

China Economic Panel (CEP)

// November 2019

Results of the November survey in detail

Economic Sentiment for China Continues to Rise Slightly

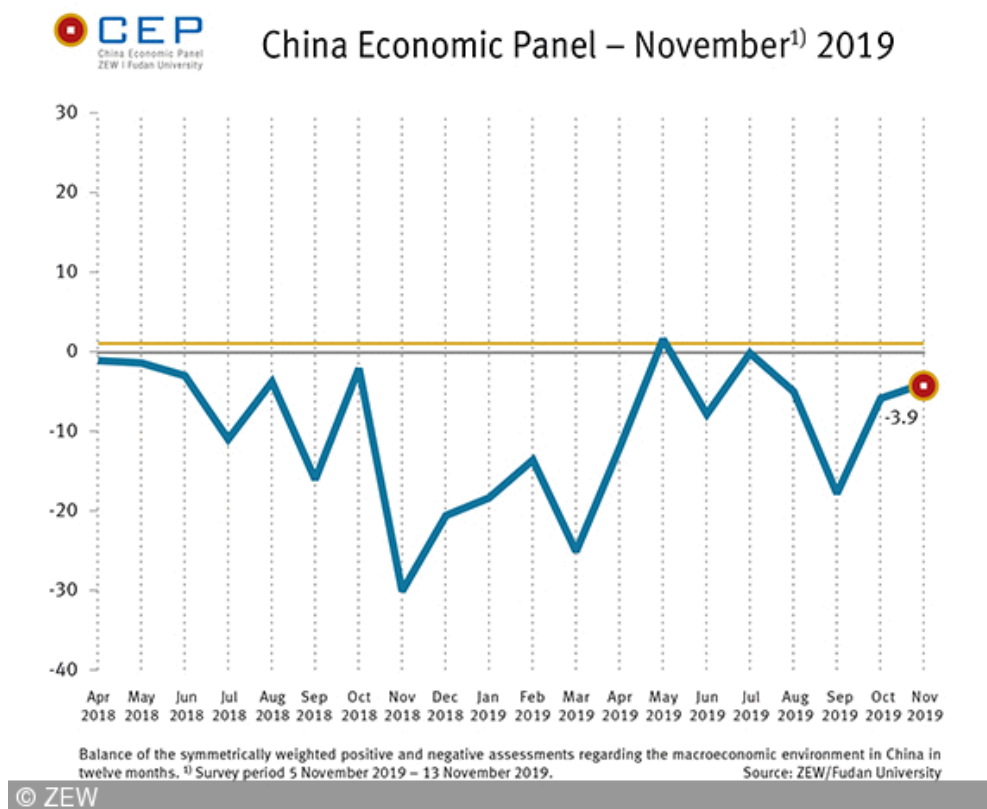
CEP Indicator Rises to a New Reading of Minus 3.9 Points

In the most recent survey for November (5 – 13 November 2019), economic sentiment for the Chinese economy has increased slightly by 1.9 points. The CEP (China Economic Panel) Indicator, which reflects the expectations of international financial market experts regarding China's macroeconomic development over the coming twelve months, is currently at minus 3.9 points (October 2019: minus 5.8 points).

The point forecasts for real gross domestic product (GDP) growth were slightly lowered, however. Growth over the course of the current year is now expected to be 6.1 per cent (previous month: 6.2 per cent). The forecast for 2020 was lowered more strongly, from 6.0 per cent in the previous month to a current estimate of 5.8 per cent.

“The recently increased hope for an early end to the trade conflict with the United States is hardly being reflected in the survey data,” says project manager of the CEP survey Dr. Michael Schröder, senior researcher of ZEW Mannheim’s Research Department “International Finance and Financial Management”.

figure 1: CEP Indicator November 2019



source: ZEW/Fudan

Assessment of exports remains almost unchanged at minus 11.7 points. Only the expectations regarding changes in China’s share of world trade have improved slightly by 5.3 points to minus 4.4 points.

Expectations of government consumption, domestic and foreign debt have risen significantly compared with the previous month. The indicator values are currently close to zero, however, meaning only that no further decline is currently being forecasted.

In the current survey, assessments of economic development in Hong Kong are very striking. The indicators for economic development and property prices fell by 42.4 points and 58.9 points, respectively. However, the economic development assessment for Shenzhen, Hong Kong's southern Chinese mainland neighbour region, jumped up by 38.8 points. Future economic development in Hong Kong, with a current indicator value of 1.6 points, is nevertheless still rated better than that of the other six major economic regions in China.

ZEW/Fudan China Economic Panel: Results November 2019										
Current economic situation	very good		good		normal		bad		very bad	balance
China	2.6	(+ 2.6)	12.8	(-14.1)	41.0	(- 1.4)	43.6	(+32.1)	0.0	(-19.2)
Eurozone	5.6	(+ 1.8)	22.2	(- 8.6)	44.4	(+ 2.0)	27.8	(+ 8.6)	0.0	(- 3.8)
USA	0.0	(+/- 0.0)	22.2	(- 0.9)	69.5	(+15.7)	8.3	(-14.8)	0.0	(+/- 0.0)
Economic expectation (1 Y)	improve	slightly improve	not change		slightly worsen	worsen		balance		
China (CEP-indicator)	7.7	(+/- 0.0)	17.9	(- 1.3)	41.1	(+ 6.5)	25.6	(- 5.2)	7.7	(+/- 0.0)
GDP (growth rate) in %	2019Q4		2020Q1		2019		2020			
China	6.0		5.9		6.1		5.8			
Eurozone	1.2		1.1		1.3		1.2			
USA	2.0		1.9		2.0		1.9			
Inflation (CPI) in %	3 months				1 year					
China	3.5(2.9)				3.3(3.1)					
Eurozone	1.2(1.6)				1.2(1.6)					
USA	1.8(1.8)				1.9(1.9)					
Wage Inflation in %	3 months				1 year					
China	7.8(7.4)				7.1(7.1)					
Eurozone	2.8(2.6)				2.6(2.5)					
USA	4.0(4.9)				3.9(4.6)					
Interest rates	3 months				1 year					
SHIBOR (3 months)	2.9(3.6)				2.8(3.4)					
One-year deposit rate	1.5(1.5)				1.5(1.5)					
One-year lending rate	4.3(4.3)				4.2(4.2)					
Stock market indices	3 months				1 year					
SSE Composite Index	2,981(2,983)				3,095(3,156)					
Hang Seng Index	27,131(25,354)				26,979(25,497)					
Growth Enterprise Market Index (SZ)	1,710(1,661)				1,745(1,684)					
WTI Crude Oil (US-Dollar)	57(54)				57(56)					
Monetary aggregate M2 (6 M)	increase	slightly increase	not change		slightly decrease	decrease		balance		
China M2 growth rate	9.1	(+ 5.3)	18.2	(+ 6.7)	21.2	(+13.4)	42.4	(-15.3)	9.1	(-10.1)
Specific indicators China (1 Y)	increase	slightly increase	not change		slightly decrease	decrease		balance		
Foreign exchange reserves	8.8	(+ 1.1)	14.7	(-19.9)	32.4	(+24.7)	41.2	(+ 2.7)	2.9	(- 8.6)
FDI outflow (out of China)	0.0	(- 4.0)	34.4	(+10.4)	12.5	(-11.5)	53.1	(+ 9.1)	0.0	(- 4.0)
FDI inflow (into China)	3.0	(- 5.0)	21.2	(+ 5.2)	3.0	(-13.0)	66.7	(+26.7)	6.1	(-13.9)
Export activity	5.9	(+ 2.1)	20.6	(-17.9)	26.5	(+18.8)	38.2	(+ 7.4)	8.8	(-10.4)
Import activity	11.8	(+ 0.3)	17.6	(+ 9.9)	17.7	(+ 6.1)	44.1	(-13.6)	8.8	(- 2.7)
Private Consumption	5.7	(- 2.0)	22.9	(+ 3.7)	40.0	(+16.9)	25.7	(- 8.9)	5.7	(- 9.7)
Private Investment	5.7	(- 9.7)	25.7	(+ 6.5)	34.3	(+11.2)	22.9	(- 4.0)	11.4	(- 4.0)
Govt. Consumption	17.1	(+ 1.7)	25.7	(+18.0)	11.5	(+/- 0.0)	28.6	(-13.7)	17.1	(- 6.0)
Debt Domestic	11.4	(+ 3.4)	31.4	(+23.4)	25.8	(+13.8)	17.1	(-38.9)	14.3	(- 1.7)
Debt Foreign	0.0	(+/- 0.0)	31.4	(+ 3.4)	40.0	(+20.0)	20.0	(-28.0)	8.6	(+ 4.6)
Employment rate	2.9	(- 4.8)	26.5	(-12.0)	41.2	(+22.0)	29.4	(+ 6.3)	0.0	(-11.5)
Growth rate of new car registrations	5.9	(+ 2.1)	35.3	(+ 4.5)	14.7	(- 8.4)	35.3	(+ 0.7)	8.8	(+ 1.1)
Total share of world trade	2.9	(- 0.9)	26.5	(- 8.1)	32.4	(+17.0)	35.3	(+ 4.5)	2.9	(-12.5)
Exchange rates	3 months				1 year					
Yuan / US-Dollar	7.02(7.13)				7.12(7.24)					
Yuan / Euro	7.79(7.83)				7.86(7.87)					
Sectors (1 Y)	increase	slightly increase	not change		slightly decrease	decrease		balance		
Retail banking	3.2	(+ 3.2)	16.1	(-11.9)	29.0	(+13.0)	45.2	(+ 1.2)	6.5	(- 5.5)
Investment banking	3.2	(- 0.8)	25.8	(- 6.2)	38.7	(+26.7)	19.4	(-24.6)	12.9	(+ 4.9)
Insurance	9.7	(- 2.3)	16.1	(+ 0.1)	25.8	(+ 9.8)	41.9	(+ 1.9)	6.5	(- 9.5)
Automotive	9.7	(- 9.5)	41.9	(+11.1)	6.4	(- 5.1)	32.3	(+ 1.5)	9.7	(+ 2.0)
Chemical / Pharmaceutical	9.7	(+ 5.9)	19.4	(- 7.5)	29.0	(+ 9.7)	41.9	(+ 3.4)	0.0	(-11.5)
Machinery / Engineering	3.2	(- 0.8)	12.9	(+ 1.4)	25.8	(+ 2.6)	48.4	(+ 6.1)	9.7	(- 9.5)
Electronics	3.2	(+ 3.2)	32.3	(+16.9)	25.8	(- 8.8)	25.8	(- 8.8)	12.9	(- 2.5)
Retail and commerce	0.0	(- 3.8)	31.3	(+12.1)	34.3	(+30.3)	34.4	(-27.1)	0.0	(-11.5)
Construction	6.5	(- 1.2)	22.6	(- 4.3)	28.9	(+21.2)	22.6	(-23.6)	19.4	(+ 7.9)
Energy	6.5	(+ 6.5)	25.8	(+10.4)	22.5	(- 8.2)	38.7	(+ 0.2)	6.5	(- 8.9)
Information Technology	9.7	(+ 2.0)	29.0	(+21.3)	19.4	(+ 4.1)	16.1	(-22.4)	25.8	(- 5.0)
Services	6.5	(+ 2.7)	29.0	(+13.6)	19.3	(+/- 0.0)	25.8	(- 8.8)	19.4	(- 7.5)
Economic expectation (1 Y)	improve	slightly improve	not change		slightly worsen	worsen		balance		
Beijing	0.0	(- 4.0)	18.8	(- 1.2)	46.8	(+ 2.8)	34.4	(+10.4)	0.0	(- 8.0)
Shanghai	0.0	(+/- 0.0)	25.0	(- 3.0)	37.5	(+ 5.5)	34.4	(+10.4)	3.1	(-12.9)
Hong Kong	21.9	(-34.1)	28.1	(+12.1)	6.2	(+ 2.2)	18.8	(+10.8)	25.0	(+ 9.0)
Guangzhou	0.0	(+/- 0.0)	18.8	(+ 6.8)	37.4	(-14.6)	43.8	(+15.8)	0.0	(- 8.0)
Shenzhen	6.3	(+ 6.3)	28.1	(+16.1)	24.9	(+12.9)	34.4	(-21.6)	6.3	(-13.7)
Tianjin	9.4	(- 2.6)	12.5	(-15.5)	34.3	(- 1.7)	37.5	(+21.5)	6.3	(- 1.7)
Chongqing	3.1	(- 0.9)	15.6	(-12.4)	40.6	(+ 8.6)	34.4	(+18.4)	6.3	(-13.7)
Real estate price expectation (1 Y)	increase	slightly increase	not change		slightly decrease	decrease		balance		
Beijing	3.1	(- 4.9)	31.3	(- 0.7)	40.6	(+ 0.6)	21.9	(+ 5.9)	3.1	(- 0.9)
Shanghai	6.3	(- 1.7)	28.1	(+ 4.1)	31.2	(- 8.8)	31.3	(+11.3)	3.1	(- 4.9)
Hong Kong	9.4	(-34.6)	31.3	(+ 3.3)	9.3	(- 2.7)	28.1	(+16.1)	21.9	(+17.9)
Guangzhou	3.1	(- 0.9)	21.9	(- 6.1)	40.6	(+ 8.6)	31.3	(- 4.7)	3.1	(+ 3.1)
Shenzhen	6.3	(- 5.7)	25.0	(+ 9.0)	34.3	(- 1.7)	28.1	(- 3.9)	6.3	(+ 2.3)
Tianjin	6.3	(- 5.7)	15.6	(-32.4)	53.0	(+29.0)	18.8	(+ 2.8)	6.3	(+ 6.3)
Chongqing	6.3	(- 5.7)	18.8	(-13.2)	49.8	(+21.8)	18.8	(- 9.2)	6.3	(+ 6.3)

Note: 39 analysts participated in the November survey, which was conducted during the period 11/5-11/13/2019. 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.