

China Business News Flash ISM-PRD

4th Quarter, 2011

To ISM-PRD members, honorable advisors and global ISM fellows,

In the year of Dragon, the problem of Europezone debt crisis is not yet solved. It largely depends on whether Greek is willing to accept the cut budget package of €3.3bn.

In the 4th quarter of 2011, people would like to forget all the unhappiness and just joyfully enjoyed the moment of different festivals, for example, Thanksgiving Day, Christmas, and Countdown of 2011. This can explain why the statistics of import and export of China and the total volume of freights and the total volume of passenger reached ceilings by the end of 2011.

The exchange rate for USD to CNY progressively reached to lowest level in face of the pressure from Obama. The consumer confidence index, business climate index and also entrepreneurs confidence index all showed how pessimistic of people towards the current economic situation.

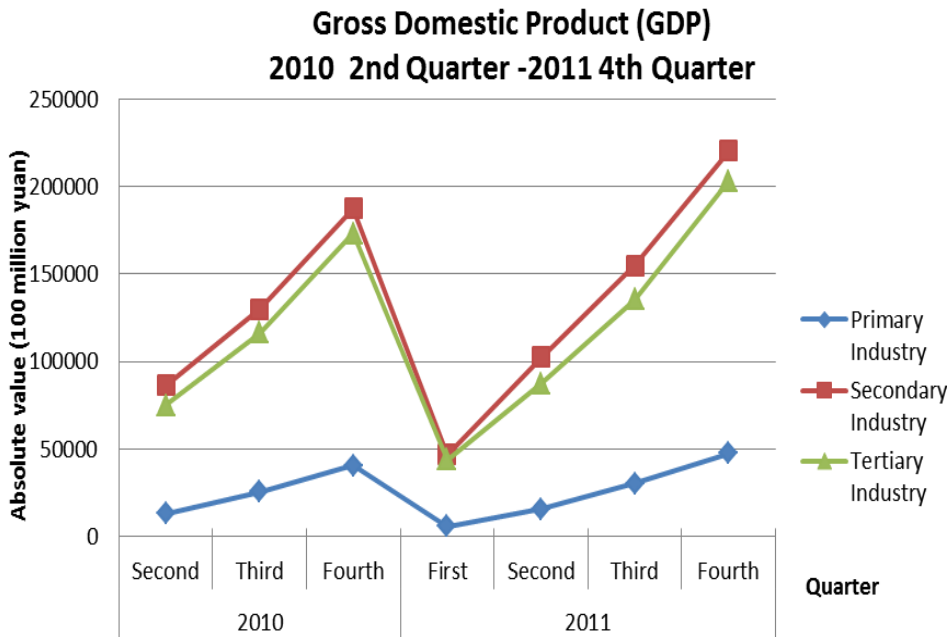
China just released that the inflation rate was kept rising, price of food cannot be reduced due to the celebration of traditional Chinese festival. The People's Bank of China cannot reduce the RMB deposit reserve ratio for deposit-taking financial institutions at this moment.

In the year of 2012, people have to take great care of debt crisis and try to be more conservative for all decision making relating to investment.

ISM-PRD Council 2012

China Business News Flash ISM-PRD

4th Quarter, 2011



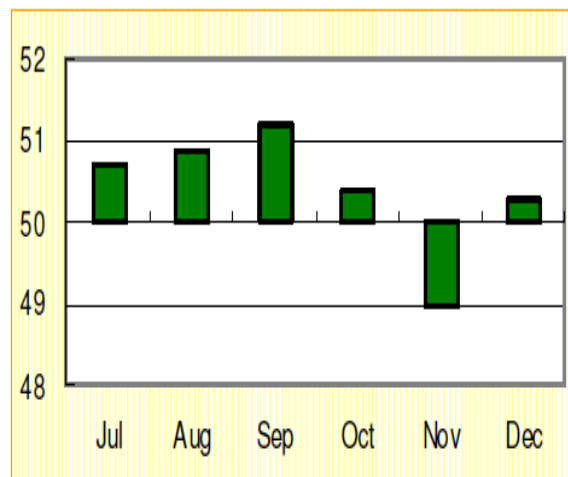
<http://www.stats.gov.cn/english/>

The Q/Q Growth Rate on GDP	
2011 Growth Rate (%)	
Q1	2.1
Q2	2.3
Q3	2.3
Q4	2

Note: Seasonally adjusted.

CFLP China Manufacturing PMI, seasonally adjusted

2011	PMI
Jul	50.7
Aug	50.9
Sep	51.2
Oct	50.4
Nov	49.0
Dec	50.3



Gross Domestic Product (GDP)

The graph shows the trend of how GDP goes between 2nd quarters in 2010 and 4th quarter in 2011.

Comparing GDP of Q4 this year with last year, the growth rate is 9.2%. Among three types of industries, secondary industry recorded the highest growth rate of 10.6%.

The table shows the quarter/quarter Growth Rate on GDP. In 2011, GDP growth rate stays slightly above 2%.

Growth has slowed down in the fourth quarter.

Manufacturing Purchasing Managers' Index (PMI Index)

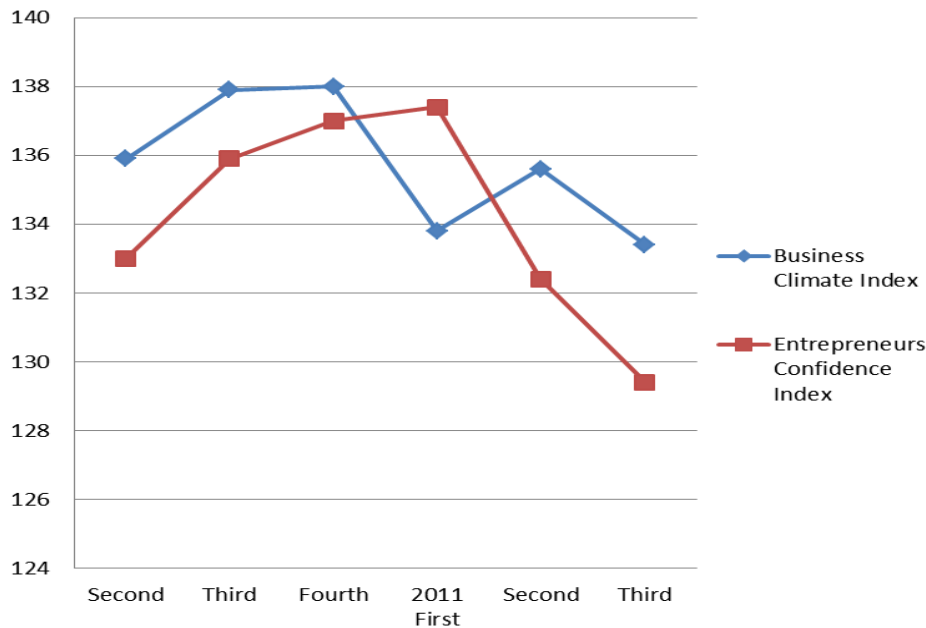
China's manufacturing PMI index decreased to 49% in November, which is below the critical level

China Business News Flash ISM-PRD

4th Quarter, 2011

of 50%, says Li & Fung Research Centre. However in December, the index has rebounded to 50.3%.

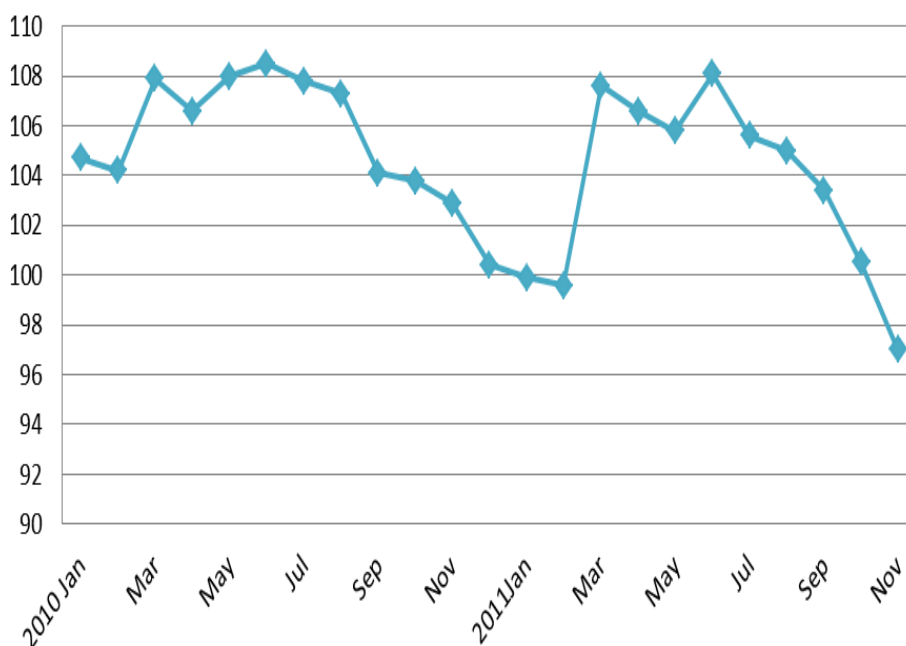
Business Climate Index Vs Entrepreneurs Confidence Index



Business Climate Index and Entrepreneurs Confidence Index in China

Both indexes are recorded to have significant drops in 2011 comparing to relative quarters in 2010. The Entrepreneurs Confidence Index has dropped below 130 in the third quarter.

Consumer Confidence Index (2010-2011)



Consumer Confidence Index

Consumer Confidence Index has dropped to its lowest in November last year.

China Business News Flash ISM-PRD

4th Quarter, 2011



USD to CNY

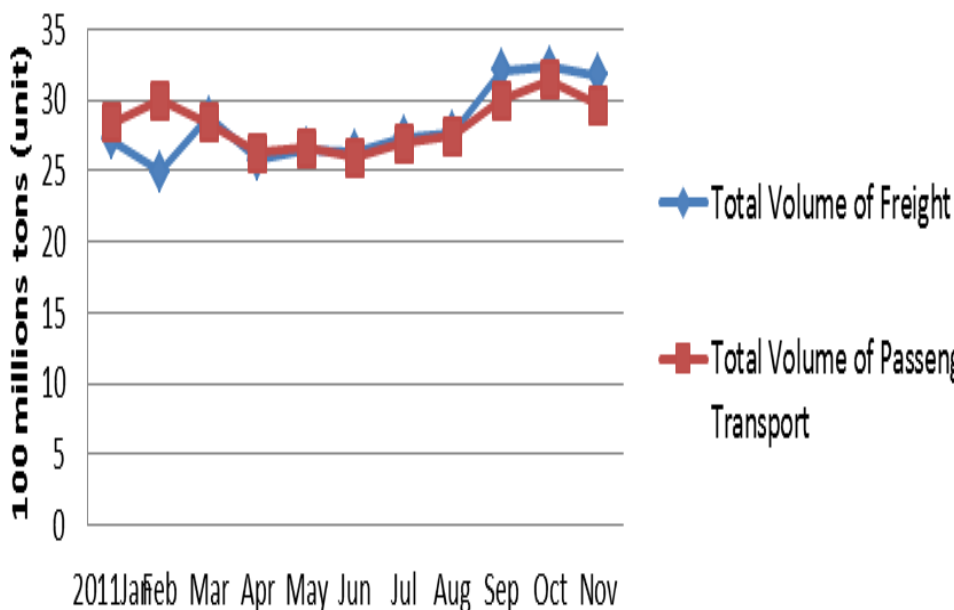
The exchange rate is in a downward trend. In January this year, it lands on the level of 6.30.

This indicates that the Yuan is continuously appreciating against US Dollar.

<http://hk.finance.yahoo.com/currency/convert?from=USD&to=CNY&amt=1&t=1y>

Total Volume of Freight Vs Total Volume of Passenger (Jan- Nov, 2011)

Volume of Transportation



Total volumes of freight have exceeded the level of 30 (100 million tons) in the months of Oct and Nov 2011 while that of passengers hovering around 30 (100 million persons)

China Business News Flash ISM-PRD

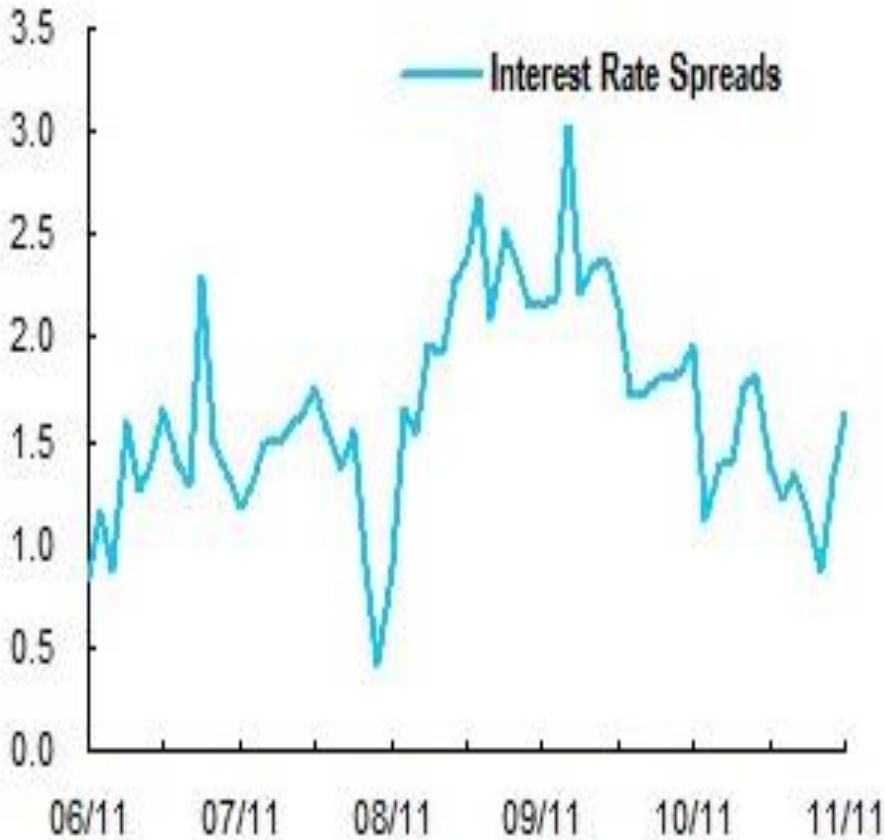
4th Quarter, 2011



Macro-Economic Climate Index

Observing the macro-economic climate index from 2010, it has been fluctuating slightly above the "stable" level of 100.

<http://www.stats.gov.cn/English/>



Interest Rate Spreads

From Nov. 2010 to Nov. 2011, Interest Rate Spreads maintains its slight fluctuation range between 1.0 and 2.0.

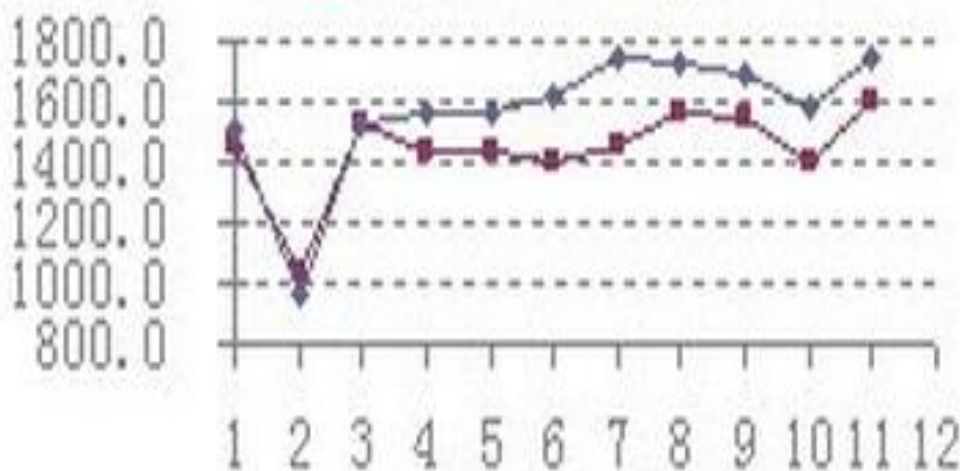
China Business News Flash ISM-PRD

4th Quarter, 2011

2011年全国进出口情况

(单位：亿美元/月)

—■— 进口 —◆— 出口



Source: <http://www.customs.gov.cn/tabid/44604/Default.aspx>

Import and export statistics

The blue line represents exports while red line represents imports.

Statistics sourced from China Customs showed that import and export of China experienced a drop in October but rebound to its highest level recorded within the year of 2011.

EUR/CNY
■ EURCNY=X



<http://hk.finance.yahoo.com/currency/convert>

EUR to CNY

The exchange rate is in a down trend since last quarter. In January this year, it landed on a rate level of 8.25.

China Business News Flash ISM-PRD

4th Quarter, 2011

Reference

Website of National Bureau of Statistic of China

<http://www.stats.gov.cn/english/>

Website of China Customs

<http://www.customs.gov.cn/publish/portal0/>

<http://hk.finance.yahoo.com>

Monthly Archive Web of Li Fung Group

[http://www.lifunggroup.com/eng/knowledge/research.php?report=pmi_monthly
&version=archive](http://www.lifunggroup.com/eng/knowledge/research.php?report=pmi_monthly&version=archive)

Trading Economy

<http://www.tradingeconomics.com/china/interest-rate>

Disclaimer: Should there be any different views in the interpretation, please always refer to the original media source as reference. Institute for Supply Management – PRD accepts no liability in respect of the accuracy and truthfulness of the materials included in this article.

Authors:

Dr. Jendy LEUNG, Director, Academic & Professional Development of ISM-PRD

Ms W.Y Angela MAK, Administrative Officer of ISM-PRD

Institute for Supply Management – Pearl River Delta

Operated under Institute for Supply Management Hong Kong (ISMHK)

LG/F., HKPC Building, 78 Tat Chee Ave. Kowloon, Hong Kong.

Tel: + (852) 2777 3481

Fax: + (852) 2194 5082

Web site: <http://www.ismprd.org/>