



Chinese Economy Warms Up

Caixin Weekly
Issue No.9, 2017

As spring approaches, the Chinese economy, like the weather, has begun to warm up. Tentative signs of recovery are apparent in the following figures. The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI), published on March 1, rose to 51.7 on a seasonally adjusted basis (up from 51.0 in January), highlighting the accelerated expansion of the manufacturing industry. This trend corroborates statistics released by the National Bureau of Statistics, which confirmed that China's PMI in February was 51.6 percent.

Other high frequency data also suggest economic recovery. The year-on-year growth of coal consumption at the top six Chinese power generation groups has substantially improved. The utilization rate of blast furnaces and the volume of goods transported by rail remain relatively high. After Spring Festival, a series of infrastructure construction projects were launched. Sales of houses in middle-sized and small cities, around the periphery of major cities were also better than expected. Speculation about the recovery of the Chinese economic is rising.

Although showing signs of recovery, it remains to be seen whether China's economy has actually hit rock bottom. Efforts should be made to continue structural reform and control financial risk.