

# China Economic Panel (CEP)

// June 2020

Results of the June survey in detail

## Expectations for Chinese Economy Improve

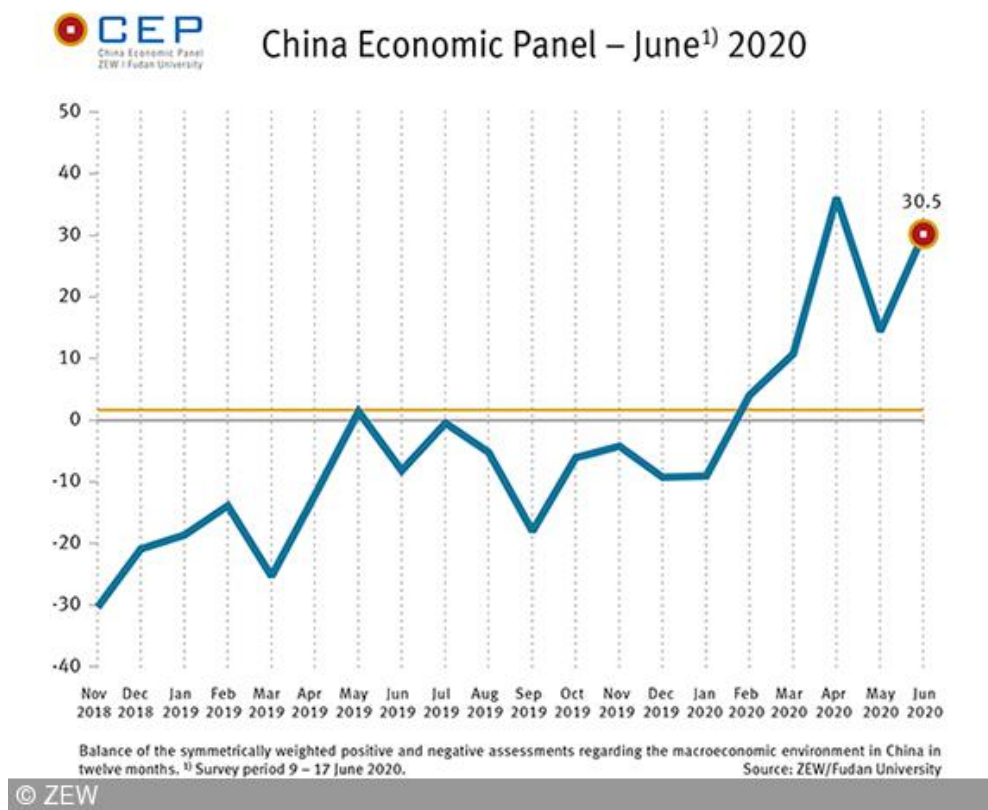
### CEP Indicator Rises to a New Reading of 30.5

In the current June survey (9 – 17 June 2020), the CEP indicator climbs 15.7 points to a new value of 30.5 points, which is only slightly below the level of April 2020.

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

“The outlook for 2021 is still far below average despite a predicted normalization of GDP growth rates,” says Dr. Michael Schröder, senior researcher in the Research Department “International Finance and Financial Management” at ZEW Mannheim and project manager of the CEP survey.

figure 1: CEP Indicator June 2020



source: ZEW/Fudan

In the June survey, the forecasts for real gross domestic product (GDP) were again slightly revised downwards compared to the previous month.

Only for the second quarter, which is now coming to an end, do the experts expect better quarterly growth figures than in the previous month. Instead of 0.5 per cent, they now expect an average growth rate of 1.0 per cent. GDP forecast for the entire year of 2020 has been revised down from 2.1 per cent in the last month to currently 1.8 per cent. The experts are also somewhat less optimistic for 2021, lowering their expectations for real GDP growth from 5.6 per cent in the previous month to 5.2 per cent.

A slight majority of the respondents (54.1 per cent) still rates the current economic situation as bad or very bad. Yet the assessment has improved slightly compared to the previous month. “Overall, the results suggest that the currently rather unfavourable situation will improve significantly over the next 12 months. However, despite expectations of a gradual normalization in 2021, real GDP growth is still likely to be well below the growth rates of recent years,” summarises Michael Schröder.

ZEW/Fudan China Economic Panel: Results June 2020											
Current economic situation	very good		good		normal		bad		very bad		balance
China	2.7	(-0.2)	24.3	(+10.0)	18.9	(-12.4)	51.4	(+2.8)	2.7	(-0.2)	-13.6 (+3.6)
Eurozone	2.9	(-6.2)	23.5	(+2.3)	14.7	(+11.7)	32.4	(-4.0)	28.5	(-3.8)	-28.1 (+0.7)
USA	5.9	(-6.6)	20.6	(+8.1)	14.8	(+5.3)	26.5	(+4.6)	32.4	(-11.4)	-29.5 (+6.5)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
China (CEP-Indicator)	33.3	(+6.8)	33.3	(+6.8)	5.6	(-6.1)	16.7	(-3.9)	11.1	(-3.6)	30.5 (+15.7)
GDP (growth rate) in %	2020Q2			2020Q3			2020		2021		
China	1.0			3.0			1.8		5.2		
Eurozone	-5.2			-1.7			-2.7		2.0		
USA	-6.4			-1.5			-2.1		3.1		
Inflation (CPI) in %	3 months				1 year						
China	3.6(4.1)				3.8(3.9)						
Eurozone	0.8(0.9)				1.0(1.2)						
USA	1.1(1.4)				1.3(1.9)						
Wage Inflation in %	3 months				1 year						
China	4.4(4.7)				5.1(5.8)						
Eurozone	1.0(1.0)				1.9(1.9)						
USA	1.1(1.0)				2.5(2.2)						
Interest rates	3 months				1 year						
SHIBOR (3 months)	1.8(1.5)				1.7(1.6)						
One-year deposit rate	2.5(2.4)				2.4(2.3)						
One-year lending rate	4.2(4.3)				4.1(4.2)						
Stock market indices	3 months				1 year						
SSE Composite Index	2849(2.852)				2.960(3.058)						
Hang Seng Index	24.613(23.799)				24.765(24.718)						
Growth Enterprise Market Index (SZ)	2.043(2.082)				2.139(2.248)						
WTI Crude Oil (US-Dollar)	35(27)				41(35)						
Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance
China M2 growth rate	13.8	(-11.2)	34.5	(+2.4)	6.9	(+3.3)	13.8	(-7.6)	31.0	(+13.1)	-6.9 (-19.4)
Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Foreign exchange reserves	20.7	(+10.4)	31.0	(+6.9)	17.3	(-3.5)	20.7	(-10.3)	10.3	(-3.5)	15.6 (+22.6)
FDI outflow (out of China)	16.1	(+12.7)	29.0	(+1.4)	6.5	(+3.0)	25.8	(-19.0)	22.6	(+1.9)	-4.9 (+21.0)
FDI inflow (into China)	16.1	(+9.2)	22.6	(+1.9)	0.0	(+0.0)	35.5	(-2.4)	25.8	(-8.7)	-16.2 (+20.0)
Export activity	27.3	(+4.0)	33.3	(+3.3)	6.0	(+6.0)	18.2	(-8.5)	15.2	(-4.8)	19.7 (+14.7)
Import activity	15.2	(+5.2)	39.4	(-0.6)	2.9	(-3.8)	27.3	(+4.0)	15.2	(-4.8)	6.1 (+7.8)
Private Consumption	21.2	(+7.4)	42.4	(+21.7)	3.0	(-3.9)	27.3	(-10.6)	6.1	(-14.6)	22.7 (+38.2)
Private Investment	27.3	(+10.6)	30.3	(+7.0)	9.1	(-4.2)	21.2	(-8.8)	12.1	(-4.6)	19.8 (+23.2)
Govt. Consumption	42.4	(+5.7)	18.2	(-11.9)	3.0	(-0.3)	18.2	(+11.5)	18.2	(-5.1)	24.2 (-0.9)
Debt Domestic	27.3	(+0.6)	30.3	(-9.7)	12.1	(+12.1)	12.1	(+2.1)	18.2	(-5.1)	18.2 (-0.2)
Debt Foreign	6.3	(-7.5)	31.3	(-10.1)	37.4	(+13.3)	12.5	(+5.6)	12.5	(-1.3)	3.2 (-14.1)
Employment rate	27.3	(-2.7)	30.3	(+17.0)	15.1	(+8.4)	18.2	(-11.8)	9.1	(-10.9)	24.3 (+22.6)
Growth rate of new car registrations	21.2	(+7.9)	33.3	(+3.3)	12.2	(+2.2)	21.2	(-8.8)	12.1	(-4.6)	15.2 (+18.6)
Total share of world trade	24.2	(+7.5)	36.4	(+6.4)	9.1	(-7.5)	24.2	(-5.8)	6.1	(-0.6)	24.2 (+14.2)
Exchange rates	3 months				1 year						
Yuan / US-Dollar	7.11(7.08)				7.22(7.17)						
Yuan / Euro	7.83(7.68)				7.93(7.75)						
Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Retail banking	14.3	(-0.5)	32.1	(+6.2)	21.4	(+2.8)	17.9	(-11.7)	14.3	(+3.2)	7.1 (+5.2)
Investment banking	14.3	(-4.2)	21.4	(+10.3)	17.9	(-0.7)	35.7	(+2.4)	10.7	(-7.8)	-3.6 (+7.5)
Insurance	25.0	(+2.8)	32.1	(+13.6)	17.9	(+10.4)	10.7	(-22.6)	14.3	(-4.2)	21.4 (+25.1)
Automotive	20.0	(+8.9)	40.0	(+6.7)	10.0	(-1.2)	16.7	(-9.2)	13.3	(-5.2)	18.4 (+22.1)
Chemical / Pharmaceutical	13.3	(-5.2)	33.3	(+14.8)	23.4	(+4.8)	20.0	(-2.2)	10.0	(-12.2)	10.0 (+15.6)
Machinery / Engineering	16.7	(-1.8)	23.3	(+8.5)	23.3	(+8.4)	20.0	(-17.0)	16.7	(+1.9)	1.7 (+9.1)
Electronics	17.9	(+10.5)	39.3	(+17.1)	17.8	(-8.2)	25.0	(-0.9)	0.0	(-18.5)	25.1 (+38.1)
Retail and commerce	12.9	(-1.4)	41.9	(+16.9)	19.3	(-2.1)	19.4	(-9.2)	6.5	(-4.2)	17.7 (+15.9)
Construction	10.3	(+2.9)	31.0	(-2.3)	27.7	(+16.5)	13.8	(-15.8)	17.2	(-1.3)	1.7 (+11.0)
Energy	13.8	(-1.0)	24.1	(-1.8)	31.1	(+12.5)	17.2	(-12.4)	13.8	(+2.7)	3.5 (+1.6)
Information Technology	20.0	(+1.5)	30.0	(+11.5)	20.0	(-2.3)	23.3	(+1.1)	6.7	(-11.8)	16.7 (+18.6)
Services	16.7	(-5.5)	33.3	(+7.4)	13.3	(-9.0)	30.0	(+15.2)	6.7	(-8.1)	11.7 (-1.3)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
Beijing	17.2	(-1.3)	27.6	(+5.4)	24.2	(+5.6)	31.0	(-2.3)	0.0	(-7.4)	15.5 (+9.9)
Shanghai	10.3	(-8.2)	31.0	(+16.2)	24.3	(+13.1)	31.0	(-9.7)	3.4	(-11.4)	6.9 (+16.2)
Hong Kong	13.8	(-12.1)	27.6	(+5.4)	3.4	(-4.1)	41.4	(+11.8)	13.8	(-1.0)	-6.9 (-14.3)
Guangzhou	14.3	(-7.9)	21.4	(+2.9)	28.6	(+21.1)	32.1	(-12.3)	3.6	(-3.8)	5.4 (+3.5)
Shenzhen	14.3	(-0.5)	32.1	(+6.2)	17.9	(+14.1)	32.1	(-4.9)	3.6	(-14.9)	10.7 (+20.0)
Tianjin	28.6	(+10.1)	17.9	(-4.3)	14.3	(-11.7)	32.1	(+6.2)	7.1	(-0.3)	14.4 (+5.1)
Chongqing	28.6	(+10.1)	14.3	(-0.5)	24.9	(+6.3)	28.6	(-8.4)	3.6	(-7.5)	17.9 (+21.6)
Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Beijing	6.9	(-0.5)	20.7	(-8.9)	38.0	(+15.7)	24.1	(-12.9)	10.3	(+6.6)	-5.1 (-5.1)
Shanghai	6.9	(+3.2)	17.2	(-8.7)	44.9	(+22.6)	20.7	(-20.0)	10.3	(+2.9)	-5.2 (+5.9)
Hong Kong	10.7	(+3.3)	17.9	(-15.4)	25.0	(+13.8)	32.1	(-12.3)	14.3	(+10.6)	-10.7 (-8.8)
Guangzhou	10.3	(+2.9)	10.3	(-8.2)	48.4	(+22.4)	20.7	(-20.0)	10.3	(+2.9)	-5.2 (+5.9)
Shenzhen	10.3	(-0.8)	17.2	(-1.3)	31.1	(+8.8)	27.6	(-13.1)	13.8	(+6.4)	-8.7 (-1.3)
Tianjin	17.2	(+13.5)	13.8	(-19.5)	38.0	(+12.0)	24.1	(-9.2)	6.9	(+3.2)	5.2 (+5.2)
Chongqing	13.8	(+2.7)	17.2	(-1.3)	38.0	(+12.0)	20.7	(-5.2)	10.3	(-8.2)	1.8 (+12.9)

Note: 37 analysts participated in the June survey, which was conducted during the period 6/9-6/17/2020. 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.