**China`s GDP and its factors**

**Nontechnical Report**

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To test statistical factors and form a regression model of China`s GDP, we collect data of various economical indicators.

Our Data sources come from International Monetary Bureau and National statistics Bureau of China.

Dependent Variables: Gross Domestic Product of China (GDP).

Independent Variables: Fixed Assets Investment (UFA), Broad Money Supply (M2), Total of Import and Export (TIE), Shanghai Composite Index (SHI), Gross Domestic Product of USA (GUSA), Currency Rate of U.S. Dollar and Chinese Yuan (DDR), Registered Unemployment Rate (RUR), Gross National Savings (GNS), General Government Gross Debt (GGD), Consumer Price Index (CPI).

We get the full regression model:

GDP = -5860.98033 + 2.18UFA + 0.08M2 + 0.4TIE + 0.08SHI + 0.44UGDP - 0.34DRR + 1605.64RUR - 79.9GNS -0.1GGD - 2.56CPI

Which means China'GDP is positive relevant to UFA, M2, TIE, SHI, UGDP and RUR, and negative relevant to DRR, GNS, GGD, CPI.

To get a parsimonious model, we eliminate the multicollinear variables, finally we get:

Log (GDP) = Log (M2) + Log (RUR) = -0.62231+1.36741\*log (RUR) + 0.75230\*log (M2)

In our model, we notice that the unemployment rate of China is positive related to China`s GDP, which contradict our intuition. It accords with the argue that China`s Unemployment rate is not a good indicator to China`s economy.