33.3 (- 3.2)
Shanghai	22.2	(+10.7)	40.7	(-24.7)	29.7	(+10.4)	7.4	(+ 3.6)	0.0	(+/- 0.0)	38.9 (- 3.4)
Hong Kong	3.7	(- 0.1)	29.6	(- 1.2)	51.9	(+ 9.6)	14.8	(- 8.3)	0.0	(+/- 0.0)	11.1 (+ 3.4)
Guangzhou	12.0	(+ 0.5)	48.0	(- 2.0)	28.0	(- 2.8)	12.0	(+ 4.3)	0.0	(+/- 0.0)	30.0 (- 2.7)
Shenzhen	23.1	(- 7.7)	57.7	(+23.1)	11.5	(-15.4)	7.7	(+/- 0.0)	0.0	(+/- 0.0)	48.1 (+ 3.8)
Tianjin	11.5	(+/- 0.0)	38.5	(- 7.7)	27.0	(+ 3.9)	19.2	(+/- 0.0)	3.8	(+ 3.8)	17.4 (- 7.6)
Chongqing	16.0	(- 3.2)	48.0	(+ 1.8)	24.0	(- 2.9)	12.0	(+ 4.3)	0.0	(+/- 0.0)	34.0 (- 4.5)
Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Beijing	7.4	(- 8.0)	55.6	(-13.6)	29.6	(+18.0)	7.4	(+ 3.6)	0.0	(+/- 0.0)	31.5 (-16.6)
Shanghai	11.1	(- 4.3)	44.4	(-13.3)	26.0	(+ 2.9)	18.5	(+14.7)	0.0	(+/- 0.0)	24.1 (-18.3)
Hong Kong	3.8	(-12.2)	42.3	(+10.3)	30.8	(- 9.2)	23.1	(+11.1)	0.0	(+/- 0.0)	13.4 (-12.6)
Guangzhou	11.5	(- 3.9)	42.3	(-11.5)	27.0	(+11.6)	19.2	(+ 3.8)	0.0	(+/- 0.0)	23.1 (-11.5)
Shenzhen	11.5	(+ 3.8)	34.6	(-15.4)	23.1	(+/- 0.0)	30.8	(+11.6)	0.0	(+/- 0.0)	13.4 (- 9.7)
Tianjin	7.7	(- 7.7)	42.3	(+ 7.7)	19.2	(- 3.9)	30.8	(+ 3.9)	0.0	(+/- 0.0)	13.5 (- 5.8)
Chongqing	4.0	(-11.4)	44.0	(+ 1.7)	28.0	(+ 8.7)	16.0	(- 3.2)	8.0	(+ 4.2)	10.0 (-13.2)

Note: 34 analysts participated in the April survey, which was conducted during the period 4/5-4/19/2017. 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.