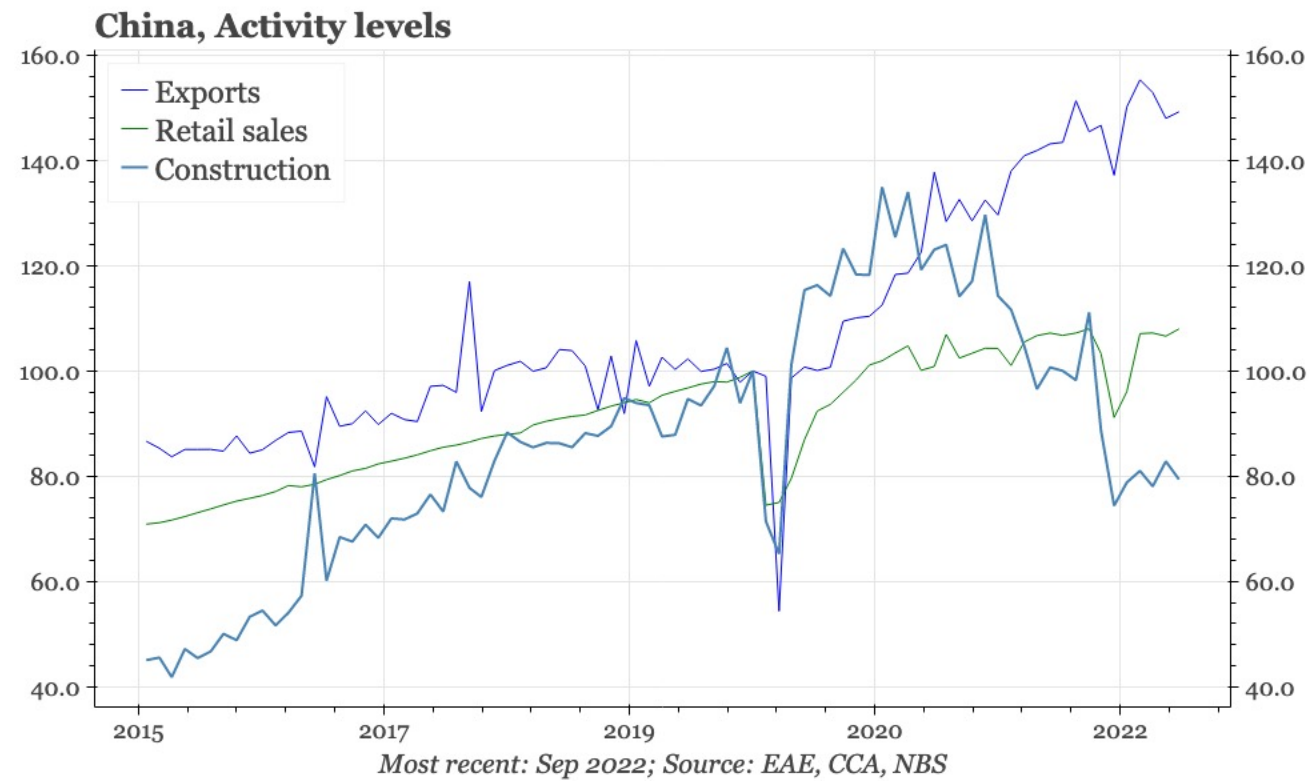


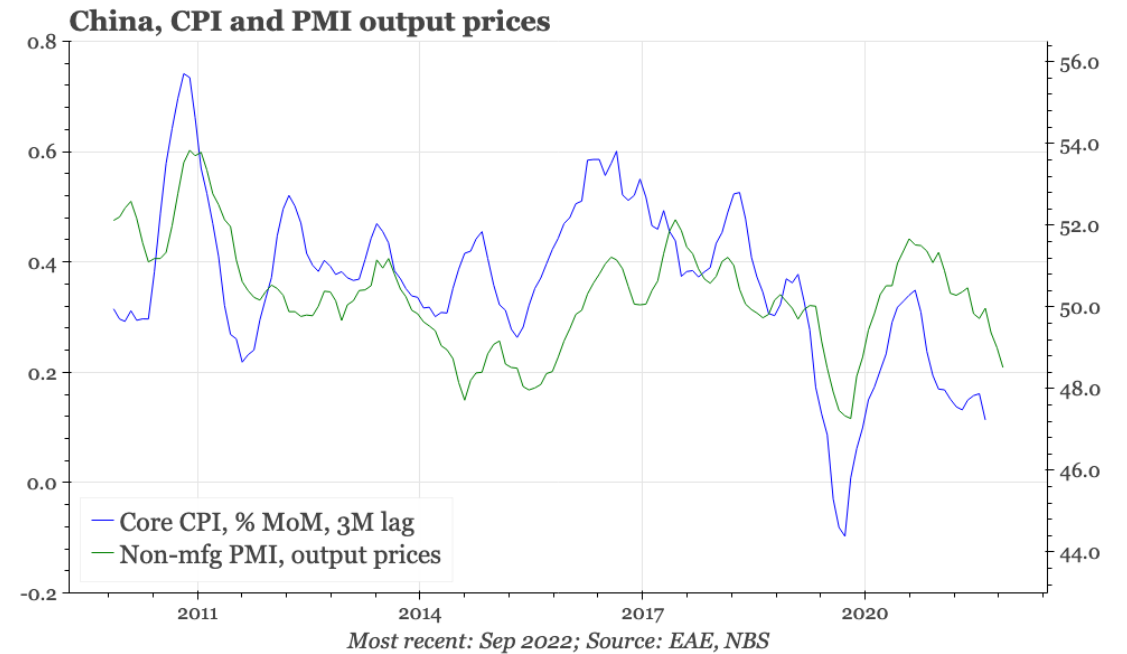
China outlook

Domestic deflation

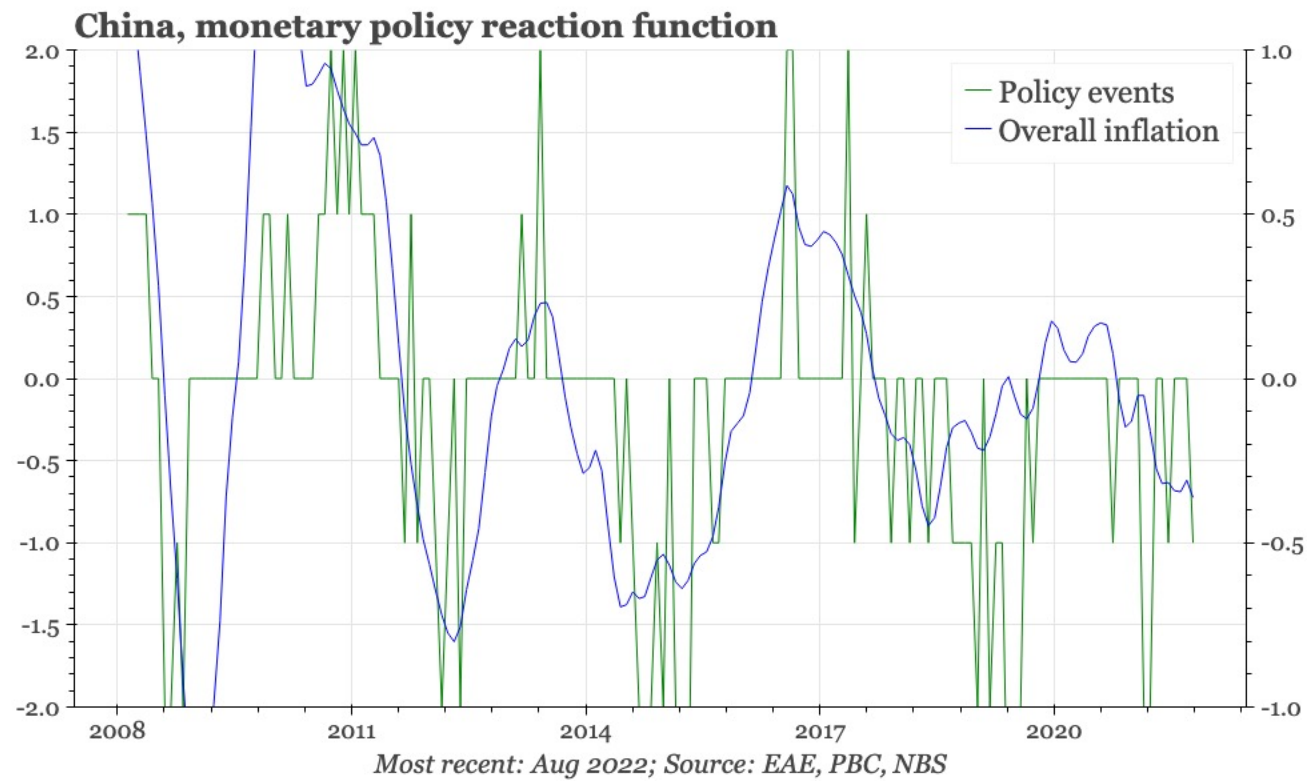
Only exports supporting the cycle



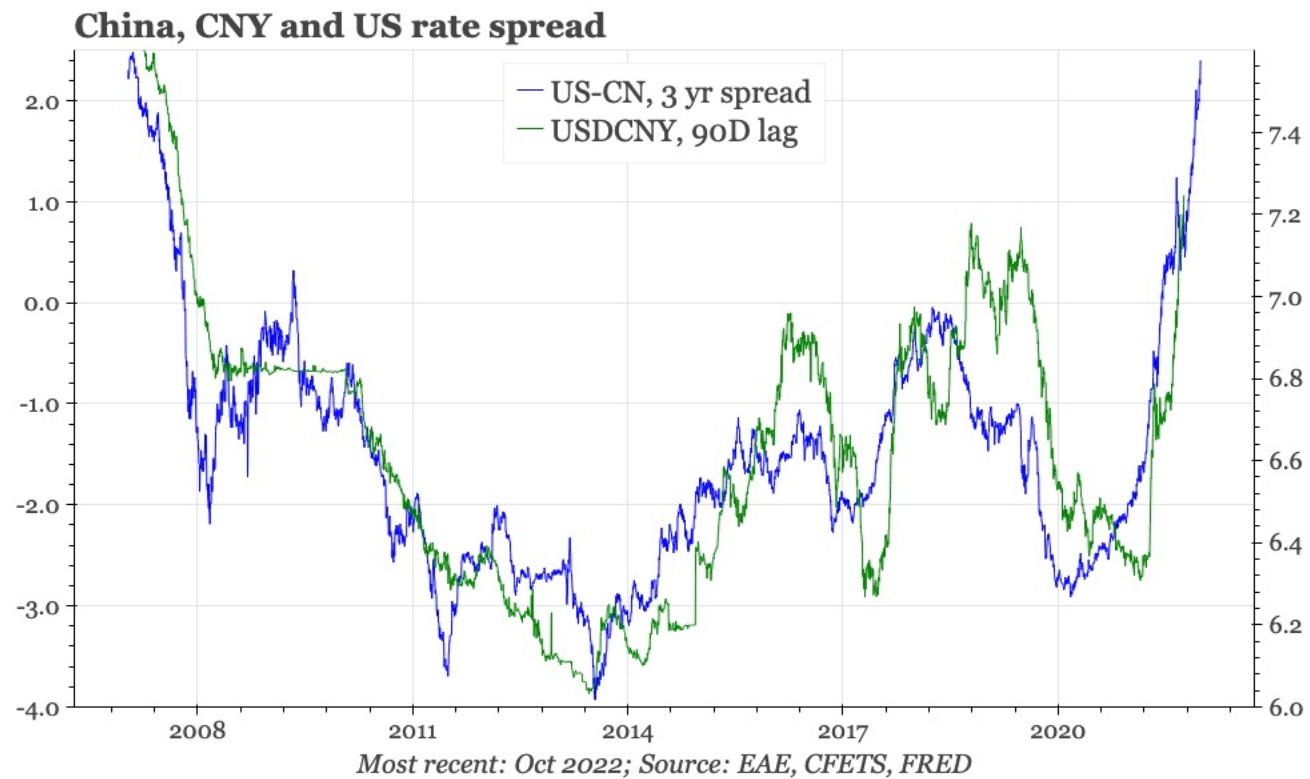
Domestic economy into deflation



Further downside for interest rates

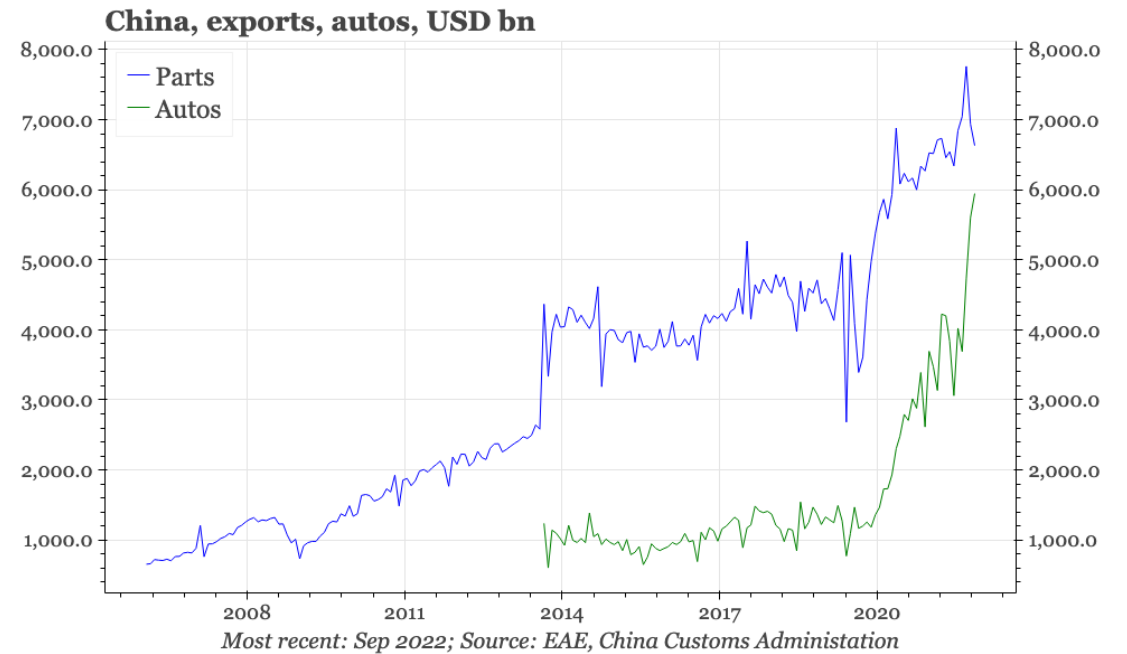
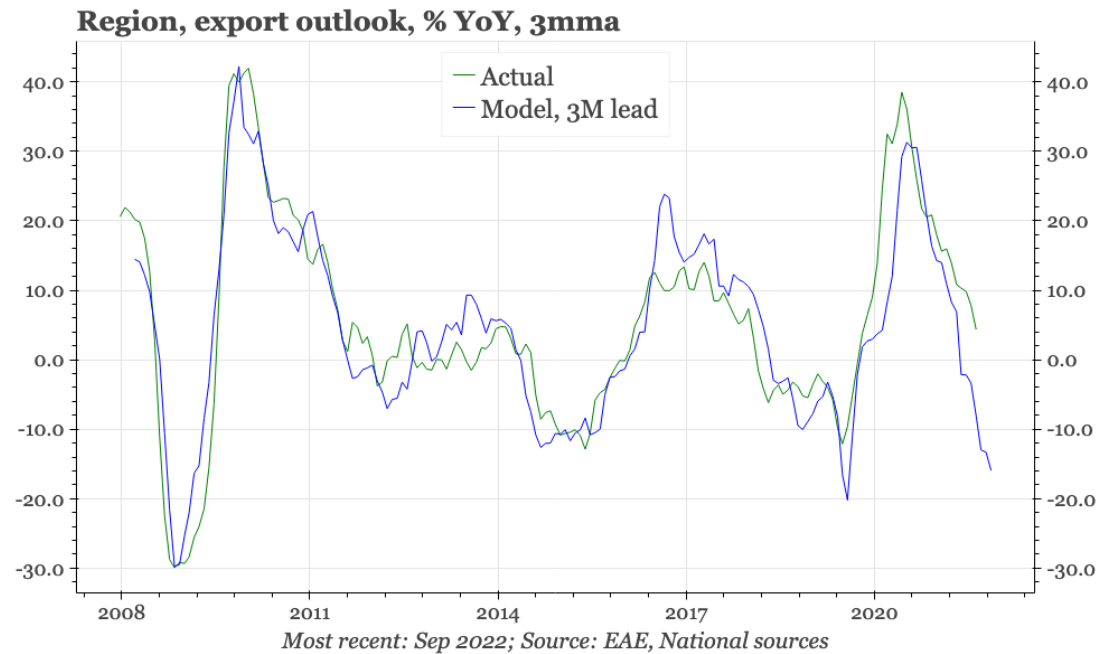


Further upside for \$CNY

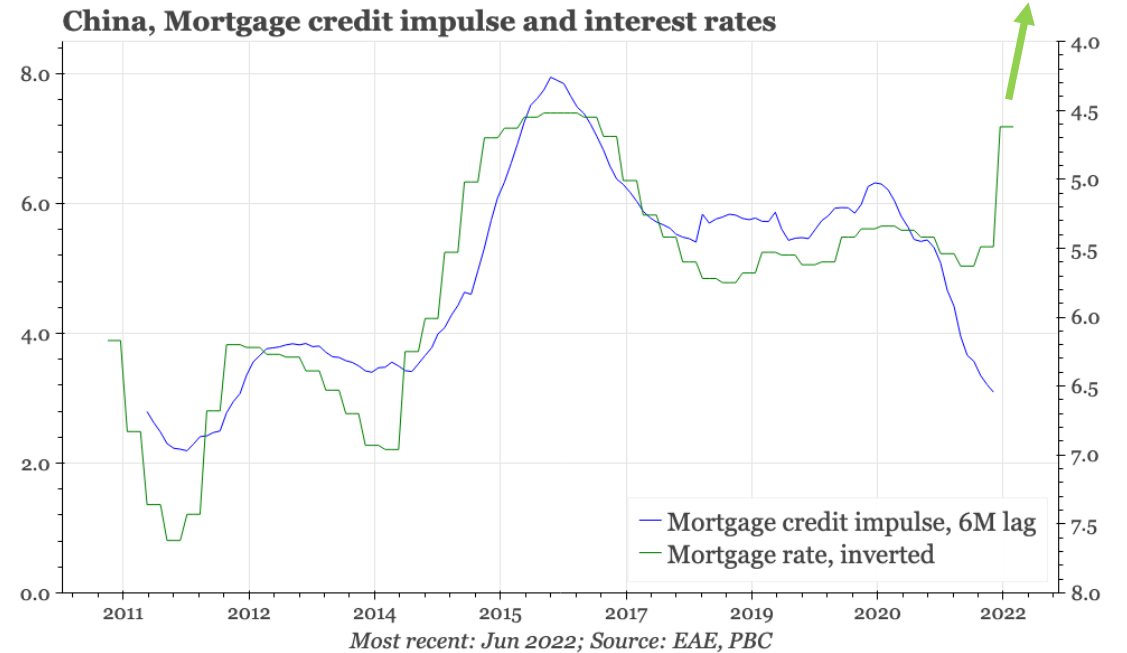
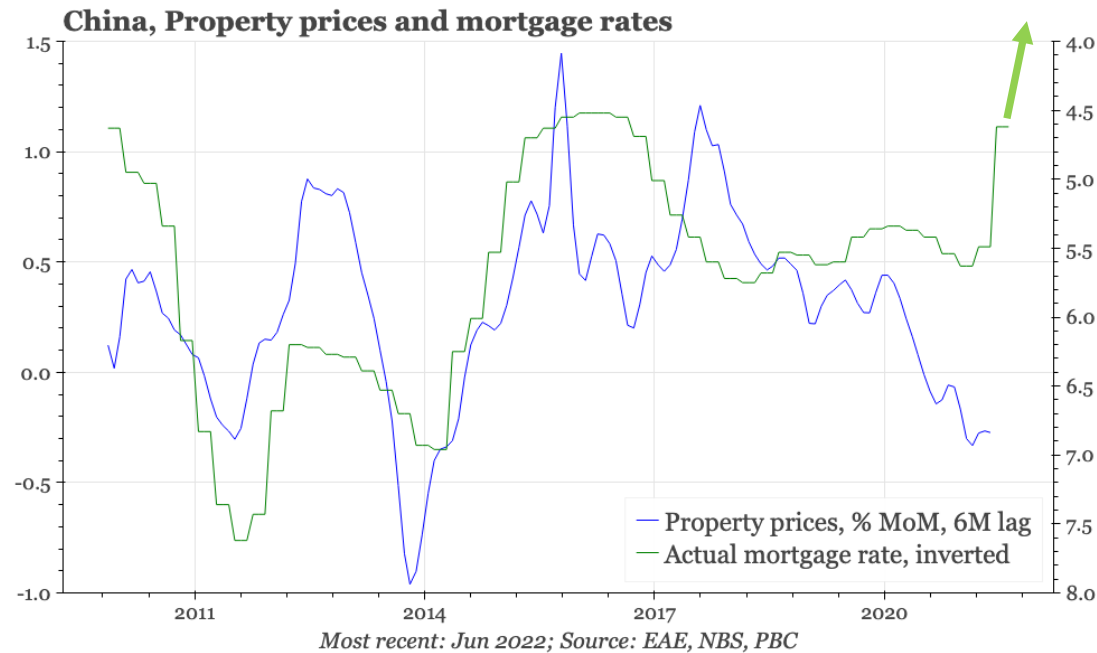


Cycle risks becoming more
balanced

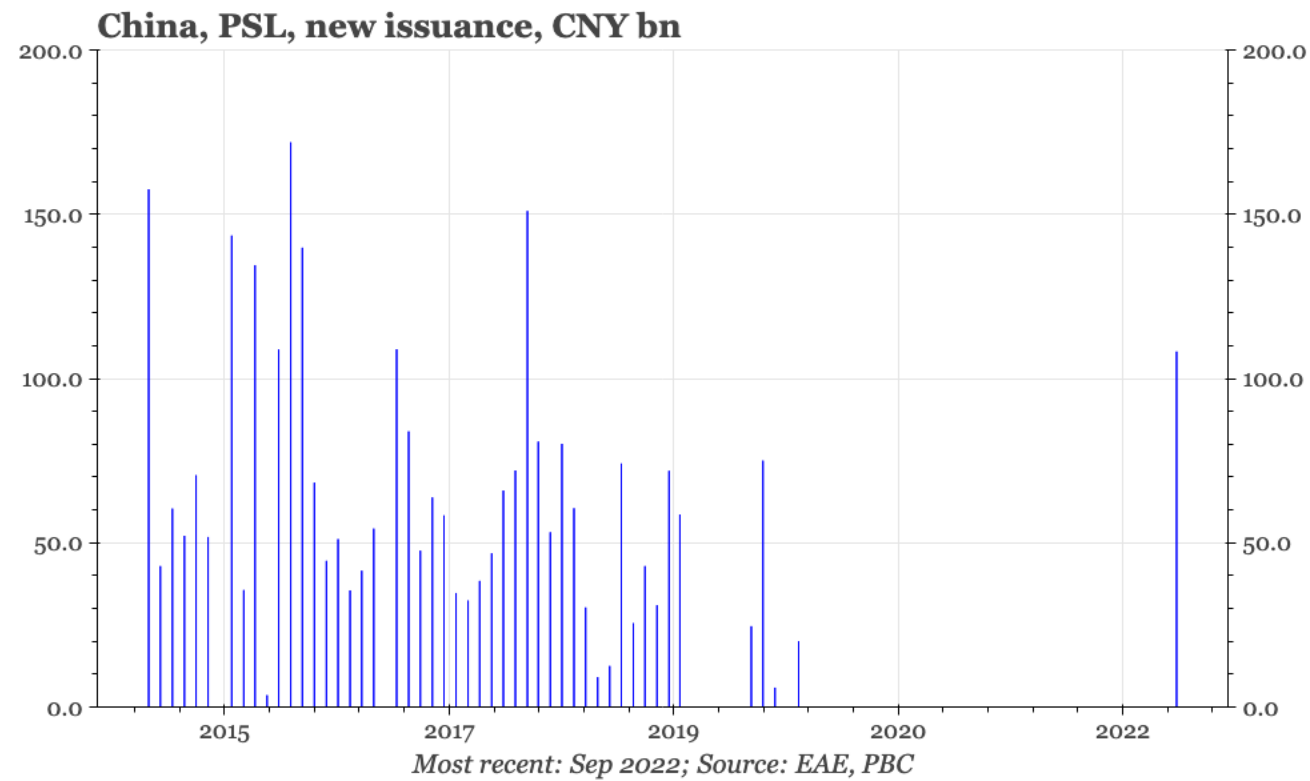
Export boom ends...except for autos



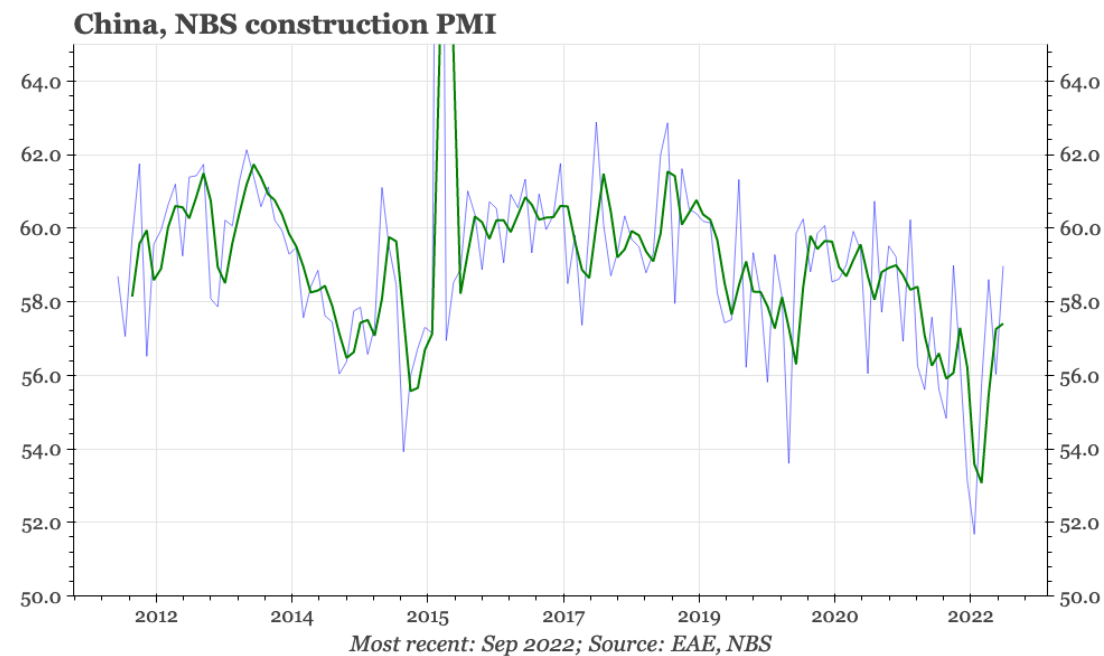
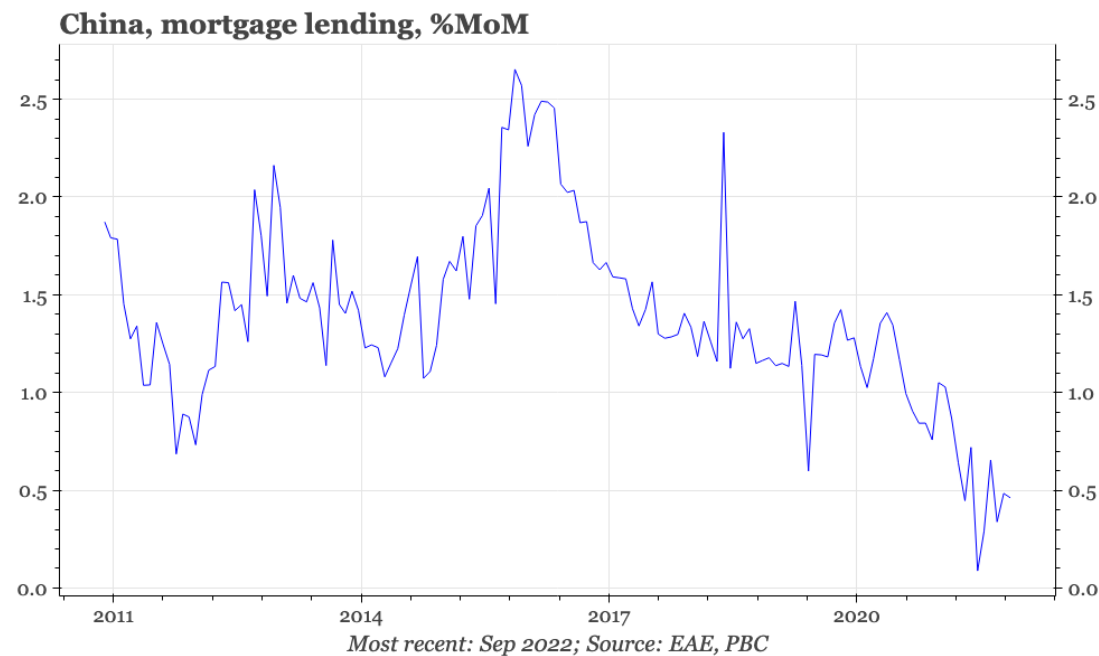
Record cuts in mortgage rates...



...and more PBC lending too



Tentative signs of traction



Politics & the longer outlook

Previous priorities

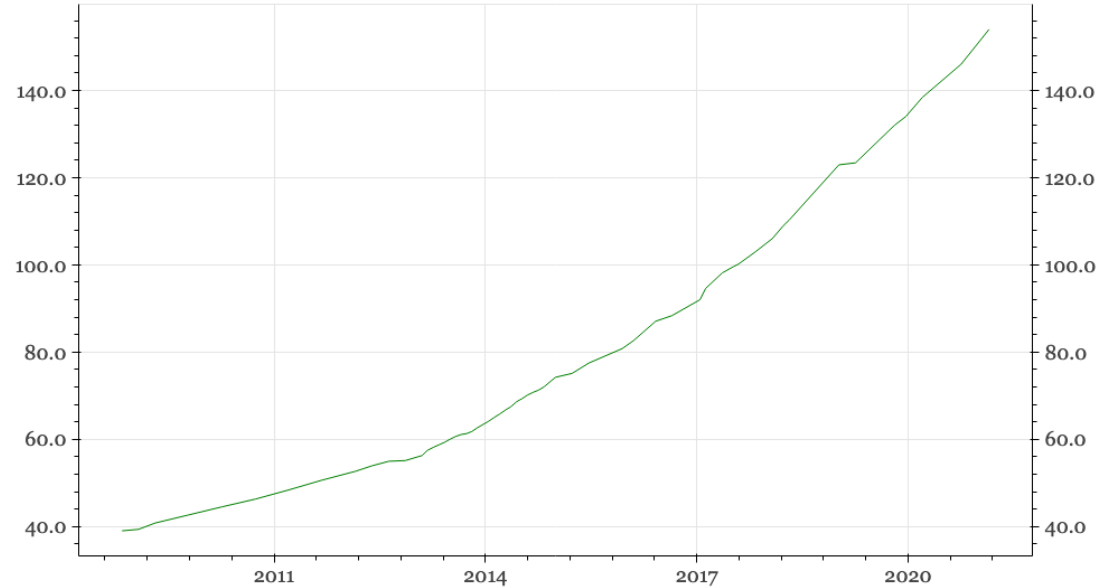
Li Keqiang

China will avoid “quantitative easing and excessive money supply.

Instead, we will keep to the central task of supply-side structural reform”

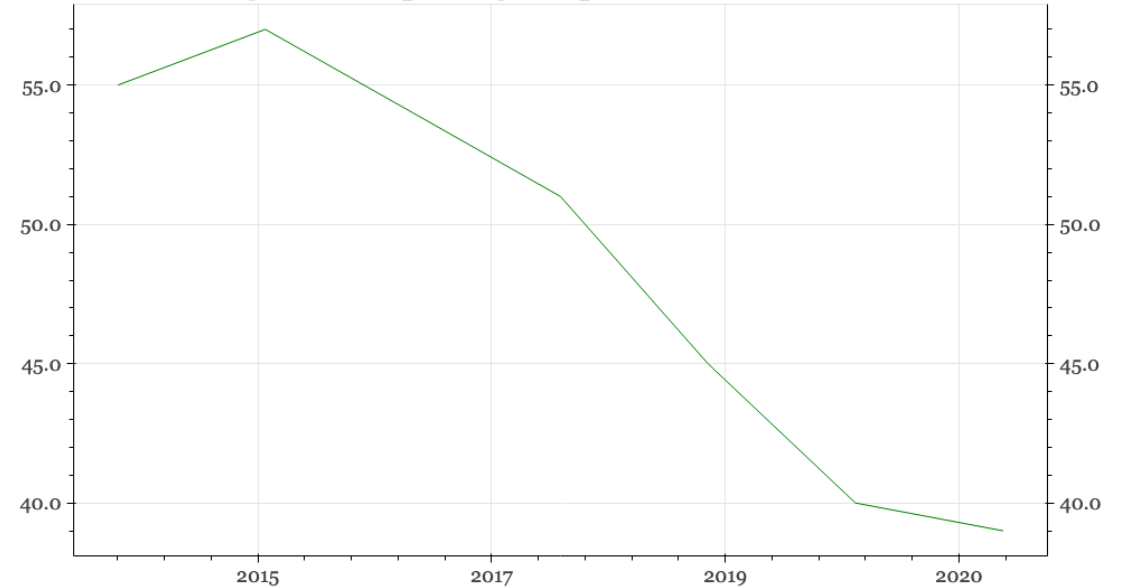
Actually, some reform...

China, number of business entities, m



Most recent: Dec 2021; Source: EAE, SAMR

China, foreign firms reporting unequal treatment relative to local firms,



Most recent: Jan 2021; Source: EAE, EU Chamber of Commerce in China

...but has tight credit policy worked?



Future priorities

Xi Jinping

By 2035 China will “significantly increase economic strength, scientific and technological capabilities, and composite national strength;

substantially grow the per capita GDP to be on par with that of a mid-level developed country”

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