China Economic Panel (CEP)

// November 2020

Results of the November survey in detail

Growth Forecast for China Reaches Record High

CEP Indicator Currently Stands at 55.0 Points

In the November survey (3 – 11 November 2020), the CEP indicator recorded a further increase, climbing 5.0 points to a new record high of 55.0 points.

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 assessment of the current economic situation also continues to improve, with the corresponding indicator rising 24.1 points to a new reading of 30.0 points. Only in April 2018 was there an even more favourable assessment of the situation with an indicator value of 30.3 points.

figure 1:   CEP Indicator November 2020
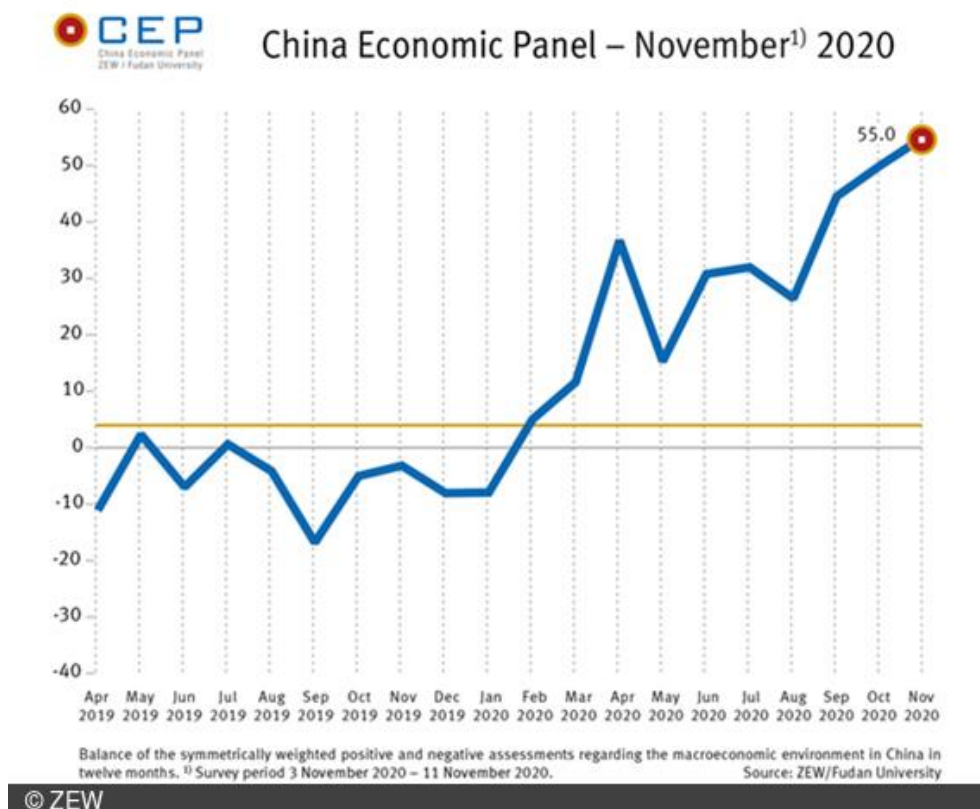
source: ZEW/Fudan

"The experts are very confident about the development of the Chinese economy in the coming 12 months. This optimism is reflected both in their assessment of the current economic situation and in their expectations," says Dr. Michael Schröder, researcher in the "International Finance and Financial Management" Research Department at ZEW Mannheim.

Economic growth expected to return to normal as early as next year

The growth forecast for the real gross domestic product also continues to rise. In the November survey, the respondents expect to see growth of 3.4 per cent for the current year 2020 (previous month: 1.9 per cent) and 6.4 per cent for 2021 (previous month: 4.7 per cent). "The growth forecast for China is remarkable in light of the COVID-19 crisis. The experts expect China's economic growth to return to normal in the coming year," says Schröder.

Not all regions able to catch up economically

While growth is expected for all sectors and should therefore extend to practically the entire economy, there are considerable differences at the regional level: Expectations for Hong Kong are still very poor at minus 15.7 points, and economic development in the key economic regions of Tianjin and Chongjing is also forecast to be well below average at 3.3 and 13.3 points.

ZEW/Fudan China Economic Panel: Results November 2020

Current economic situation	very good		good		normal		bad		very bad		balance	
China	5.0	(+ 5.0)	55.0	(+24.2)	35.0	(-18.9)	5.0	(- 6.5)	0.0	(- 3.8)	30.0	(+24.1)
Eurozone	0.0	(+/- 0.0)	0.0	(+/- 0.0)	16.7	(+ 1.3)	83.3	(+14.1)	0.0	(-15.4)	-41.7	(+ 8.3)
USA	0.0	(+/- 0.0)	0.0	(+/- 0.0)	44.4	(+20.4)	50.0	(-14.0)	5.6	(- 6.4)	-30.6	(+13.4)

Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance	
China (CEP-Indicator)	30.0	(+ 2.0)	50.0	(- 6.0)	20.0	(+12.0)	0.0	(- 4.0)	0.0	(- 4.0)	55.0	(+ 5.0)

GDP (growth rate) in %	2020Q4	2021Q1	2020	2021
China	5.1	9.5	3.4	6.4
Eurozone	-3.3	-1.5	-4.8	2.0
USA	-1.4	0.7	-2.3	2.2

Inflation (CPI) in %	3 months	1 year
China	1.4 (2.4)	2.1 (2.8)
Eurozone	0.0 (-0.1)	0.6 (0.4)
USA	1.2 (1.0)	1.6 (1.5)

Wage Inflation in %	3 months	1 year
China	5.5 (4.0)	6.4 (4.3)
Eurozone	3.4 (3.1)	3.3 (3.0)
USA	1.9 (0.4)	2.5 (1.5)

Interest rates	3 months	1 year
SHIBOR (3 months)	3.0 (2.8)	2.9 (2.8)
One-year deposit rate	1.6 (3.1)	1.6 (3.0)
One-year lending rate	4.2 (4.3)	4.2 (4.3)

Stock market indices	3 months	1 year
SSE Composite Index	3.367 (3.254)	3.486 (3.392)
Hang Seng Index	25.188 (24.238)	25.725 (24.754)
Growth Enterprise Market Index (SZ)	2.735 (2.587)	2.840 (2.671)
WTI Crude Oil (US-Dollar)	39 (41)	45 (43)

Monetary aggregate M2 (6 M)	increase		slightly increase		not change		slightly decrease		decrease		balance	
China M2 growth rate	11.8	(- 4.9)	47.1	(-19.6)	23.5	(+18.0)	17.6	(+ 6.5)	0.0	(+/- 0.0)	26.6	(-17.9)

Specific indicators China (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance	
Foreign exchange reserves	11.1	(+ 0.6)	38.9	(+ 2.1)	33.3	(+12.2)	16.7	(+ 0.9)	0.0	(-15.8)	22.2	(+17.0)
FDI outflow (out of China)	5.6	(+ 0.3)	61.1	(+24.3)	16.6	(+11.4)	11.1	(-20.5)	5.6	(-15.5)	25.0	(+38.2)
FDI inflow (into China)	5.6	(+ 5.6)	38.9	(+ 2.1)	16.6	(- 9.7)	38.9	(+23.1)	0.0	(-21.1)	5.6	(+16.2)
Export activity	22.2	(+ 3.2)	50.0	(+21.4)	16.7	(+ 7.1)	11.1	(-22.2)	0.0	(- 9.5)	41.7	(+34.5)
Import activity	22.2	(+17.2)	33.3	(-11.7)	22.3	(+12.3)	22.2	(- 7.8)	0.0	(-10.0)	27.8	(+25.3)
Private Consumption	15.8	(- 3.2)	52.6	(+14.5)	26.3	(+ 2.4)	5.3	(- 4.2)	0.0	(- 9.5)	39.5	(+15.7)
Private Investment	10.5	(+ 5.7)	52.6	(+14.5)	21.1	(+ 2.1)	10.5	(-13.3)	5.3	(- 9.0)	26.3	(+28.7)
Govt. Consumption	36.8	(+ 4.3)	47.4	(- 9.7)	5.3	(+ 0.5)	10.5	(+10.5)	0.0	(- 4.8)	55.3	(- 1.8)
Debt Domestic	38.9	(+ 3.9)	55.5	(+ 5.5)	0.0	(-10.0)	5.6	(+ 0.6)	0.0	(+/- 0.0)	63.9	(+ 6.4)
Debt Foreign	5.6	(-10.2)	55.6	(+24.0)	27.7	(+ 6.7)	11.1	(-20.5)	0.0	(+/- 0.0)	27.9	(+12.1)
Employment rate	16.7	(+11.7)	38.9	(- 1.1)	27.7	(+17.7)	11.1	(-28.9)	5.6	(+ 0.6)	25.0	(+25.0)
Growth rate of new car registrations	22.2	(+12.2)	38.9	(- 1.1)	27.8	(- 7.2)	11.1	(+ 1.1)	0.0	(- 5.0)	36.1	(+16.1)
Total share of world trade	27.8	(+ 6.7)	50.0	(+28.9)	11.1	(- 9.9)	11.1	(-15.2)	0.0	(-10.5)	47.3	(+39.3)

Exchange rates	3 months	1 year
Yuan / US-Dollar	6.71 (6.83)	6.76 (6.97)
Yuan / Euro	7.68 (7.96)	7.76 (8.09)

Sectors (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance	
Retail banking	12.5	(+ 2.0)	37.5	(- 9.9)	37.5	(+16.4)	12.5	(+ 2.0)	0.0	(-10.5)	25.0	(+ 6.5)
Investment banking	12.5	(+ 2.0)	50.0	(+ 2.6)	25.0	(+ 9.2)	12.5	(- 3.3)	0.0	(-10.5)	31.3	(+15.5)
Insurance	12.5	(- 3.3)	56.3	(+ 8.9)	31.2	(+26.0)	0.0	(-26.3)	0.0	(- 5.3)	40.7	(+19.6)
Automotive	12.5	(+ 2.0)	50.0	(+18.4)	18.7	(- 7.6)	18.8	(- 7.5)	0.0	(- 5.3)	28.1	(+20.2)
Chemical / Pharmaceutical	18.8	(+ 3.0)	56.3	(- 6.8)	12.4	(+12.4)	12.5	(- 3.3)	0.0	(- 5.3)	40.7	(+ 6.5)
Machinery / Engineering	25.0	(- 1.3)	50.0	(+23.7)	12.5	(-13.8)	12.5	(- 3.3)	0.0	(- 5.3)	43.8	(+17.5)
Electronics	18.8	(- 7.5)	50.0	(+18.4)	24.9	(+ 3.9)	6.3	(-14.8)	0.0	(+/- 0.0)	40.7	(+ 9.1)
Retail and commerce	11.8	(- 9.3)	58.8	(+16.7)	29.4	(+13.7)	0.0	(-15.8)	0.0	(- 5.3)	41.2	(+12.2)
Construction	25.0	(+ 9.2)	68.8	(+21.4)	6.2	(-20.1)	0.0	(-10.5)	0.0	(+/- 0.0)	59.4	(+25.1)
Energy	18.8	(- 2.3)	62.5	(+30.9)	6.2	(- 9.5)	12.5	(-13.8)	0.0	(- 5.3)	43.8	(+25.3)
Information Technology	31.3	(+ 5.0)	50.0	(- 7.9)	18.7	(+18.7)	0.0	(-15.8)	0.0	(+/- 0.0)	56.3	(+ 8.9)
Services	31.3	(+ 5.0)	50.0	(+13.2)	18.7	(+ 8.2)	0.0	(-21.1)	0.0	(- 5.3)	56.3	(+27.4)

Economic expectation (1 Y)	improve		slightly improve		not change		slightly worsen		worsen		balance	
Beijing	18.8	(+ 3.0)	50.0	(+18.4)	24.9	(+ 3.9)	6.3	(-25.3)	0.0	(+/- 0.0)	40.7	(+24.9)
Shanghai	25.0	(- 6.6)	43.8	(+12.2)	24.9	(+14.4)	6.3	(-20.0)	0.0	(+/- 0.0)	43.8	(+ 9.5)
Hong Kong	0.0	(+/- 0.0)	25.0	(+ 9.2)	31.2	(+15.5)	31.3	(-16.1)	12.5	(- 8.6)	-15.7	(+21.2)
Guangzhou	13.3	(- 2.5)	40.0	(+ 8.4)	40.0	(+19.0)	6.7	(-24.9)	0.0	(+/- 0.0)	30.0	(+14.2)
Shenzhen	13.3	(-13.0)	60.0	(+17.9)	26.7	(+10.9)	0.0	(-15.8)	0.0	(+/- 0.0)	43.3	(+ 3.8)
Tianjin	13.3	(- 3.4)	26.7	(+ 4.5)	20.0	(- 2.2)	33.3	(+16.6)	6.7	(-15.5)	3.3	(+ 6.1)
Chongqing	13.3	(- 8.9)	26.7	(+ 4.5)	33.3	(- 0.1)	26.7	(+15.6)	0.0	(-11.1)	13.3	(- 3.4)

Real estate price expectation (1 Y)	increase		slightly increase		not change		slightly decrease		decrease		balance	
Beijing	12.5	(+ 2.0)	31.3	(- 5.5)	49.9	(+23.5)	6.3	(-20.0)	0.0	(+/- 0.0)	25.0	(+ 9.2)
Shanghai	12.5	(- 8.6)	37.5	(+ 0.7)	50.0	(+23.7)	0.0	(-15.8)	0.0	(+/- 0.0)	31.3	(- 0.3)
Hong Kong	0.0	(- 5.3)	12.5	(-13.8)	31.2	(+20.7)	50.0	(+13.2)	6.3	(-14.8)	-25.1	(- 4.0)
Guangzhou	13.3	(+ 8.0)	33.3	(- 3.5)	40.1	(+ 3.3)	13.3	(- 7.8)	0.0	(+/- 0.0)	23.3	(+10.1)
Shenzhen	26.7	(+ 0.4)	46.7	(+20.4)	13.3	(-18.3)	13.3	(+ 2.8)	0.0	(- 5.3)	43.4	(+14.5)
Tianjin	13.3	(+ 7.7)	20.0	(- 2.2)	20.1	(-18.7)	33.3	(+ 5.5)	13.3	(+ 7.7)	-6.7	(- 3.9)
Chongqing	13.3	(+ 2.2)	20.0	(+ 3.3)	40.0	(- 4.4)	20.0	(+ 3.3)	6.7	(- 4.4)	6.6	(+ 6.6)

Note: 20 analysts participated in the November survey, which was conducted during the period 11/3–11/11/2020. 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.