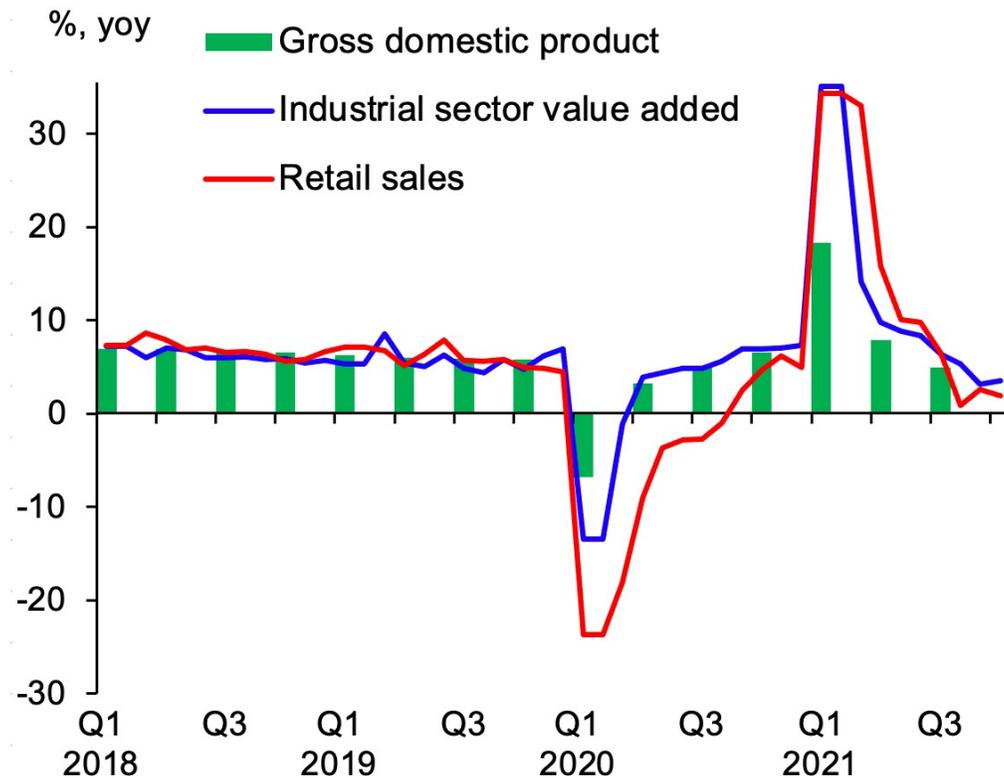


The PRC Economy: Recent Developments and Outlook

Dominik Peschel, Head of Economics Unit, PRC Resident Mission, ADB
CAREC Institute – ADB Seminar, December 2021

After the recovery, economic growth slowed in Q3 2021

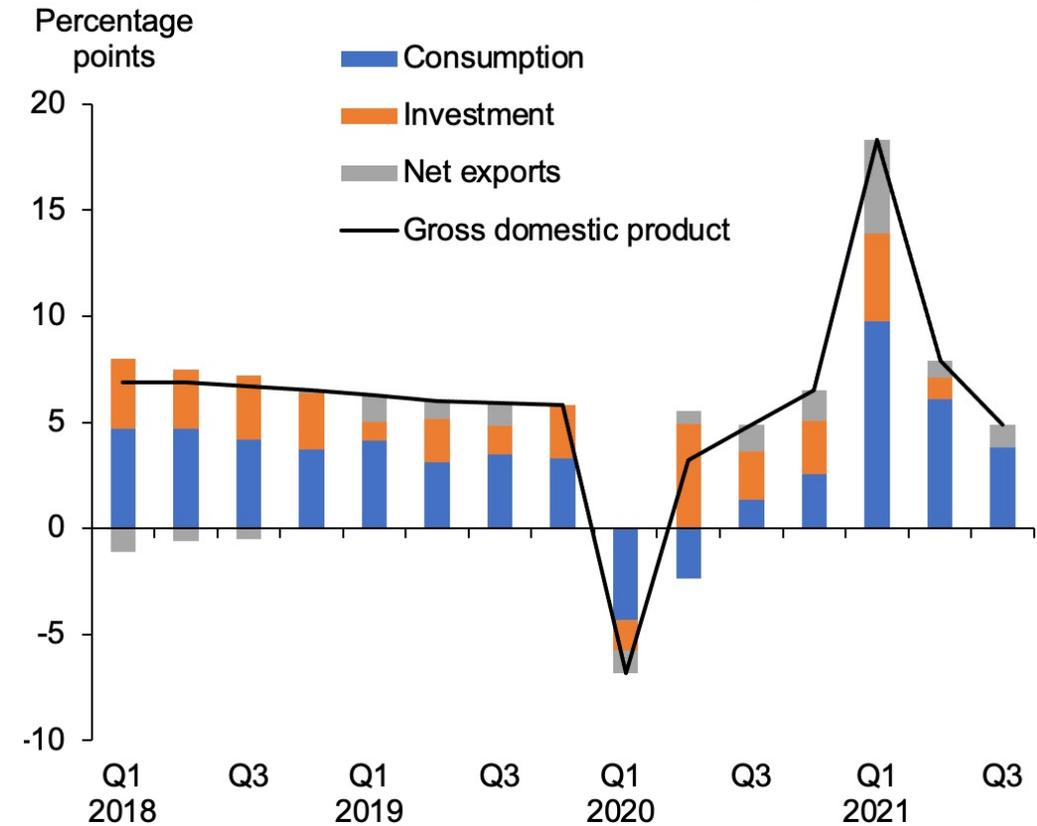
Chart 1: Real economic growth



Q = quarter, yoy= year on year.

Sources: National Bureau of Statistics; ADB estimates.

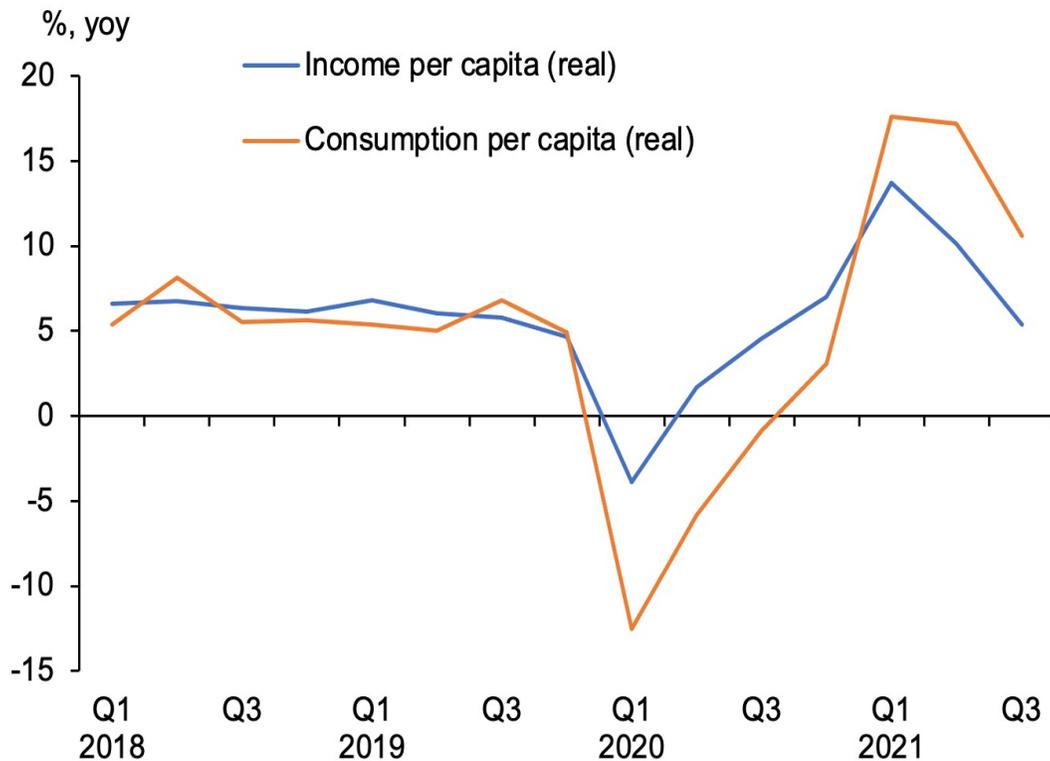
Chart 2: Demand-side contribution to growth



Source: National Bureau of Statistics.

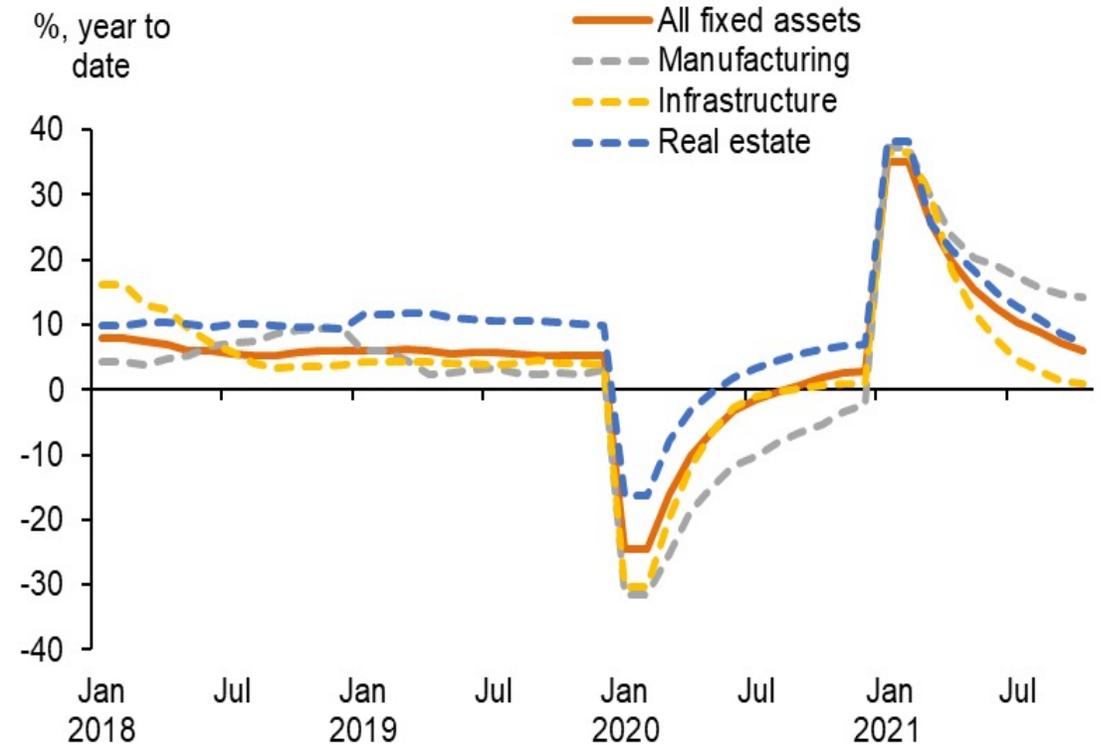
Declining consumption growth meets weak investment

Chart 3: Growth in household income and consumption



Sources: National Bureau of Statistics; ADB estimates.

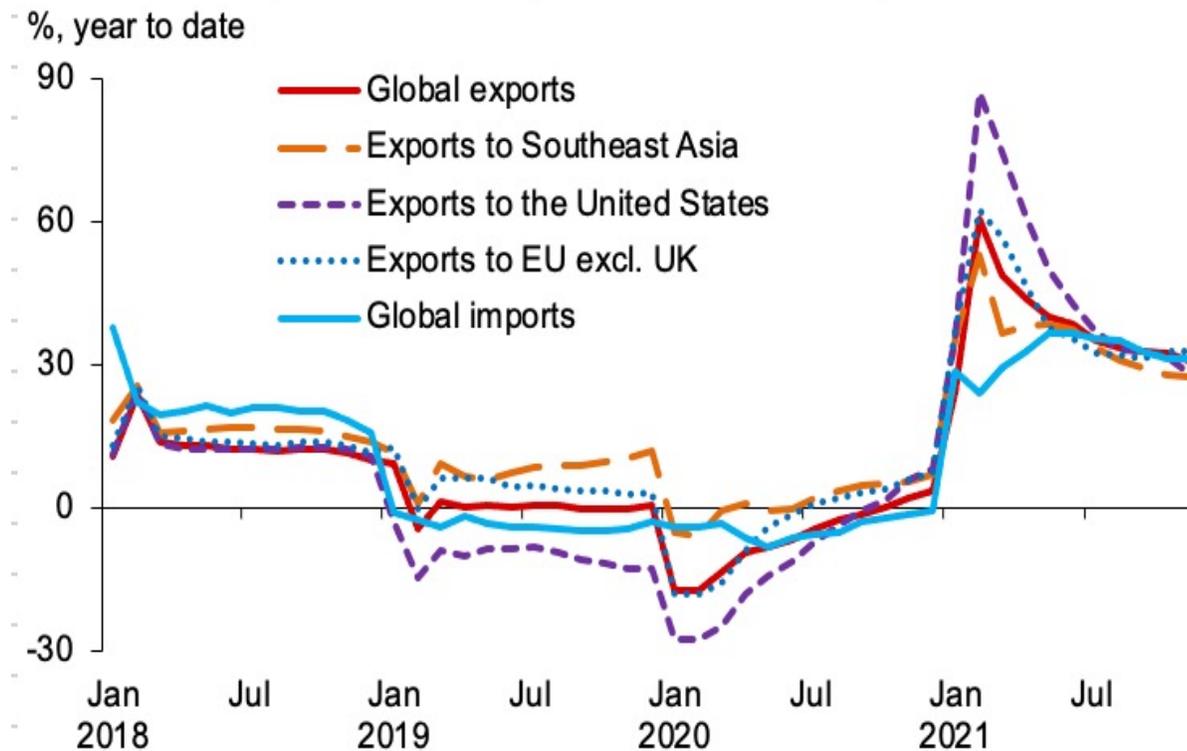
Chart 4: Growth in fixed asset investment



Source: National Bureau of Statistics.

... while exports have performed solidly

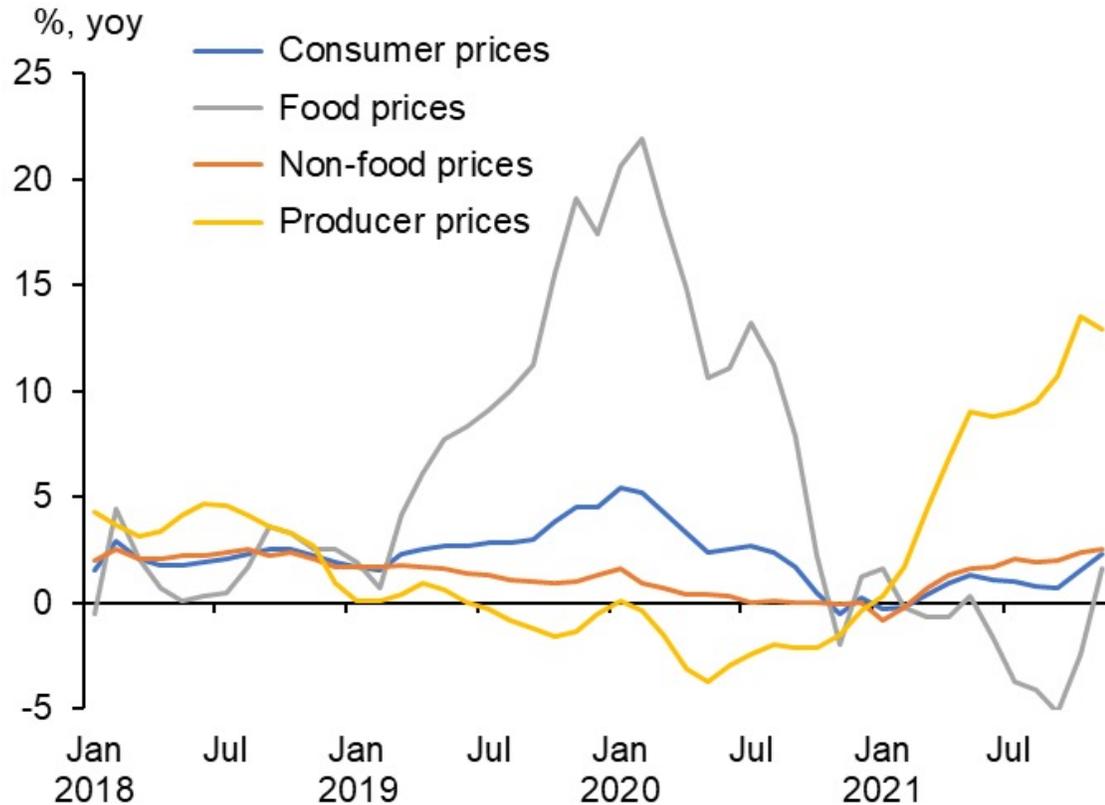
Chart 5: Growth in PRC exports, by region or country, and imports



Sources: General Administration of Customs; ADB calculations.

Producer prices rose sharply, consumer prices did not

Chart 6: Monthly inflation



Source: National Bureau of Statistics.

For a more detailed analysis, see

Observations and Suggestions
观察与建议

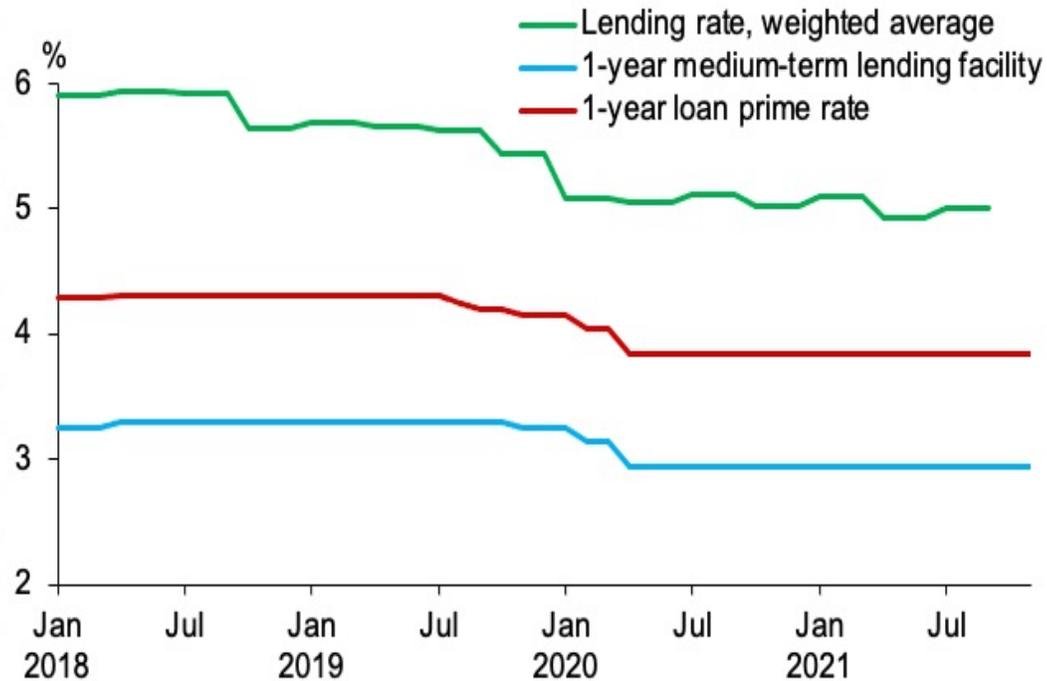
Rising Global Inflation and Consumer Prices in the People's Republic of China
全球通胀上涨与中华人民共和国消费价格

NO. 2021-03

ASIAN DEVELOPMENT BANK

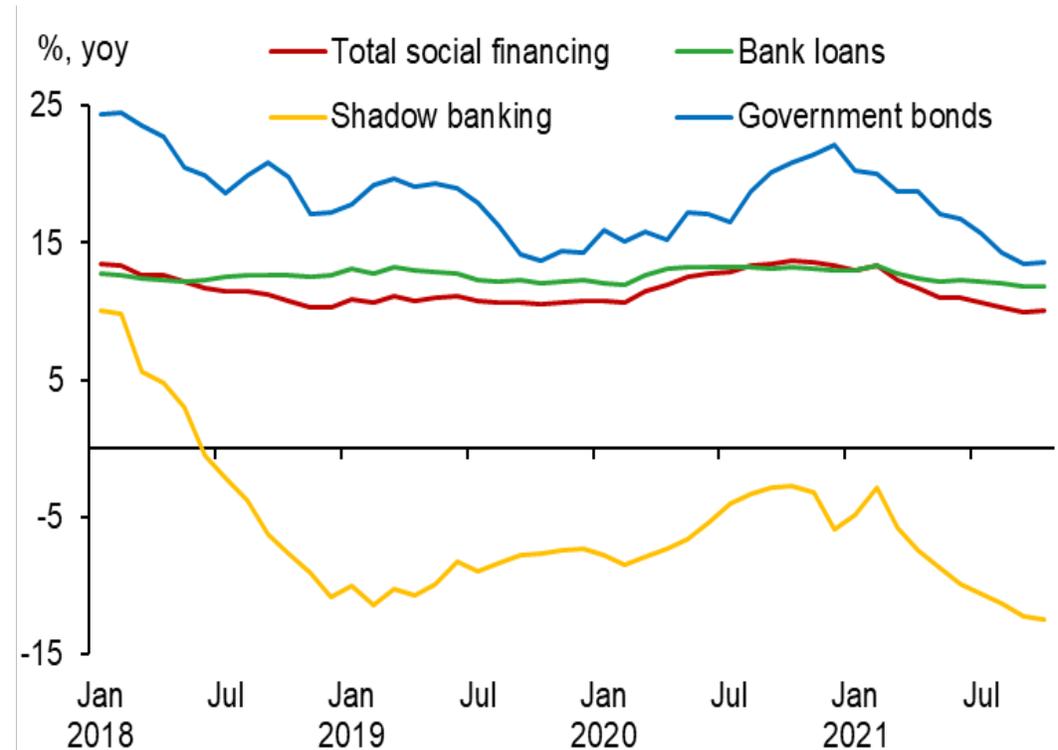
Monetary policy has been steady since mid-2020

Chart 7: Bank lending and policy rates



Sources: People's Bank of China; National Interbank Funding Center.

Chart 8: Growth in credit outstanding and government bonds outstanding

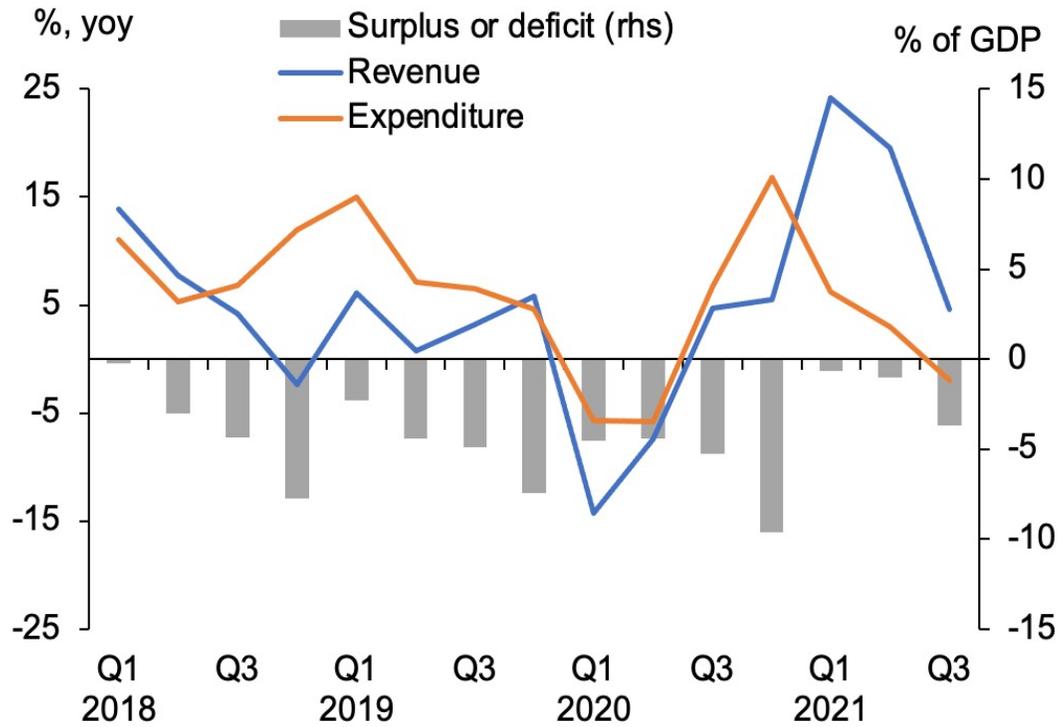


Note: Shadow banking comprises entrust loans, trust loans, and banks' acceptance bills.

Sources: People's Bank of China; ADB calculations.

... while fiscal policy was tighter in 2021

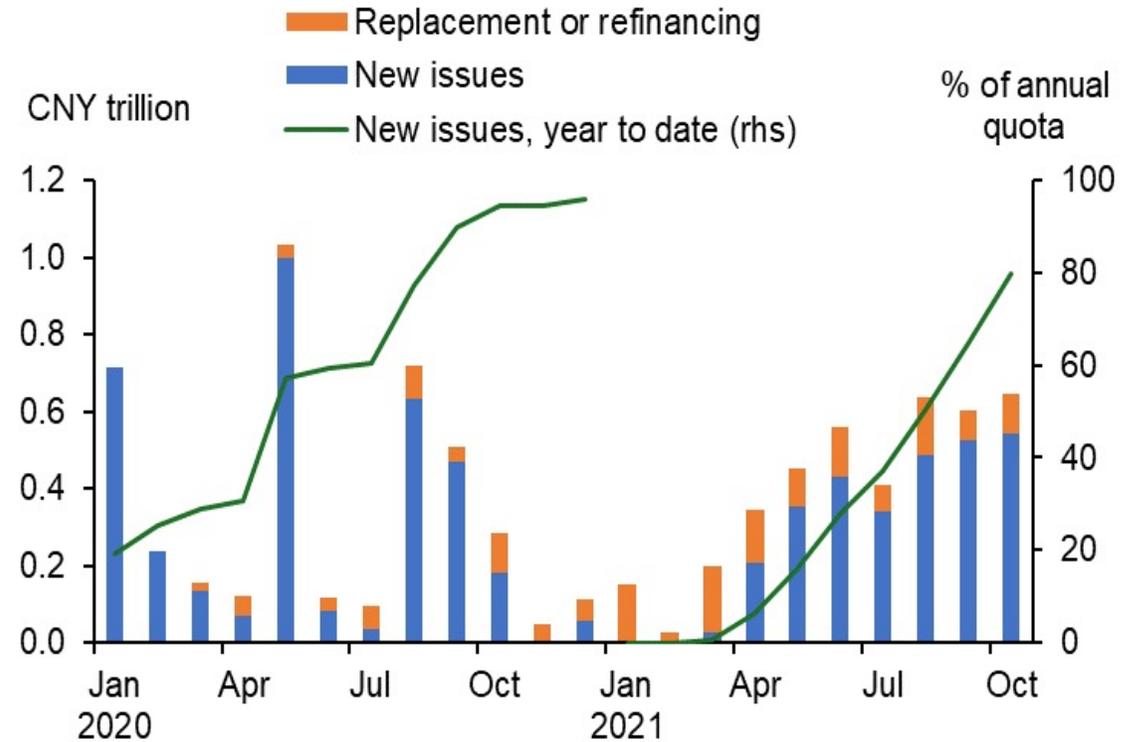
Chart 9: General government fiscal revenue and expenditure



Note: Public finance budget only.

Sources: Ministry of Finance, ADB calculations.

Chart 10: Local government special bond issues



Sources: Ministry of Finance, ADB calculations.

Economic growth is expected to moderate in 2022

ADB's latest PRC forecasts (Dec 2021):

GDP Growth		
2020 (actual)	2021	2022
2.3	8.0	5.3

Inflation (CPI)		
2020 (actual)	2021	2022
2.5	1.0	2.1

On the **watchlist** for 2022:

- Fiscal policy support
- Gradual monetary policy loosening
- Finetuning of housing market policies