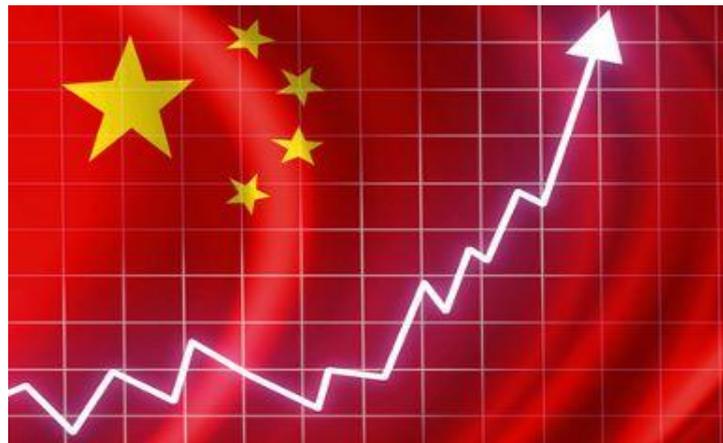


## What does strong growth in the first quarter mean for China?

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China began to grow surprises last week. After this solid first quarter results, the central government may be in a unique position to achieve its growth target - even if tightening. China's economy in the first quarter was 6.9%; slightly higher than expected, led by strong expansion of the factory



The first quarter of the data in several areas of steady growth. Retail sales rose to 10.9% year on year, so that China's economic downturn continued to balance the smooth progress of consumption. Obviously, due to lower car demand charges, the recent growth in wages and credit growth.

At the same time, industrial production rose to 7.6% per year, supported by government infrastructure investment, including state-owned enterprises (SOEs) and the real estate market. The overall growth rate rose to 6.9%, driven by trade and finance.

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These data indicate China's strong growth this year, but also a positive contribution to regional growth, as the mainland as the world's second largest economy, the prospects for global economic growth.

The question is whether the next few months will continue to grow?

Continued growth conditions

In the first quarter, due to the extensive use of steel in the construction industry, the growth was driven, and the investment in the electronics factory increased with the increase in foreign market demand. It is advisable to make slow progress in the mining capacity overcapacity, including the possibility of overcapacity in steel at the forthcoming G20 summit in Hamburg, Germany.

In the country, the political consolidation of the Nineteenth National Congress of the Communist Party may intensify efforts to resolve the steel crisis.

In progress, the recovery of foreign markets is more active in international prospects. According to the International Monetary Fund (IMF) statistics, the world economy is growing momentum. However, this commitment will be undermined by widespread forces, including the re-emergence of "America's first" protectionism, the turmoil of European experience, geopolitical frictions, refugee crises and widespread terrorism.

In addition, while government spending on infrastructure and the hot real estate market helped boost growth in the first quarter, the role of infrastructure investment, including state-owned enterprises and the property market, is paving the way for more recent tightening.

In the 1990s, Western "shock therapy" consultants promoted the rapid privatization of state-owned enterprises. The net effect is an economic disaster.

Last month, the real estate market prices again, the impact of the recent cooling measures. In the short term, with the strengthening of the momentum, more tightening measures may increase, although prices in the top cities and higher selling prices suggest that future containment may be more targeted

Premier Jin Ping called on officials to deepen the reform of state-owned enterprises. The goal is not a night of liberalization. In the 1990s, Western "shock therapy" consultants promoted the rapid privatization of state-owned enterprises.

The success of the Chinese people is based on gradualism and gradual change, so that the share of state-owned enterprises in industrial output from the late 1970s 75% to 25%. After the fall of the party's summit, the revised state-owned enterprises are also likely to accelerate.

In the next few months, China's development prospects will be driven by strong substrates at home and abroad. However, due to the risk of inflation, the People's Bank of China must remain vigilant.

China's economy must cope with the Federal Reserve expected to raise interest rates again from the negative impact