

China Economic Panel (CEP)

// August 2017

Results of the August survey in detail

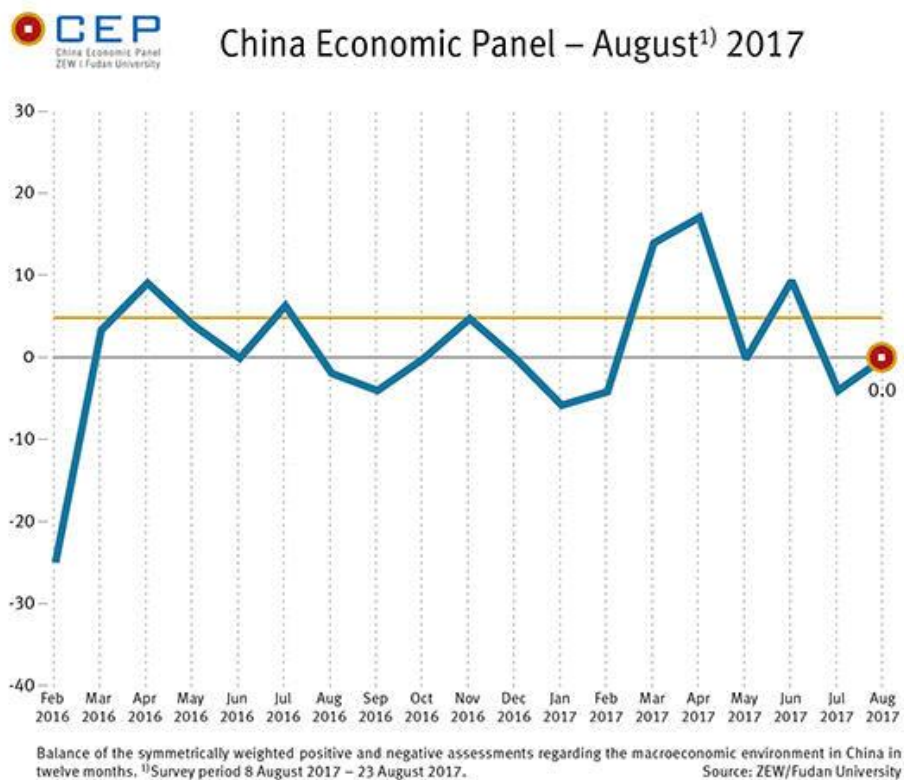
Economic Sentiment for China Improves Slightly

According to the current survey for August (8 – 23 August 2017), the economic outlook for China has improved again, rising by 4.1 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 exactly 0.0 points and thus far below the long-term average of 5.0 points.

The high volatility of the CEP Indicator over the past few months has continued into August. In the current survey, changes in the experts' assessment of the Chinese economy have mainly occurred in the two categories "slight improvement" and "slight decline".

figure 1: CEP Indicator August 2017



source: ZEW/Fudan

For August, the survey responses thus reflect a slight improvement in the economic climate. The experts' assessment of the current economic situation has also brightened, with the corresponding indicator climbing from 6.5 points to 23.2 points.

The point forecasts for the growth of the Chinese gross domestic product (GDP) have remained very stable and show only a slight trend towards increasing growth rates. In the current survey, GDP forecasts for 2017 have increased from 6.7 to 6.8 per cent.

"The upward correction of GDP growth rates is the result of the growing optimism regarding Chinese exports and the expected share of world trade for China", explains Dr. Michael Schröder, Senior Researcher in ZEW's Research Department "International Finance and Financial Management" and project leader of the CEP survey. Both indicators have risen significantly. The experts' expectations concerning domestic consumptions have also improved considerably, with the corresponding indicator standing at a very high level of 44.5 points.

The overall positive assessment of the economic situation is also reflected in the forecasts regarding the economic performance of the individual regions. In particular, forecasts for Shenzhen, Shanghai and Chongqing are fairly positive. The real estate price expectations indicate that the surveyed experts expect further price increases for properties in Chongqing and Shanghai.

ZEW/Fudan China Economic Panel: Results August 2017											
Current economic situation	very good		good		normal		bad		very bad		balance
China	0.0	(+/- 0.0)	46.4	(+10.3)	53.6	(- 7.5)	0.0	(- 2.8)	0.0	(+/- 0.0)	23.2 (+6.5)
USA	4.0	(- 1.9)	32.0	(-20.9)	64.0	(+22.8)	0.0	(+/- 0.0)	0.0	(+/- 0.0)	20.0 (-12.4)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
China (CEP-indicator)	0.0	(- 2.8)	39.3	(+ 8.7)	21.4	(- 0.8)	39.3	(- 5.1)	0.0	(+/- 0.0)	0.0 (+4.1)
GDP (growth rate) in %	2017Q3		2017Q4		2017		2018		2018		
China	6.8		6.7		6.8		6.6		6.6		
USA	2.5		2.5		2.4		2.5		2.5		
Inflation (CPI) in %	3 months				1 year						
China	1.6 (1.7)				1.8 (1.9)						
USA	0.6 (0.8)				0.8 (0.9)						
Interest rates	3 months				1 year						
SHIBOR (3 months)	4.4 (4.4)				4.3 (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	3,332 (3,257)				3,577 (3,391)						
Hang Seng Index	27,772 (25,592)				28,427 (26,330)						
Growth Enterprise Market Index (SZ)	1,551 (1,445)				1,614 (1,454)						
WTI Crude Oil (US-Dollar)	48 (46)				50 (49)						
Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance
China M2 growth rate	0.0	(- 6.7)	57.7	(- 2.3)	15.4	(+ 8.8)	23.1	(- 3.6)	3.8	(+ 3.8)	13.5 (- 9.9)
Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Foreign exchange reserves	0.0	(+/- 0.0)	42.3	(+ 5.6)	34.6	(+14.6)	23.1	(-20.2)	0.0	(+/- 0.0)	9.6 (-12.9)
FDI outflow (out of China)	8.0	(- 5.3)	48.0	(- 2.0)	24.0	(+ 4.0)	16.0	(- 0.7)	4.0	(+ 4.0)	20.0 (-10.0)
FDI inflow (into China)	4.0	(+ 4.0)	60.0	(- 3.3)	16.0	(+ 6.0)	20.0	(- 6.7)	0.0	(+/- 0.0)	24.0 (+5.7)
Export activity	14.8	(+ 8.3)	55.6	(- 2.5)	14.8	(+ 5.2)	14.8	(-11.0)	0.0	(+/- 0.0)	35.2 (-12.5)
Import activity	14.8	(+ 1.9)	59.3	(+ 4.5)	11.1	(- 1.8)	14.8	(- 4.6)	0.0	(+/- 0.0)	37.1 (+6.5)
Domestic consumption	14.8	(+ 8.3)	63.0	(+11.4)	18.5	(-10.5)	3.7	(- 9.2)	0.0	(+/- 0.0)	44.5 (+18.6)
Employment rate	0.0	(+/- 0.0)	33.3	(+17.2)	48.2	(- 9.9)	18.5	(- 7.3)	0.0	(+/- 0.0)	7.4 (-12.3)
Growth rate of new car registrations	7.7	(+ 1.2)	65.4	(- 2.3)	19.2	(+ 6.3)	7.7	(- 5.2)	0.0	(+/- 0.0)	36.6 (+2.7)
Total share of world trade	4.0	(- 2.5)	56.0	(+17.3)	28.0	(- 4.2)	12.0	(-10.6)	0.0	(+/- 0.0)	26.0 (+11.4)
Exchange rates	3 months				1 year						
Yuan / US-Dollar	6.68 (6.83)				6.84 (6.92)						
US-Dollar / Euro	1.17 (1.13)				1.18 (1.15)						
Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Retail banking	4.2	(+ 4.2)	70.8	(+ 7.8)	4.1	(-14.4)	16.7	(+ 1.9)	4.2	(+ 0.5)	27.1 (+6.7)
Investment banking	13.0	(- 5.5)	65.2	(+ 2.2)	8.8	(- 6.0)	13.0	(+ 9.3)	0.0	(+/- 0.0)	39.1 (- 9.1)
Insurance	29.2	(+ 7.0)	58.3	(+ 2.7)	4.2	(- 3.2)	8.3	(- 6.5)	0.0	(+/- 0.0)	54.2 (+11.6)
Automotive	0.0	(- 7.1)	80.0	(+22.9)	16.0	(- 5.5)	4.0	(-10.3)	0.0	(+/- 0.0)	38.0 (+9.5)
Chemical / Pharmaceutical	8.0	(+ 0.6)	64.0	(+19.6)	20.0	(-20.8)	8.0	(+ 0.6)	0.0	(+/- 0.0)	36.0 (+10.1)
Machinery / Engineering	12.0	(+ 4.6)	28.0	(- 1.6)	36.0	(- 1.1)	24.0	(- 1.9)	0.0	(+/- 0.0)	14.0 (+4.7)
Electronics	16.0	(- 2.5)	52.0	(+ 7.6)	32.0	(+ 6.0)	0.0	(-11.1)	0.0	(+/- 0.0)	42.0 (+6.8)
Retail and commerce	12.5	(+ 5.4)	58.3	(- 6.0)	25.0	(+10.7)	4.2	(-10.1)	0.0	(+/- 0.0)	39.6 (+7.5)
Construction	4.0	(- 6.7)	48.0	(+26.6)	32.0	(+17.6)	12.0	(-34.4)	4.0	(- 3.1)	18.0 (+26.9)
Energy	4.2	(- 3.2)	66.7	(+18.6)	16.6	(- 2.0)	12.5	(-13.4)	0.0	(+/- 0.0)	31.3 (+12.8)
Information Technology	33.3	(+ 7.4)	58.3	(- 1.0)	8.4	(- 2.7)	0.0	(- 3.7)	0.0	(+/- 0.0)	62.5 (+8.8)
Services	29.2	(+ 7.0)	41.7	(-10.2)	24.9	(+10.1)	4.2	(- 6.9)	0.0	(+/- 0.0)	48.0 (+5.4)
Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance
Beijing	4.2	(- 6.5)	54.2	(+11.3)	24.9	(+ 3.5)	16.7	(- 8.3)	0.0	(+/- 0.0)	23.0 (+3.3)
Shanghai	8.3	(+ 1.2)	62.5	(+12.5)	16.7	(- 4.8)	12.5	(- 8.9)	0.0	(+/- 0.0)	33.3 (+11.9)
Hong Kong	4.2	(+ 4.2)	37.5	(+ 8.9)	29.1	(-17.3)	29.2	(+ 4.2)	0.0	(+/- 0.0)	8.4 (+6.6)
Guangzhou	8.7	(+ 1.3)	52.2	(+11.5)	21.7	(- 0.6)	17.4	(-12.2)	0.0	(+/- 0.0)	26.1 (+13.1)
Shenzhen	26.1	(+ 0.2)	52.2	(+18.9)	13.0	(-13.0)	8.7	(- 6.1)	0.0	(+/- 0.0)	47.9 (+12.7)
Tianjin	17.4	(- 4.8)	30.4	(+ 0.8)	30.5	(+15.6)	17.4	(-15.9)	4.3	(+ 4.3)	19.6 (- 0.8)
Chongqing	17.4	(- 4.8)	43.5	(+17.6)	26.1	(+11.2)	13.0	(-16.6)	0.0	(- 7.4)	32.7 (+19.7)
Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance
Beijing	4.2	(- 2.9)	37.5	(+16.1)	20.8	(- 4.3)	37.5	(- 8.9)	0.0	(+/- 0.0)	4.2 (+9.6)
Shanghai	4.2	(- 6.5)	50.0	(+21.4)	20.8	(- 0.6)	25.0	(-10.7)	0.0	(- 3.6)	16.7 (+13.1)
Hong Kong	8.3	(+ 0.9)	33.3	(- 3.7)	29.2	(+ 6.9)	25.0	(- 8.3)	4.2	(+ 4.2)	8.3 (- 1.0)
Guangzhou	8.7	(- 2.4)	39.1	(+16.9)	26.1	(-11.0)	26.1	(- 3.5)	0.0	(+/- 0.0)	15.2 (+7.8)
Shenzhen	13.0	(+ 1.9)	26.1	(+ 3.9)	17.4	(- 1.2)	43.5	(+ 2.8)	0.0	(- 7.4)	4.3 (+9.9)
Tianjin	13.0	(+ 5.6)	30.4	(+ 4.5)	26.2	(+ 0.2)	26.1	(- 3.5)	4.3	(- 6.8)	10.9 (+16.5)
Chongqing	8.7	(+ 5.0)	43.5	(+10.2)	30.4	(+ 4.4)	17.4	(-12.2)	0.0	(- 7.4)	21.8 (+23.7)

Note: 28 analysts participated in the August survey, which was conducted during the period 8/8-8/23/2017. 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.