

Instant Insights
China: CPI inflation eases on food...
10 Apr 2020

Economics
China Country Snapshot
09 Apr 2020

Instant Insights
China: Stable credit growth:
corporate...
11 Mar 2020

Instant Insights
China: March PMI rebound
activity...
31 Mar 2020

CORE

10 April 2020

Yingke Zhou +852 2903 2653 yingke.zhou@barclays.com Barclays Bank, Hong Kong
Jian Chang +852 2903 2654 jian.chang@barclays.com Barclays Bank, Hong Kong
Eric Zhu +852 2903 2655 eric.zhu@barclays.com Barclays Bank, Hong Kong

Completed: 10-Apr-20, 11:05 GMT
Released: 10-Apr-20, 11:05 GMT

China

March credit growth jumps on corporate financing

Growth in total social financing rebounded sharply to 11.5% in March after stabilizing at 10.7% for four consecutive months. The visible improvement in credit growth is due to a combination of factors. First, we note bank loans to corporates almost doubled the amount a year ago, suggesting the (targeted) supportive credit policy took effect. Second, growth in corporate bonds issuances continued to improve, rising by 2.9pp to 17.4% y/y in March due to looser issuance rules and declining bond yields. Within corporate bond issuance, we see developer bond issuance jumped to a 4-year high in March, which is likely to be used to finance land purchase (lately we see recovery in the land market, with rebounding auction premiums). Third, we note off-balance-sheet lending returned to positive territory in March likely driven by the regulatory policy fine-tuning.

Looking ahead, we think the supportive credit policy, and more issuance of special government bonds amid stepped-up fiscal stimulus, along with recovery in household loans on improving home sales, will continue to lend some support to credit growth. Moreover, we believe monetary policy will focus on supporting/stabilizing credit growth and lowering financing costs for the real economy. In the near term, we expect a 20bp cut in the MLF rate on 17 April, to 2.95%, in order to guide the 1y LPR lower. In addition, we expect the PBoC to lower the (targeted) RRR by 200-300bp (including a 100bp