

## **China Industrial Companies' Profits Decline 2.2% in April**

Chinese industrial companies' profits fell in April, a government report showed, as the nation's slowing economy curbed demand. Earnings declined 2.2 percent from a year earlier to 407.6 billion yuan (\$64.2 billion), the National Bureau of Statistics said on its website yesterday. That compared with a 4.5 percent gain in March. The deceleration in corporate profit growth underscores concerns that the slowdown in the world's second-biggest economy is deepening. China's State Council said on May 23 that downside risks to growth are increasing and the government will intensify "fine-tuning" policies as needed, signaling it may take more aggressive steps to support the nation's expansion. "China's economy is slowing down, so profit growth will also be slower this year," Lu Zhengwei, Shanghai-based chief economist at Industrial Bank Co., said before the release. "The pace may pick up a bit in coming months if the economy rebounds after policy easing filters through." Industrial profit growth for the full year is likely to be in a range of 10 percent to 20 percent, compared with 25.4 percent in 2011, Lu said.

**Property Curbs** China's economy may expand 7.9 percent this quarter from a year earlier, the least since 2009, a Bloomberg survey this month showed, as Europe's debt crisis crimps exports and property curbs cool domestic demand. That's down from an 8.1 percent pace in the first three months that was the fifth quarterly deceleration. The government "must proactively take policies and measures to expand demand and to create a favorable policy environment for stable and relatively fast economic growth," according to a government statement summarizing the State Council's May 23 meeting. A preliminary reading of HSBC's China purchasing managers' index released May 24 indicated manufacturing may contract for a seventh month, adding to signs that growth is weakening. The report followed data that showed industrial production in April rose the least since 2009 and new lending was the lowest this year. Premier Wen Jiabao, while visiting a remote region in Hunan province, called for extra government support for the nation's poorest areas, the official Xinhua News Agency reported yesterday. The country should speed up important infrastructure projects and improve health-care services in impoverished regions, Wen was cited as saying.

**Steelmaker Losses** Industrial profit for the first four months fell 1.6 percent from a year earlier to 1.45 trillion yuan, yesterday's statistics bureau report showed. That compared with a 1.3 percent drop in the first quarter. Sales in the period rose 12.7 percent to 27 trillion yuan, according to the data. Baoshan Iron & Steel Co. (600019), which supplies half of China's automobile steel, reported a larger-than-estimated 60 percent drop in first-quarter profit on slowing demand, according to a statement filed to the Shanghai stock exchange on April 27. Steelmakers in China, the world's biggest producer, had combined losses of more than 1 billion yuan in the first quarter, China Iron and Steel Association data show. China's industrial-profit data cover companies in 41 industries. Starting last year, the statistics bureau raised the minimum annual sales for businesses included in the survey to 20 million yuan from 5 million yuan.