

China Economic Watch

Chart book series #9: Constructions up and running, while consumption healed slowly

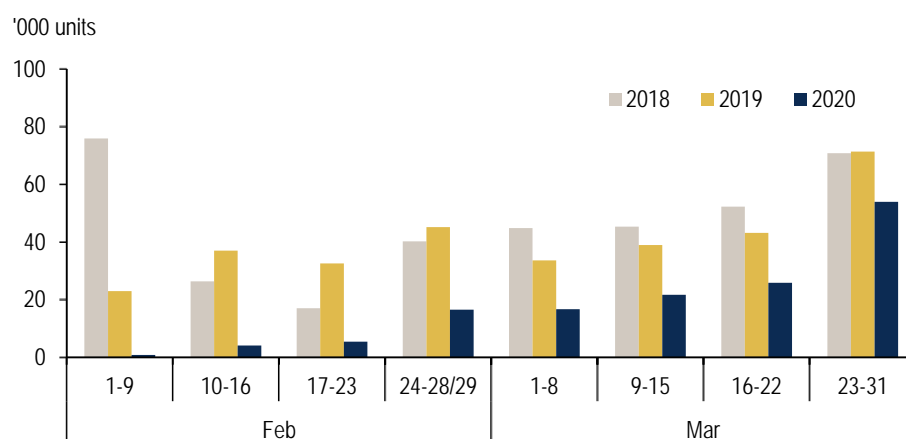
Last week marked the re-opening of Wuhan after almost 3 months, but a northern border town, Suifenhe, was locked down due to the 2nd wave infection.

Industrial and construction capacity nationwide have largely been restored. Construction sites are getting busy: 85% of housing and infrastructure projects started or resumed construction by 1 April, and excavator on-duty ratio improved to 77% in early April.

Meanwhile, service consumption improved, but is still well below the pre-pandemic level. Travel bookings via China's biggest online tourism agency Trip.com for the three-day Ching Ming Festival (4-6 April) were up 50% from the weekend before. According to official estimates, visits to tourist sites were down 61% yoy, and revenue fell by 81%.

- **Traffic volume:** Inter-city traffic volume has been on an upward trend. Major city traffic volumes largely normalized, except in Beijing.
- **Industrial production:** The level of coal consumption at six major power plants headed lower. Steel mill utilization continued improving amid rising steel prices.
- **Services and inflation:** Auto sales rebounded to about 75% of 2019 level in late March (see Chart 1). Home sales remained decent, though easing from late March due to holiday effect. Hotel occupancy rate also picked up to 41% of 2019 level.
- **Liquidity and credit supply:** Interest rates eased especially for 7d repo rate, as the PBoC cut the interest rate on extra reserves. Bond issuance stayed strong.

Chart 1: Auto sales picked up to c.75% of 2019 volumes



Source: BofA Global Research, CPCA

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GEM Economics
Asia | China

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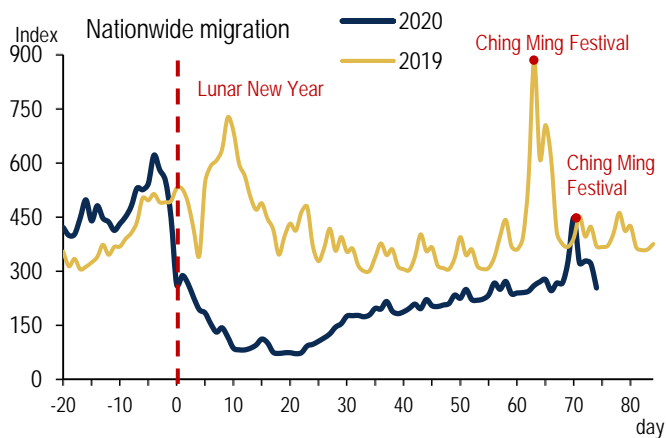
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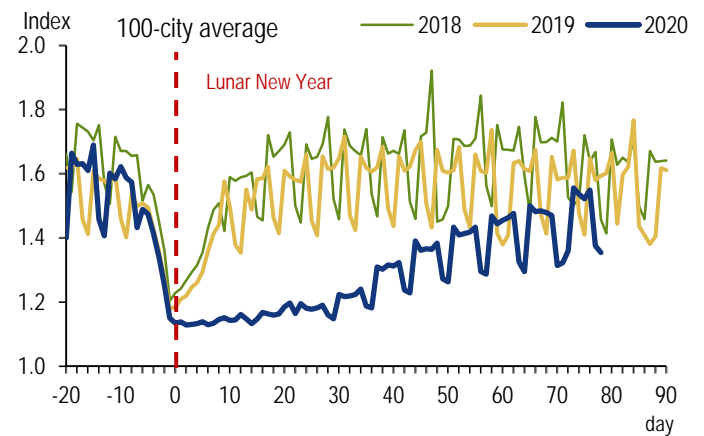
Traffic volume

Chart 2: People took fewer inter-city trips during Ching Ming this year



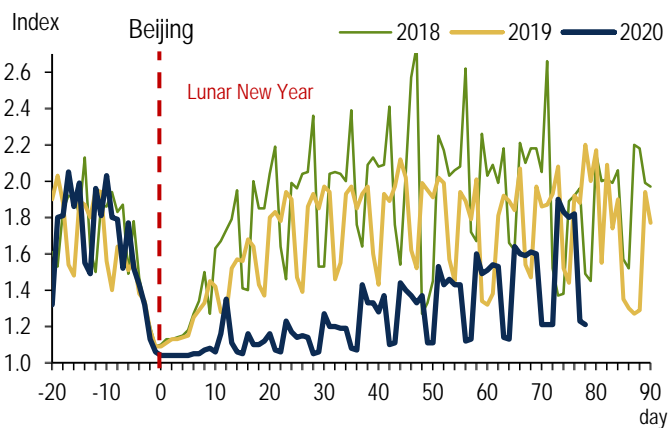
Source: BofA Global Research, Baidu

Chart 3: The congestion index has continued to catch up to 2019 level



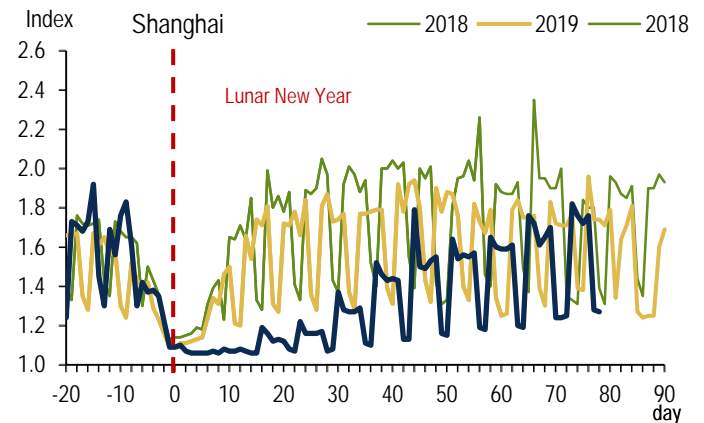
Source: BofA Global Research, Wind, Gaode Map

Chart 4: Traffic in Beijing remained lower than past years



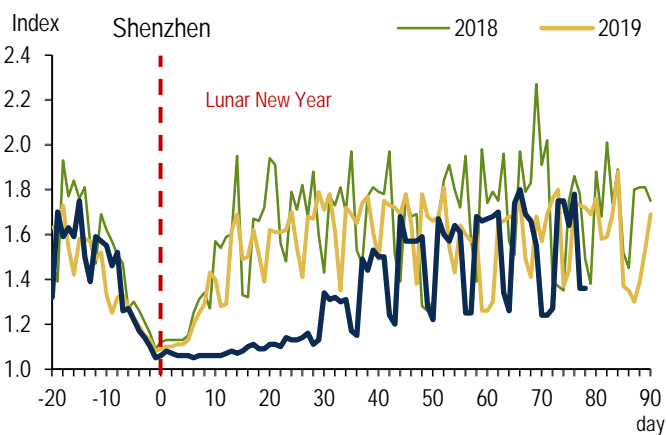
Source: BofA Global Research, Wind, Gaode Map

Chart 5: Traffic in Shanghai already came back to regular level



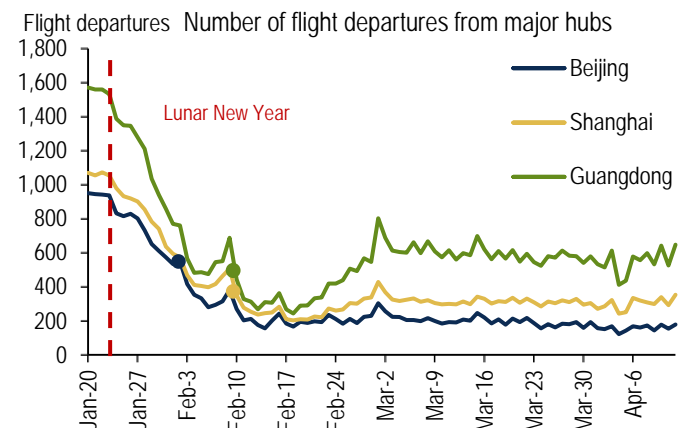
Source: BofA Global Research, Wind, Gaode Map

Chart 6: So did traffic in Shenzhen



Source: BofA Global Research, Wind, Gaode Map

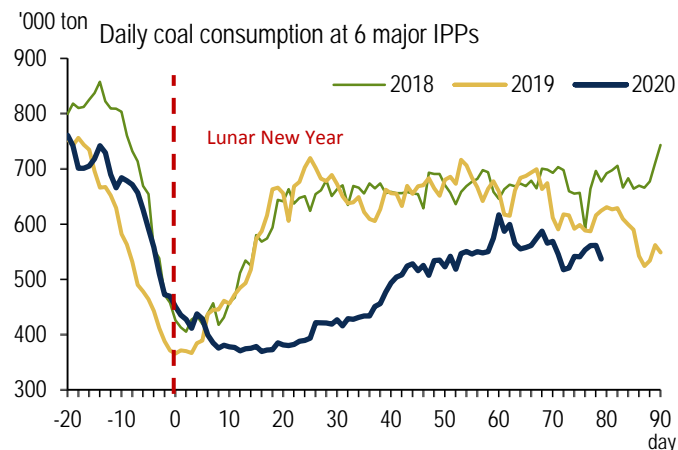
Chart 7: Air travel stabilized with international flights restricted



Source: BofA Global Research, Aisavvi

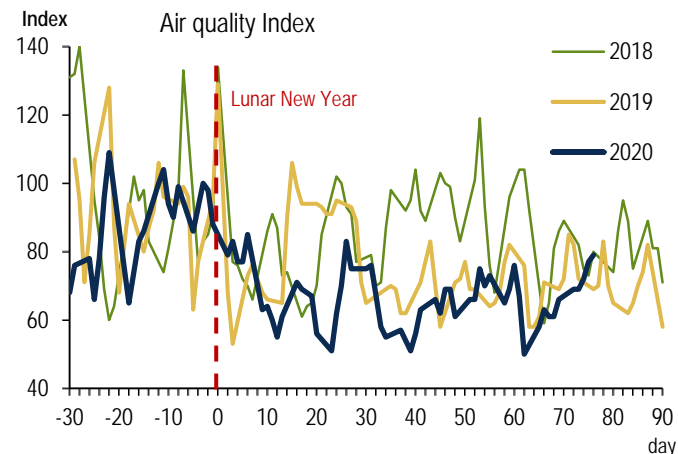
Industrial Production

Chart 8: Energy demand pulled back on sluggish industrial activities



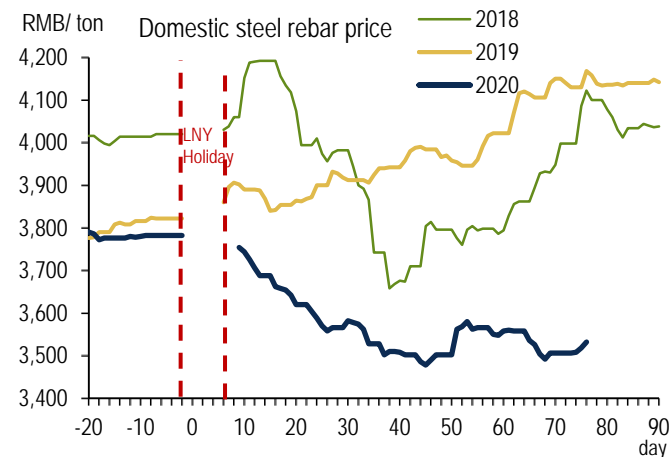
Source: BofA Global Research, Wind

Chart 9: Pollution also rose to 2019 level



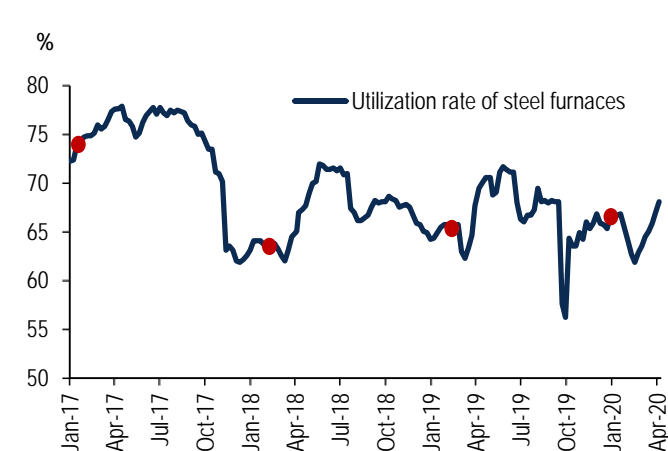
Source: BofA Global Research, Haver Analytics

Chart 10: Steel rebar prices edged up



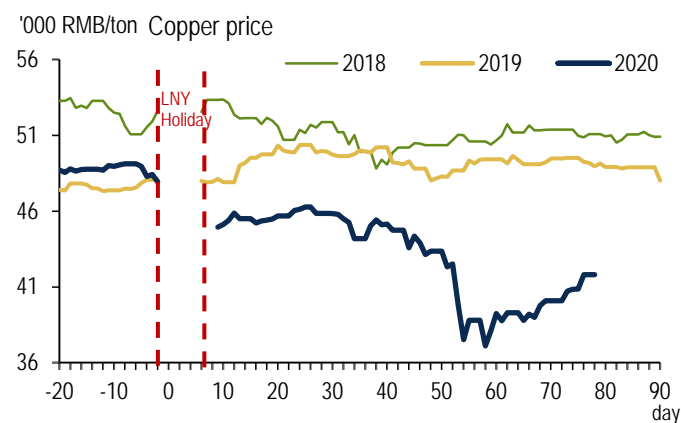
Source: BofA Global Research, Wind

Chart 11: And steel furnaces continued to fire up



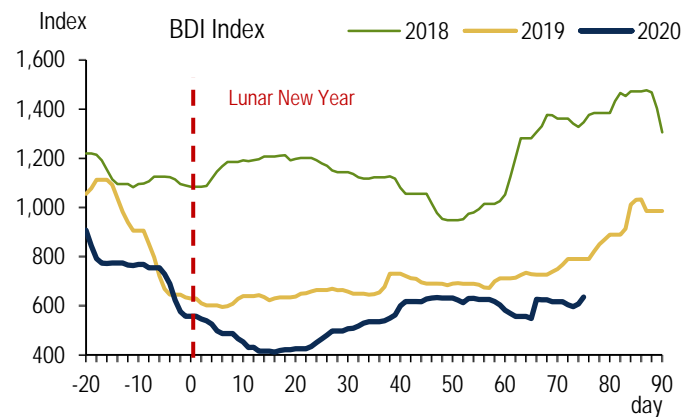
Note: Red dots indicate Lunar New Year (LNY) in each year. Source: BofA Global Research, Wind

Chart 12: Copper prices picked up from the nadir



Source: BofA Global Research, Wind

Chart 13: BDI Index stabilized

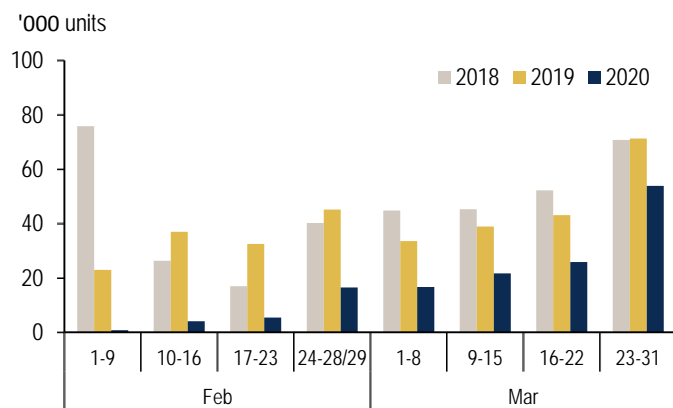


Source: BofA Global Research, Wind



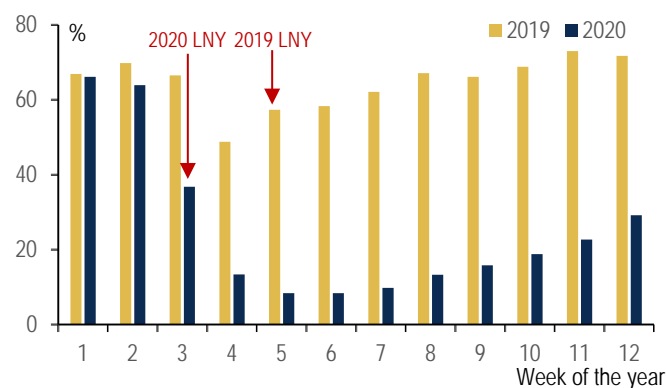
Services and inflation

Chart 14: Auto sales picked up to c.75% of 2019 volumes



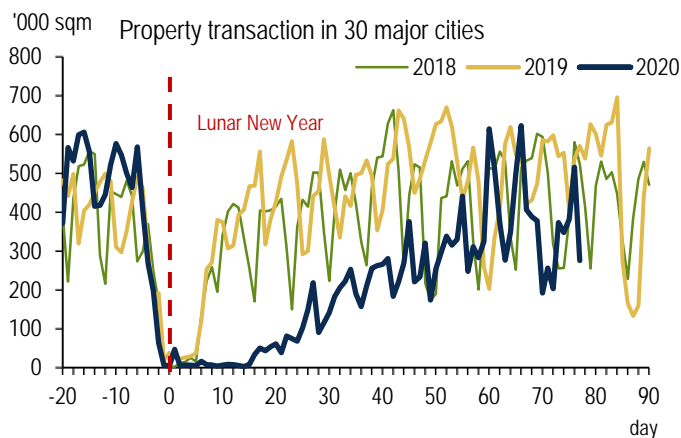
Source: BofA Global Research, CPCA

Chart 15: Hotel occupancy also rose to c. 40% of 2019 level



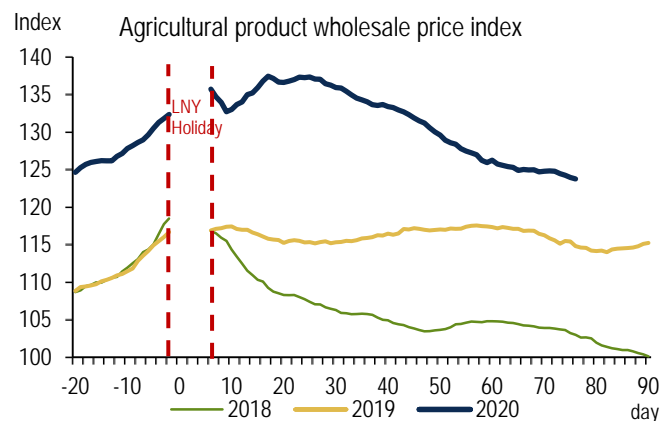
Source: BofA Global Research, STR Inc. Note: Data are based on surveys, and response rates may vary. Week 1 started Jan 6 in 2019, and Jan 5 in 2020.

Chart 16: Property transaction volume eased slightly



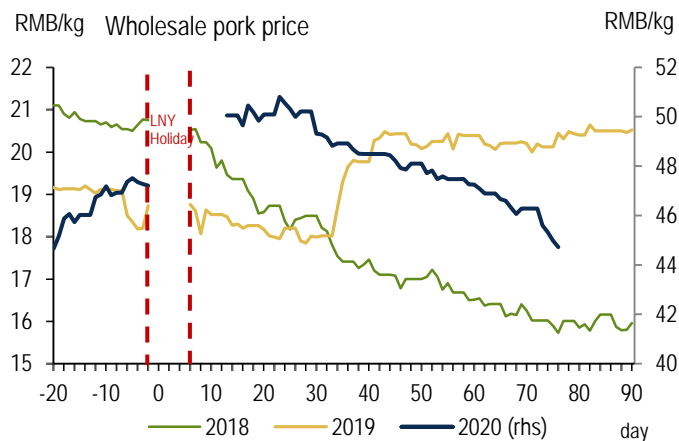
Source: BofA Global Research, Wind

Chart 17: Food prices continued to moderate



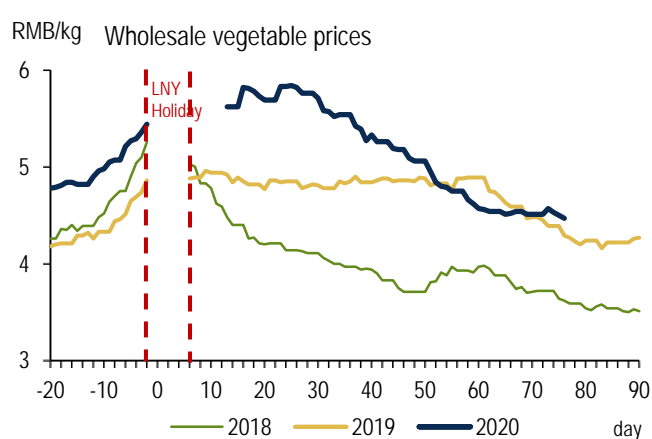
Source: BofA Global Research, Wind

Chart 18: Pork prices continued to fall



Source: BofA Global Research, CEIC

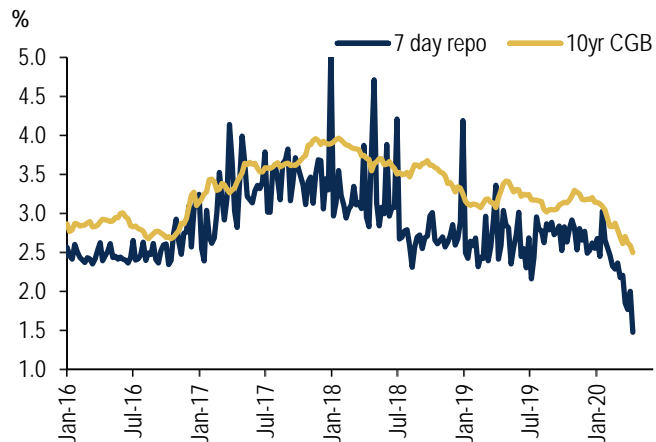
Chart 19: Vegetable prices stabilized



Source: BofA Global Research, CEIC

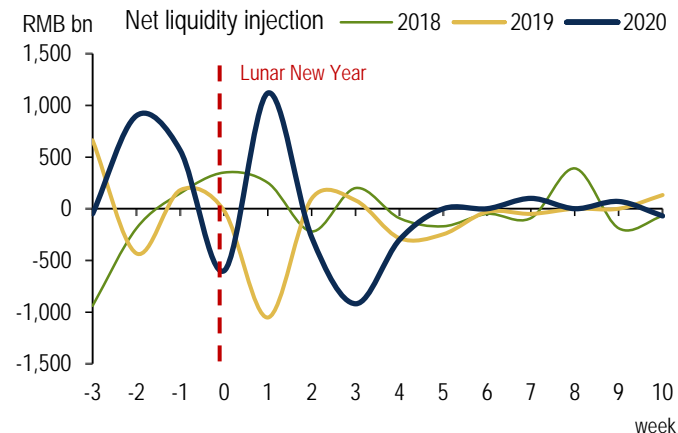
Liquidity and credit supply

Chart 20: Nominal interest rates continue to decline



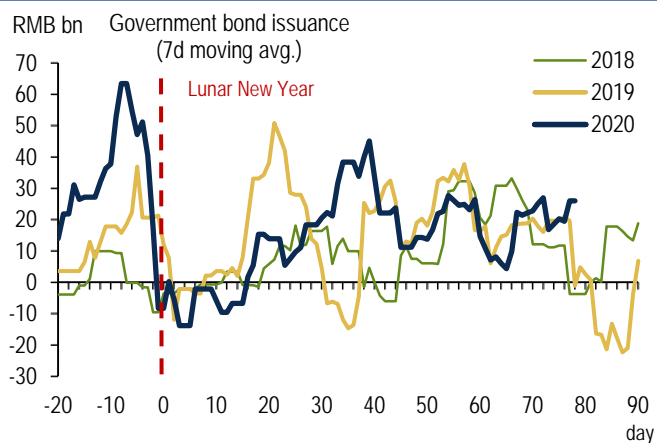
Source: BofA Global Research, Wind, CEIC

Chart 21: The PBoC drained liquidity from interbank market



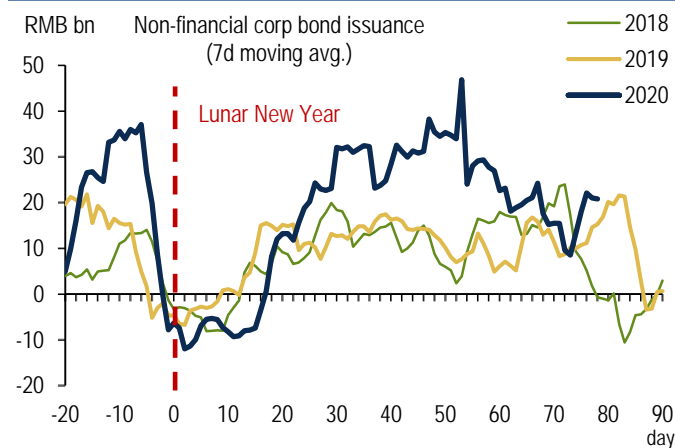
Note: Liquidity injection/withdrawal via OMO include repo, reverse repo, SLO, SLF, MLF and TMLF.
Source: BofA Global Research, CEIC

Chart 22: Govt bond issuance exceeded 2019 level



Source: BofA Global Research, Wind

Chart 23: Corp bond issuance remained elevated



Source: BofA Global Research, Wind

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