

China Watch

Chart book series #128: Consumer confidence index slowly inched up in Dec

Mobility improved slightly; consumer confidence edged up

Both inter- and intra-city mobility improved this week (Exhibit 3 & Exhibit 4). According to the MCT, they expected around 9bn travels (person per time, includes all means of travels) nationwide during the “Chunyun” (Jan 26 – Mar 5), a historical high, and 80% of the travels may be via self-driving trips. This week, consumption activities largely held up. Auto sales was up by 15% yoy in the during Jan 8-14 of 2024 (Exhibit 6); box office revenue moderated further but stayed roughly at 2022 level (Exhibit 7). According to the NBS, Dec consumer confidence index inched up to 87.6 from 87 in Nov (Exhibit 5).

Production activities remained stable

Production activities remained roughly stable last week. Cement shipment remained strong due to continued construction activities in the South (Exhibit 10), while cement price trended down as producers have been destocking (Exhibit 11). Rebar apparent consumption dropped further due to seasonality issues (Exhibit 8) while the operation rate of tire rebounded (Exhibit 12). Coal consumption in major IPPs held up (Exhibit 9). Container freight index surged further after the Red Sea incident (Exhibit 13).

Weak new home sales; further decline in home prices

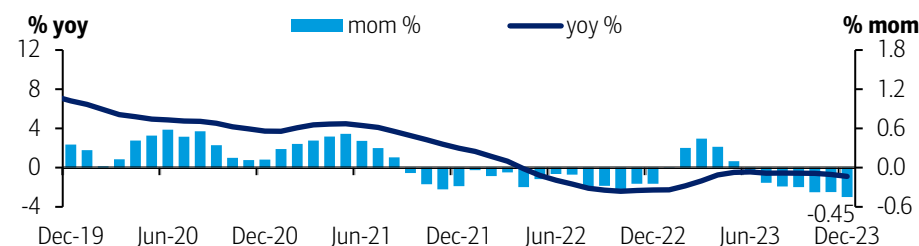
NBS 70-city new home prices dropped in seven consecutive months in Dec, and have posted the most notable sequential decline (-0.45% mom) since 2015 (Exhibit 1). Cities across all tiers have seen sequential price declines, and only 7 cities (vs. 9 in Nov) with home price increase in Dec (Exhibit 16). This week, new home sales in key cities still remained sluggish (Exhibit 14), but secondary home sales held up well (Exhibit 15). Shanghai also announced relaxing HPR in its two non-core districts last week.

MLF net injections continued; USDCNY weakened

On Jan 15, despite no MLF cut announced, PBoC has net injected RMB216bn via MLF to provide liquidity to the market (Exhibit 19). USDCNY came in at about 7.2 this week amid stronger DXY, while PBoC continued its FX stability management via the setting of higher fixings (Exhibit 18).

Exhibit 1: NBS 70-city home prices

New home prices fell by 0.89% yoy, or 0.45% mom in Dec, the most notable sequential decline since 2015



Source: NBS, CEIC

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GEM Economics
Asia | China

Benson Wu
China & Korea Economist
Merrill Lynch (Hong Kong)
+852 3508 5047
benenson.wu@bofa.com

Helen Qiao
China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 3961
helen.qiao@bofa.com

Abbreviations:

OMO: Open market operations
PCR: Passenger Car Radial tires
TBR: Truck, Bus and Radial tires
PBoC: People's Bank of China
HPR: Home purchase requirement
MLF: Medium term lending facility
OMO: Open market operation
IPP: Independent power plants
CPCA: China Passenger Car Association
LNY: Lunar New Year
MCT: Ministry of Culture and Tourism

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[Chart book series #127: Container freight index continue to hike on Red Sea conflict](#)

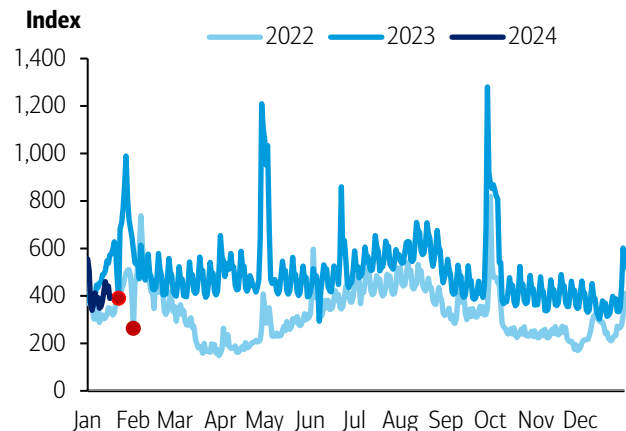
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[Chart book series #125: Industrial profit picked up; deposit rate cut again in Dec](#)

Mobility & Consumption

Exhibit 2: Baidu migration index

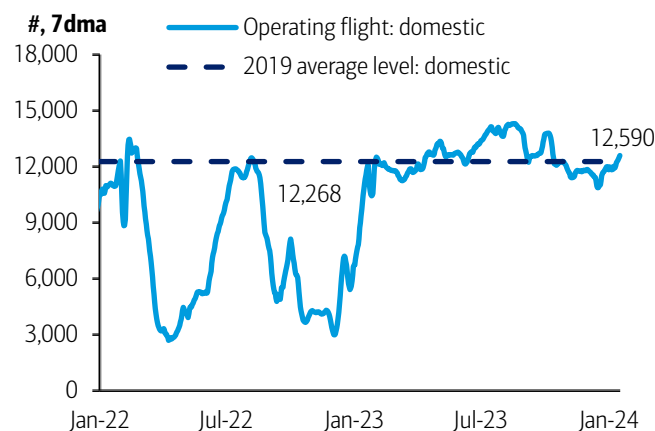
Inter-city trips remained resilient



Source: Baidu, Note: Red dots indicate Lunar New Year (LNY) in each year, data as of Jan 16, 2024

Exhibit 4: China's operating flights: domestic

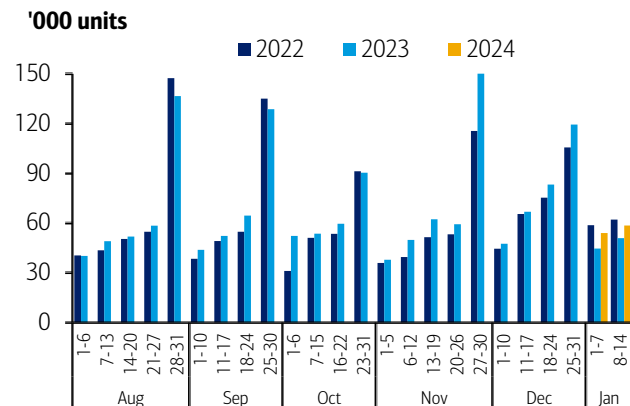
The number of domestic flights edged up to 12,590 as of Jan 16



Source: Wind, Note: data as of Jan 16, 2024

Exhibit 6: Auto sales

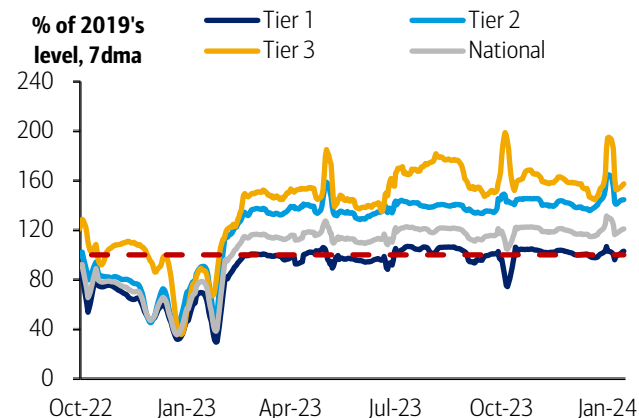
Auto sales during Jan 8-14 rose by 15% yoy



Source: CPCA. Note: data as of Jan 14

Exhibit 3: Daily subway rides by city tiers (28-city)

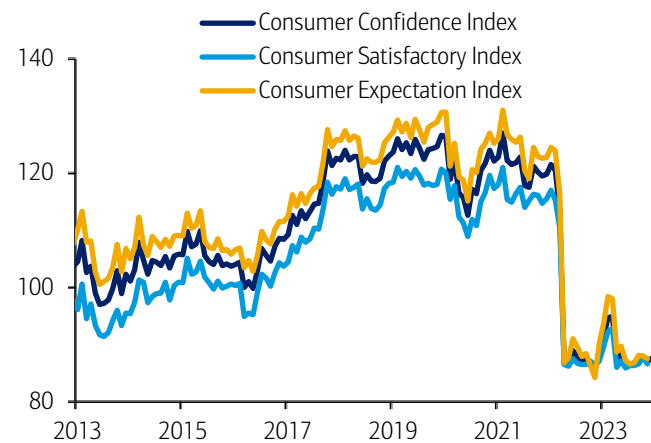
Daily subway rides ticked up this week



Source: Wind, Note: 100 represents benchmark (subway volume in December 2019); data as of Jan 15, 2024

Exhibit 5: NBS consumer confidence index

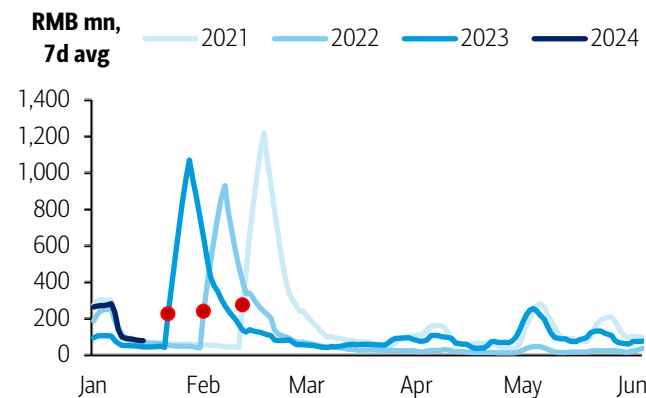
Dec NBS consumer confidence index ticked up but remained at low level



Source: NBS, CEIC

Exhibit 7: Box office revenue

Box office revenue trended down further and stayed roughly 2021 level

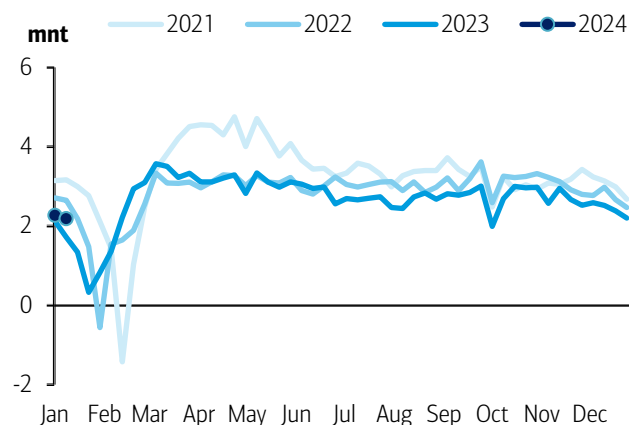


Source: Wind, China film administration, Note: Red dots indicate Lunar New Year (LNY) in each year: data as of Jan 15, 2024

Production & Logistics

Exhibit 8: Weekly average rebar apparent consumption

Rebar consumption inched down during off-season

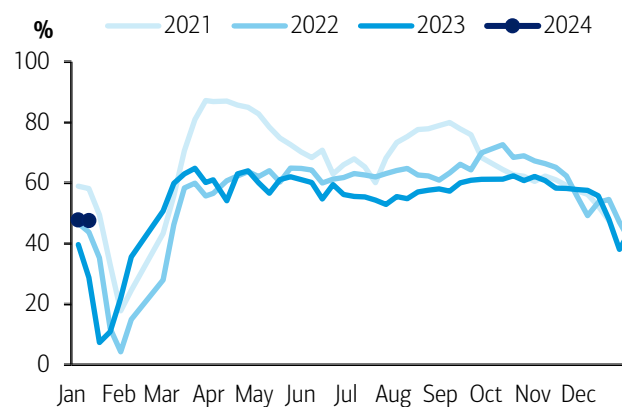


Source: Mysteel, Note: data as of Jan 12, 2024

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Exhibit 10: Cement shipment ratio

Cement shipment ratio remained strong for another week, as accelerated construction continued in the South

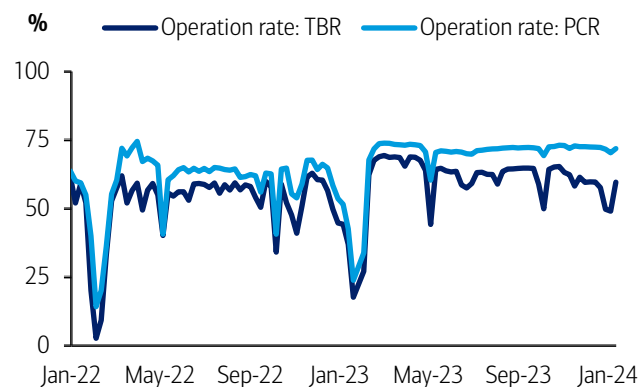


Source: Digital Cement Note: Shipment ratio is defined as the shipment volume over the production capacity in the same period, data as of Jan 12, 2024

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Exhibit 12: Operation rate of TBR and PCR

Operation rate of TBR rebounded last week

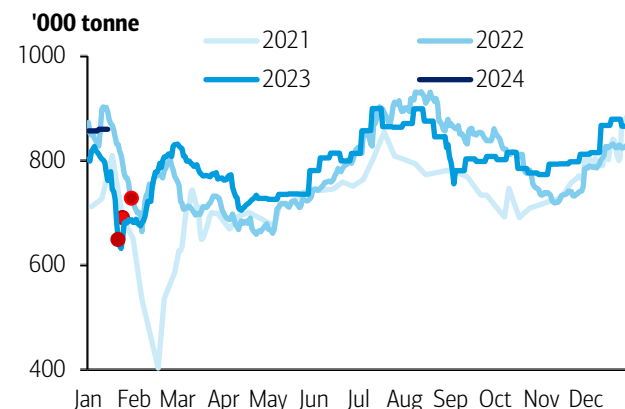


Source: Wind, Note: data as of Jan 11, 2024

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Exhibit 9: Daily coal consumption at major IPPs

Coal consumption for major IPPs remained stable

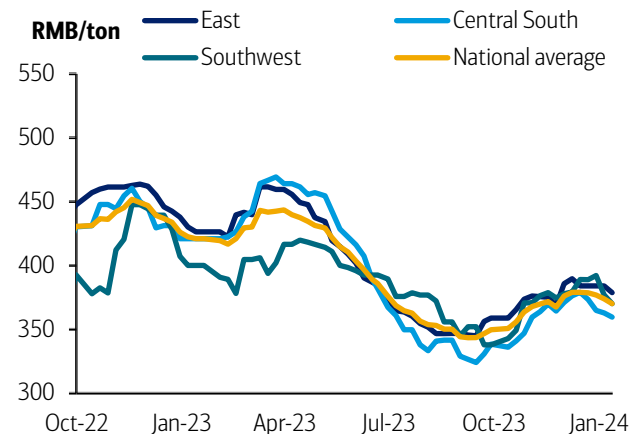


Source: Sxcoal, Note: Red dots indicate Lunar New Year (LNY) in each year, IPPs: independent power plants, data as of Jan 14, 2024

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Exhibit 11: Cement price by region

National average cement prices trended down due to destocking producers

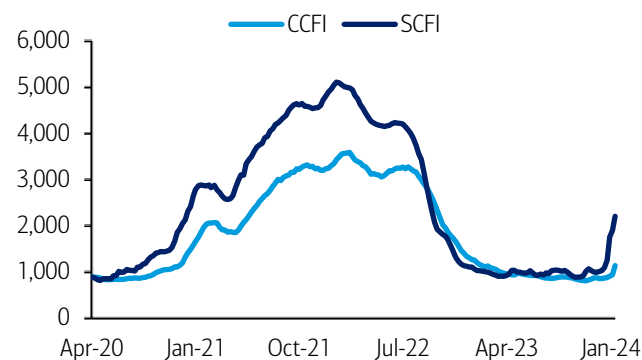


Source: Digital Cement, Note: data as of Jan 12, 2024

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Exhibit 13: Shanghai container freight index (SCFI) & China container freight index (CCFI)

SCFI surged further amid recent red sea incident; CCFI improved



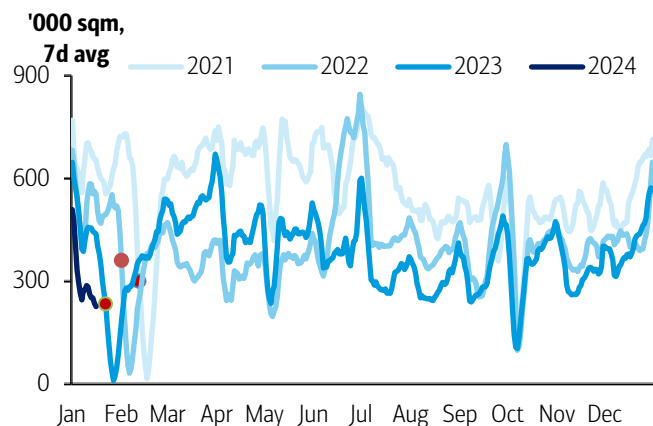
Source: Wind, Note: data as of Jan 12, 2024

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Property & Financial market

Exhibit 14: Property transaction in 30 major cities

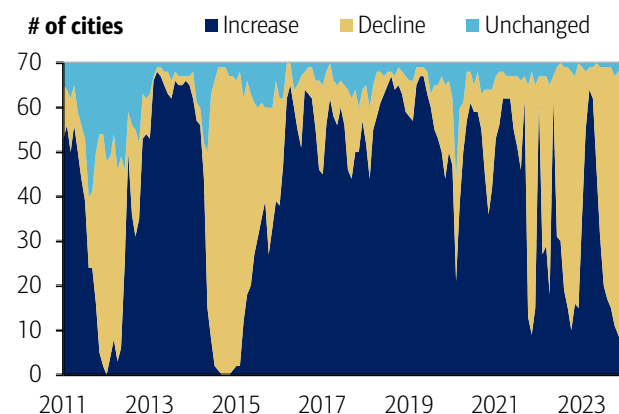
New home sales dropped far below par level



Source: Wind, Note: Red dots indicate Lunar New Year (LNY) in each year, data as of Jan 16, 2024
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Exhibit 16: NBS 70 city home prices

In Dec, only 7 out of 70 cities saw new home price increase (vs. 9 in Nov)

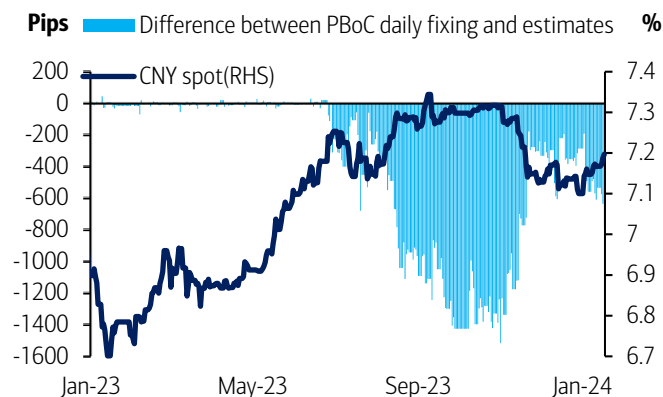


Source: NBS, CEIC

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Exhibit 18: USDCNY exchange rate with daily fixing

The daily fixing's difference with estimates widened amid rising USDCNY

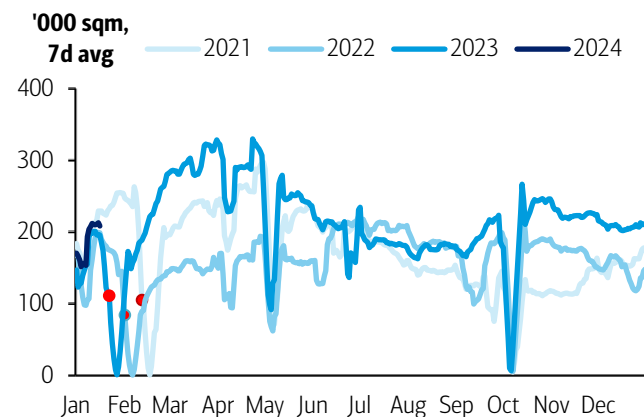


Source: Bloomberg, Note: data as of Jan 17

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Exhibit 15: Secondary housing transaction in 10 cities

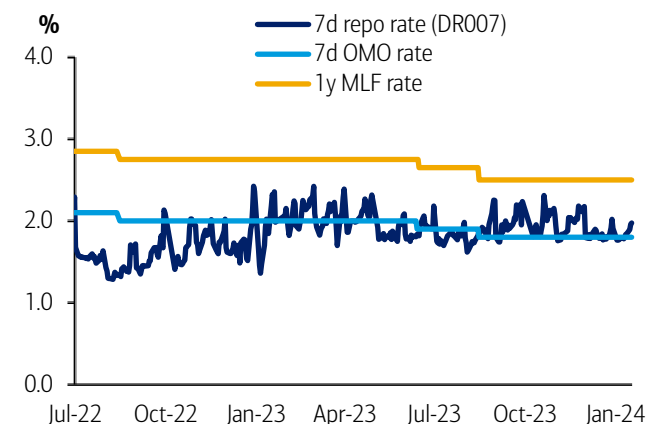
Secondary home sales stabilized above 2022-23 level



Source: Wind, Note: Red dots indicate Lunar New Year (LNY) in each year, data as of Jan 16, 2024
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Exhibit 17: Money market rates vs policy rates

7d repo rate fluctuated around 7d OMO rate

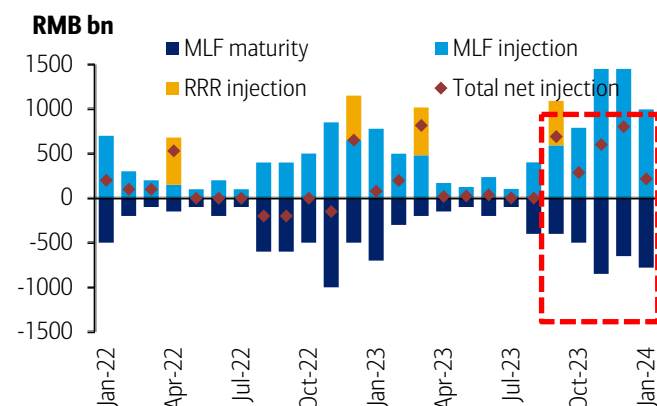


Source: Bloomberg, Wind, Note: data as of Jan 17

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Exhibit 19: Medium/long term liquidity injection and maturity

Total net injection reached RMB 216bn in as of Jan 15, 2024



Source: Wind, BofA Global Research

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