

# CHINA BIWEEKLY

RMB Internationalization Business Promotion Office  
Global Business Division

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## ■ BIWEEKLY DIGEST

### [Industry]

- **Trends in internet use for the first half of 2017: new services lead the trends**
- **Home prices for 70 medium and large cities for July: 56 cities with month-on-month (MoM) growth and 70 cities with year-on-year (YoY) growth**
- **July auto sales rises 6.2% YoY, up 1.7 percentage points MoM in growth rate**
- **Chinese Outbound Tourism in the First Half of 2017: personal travel gains popularity**

### [Trade/ Investment]

- **Outward foreign direct investment for January-July: down 44.3% YoY**

### [Finance/ Exchange]

- **July cross-border RMB settlement**
- **New RMB loans for July increase RMB 361.9 billion YoY and decrease RMB 714.5 billion MoM**

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## [Industry]

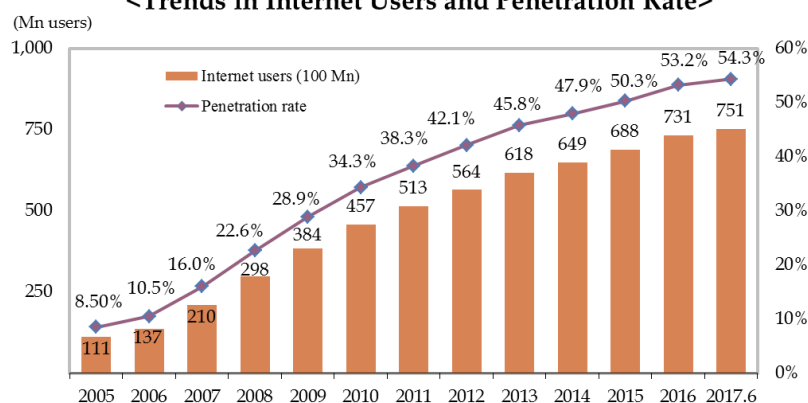
### ◆Trends in internet use for the first half of 2017: New services lead the trends

On August 4, China Internet Network Information Center (CNNIC) released its 40th Statistical Report on Internet Development in China.

According to the report, as of the end of June 2017, the number of internet users in China rose by 2.7% (19.92 million) from the end of 2016 to 751 million, and the internet penetration rate rose 1.1 percentage points from the end of 2016 to 54.3%. Among them are those who use mobile devices to access the internet, which increased 28.3 million from the end of 2016 to 724, accounting for 96.3% of the total number of internet users.

The breakdown of the growth rates for internet usage by purpose shows that the number of internet users rose substantially in online meal ordering services, up 41.6% from the end of 2016 to 295.34 million, online car booking services (excluding taxis), up 29.4% from the end of 2016 to 217.33 million, and internet financing services, up 27.5% from the end of 2016 to 126.14 million. Additionally, new services are also increasing their presence in that live broadcasting services gained 342.59 million users, accounting for 45.6% of the total number of internet users, and bike sharing services gained 161.2 million users, representing 14.1% of the total.

**<Trends in Internet Users and Penetration Rate>**



(Source) Prepared based on data published by CNNIC

### **<Internet Use by Purpose>**

Top: connection from all devices/Bottom: connection from cell phones

	2014		2015		2016		June 2017	
	All users 649 Mn	YoY growth rate	All users 688 Mn	YoY growth rate	All users 731 Mn	YoY growth rate	All users 751 Mn	YoY growth rate
	Users via cell phones 557 Mn		Users via cell phones 620 Mn		Users via cell phones 695 Mn		Users via cell phones 724 Mn	
Instant messaging (We Chat, etc.)	588 Mn	10.4%	624 Mn	6.2%	666 Mn	6.8%	692 Mn	3.8%
	508 Mn	17.8%	557 Mn	9.8%	638 Mn	14.5%	668 Mn	4.7%
Online shopping	361 Mn	19.7%	413 Mn	14.3%	467 Mn	12.9%	514 Mn	10.2%
	236 Mn	63.5%	340 Mn	43.9%	441 Mn	29.8%	480 Mn	9.0%
Online payment	304 Mn	17.0%	416 Mn	36.8%	475 Mn	14.0%	511 Mn	7.7%
	217 Mn	73.2%	358 Mn	64.5%	469 Mn	31.2%	502 Mn	7.0%
Online gaming	366 Mn	8.2%	391 Mn	7.0%	417 Mn	6.5%	422 Mn	1.1%
	248 Mn	15.3%	279 Mn	12.5%	352 Mn	25.9%	385 Mn	9.6%
Online banking	282 Mn	12.8%	336 Mn	19.2%	366 Mn	8.7%	383 Mn	4.7%
	198 Mn	69.2%	277 Mn	39.7%	334 Mn	20.5%	350 Mn	5.0%
Online travel reservation	222 Mn	22.7%	260 Mn	17.1%	299 Mn	15.3%	334 Mn	11.5%
	134 Mn	194.6%	210 Mn	56.4%	262 Mn	24.7%	299 Mn	14.2%
Online meal ordering	—	—	114 Mn	—	209 Mn	83.7%	295 Mn	41.6%
	—	—	—	—	194 Mn	86.2%	274 Mn	41.4%
Online car booking (excl. taxis)	—	—	—	—	168 Mn	—	217 Mn	29.4%
	—	—	—	—	—	—	—	—
Internet financing	78 Mn	—	90 Mn	15.0%	99 Mn	9.6%	126 Mn	27.5%
	—	—	—	—	—	—	—	—
Live broadcasting	—	—	—	—	344 Mn	—	343 Mn	—
	—	—	—	—	—	—	—	—
Bike sharing	—	—	—	—	—	—	106 Mn	—
	—	—	—	—	—	—	—	—

(Source) Prepared based on data published by CNNIC

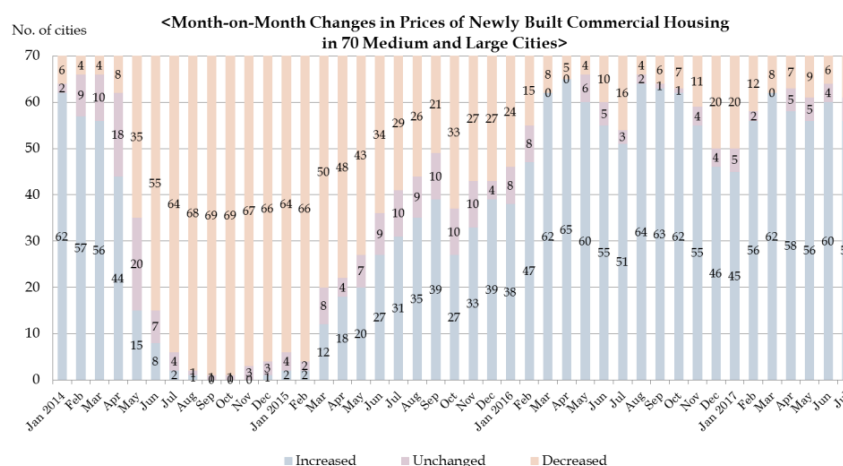
## ◆ Home prices for 70 medium and large cities for July: 56 cities with MoM growth and 70 cities with YoY growth

On August 18, the National Bureau of Statistics (NBS) announced the home price indices for 70 medium and large cities for July.

The sales prices of newly constructed commercial residential buildings rose from the previous month in 56 cities MoM, down four cities MoM, and dropped in five cities, down one city MoM.

The prices increased considerably in Beihai (Yunnan), up 1.5% MoM, and in Nanning (Guangxi Zhuang Autonomous Region), Jinhua (Zhejiang), and Shaoguan (Guangdong), up 1.3% MoM, respectively, while they dropped considerably in Anqing (Anhui), down 0.3% MoM, and in Tianjin, Shenzhen, Fuzhou, and Quanzhou (Fujian), down 0.2% MoM, respectively.

The average price increase rate stayed at the same level as in June among first-tier cities(\*), rose 0.4% among second-tier cities(\*), down 0.2 percentage points MoM, and rose 0.6% among third-tier cities(\*), down 0.3 percentage points MoM, which indicates that the price increases in second- and third-tier cities are becoming moderate.

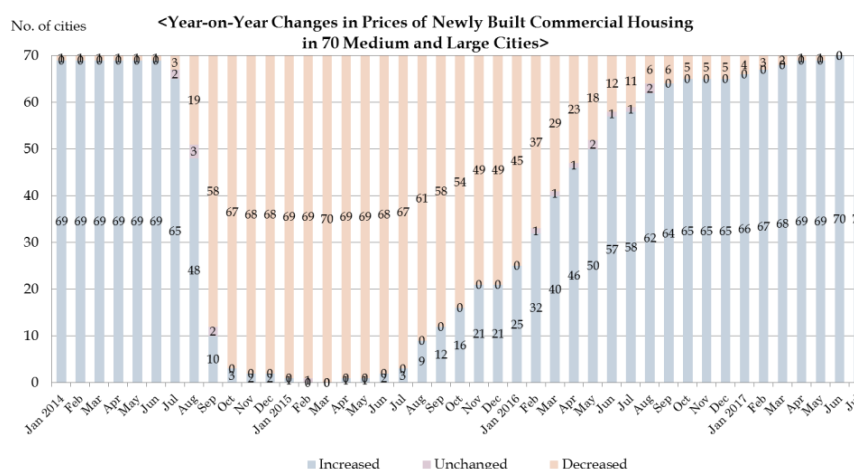


(Source) Prepared based on data published by the National Bureau of Statistics of China

On a year-on-year basis, meanwhile, the prices increased in all of the 70 cities as in the previous month.

The prices increased significantly in Wuxi (Jiangsu), up 19.7% YoY, Changsha (Hunan), up 18.3% YoY, Zhengzhou (Henan), up 17.7% YoY, and Bengbu (Anhui), up 17.0% YoY.

The average price increase rate, however, fell 1.7 percentage points among first-tier cities (\*), down for the 10th consecutive month, and dropped 0.8 percentage points among second-tier cities(\*), down for the eighth consecutive month.



(Source) Prepared based on data published by the National Bureau of Statistics of

(\*) First-tier cities: Beijing, Shanghai, Guangzhou, and Shenzhen

Second-tier cities: 31 cities including provincial capitals and sub-provincial cities

Third-tier cities: 35 cities, excluding the above first- and second-tier cities from 70 cities

## ◆ July auto sales rises 6.2% YoY, up 1.7 percentage points MoM in growth rate

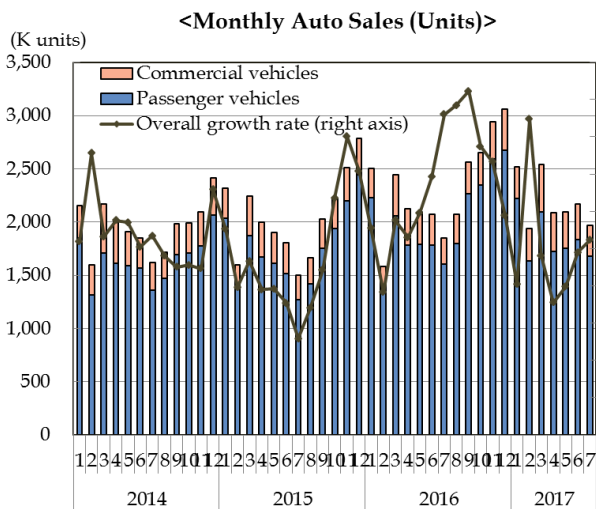
The China Association of Automobile Manufacturers (CAAM) announced on August 11 that July auto sales had risen 6.2% YoY to 1.971 million units, expanding the sales growth from 4.5% YoY in June. Cumulative January-July sales increased 4.1% YoY to 15.325 million units, expanding the growth rate from 3.8% YoY in June. At the beginning of the year, CAAM expected the annual auto sales for 2017 would increase about 5% YoY to 29.4 million units, but the current pace of sales is falling behind their expectations.

By vehicle type, sales of passenger cars in July rose 4.3% YoY to 1.678 million units (June: up 2.3% YoY to 1.832 million units). Among passenger cars, sales of small cars with 1.6 liter or smaller engines fell 1.0% YoY to 1.113 million units (June: down 4.4% YoY to 1.214 million units), a slower pace of decline than the previous month, but continued to decline YoY. On the other hand, sales of commercial vehicles jumped 18.4% YoY to 293,000 units (June: up 18.4% YoY to 340,000 units), maintaining a high growth rate.

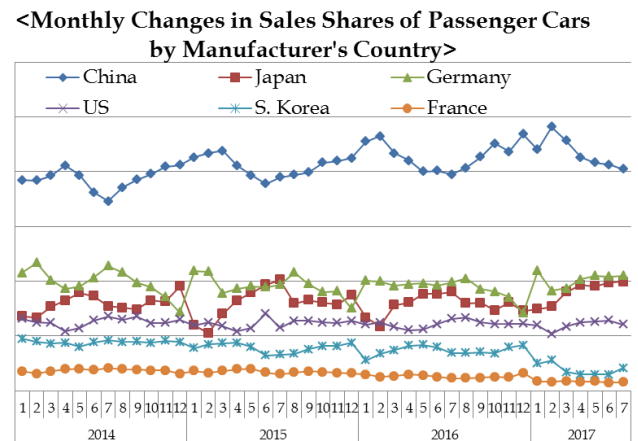
By type of passenger car, sales of sedans fell 0.3% YoY to 825,000 units (June: down 4.3% YoY to 883,000 units), sport utility vehicles (SUVs) jumped 18.1% YoY to 690,000 units (June: up 15.7% YoY to 741,000 units), multi-purpose vehicles (MPVs) dropped 10.9% YoY to 137,000 units (June: down 3.9% YoY to 164,000 units); only SUVs increased in sales with a higher growth rate than in the previous month.

Turning to the sales shares in the Chinese passenger car market, Chinese automakers acquired 40.5% (41.3% in June) with 679,000 units, German automakers had 21.0% (20.9% in June) with 353,000 units, Japanese automakers seized 19.9% (19.7% in June) with 334,000 units, U.S. automakers held 12.1% (12.8% in June) with 203,000 units, South Korean automakers took 4.2% (3.0% in June) with 70,000 units, and French automakers maintained 1.5% (1.5% in June) 26,000 units. German, Japanese, and South Korean automakers increased their market shares.

Sales of new energy vehicles rocketed up 55.2% YoY to 56,000 units (June: up 33.0% YoY to 59,000 units). Of the sales, electric vehicles (EVs) recorded an increase of 70.2% YoY in sales to reach 45,000 units (June: up 41.4% to 48,000 units). The EV market continues to grow at a rapid pace.



(Source) Prepared based on data published by CAAM



(Source) Prepared based on data published by CAAM

## ◆Chinese Outbound Tourism in the First Half of 2017: personal travel gains popularity

The China Tourism Academy (CTA, the official tourism research institute of the China National Tourism Administration) and Ctrip.com International (a major online travel agency) co-released Chinese Outbound Tourism in the First Half of 2017 on August 3.

According to the report, in the first half of 2017, the number of Chinese overseas travelers reached 62.03 million, up 5.1% from 59.03 million in the first half of 2016. By category, while the ratio of personal travel (58%) exceeded group travel (42%), group travelers' spending per person was more than RMB 6,000, exceeding that of personal travelers of more than RMB 5,000.

The report pointed out a distinctive trend in Chinese travelers that personal travel was particularly popular among young people in their teens and twenties. Among personal travelers, a new travel style by which travelers book tickets for tourist spots or day trip packages in advance and hire local guides for sightseeing was reported to be a trend. There seemed also to be a change in travel plans ; extended stays in single destinations are winning popularity over tours to multiple destinations, and travelers prefer taking their time experiencing local lifestyles.

The top three cities whose residents spend the most on overseas travel were: Suzhou (RMB 7,123), Beijing (RMB 6,778), and Shanghai (RMB 6,760).

The most popular overseas travel destinations were: Thailand ranked first, Japan second, Singapore third, South Korea fourth, and Malaysia fifth. South Korea fell from second place in the last year. By city, Bangkok ranked first, Singapore second, Hong Kong third, Tokyo fourth, and Taipei fifth. By beach resort, Phuket (Thailand) ranked first Bali (Indonesia) second, Boracay (the Philippines) third, Sabah (Malaysia) fourth, and Nha Trang (Vietnam) fifth, all of which are in the Southeast Asia region.

As of July 11, 65 countries/regions offer preferential visa treatment for Chinese tourists, including reciprocal visa waiver and visa issuance upon arrival at the travel destination country/region. Tourists to Japan are required to apply for different types of visa depending on their income, etc., and book air tickets and accommodation through travel agencies in advance.

**<Ranking of Popular Overseas Destinations of Chinese Tourists (1H 2017)>**

Rank	Country/Region	City	Beach Resort
1	Thailand	Bangkok	Phuket (Thailand)
2	Japan	Singapore	Bali (Indonesia)
3	Singapore	Hong Kong	Boracay (Philippines)
4	South Korea	Tokyo	Sabah (Malaysia)
5	Malaysia	Taipei	Nha Trang (Vietnam)
6	U.S.A.	Seoul	Okinawa (Japan)
7	Indonesia	Osaka	Maldives
8	Vietnam	Kuala Lumpur	Krabi (Thailand)
9	Philippines	Washington D.C.	Saipan (USA)
10	Australia	Macau	Samui (Thailand)

(Reference) Chinese Outbound Tourism in the First Half of 2017 by  
the China Tourism Academy and Ctrip.com International

## [Trade/ Investment]

### ◆Outward foreign direct investment for January-July: down 44.3% YoY

On August 15, the Ministry of Commerce announced the statistics for outward foreign direct investment for January-July.

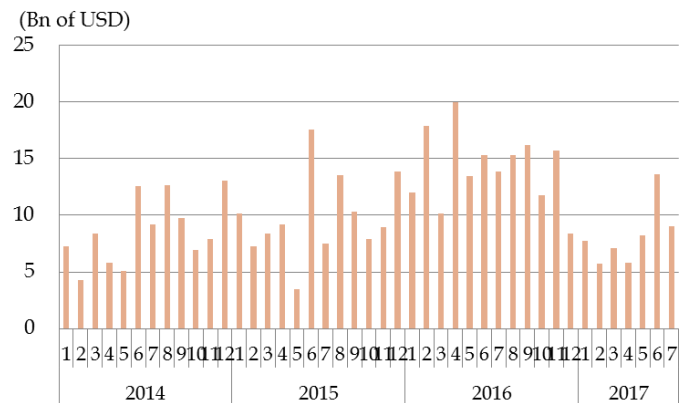
Outward foreign direct investment (OFDI, excluding financial services) for January-July declined 44.3% YoY to USD 57.2 billion. OFDI for July only declined 35.1%\* to USD 9.01 billion. The authority explained that the decline was due to restraint on irrational outward investment.

\*(\*) Calculated by BTMU based on the amount of OFDI announced by the Ministry of Commerce.

By industry, OFDI for January-July declined by a significant 81.2% YoY in real estate and 79.1% YoY in culture, sports, and leisure. Broken down by industry, while the above two industries accounted for 2.0% and 1.0%, respectively, leasing and business services (accounting for 28.7%), manufacturing (18.4%), wholesale and retail (12.9%), and communications, software, and IT services (11.2%) were the major target industries of China's OFDI.

For the One Belt One Road initiative area, USD 7.65 billion was newly invested in 50 countries in total from January to July 2017, accounting for 13.4% (up 5.7 points YoY) of the entire OFDI amount.

<Trends in China's Outward Direct Investment>



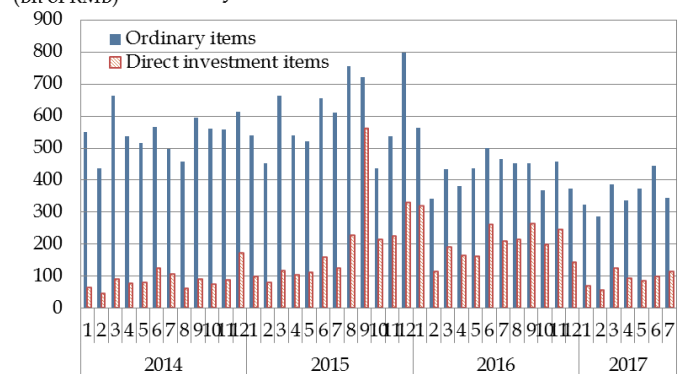
Source: Created based on data published by the Ministry of Commerce

## [Finance/ Exchange]

### ◆July cross-border RMB settlement

The People's Bank of China (PBoC) announced on August 15 that the amount of cross-border RMB settlements in July stood at RMB 343.4 billion for ordinary items, of which RMB 238.8 billion came from trade of goods and RMB 104.6 billion from trade in services. The amount was RMB 111.5 billion for direct investment items, of which RMB 89.4 billion came from inward foreign direct investment, and RMB 22.1 billion from outward foreign direct investment.

(Bn of RMB) <Monthly Trend in Cross-Border RMB Settlements>



(Source) Prepared based on data published by the People's Bank of China

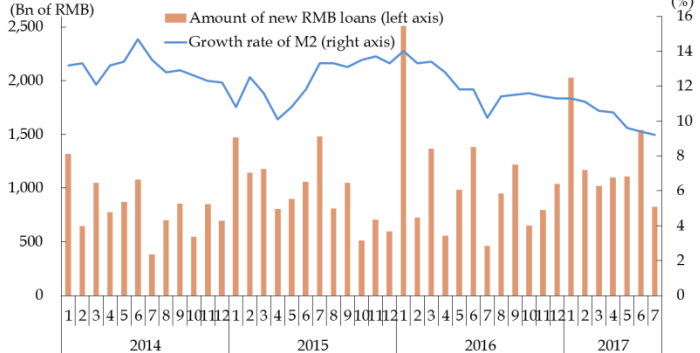
### ◆New RMB loans for July increase RMB 361.9 billion YoY and decrease RMB 714.5 billion MoM

The PBoC announced on August 15 that new RMB loans for July increased RMB 361.9 billion YoY to RMB 825.5 billion, down RMB 714.5 billion from the previous month.

Total social financing(\*), which shows the amount of liquidity supplied to the real economy, grew RMB 741.5 billion YoY to RMB 1.22 trillion, down RMB 560 billion from the previous month.

Money supply (M2) as of the end of July rose 9.2% YoY (up 9.4% YoY as of the end of June) to RMB 162.9 trillion. The rate of increase declined for the sixth consecutive month, which was far below the government's annual goal of around 12%.

<Monthly Trend in New RMB Loans and Growth Rate of Money Supply (M2)>



(Source) Prepared based on data published by the People's Bank of China

(\*) Total social financing = RMB loans + Foreign currency loans + Entrusted loans + Trust loans + Bank acceptance bills + Corporate bonds + Non-financial companies' equity financing + Compensations made by insurance companies + Investment properties + Other