# CHINA BIWEEKLY

**RMB Internationalization Business Promotion Office**
**Global Business Division**

**December 12th 2019**

## ■ BIWEEKLY DIGEST

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## [Economy]

### ◆November Manufacturing PMI Rises 0.9 Point Month-on-Month (MoM) to 50.2

On November 30, the National Bureau of Statistics (NBS) and the China Federation of Logistics & Purchasing (CFLP) announced that the November manufacturing PMI was 50.2 (up 0.9 point MoM). The index went above 50, the benchmark of improving business confidence, for the first time in seven months (Fig. 1).

In November, many components of the PMI showed a MoM increase after previously falling. New orders (51.3, up 1.7 points MoM) went above 50 for the first time in two months. Production showed a significant increase to 52.6 by 1.8 points MoM. Imports also rose to 49.8 by 2.9 points MoM, showing a recovery in domestic demand. Although new export orders (48.8, up 1.8 points MoM) remained below 50, they improved from the previous month (Fig. 2). According to the authorities, exports improved due to an increase in Christmas-related orders.

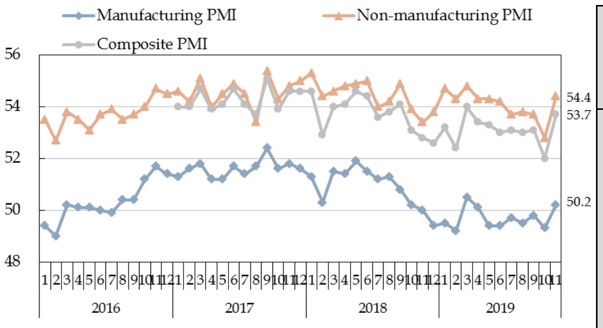
Expected production and business activities, which indicates future business confidence, was also higher than in the previous month at 54.9, up 0.7 point MoM (Fig. 2).

Manufacturing PMI from the previous month increased across the board for manufacturers of all sizes, with large businesses at 50.9 (up 1.0 point MoM), medium-sized businesses at 49.5 (up 0.5 point MoM), and small businesses at 49.4 (up 1.5 points MoM).

Meanwhile, the non-manufacturing PMI for November rose to 54.4, up 1.6 points MoM (Fig. 1). By industry, services increased by 2.1 points MoM to 53.5, and construction remained high at 59.6 despite decreasing by 0.8 point MoM.

The composite PMI, a weighted average of the manufacturing and non-manufacturing PMIs that reflects the overall business confidence in China, increased 1.7 points MoM to 53.7 (Fig. 1).

**[Fig. 1] PMI Trends**




Source: Created based on data released by the NBS and the CFLP
Note: Composite PMI has been released since 2017

**[Fig. 2] Trends of Major Components in the Manufacturing PMI**

| | | Manu-facturing PMI | Production | New orders | New export orders | Raw materials prices | Imports | Employ-ment | Expected production and business activities |
|---|---|---|---|---|---|---|---|---|---|
| 2019 | Jan | 49.5 | 50.9 | 49.6 | 46.9 | 46.3 | 47.1 | 47.8 | 52.5 |
| | Feb | 49.2 | 49.5 | 50.6 | 45.2 | 51.9 | 44.8 | 47.5 | 56.2 |
| | Mar | 50.5 | 52.7 | 51.6 | 47.1 | 53.5 | 48.7 | 47.6 | 56.8 |
| | Apr | 50.1 | 52.1 | 51.4 | 49.2 | 53.1 | 49.7 | 47.2 | 56.5 |
| | May | 49.4 | 51.7 | 49.8 | 46.5 | 51.8 | 47.1 | 47.0 | 54.5 |
| | Jun | 49.4 | 51.3 | 49.6 | 46.3 | 49.0 | 46.8 | 46.9 | 53.4 |
| | Jul | 49.7 | 52.1 | 49.8 | 46.9 | 50.7 | 47.4 | 47.1 | 53.6 |
| | Aug | 49.5 | 51.9 | 49.7 | 47.2 | 48.6 | 46.7 | 46.9 | 53.3 |
| | Sep | 49.8 | 52.3 | 50.5 | 48.2 | 52.2 | 47.1 | 47.0 | 54.4 |
| | Oct | 49.3 | 50.8 | 49.6 | 47.0 | 50.4 | 46.9 | 47.3 | 54.2 |
| | Nov | 50.2 | 52.6 | 51.3 | 48.8 | 49.0 | 49.8 | 47.3 | 54.9 |

Source: Created based on data released by the NBS and the CFLP

## [Industry]

### ◆Chinese Rank First in 2019 Overseas Tourism Expenditure for Seventh Consecutive Year

According to media reports, on November 29 leading online travel services provider Trip.com Group and prominent financial services corporation UnionPay International released a report on Chinese outbound tourism spending in 2019 (with a title that translates as "New Travel, New Consumption, New Middle Class"). The report forecasts that Chinese tourists will rank first in overseas tourism expenditure in 2019 for the seventh consecutive year.

Chinese tourists spent USD 127.5 billion on overseas trips in January through June 2019. In 2018, they became the world's biggest spenders at USD 277.3 billion, followed by U.S. tourists who spent USD 144 billion—barely half that of the Chinese (Fig. 1). It is expected that Chinese tourists will retain the No. 1 position in 2019 for the seventh consecutive year.

Based on Chinese tourists who made reservations for overseas trips using Trip.com's Ctrip service from January to November 2019, the report found that the number of overseas tourist destinations increased by 17% year-on-year (YoY) to 158 countries and regions. The most popular destinations in order were Thailand, Japan, and South Korea. Thailand was the largest recipient of Chinese tourist spending, followed by Japan and Australia (Fig. 2). However, looking at the amount spent on a single trip among the highest-ranked tourist destinations, the Chinese spent the most in the UK (RMB 3,500) and the least in Thailand (RMB 632). They reportedly spent large amounts of money on dining, shopping, accommodation, guided tour services, and tourist attractions, among others.

Additionally, UnionPay International stated that its bank cards were most used in 1) Japan, 2) South Korea, 3) Thailand, 4) France and 5) Singapore. By city, its cards were most used in 1) Tokyo, 2) Osaka, 3) Singapore, 4) Bangkok and 5) Seoul.

**[Fig. 1] Top 10 Outbound Tourism Expenditure in 2018**

| Country/region of origin | Amount (USD Bn) | YoY Increase (%) |
|---|---|---|
| 1 China | 277.3 | 5.2 |
| 2 U.S. | 144.2 | 6.8 |
| 3 Germany | 94.2 | 1.2 |
| 4 UK | 75.8 | 3.4 |
| 5 France | 47.9 | 10.5 |
| 6 Australia | 36.8 | 9.7 |
| 7 Russia | 34.5 | 11.2 |
| 8 Canada | 33.3 | 4.3 |
| 9 South Korea | 32.0 | 0.9 |
| 10 Italy | 30.1 | 3.8 |

Source: Created based on data from the World Tourism Organization (UNWTO)

**[Fig. 2] Overseas Travel Rankings for Jan. to Nov. 2019**

| Ranking | Tourist Destinations | Spending by Chinese Tourists |
|---|---|---|
| 1 | Thailand | Thailand |
| 2 | Japan | Japan |
| 3 | Vietnam | Australia |
| 4 | Singapore | Malaysia |
| 5 | Malaysia | Singapore |
| 6 | Indonesia | Indonesia |
| 7 | U.S. | U.S. |
| 8 | Cambodia | Vietnam |
| 9 | Philippines | UK |
| 10 | Russia | UAE |

Source: Created based on reports about overseas tourism expenditure by various media sources

According to the Japan Tourism Agency's inbound tourism expenditure survey released in October, inbound tourists spent a total of JPY 1.2 trillion, up 9.0% YoY, in Japan during July to September 2019. Chinese tourists in particular showed a significant increase of 22.3% YoY and were a major driver of tourism expenditure in Japan as a whole, accounting for the largest part of the inbound tourism expenditure at JPY 505.1 billion.

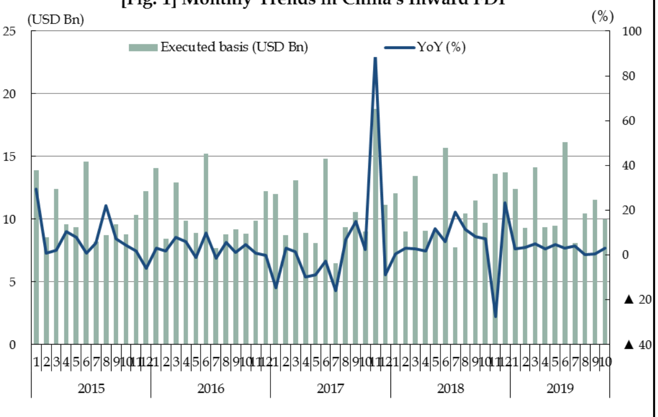
**[Trade/Investment]**

**◆Inward Foreign Direct Investment (FDI) in October Up 3.1% Year-on-Year (YoY)**

<Inward FDI>

According to an announcement made by the Chinese Ministry of Commerce (MOFCOM) on November 21, the amount of inward foreign direct investment (FDI) in China in October increased 3.1% YoY (September: up 0.5%) to USD 10 billion, expanding the rise month-on-month (MoM) (Fig. 1). However, the number of newly established foreign companies decreased by 30.0% YoY (September: down 31.0%) to 2,536, remaining far below the numbers seen in 2018. Cumulative FDI from January to October was up by 2.9% YoY (January-September: up 2.9%) to USD 110.78 billion, while the number of newly established foreign companies fell 32.6% YoY (cumulative number for the January-September period: down 32.8% YoY) to 33,407.

**[Fig. 1] Monthly Trends in China's Inward FDI**




Source: Created based on data released by MOFCOM

By country or region, investments from Japan slid 2.9%* YoY in the period from January to October (January-September: down 0.3%* YoY) to USD 3.33 billion (Figs. 2 & 3). Investment from the U.S. from January to October was also down, dropping 10.6%* (January-September: down 9.4%* YoY) to USD 2.7 billion. In both cases, the amount by which investment decreased was larger MoM. Meanwhile, Hong Kong contributed the largest amount of inward FDI, rising 6.8% YoY* (January-September: up 5.1% YoY) to USD 79.7 billion and expanding the growth from the previous month, followed by Singapore and South Korea with significant increases of 26.0%* (January-September: up 22.2% YoY) to USD 5.52 billion, and 20.6%* (January-September: up 24.9%*) to USD 5.04 billion respectively (Fig. 2).

*Figures calculated by MUFG Bank based on inward FDI amounts released by MOFCOM.

For other regions, investments from the European Union fell 28.0% YoY (January-September: down 20.3% YoY) to USD 7.1 billion, continuously expanding the amount of decline. On the other hand, investments from ASEAN countries increased 16.9% (January-September: up 12.3%) to USD 5.89 billion, expanding the growth MoM.

By industry, investment in the manufacturing sector continued to decline, falling 11.6% (January-September: down 9.1%) YoY to USD 29.69 billion, while in contrast investment in the service sector maintained increased growth and rose 9.7% (January-September: up 9.2%) YoY to USD 79.35 billion.

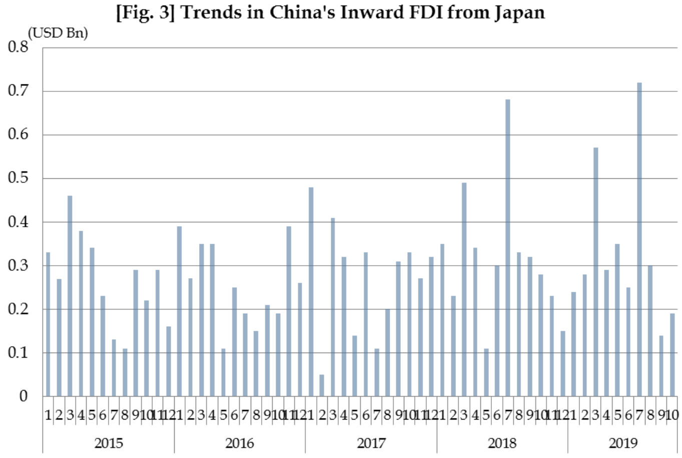
**[Fig. 2] Top 10 Countries/Regions Contributing to China's Inward FDI for Jan-Oct 2019**

| Rank | Country/Region | Investment Amount (USD Bn) | YoY (%) |
|---|---|---|---|
| 1 | Hong Kong | 79.70 | 6.8 |
| 2 | Singapore | 5.52 | 26.0 |
| 3 | South Korea | 5.04 | 20.6 |
| 4 | Taiwan | 3.52 | ▲ 18.7 |
| 5 | Japan | 3.33 | ▲ 2.9 |
| 6 | United States | 2.70 | ▲ 10.6 |
| 7 | United Kingdom | 2.03 | ▲ 41.3 |
| 8 | Macao | 1.50 | 54.6 |
| 9 | Germany | 1.44 | ▲ 47.6 |
| 10 | Netherlands | 1.03 | ▲ 1.9 |

Source: Created based on data released by MOFCOM

Note: YoY calculated by MUFG Bank based on data released by MOFCOM

**[Fig. 3] Trends in China's Inward FDI from Japan**



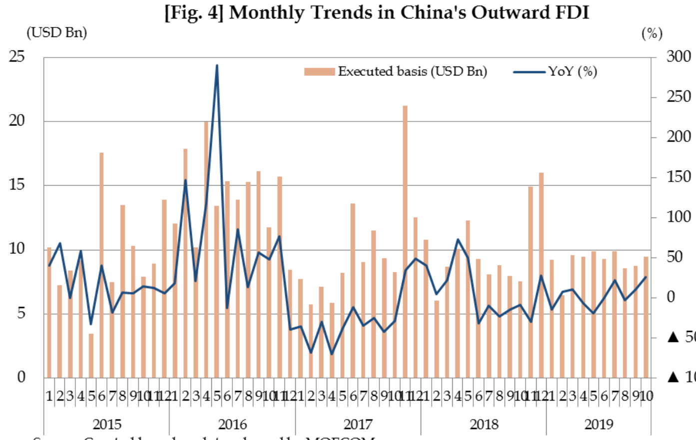

Source: Created based on data released by MOFCOM

<Outward FDI>

According to MOFCOM's announcements on the 14th and 21st, outward FDI in October grew 25.4%* YoY to USD 9.47 billion* (Fig. 4). China's cumulative outward FDI from January to October rose 1.0% YoY to USD 90.46 billion, increasing for the first time this year. *Figures calculated by MUFG Bank based on data published by MOFCOM.

By industry, investment in wholesale and retail sales from January to October rose 18.5% YoY, while the manufacturing sector maintained YoY growth of 5.3% for the same period.

**[Fig. 4] Monthly Trends in China's Outward FDI**




Source: Created based on data released by MOFCOM

Note: YoY calculated by MUFG Bank based on data on outward FDI released by MOFCOM

## ◆WTO's Goods Trade Barometer at 96.6, Remains Weak

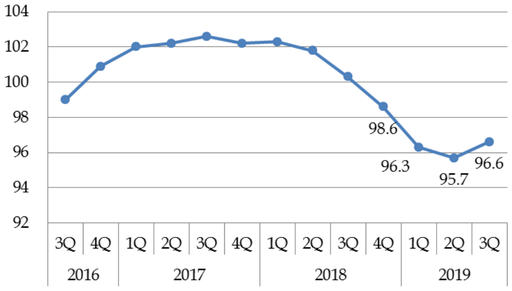
On November 18, the World Trade Organization (WTO) announced that the Goods Trade Barometer* for the October-December 2019 period had increased 0.9 point from the last period (July-September: 95.7) to 96.6, although it remained below 100, the benchmark which defines the expansion or contraction of trade, for the fourth consecutive period (Fig. 1).

* The Goods Trade Barometer is calculated using six component indices that track export orders, automobile production and sales, container port throughput, international air freight, electronic components, and agricultural raw materials. A reading higher than 100 suggests above-trend growth in goods trade, while one below 100 indicates below-trend growth. (The report was formerly called the "World Trade Outlook Indicator," and was renamed the "Goods Trade Barometer" as of the July-September 2019 period)

Although some component indices had higher readings than in the last period, five out of the six were under 100. The index for electronic components notably decreased 2.5 points to 88.2 (from 90.7 in the previous period) and was the lowest index, which implies an impact from the higher tariffs (Fig. 2).

In October, the WTO outlook for the growth rates of global trade in goods was 1.2% for 2019 and 2.7% for 2020. These figures were revised downward from the outlook announced in April (2.6% for 2019 and 3.0% for 2020), with the global economic slowdown, intensifying trade disputes and tariff hikes, and uncertainty surrounding Brexit indicated as the key factors causing trade to decelerate.

**[Fig. 1] Trends in the WTO Goods Trade Barometer (formerly the World Trade Outlook Indicator)**




Source: Created based on data released by WTO

**[Fig. 2] Component Indices of the Goods Trade Barometer for 4Q 2019**

| Component | Reading | vs. 3Q 2019 |
|---|---|---|
| **Goods Trade Barometer** | **96.6** | ↗ |
| Export orders | 97.5 | → |
| International air freight | 93.0 | ↗ |
| Container port throughput | 100.8 | ↗ |
| Auto production/sales | 99.8 | ↗ |
| Electronic components | 88.2 | ↘ |
| Agricultural raw materials | 91.4 | ↘ |

Source: Created based on data released by WTO

Meanwhile, the latest OECD Economic Outlook, released on November 21, forecasts the world GDP growth for 2019 to be 2.9%, the lowest level since the 2008 global financial crisis. It also advocates that there is an urgent need for governments around the world to cooperate on efforts to expand business investment and create fair rules for trade and tariffs. The outlook for China's GDP growth rate is 6.2% for 2019 and 5.7% for 2020 (Fig. 3).

**[Fig. 3] OECD Economic Growth Outlook (%)**

| | 2019 | 2020 |
|---|---|---|
| **World** | 2.9 ( 0.0) | 2.9 ( -0.1) |
| **China** | 6.2 ( 0.1) | 5.7 ( 0.0) |
| **U.S.** | 2.3 ( -0.1) | 2.0 ( 0.0) |
| **Japan** | 1.0 ( 0.0) | 0.6 ( 0.0) |

Source: Created based on data released by OECD

Note: Figures in parentheses represent the amount by which the September outlook was revised

## ◆ U.S. Punitive Tariffs on China: Exemption of 32 Additional Product Categories Announced

On November 29, the Office of the United States Trade Representative (USTR) announced the exemption of an additional 32 product categories* among the Chinese products subject to the third round of punitive tariffs against China (an additional 25% tariff on approximately USD 200 billion of Chinese goods). This is the 13th such exemption announcement since December 2018, following on from a similar announcement made on November 7 and bringing the total number of exempted categories to 1,194 (Fig. 1).

The product category exemptions announced this time include vacuum cleaners, gasoline and diesel engine parts, bicycles, folding furniture, and home lighting equipment.

**[Fig. 1] Product Categories Exempted from U.S. Punitive Tariffs on China**

| | Announcement date | Tariff round concerned | No. of product categories exempt | Exemption Period |
|---|---|---|---|---|
| 1st | Dec. 28, 2018 | 1st round | 31 | Jul. 6, 2018--Dec. 28, 2019 |
| 2nd | Mar. 25, 2019 | 1st round | 33 | Jul. 6, 2018--Mar. 25, 2020 |
| 3rd | Apr. 18, 2019 | 1st round | 21 | Jul. 6, 2018--Apr. 8, 2020 |
| 4th | May 14, 2019 | 1st round | 40 | Jul. 6, 2018--May 14, 2020 |
| 5th | June 4, 2019 | 1st round | 89 | Jul. 6, 2018--Jun. 4, 2020 |
| 6th | July 9, 2019 | 1st round | 110 | Jul. 6, 2018--Jul. 9, 2020 |
| 7th | July 31, 2019 | 2nd round | 69 | Aug. 23, 2018--Jul. 31, 2020 |
| 8th | Aug. 7, 2019 | 3rd round | 10 | Sep. 24, 2018--Aug. 7, 2020 |
| 9th | Sep. 20, 2019 | 1st round<br>2nd round<br>3rd round | 310<br>89 437<br>38 | Jul. 6, 2018--Sep. 20, 2020<br>Aug. 23, 2018--Sep. 30, 2020<br>Sep. 24, 2018--Aug. 7, 2020 |
| 10th | Oct. 2, 2019 | 1st round<br>2nd round | 92<br>111 203 | Jul. 6, 2018--Oct. 2, 2020<br>Aug. 23, 2018--Oct. 2, 2020 |
| 11th | Oct. 28, 2019 | 3rd round | 83 | Sep. 24, 2018--Aug. 7, 2020 |
| 12th | Nov. 7, 2019 | 3rd round | 36 | Sep. 24, 2018--Aug. 7, 2020 |
| 13th | Nov. 26, 2019 | 3rd round | 32 | Sep. 24, 2018--Aug. 7, 2020 |

Source: Created based on announcements by the USTR

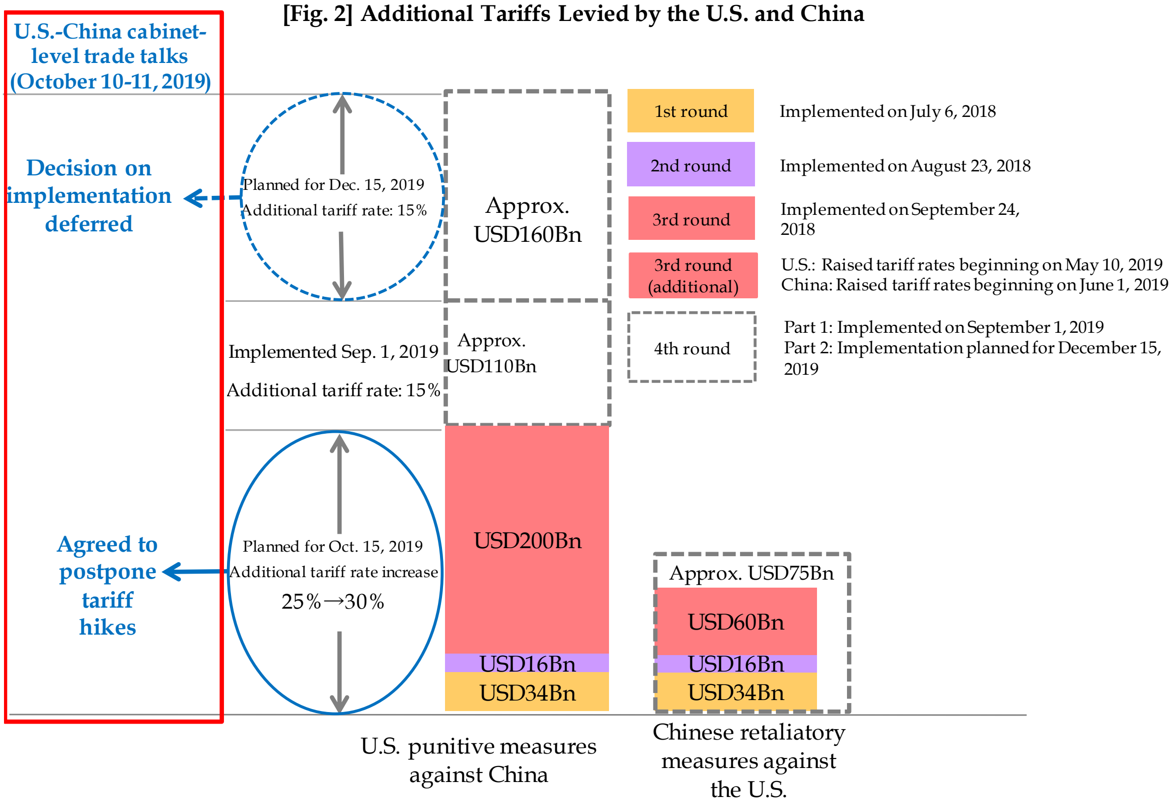
* Please visit the USTR's website for more details of the product category exemptions.

◇ First round of punitive tariffs on China:
https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/34-billion-trade-action

◇ Second round of punitive tariffs on China:
https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/16-billion-trade-action

◇ Third round of punitive tariffs on China:
https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/200-billion-trade-action

[Fig. 2] Additional Tariffs Levied by the U.S. and China




Source: Created based on announcements by the U.S. and Chinese governments

## ◆Minimum Wages to be Raised in Fujian and Qinghai from January 2020

The provincial governments of Fujian and Qinghai have recently announced that they will raise minimum wages.

In Fujian Province, the minimum wage will be increased in Xiamen City from RMB 1,700 to RMB 1,800, and in Fuzhou City from RMB 1,650 to RMB 1,720. Meanwhile, Qinghai Province will raise its province-wide minimum wage from RMB 1,500 to RMB 1,700. All these minimum wage raises will take effect on January 1, 2020 (Fig. 1).

In addition to these two provinces, minimum wage raises were also seen this year in Chongqing, Shanghai, Shaanxi Province, Beijing, and the provinces of Hunan, Hebei, Liaoning, and Guizhou.

The highest minimum wage across all regions is found in Shanghai at RMB 2,480, while the lowest is RMB 1,550 in the province of Anhui (Fig. 2).

[Fig. 1] Overview of Minimum Wage Revisions in Two Provinces

| Province/city | | Before revision | After revision | Increase |
|---|---|---|---|---|
| Fujian | Xiamen | RMB 1,700 (since Jul. 2017) | RMB 1,800 (since Jan. 2020) | 5.9% |
| | Fuzhou | RMB 1,650 (since Jul. 2017) | RMB 1,720 (since Jan. 2020) | 4.2% |
| Qinghai | | RMB 1,500 (since May 2017) | RMB 1,700 (since Jan. 2020) | 13.3% |

Source: Created based on announcements by regional governments
Note: Increase percentages are based on MUFG calculations

[Fig. 2] Highest and Lowest Minimum Wage by Region

| | Region | Minimum wage |
|---|---|---|
| Highest | | |
| ↓ | Shanghai | RMB 2,480 |
| | Shenzhen, Beijing | RMB 2,200 |
| | Guangzhou | RMB 2,100 |
| | Tibet Autonomous Region | RMB 1,650 |
| | Gansu Province | RMB 1,620 |
| ↑ | Anhui Province | RMB 1,550 |
| Lowest | | |

Source: Created based on announcements by local governments.

## ◆18 Regions Announce 2019 Salary Increase Guidelines: Increase Rates Lower

The governments of 18 provinces, cities and autonomous regions disclosed their guidelines for salary increases occurring in or before December 2019.

The 18 regions generally lowered their standard increase rates, with the average decreasing by 0.3 point from 7.3% last year to 7.0%. Shanghai showed a significant drop to 5.0–6.0% from 8.0% the year before.

Corporate guidelines for salary increases are issued as indicators to companies by the human resource and social security units of regional governments, and they reflect factors such as economic growth, price levels, and the unemployment rate. Three rates are generally given: a standard rate, an upper limit, and a lower limit.

The guidelines are not legally binding, however they give companies a guide for determining salary increases while taking their business performance and financial ability into account. They also serve as a basis for labor negotiations.

**<Corporate Guidelines for Salary Increases in 18 Regions>**

| Region | | 2018 | | | 2019 | | |
|---|---|---|---|---|---|---|---|
| | | Lower limit | Standard | Upper limit | Lower limit | Standard | Upper limit |
| 1 | Beijing | 4.0% | 8.5% | 13.0% | 3.5% | 8.0-8.5% | - |
| 2 | Shanxi | 4.0% | 8.5% | 12.5% | 4.0% | 8.0% | 12.0% |
| 3 | Liaoning | 4.0% | 7.0% | 10.0% | 4.0% | 8.0% | 12.0% |
| 4 | Jiangxi | 3.0% | 8.0% | - | 3.0% | 8.0% | - |
| 5 | Guizhou[1] | 3.5% | 7.5% | 12.5% | 3.0% | 7.5% | 12.0% |
| 6 | Inner Mongolia | 1.5% | 7.0% | 10.0% | - | 7.5% | 11.0% |
| 7 | Hainan | 3.4% | 7.1% | 8.9% | 3.4% | 7.1% | 8.9% |
| 8 | Gansu | 4.0% | 8.0% | 14.0% | 4.0% | 7.0% | 12.0% |
| 9 | Qinghai | 3.0% | 6.0% | 12.0% | 3.0% | 7.0% | 12.0% |
| 10 | Tianjin | 3.0% | 7.5% | 12.0% | 3.0% | 7.0% | 12.0% |
| 11 | Shaanxi | 3.0% | 7.5% | 12.0% | 2.0% | 7.0% | 12.0% |
| 12 | Yunnan | 2.0% | 7.0% | 11.0% | 3.0% | 7.0% | 11.0% |
| 13 | Shandong | 3.0% | 7.0% | 11.0% | - | 7.0% | - |
| 14 | Ningxia | 2.5% | 7.0% | 13.0% | 3.0% | 6.5% | 12.0% |
| 15 | Jilin | 3.0% | 6.0% | 10.0% | 3.0% | 6.0% | 9.0% |
| 16 | Guangxi | 2.0% | 7.0% | 11.0% | 1.0% | 6.0% | 11.0% |
| 17 | Shanghai | 3.0% | 8.0% | - | 2.0-3.0% | 5.0-6.0% | - |
| 18 | Xinjiang | 3.0% | 7.0% | 10.0% | 2.0% | 5.0% | 8.0% |
| **Average[2]** | | - | **7.3%** | - | - | **7.0%** | - |

Source: Created based on announcements by regional governments

[1] Data for Guizhou shown in the 2018 column is for 2017 as no data is available for 2018.

[2] The average is calculated based on the standard guideline.

## [Finance/Exchange]

### ◆People’s Bank of China To Refrain from Deluge of Monetary Easing Measures

On November 16, the People’s Bank of China (PBOC) released the monetary policy report for the third quarter of 2019.

The PBOC announced its plans to maintain the prudent monetary policy and refrain from implementing a barrage of stimulus measures, and to maintain money supply (M2) in accordance with the pace of growth of nominal GDP and the growth of total social financing. The bank also stated that it will continue its efforts to maintain price stability, stave off the risk of inflation, improve the loan prime rate (LPR) system and increase its use, and boost financial support for private-sector enterprises and for small, medium-sized and micro businesses.

According to the report, the Chinese economy is currently sustaining stable growth and there are no signs of persistent inflation or deflation thanks to economic measures gradually producing effects. At the same time, the PBOC acknowledges the growing sense of uncertainty about the external environment and the downward pressure on the Chinese economy, and plans to focus on building up new growth drivers. The report also points out that it will be necessary to keep a close watch on inflation for the foreseeable future, as

**<Changes in the Benchmark Lending Rate and LPR>**

| Effective from | One-year | Five-year or longer |
|---|---|---|
| Benchmark Lending Rate | | |
| October 24, 2015 | 4.35 | 4.90 |
| Loan Prime Rate (LPR) | | |
| August 20, 2019 | 4.25 | 4.85 |
| September 20, 2019 | 4.20 | 4.85 |
| October 20, 2019 | 4.20 | 4.85 |
| November 20, 2019 | 4.15 | 4.80 |

Source: Created based on an announcement by PBOC food prices have shot up, driven by soaring pork prices.

Meanwhile, the achievements of the PBOC's monetary policies in the third quarter are also described, including the lowering of the RMB reserve requirement on September 16, which supplied RMB 800 billion to the market, and the reform of the LPR framework* implemented on August 17, which has lowered corporate funding costs.

*As part of a series of efforts to reform China's financial systems, this reform aims to improve the mechanism for setting interest rates. Banks are now advised to switch the interest rate they refer to when pricing new loans from the conventional benchmark lending rate to the new loan prime rate (LPR), which is calculated based on lending rates reported by 18 selected banks and announced on the 20th of each month. In addition to the one-year LPR, an LPR for loans with a tenor of five years or longer has now been introduced.

## ◆Announcement of 2020 Public Holidays: Chinese New Year's, National Day, and Labour Day Made Long Holidays to Promote Consumption

On November 21, the General Office of the State Council announced the public holidays for 2020. Chinese New Year Holidays will consist of seven consecutive days beginning on January 24, the Lunar New Year's Eve, while the National Day Holidays will be combined with the Mid-Autumn Festival to last for eight straight days starting October 1. Meanwhile, holidays for Labour Day will begin on Friday, May 1 and continue past the weekend for five consecutive days, one day longer than the year before.

Scheduling numerous long public holidays is seen as a government policy to boost consumption, for instance for travel.

**<2020 Public Holidays in China>**

| Date | Holiday |
|---|---|
| Wednesday, January 1 | New Year's Day |
| Friday, January 24 | Chinese New Year (Lunar New Year) |
| Saturday, January 25 | |
| Sunday, January 26 | |
| Monday, January 27 | |
| Tuesday, January 28 | |
| Wednesday, January 29 | |
| Thursday, January 30 | |
| Saturday, April 4 | Qingming (Tomb- Sweeping) Festival |
| Sunday, April 5 | |
| Monday, April 6 | |
| Friday, May 1 | Labour Day Holidays |
| Saturday, May 2 | |
| Sunday, May 3 | |
| Monday, May 4 | |
| Tuesday, May 5 | |

| Date | Holiday |
|---|---|
| Thursday, June 25 | Dragon Boat Festival |
| Friday, June 26 | |
| Saturday, June 27 | |
| Thursday, October 1 | Mid-Autumn Festival and National Day Holidays |
| Friday, October 2 | |
| Saturday, October 3 | |
| Sunday, October 4 | |
| Monday, October 5 | |
| Tuesday, October 6 | |
| Wednesday, October 7 | |
| Thursday, October 8 | |
| <Make-up Working Days> | |
| Sunday, January 19 | Sunday, June 28 |
| Saturday, February 1 | Sunday, September 27 |
| Sunday, April 26 | Saturday, October 10 |
| Saturday, May 9 | |

Source: Created based on an announcement by the General Office of the State Council