PROPERTY NEWS

Investment in property

By Shanghai Daily *Time: 2023-7-18*

CHINA'S investment in property development continued to decline in the first half, albeit at a slower pace, indicating a stabilization of the property market since the beginning of the year thanks to a slew of cooling measures.

The investment in property development went down 7.9 percent year on year to 5.86 trillion yuan (US$824.65 billion), the NBS said. The data narrowed from a 10 percent drop registered in 2022.

Commercial housing sales shrank 5.3 percent on year in terms of floor area to 595.15 million square meters, after slumping 24.3 percent in 2022.

The value of commercial housing sales climbed 1.1 percent yearly in the first six months to 6.31 trillion yuan, after a 26.7 percent drop in 2022.

The overall property market has been operating steadily since the beginning of the year, but it still takes time for persistent risks in certain property firms to fade away, Zou Lan, head of the monetary policy department of the People's Bank of China, the central bank, said on Friday.

The supply and demand relationship in the real estate market has undergone profound changes, so there is room to improve the policies introduced during the overheated stage of the market, he told a press conference.

Credit data from the central bank mirrored improvement in the property market. The banks lent 3.5 trillion yuan of mortgages from January to June, an increase of 510 billion yuan year on year, while the cumulative new loans for property development hit 420 billion yuan, an increase of 200 billion yuan year on year.

Lending rate falls amid moves to spur recovery

By Xinhua *Time: 2023-8-22*

CHINA’S benchmark lending rate saw its second decline this year yesterday as the government beefed up policy support to ensure a sustained economic recovery.

The one-year LPR was 3.45 percent yesterday, down from the previous reading of 3.55 percent, according to the National Interbank Funding Center. The over-five-year LPR, on which lenders base their mortgage rates, was unchanged at 4.2 percent.

Analysts said the lower rate will help reduce financing costs and improve credit demand, further bolstering the consumption and investment momentum. The real economy will get a boost, according to Wang Yiming, deputy head of the China Center for International Economic Exchanges.

The LPR released once a month is a pricing reference rate for banks. In June, the lending rate went down 10 basis points in both one-year and five-year terms.

Yesterday’s rate adjustment signifies the strengthening of pro-growth strategies aimed at fending off economic headwinds.

A signal was sent to intensify counter-cyclical adjustments and promote a quicker economic recovery, said Dong Ximiao, the chief researcher of Merchants Union Consumer Finance Company Limited.

The People’s Bank of China, the country’s central bank, cut several policy rates last week to shore up economic recovery. The interest rate of the one-year medium-term lending facility was reduced from 2.65 percent to 2.5 percent, and that of seven-day reverse repos fell from 1.9 percent to 1.8 percent.

The overnight, seven-day and one-month interest rates on the central bank’s standing lending facility were all lowered by 10 basis points to 2.65 percent, 2.8 percent and 3.15 percent, respectively.

More financial support will be lent to the real economy, according to a recent meeting of financial authorities, including the PBOC, the National Financial Regulatory Administration, and the China Securities Regulatory Commission.

There will be stronger credit support for micro, small and medium-sized enterprises as well as sectors such as green development, technological innovation and manufacturing, according to the meeting.

The Chinese economy has continued the upward trend so far this year, but challenges remain amid a complex global environment and insufficient domestic demand.

Analysts believe that China still has multiple options in its policy toolkit to further consolidate the economic momentum, including adjustments in banks’ reserve requirement ratio and optimizing credit policies for the property sector.

Structural monetary tools will offer long-term stable funds to banks and ensure pro-growth policies are implemented in an effective and targeted manner, said Zhou Maohua, an analyst with the China Everbright Bank.

Cut in first-home buyer mortgage rate

By Xinhua *Time: 2023-9-1*

CHINA'S financial watchdogs announced yesterday that housing credit policies will be adjusted and optimized.

The interest rates of existing mortgages for first-home purchases will be lowered, according to a joint statement by the People's Bank of China and the National Administration of Financial Regulation.

Starting from September 25, borrowers of existing mortgages for first-home purchases can seek to lower their interest rates by applying for a rate change in the contract or a swap for a new mortgage.

The move is expected to reduce interest expense for mortgage borrowers and help spur consumption and investment. The banking sector might also see an ease in paying back mortgages in advance, which will boost their interest revenue, the two financial watchdogs said.

The country will also implement a uniform policy on the minimum down payment ratio for individuals' commercial housing mortgages both for first-home and second-home purchases, another statement said.

The minimum down payment ratio for individuals' commercial housing mortgages for first-home and second-home purchases will be adjusted to be no lower than 20 percent and 30 percent, respectively, nationwide.

In line with the above changes, local governments can change related housing credit policies in a city-specific manner, according to the statement.

ECONOMIC NEWS

City's consumer confidence soars in Q2

By Huang Yixuan *Time: July 12, 2023*

SHANGHAI'S consumer confidence showed a significant growth in the second quarter amid a steady economic recovery, as per a new survey.

The quarterly Index of Consumer Sentiment in Shanghai, compiled by the Shanghai University of Finance and Economics, jumped 10.5 points from the first quarter to 122.3 points, further extending the quarter-on-quarter increase, and was 17.9 points higher than a year earlier.

The university's Index of Investor Sentiment, meanwhile, fell by 14.96 points from the previous quarter and 9.55 points from the same period last year, reaching 98.45 points.

For both indices, a reading above 100 signifies optimism while one below 100 indicates pessimism.

As for sub-indices, the evaluation index, which measures consumers' assessment of the current economic situation, rose by 14.5 points from the previous quarter to 120.4 points, a sharp year-on-year increase of 19.4 points. The expectation index, which gauges consumers' expectations for the future economic situation, was up by 6.4 points quarter on quarter and by 16.4 points year on year, to hit a record high at 124.3 points.

This significant increase in the consumer confidence is mainly attributed to the city's stable economic development, which has led to a rise in consumer satisfaction and a positive outlook toward the economy. After gradually emerging from the pandemic, Shanghai's economy has shown strong resilience and positive growth momentum.

To maintain this positive trend, efforts should be made to enhance the competitiveness of emerging industries and high-tech fields, according to Xu Guoxiang, director of the university's Applied Statistics Research Center; and Professor Wu Chunjie and Associate Professor Cui Chang from the School of Statistics and Management.

This includes promoting new-energy technology research and development, achieving sustainable development, and building a framework for nurturing new technological talent. They also suggested focusing on high-quality development by implementing policies that promote innovation in science and technology, forming dynamic mechanisms, and deepening high-quality reform and opening-up.

The survey results also reveal that employment and income issues are important factors in maintaining consumer confidence. The evaluation and employment indices for the middle-income consumer group showed significant declines in this quarter's survey, Xu pointed out.

The trio recommended addressing these issues by providing diversified employment opportunities, stabilizing the job market and income, and boosting consumer confidence, which will promote the circular development of the economy.

Consumers' purchase intentions were found rebounding strongly in the second quarter, with the indicator soaring 13.7 points from the previous quarter and rocketing 23.4 points from a year earlier, to be at a relatively high level of 113.1 points.

Of these, the indicator of home-buying intentions surged 15.4 points on the quarter and was 30.3 points higher than a year ago. The intention to buy cars and durables, meanwhile, saw quarter-on-quarter gains of 9.8 points and 16 points, respectively.

Prospects bright as China's GDP expands a steady 5.5% in H1

By Shanghai Daily *Time: 2023-7-18*

CHINA'S gross domestic product grew 5.5 percent year on year in the first half of 2023, data from the National Bureau of Statistics showed yesterday.

The country's GDP reached 59.3 trillion yuan (US$8.3 trillion) in the first half, the data revealed.

In the second quarter, the country's GDP expanded 6.3 percent year on year, according to the NBS.

In the first half of this year, in the face of a grave and complex international environment and arduous tasks of reform, development and stability at home, all regions and departments made great efforts to stabilize growth, employment and prices, NBS spokesperson Fu Linghui told a press conference in Beijing yesterday.

Market demand gradually recovered, production and supply continued to increase, and economic performance, on the whole, picked up, Fu noted.
He spoke highly of the 5.5 percent growth rate in the first half of this year, saying that the growth rate is relatively high worldwide.

The 5.5 percent growth in the first half of the year can be attributed to an enhanced structure and optimized driving force in the country, as consumption and service are playing an even bigger role in economic growth now, according to the spokesperson.

"From the perspective of demand, major driving forces of economic growth have changed from investment and export last year to consumption and investment this year," Fu said.

Boost for foreign investment

By Xinhua *Time: 2023-8-15*

CHINA will promote and strengthen policy support for inbound foreign investment, a Ministry of Commerce official said yesterday.

The ministry will work with relevant departments to implement the guidelines for the further optimization of the country's foreign investment environment, and to intensify efforts to attract foreign investment that were made public by the State Council on Sunday, Chen Chunjiang, vice minister of commerce, told a press conference.
The ministry will continue to deepen reform and opening-up, effectively optimize the country's business environment, and make every effort to stabilize foreign trade and investment, according to Chen.

In addition to the actions set out in the guidelines, the ministry will continue to implement the policies and measures that have been introduced since the beginning of the year.

These policies and measures include those introduced in April to stabilize the scale and optimization of the structure of foreign trade, and those introduced in June to deepen reforms in certain eligible free trade zones and the Hainan Free Trade Port to align with high-standard international economic and trade rules.
The country in January issued a circular urging relevant departments and regional authorities to provide further support for foreign investors in their establishment of research and development centers.

The ministry will take further steps to strengthen policy support in the future. It will work with relevant departments to shorten the country's negative list for foreign investment access, and continue to expand market access for foreign investment. In the meantime, it will continue to relax restrictions on foreign strategic investment in listed companies in China.

Official data shows that 23,536 new foreign firms were established in China in the first half of the year, a 35.7 percent year-on-year rise.

China's firm determination to open up, its broad market opportunities, its complete industrial system and its quality business environment are leading foreign investors to step up their investment in the country, Chen said.

The State Council, the country's cabinet, recently issued a statement outlining its guidelines regarding further optimizing the foreign investment environment and intensifying efforts to attract foreign investments.

The guidelines urged to improve the overall balance between domestic and international situations and foster a world-class business environment that is market-oriented, law-based and internationalized.

Pudong advances plan to be hub for Silk Road e-commerce

By Li Xinran *Time: 2023-12-22*

PUDONG New Area has released its Action Plan for Promoting the Construction of the Pilot Zone for Silk Road E-commerce Cooperation, which includes measures to promote cross-border data flow, implement trade facilitation measures, pilot trade digitization measures, and accelerate the construction of the central functional area of the Pilot Zone for Silk Road E-commerce Cooperation.

According to the plan, by 2025, Pudong is scheduled to complete a comprehensive service system of Silk Road E-commerce, and create the central functional area of the Silk Road E-commerce cooperation pilot zone with high standards, so as to promote the co-construction with “Belt and Road Initiative” countries to further promote trade cooperation through e-commerce.

In October of this year, the State Council approved the plan to create a pilot zone for Silk Road E-commerce Cooperation in Shanghai, and clarified the creation of a central functional zone in the customs special supervision area of the China (Shanghai) Pilot Free Trade Zone.

“According to the latest released ‘Action Plan,’ Pudong New Area will focus on implementing a series of measures in areas such as pioneering institutional opening measures, building highly functional platform carriers, and the aggregation of enterprise,” said Lin Tingjun, director of the Pudong New Area Commerce Commission.

“For instance, Pudong New Area will promote cooperation between the Shanghai Cross-border E-commerce Public Service Platform and the Electronic World Trade Platform, build data exchange channels for transaction payments and trade logistics, and promote two-way authentication of customs clearance data,” Lin said.

In addition, the action plan proposes to implement trade facilitation measures in Pudong. In the process of promoting information sharing and interconnection among partner countries through the single window of international trade, Pudong seeks to take the lead in implementing trade facilitation measures such as “one order, two reports” in the central functional area, and deeply implement the “list approval, summary declaration” method to cope with export customs declaration business.

Currently, Pudong is promoting the construction of the Silk Road E-commerce national pavilions. The Action Plan specifies that by 2025, there will be over 20 national pavilions and commodity centers.

Pudong will also establish a “China Good Goods Museum,” continuously introduce high-quality product displays and sales, and do a superior job in the spatial layout of the national museum landing, further improving the comprehensive service level and operational level.

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