Statement by the IMF Staff Representative
July 28, 2017

1. This statement contains information that has become available since the staff report was circulated. This information does not alter the thrust of the staff appraisal.

2. Recent data releases, while broadly in line with staff projections, suggest some upside risk to full-year 2017 GDP growth:

- Q2 GDP growth was 6.9 percent (y/y), as in Q1. Consumption contributed most, but the contribution of investment rose and net exports remained positive. Services growth continued to outpace industry in real terms, but not nominal.

- High-frequency indicators for June point to continued robust momentum. Real retail sales continued to grow strongly at 10.0 percent (y/y) and industrial value added growth picked up to 7.6 percent (y/y). Services and manufacturing PMIs both rose.

- The trade surplus widened marginally in June compared to May, with export growth (in USD terms) accelerating to 9.1 percent (y/y). FX reserves increased by US$3 billion, to US$3,057 billion.

- Credit growth moderated somewhat, with total social financing growth of 12.9 percent (y/y) in June. Adjusting for the local government bond swap, total social financing moderated to 14.5 percent (y/y) in June. Bank asset growth moderated to 10.8 percent (y/y) in June.

- Headline CPI inflation remained low at 1.5 percent (y/y) in June, with core CPI edging up slightly to 2.2 percent (y/y); PPI inflation remained at 5.5 percent (y/y).

3. The 5-yearly National Finance Work Conference was held July 14-15. At this conference, President Xi announced the establishment of a “Financial Stability and Development Committee” under the State Council. He also stated that the responsibilities of the PBC for macro-prudential management and systemic risk prevention would be strengthened.