

## China Watch

# Chart book series #108: Home price fell further sequentially; PBoC cut MLF rates

## July home price dropped further; home sales weakened

July NBS 70-city new home prices dropped sequentially for the 2<sup>nd</sup> month, with price declined by 0.23% mom (vs. -0.06% in June), 49 out of 70 cities saw home price decline (Exhibit 17). Of which, home price in Beijing and Shanghai still increased sequentially, while that of Tier-3 cities saw the largest drop (of 0.3% mom). Both new and secondary property sales still remained sluggish in key cities (Exhibit 14), and land auction price premium also inched down (Exhibit 16). Tier-2 cities, including Xiamen and Nanchang relaxed mortgage restrictions by lowering down payment ratio for second home buyers.

## Auto sales and box office revenue improved

Both inter- and intra-city travels continued to remain robust this week (Exhibit 2 & Exhibit 3), while the number of domestic flights reached 14,299 in 7dma basis. The number of international flights also remained at around 50% of the pre-Covid level (Exhibit 5). In terms of consumption, Box office revenue stayed elevated during the summer holiday (Exhibit 7), and auto sales also increased by 10% in Aug 7-13 despite a higher year-ago base (Exhibit 6).

## Production activities still remain muted

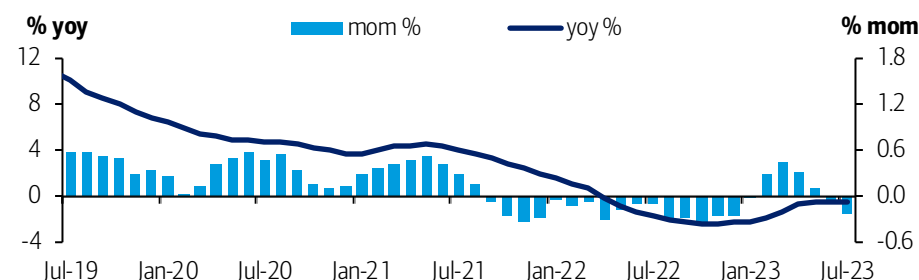
While cement price (Exhibit 11) remained weak for another week, cement shipment ratio edged up amid improved weather conditions (Exhibit 10). That said, both rebar consumption and coal consumptions in major IPPs were still below 2022 level (Exhibit 8 & Exhibit 9). For export sector, both SCI and CCFI inched up this week (Exhibit 12).

## USDCNY weakened to 7.3; OMO & MLF rate lowered

The PBoC has lowered MLF and OMO rate by 15bp/10bp respectively on Aug 15 (Exhibit 19). The unusual asymmetric cut is likely to lead to both 1y and 5y LPR cuts on Aug 20, and may further help lowering financing costs to the real economy. USDCNY weakened to above 7.3 level amid this rate cut and the weak July activity data (see: [report](#)), and PBoC has stepped up in setting higher daily fixings in the recent weeks (Exhibit 18).

### Exhibit 1: NBS 70-city home prices

70-city new home prices fell by 0.57% yoy, or 0.23% mom in July



Source: NBS, CEIC

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## Abbreviations

PBoC: People's Bank of China

LGSB: Local government special-purposed bond

NBS: National Bureau of Statistics

7dma: 7-day moving average

CCFI: China container freight index

SFI: Shanghai container freight index

OMO: Open market operation

MLF: Medium-term lending facility

LPR: Loan prime rate

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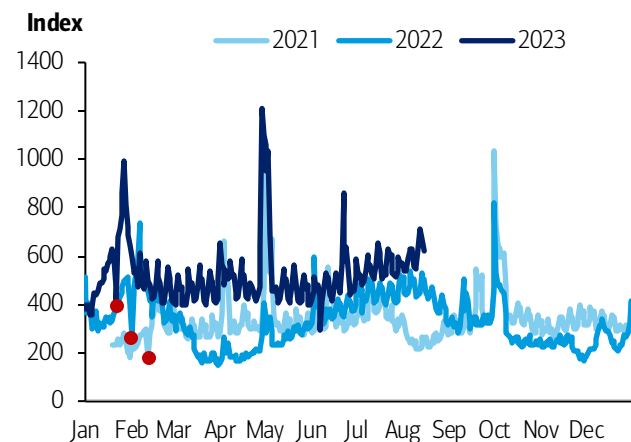
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## Mobility & Consumption

### Exhibit 2: Baidu migration index

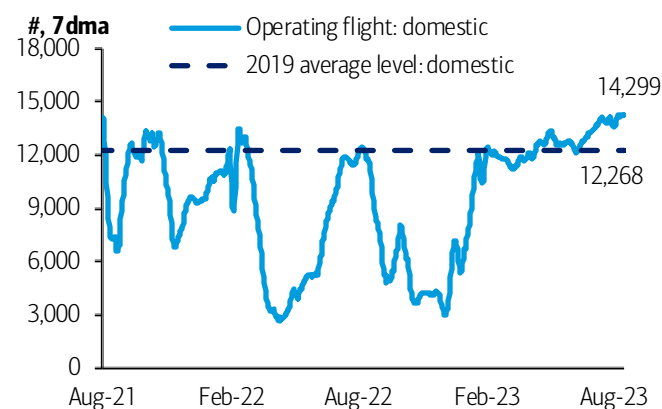
Inter-city trips remained robust, stayed well above 2022 level



Source: Baidu, Note: Red dots indicate Lunar New Year (LNY) in each year, data as of Aug 15  
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### Exhibit 4: China's operating flights: domestic

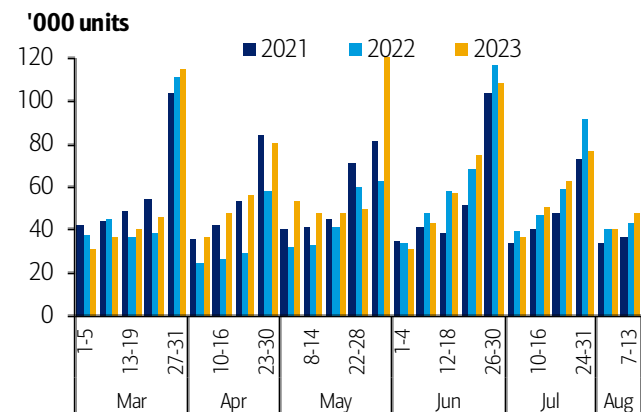
The number of domestic flights stayed high at 14,299 as of Aug 15



Source: Wind, Note: data as of Aug 15  
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### Exhibit 6: Auto sales

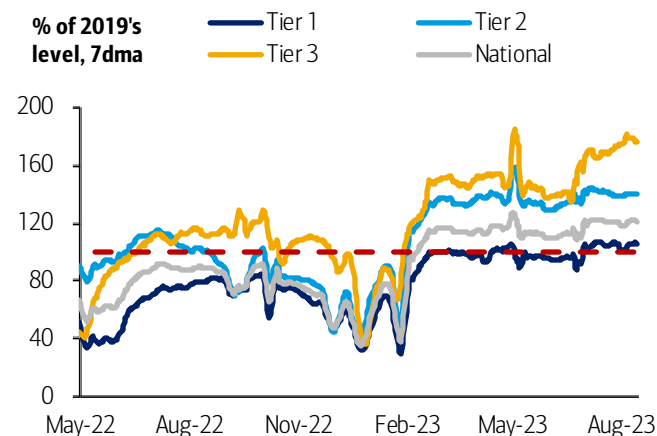
Auto sales in Aug 7-13 rose by 10% yoy



Source: CPCA, Note: data as of Aug 13  
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### Exhibit 3: Daily subway rides by city tiers (28-city)

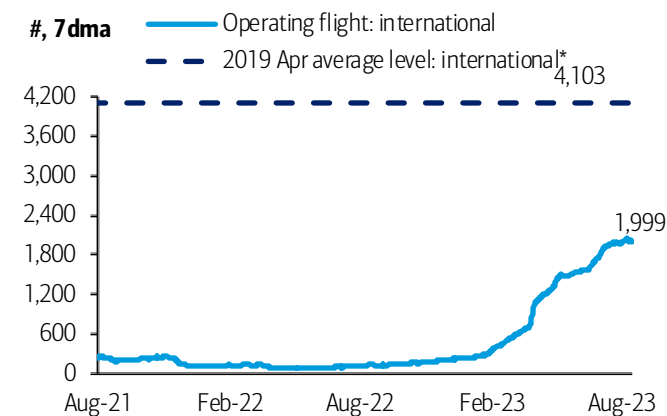
Daily subway rides in all tier cities remained resilient



Source: Wind, Note: 100 represents benchmark (subway volume in December 2019); data as of Aug 14  
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### Exhibit 5: China's operating flights: international

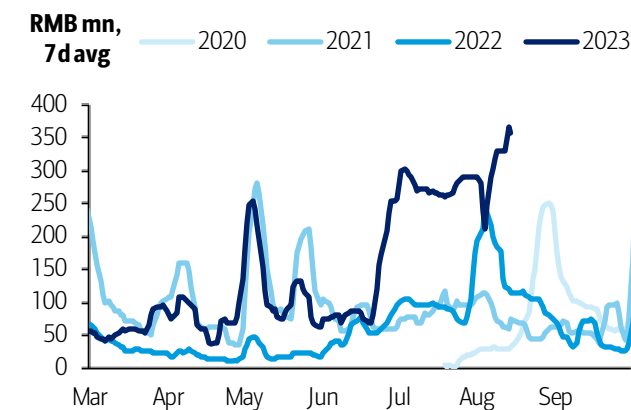
The number of international flights stayed around 49% of 2019 April level



Source: Wind, Note: \*We have reset the benchmark of pre-COVID level based on the Apr's press conference by CAAC, data as of Aug 15  
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### Exhibit 7: Box office revenue

Box office revenue surged higher in past week

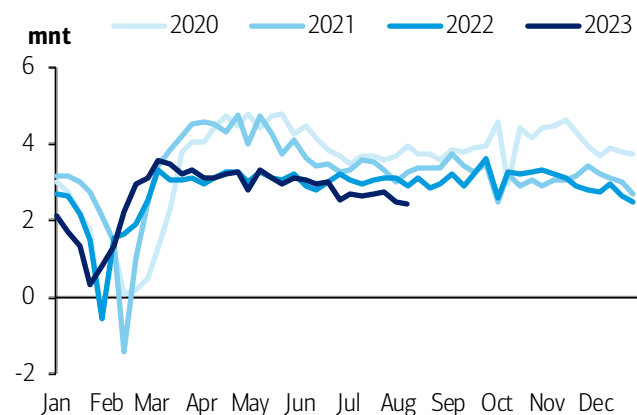


Source: Wind, China film administration; data as of Aug 14  
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## Production, Logistics & LGSB

### Exhibit 8: Weekly average rebar apparent consumption

Impacted by typhoon, rebar consumption stayed weak for another week

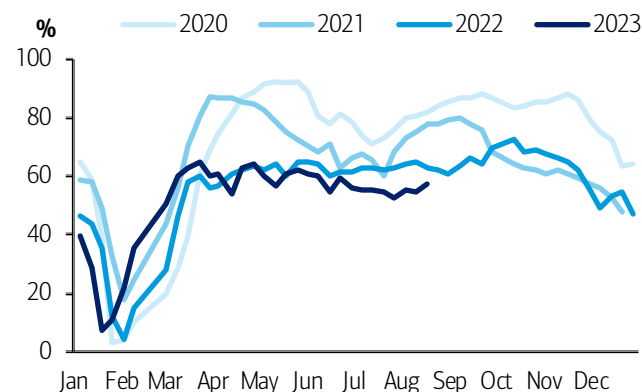


Source: Mysteel, Note: data as of Aug 11

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### Exhibit 10: Cement shipment ratio

Cement shipment rebounded last week due to better weather conditions

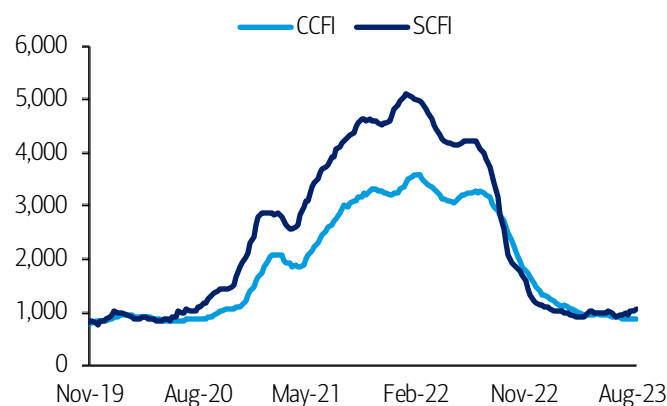


Source: Digital Cement, Note: Shipment ratio is defined as the shipment volume over the production capacity in the same period, data as of Aug 11

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### Exhibit 12: Shanghai container freight index (SCFI) & China container freight index (CCFI)

Both SCFI & CCFI inched up in the recent weeks

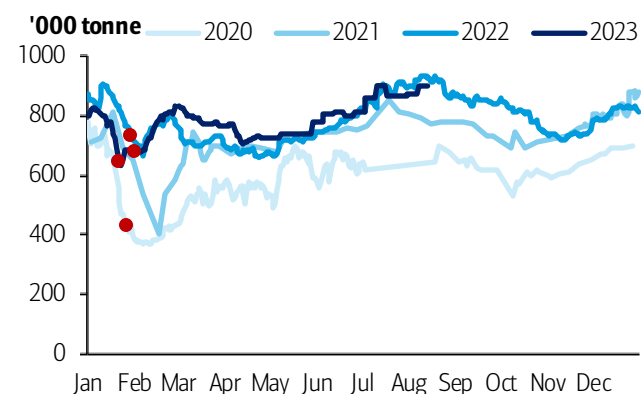


Source: Wind, Note: data as of Aug 11

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### Exhibit 9: Daily coal consumption at major IPPs

Coal consumption for major IPPs recovered but remained below 2022 level

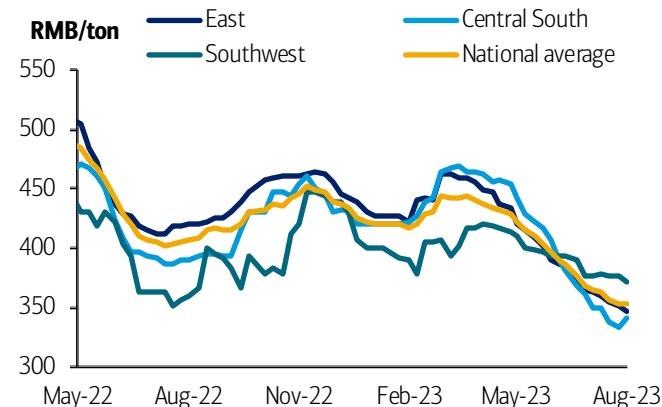


Source: Sxcoal, Note: Red dots indicate Lunar New Year (LNY) in each year, IPPs: independent power plants, data as of Aug 13

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### Exhibit 11: Cement price by region

National average cement prices remained weak for another week

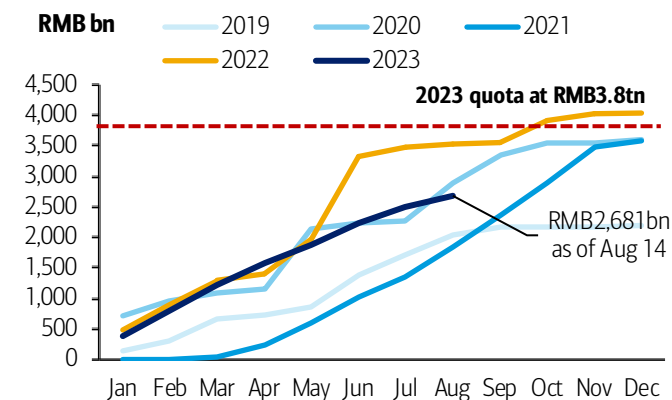


Source: Digital Cement, Note: data as of Aug 11

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### Exhibit 13: LGSB net issuance

LGSB net issuance reached to RMB2,681bn as of Aug 14 (Aug 1-14 net issuance RMB198bn)



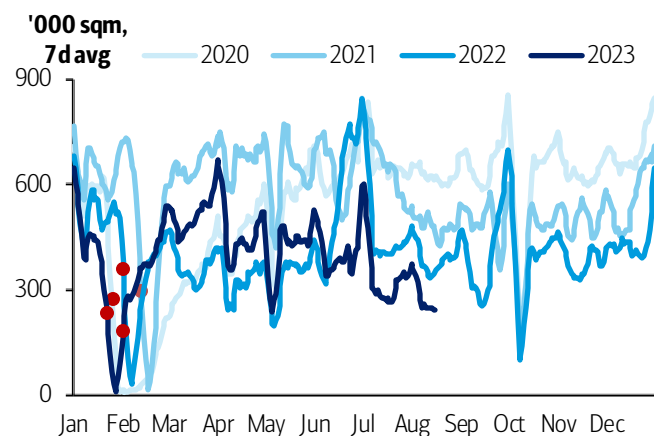
Source: Wind, Note: data as of Aug 14

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## Property & Financial market

### Exhibit 14: Property transaction in 30 major cities

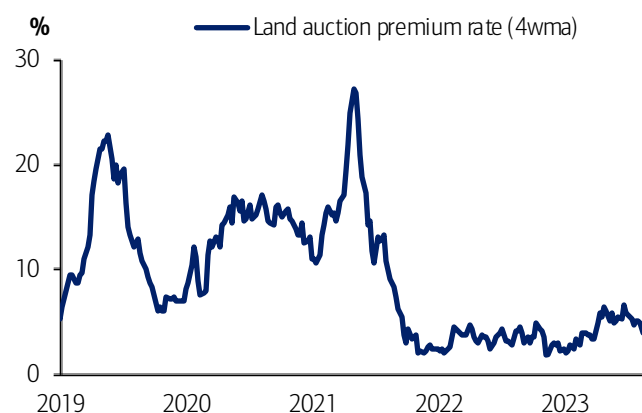
New home sales stayed well below par level



Source: Wind, Note: Red dots indicate Lunar New Year (LNY) in each year, data as of Aug 15  
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### Exhibit 16: Land auction premium rate (100-city)

4-week average land auction premium rate dropped to 4.09% from 4.97% previously

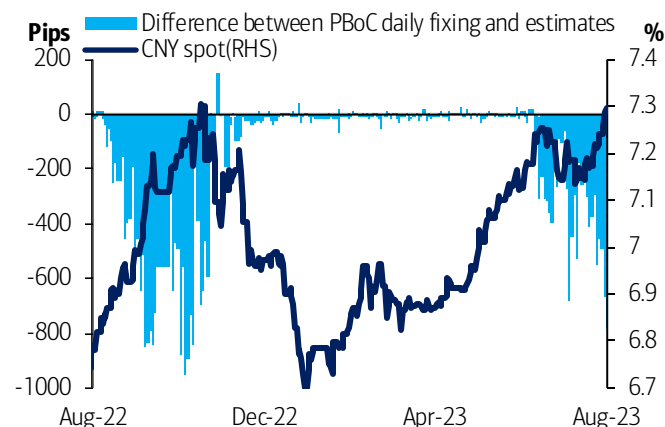


Source: Wind, Note: data as of Aug 13

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### Exhibit 18: USDCNY exchange rate

USDCNY weakened to 7.3, while the daily fixing also widened

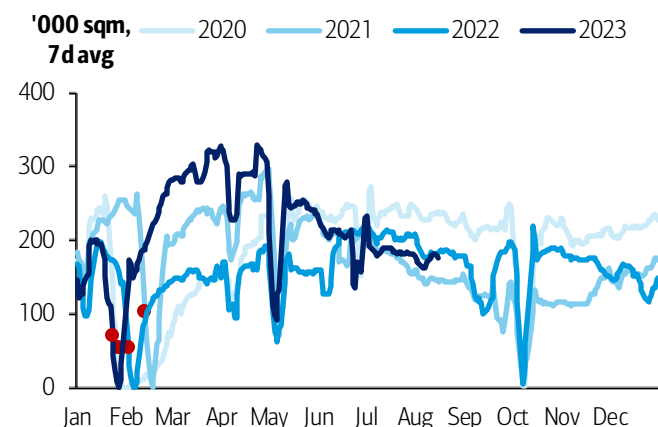


Source: Bloomberg

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### Exhibit 15: Secondary housing transaction in 10 cities

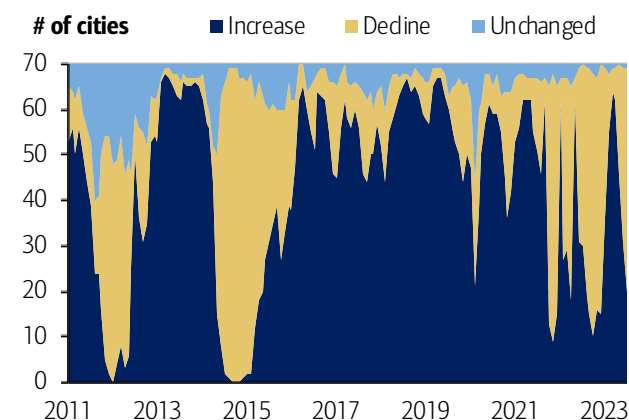
Secondary housing sales remained below 2022 level



Source: Wind, Note: Red dots indicate Lunar New Year (LNY) in each year, data as of Aug 15  
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### Exhibit 17: NBS number of cities with rising home prices

Sequentially, 49 out of 70 cities saw home price decline

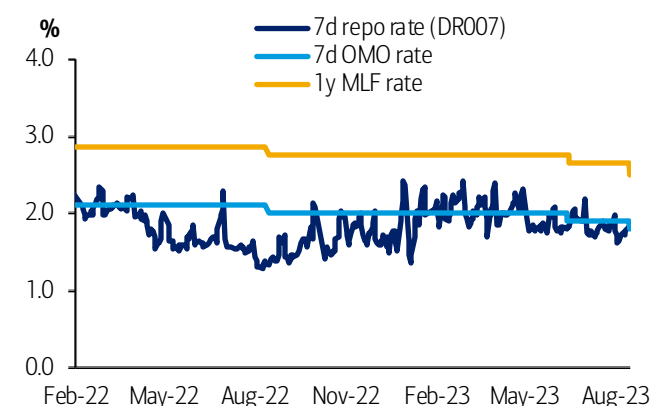


Source: NBS, CEIC

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### Exhibit 19: Money market rates vs. policy rates

PBoC unexpectedly lowered MLF rate by 15bps and 7-day OMO rate by 10bps on Aug 15



Source: Bloomberg, Wind, Note: data as of Aug 15

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