

**Macro & Financial**

**PBC to Continue Prudent Monetary Policy and Keep Reasonably Ample Liquidity**

**Market News**

The 2016 symposium of presidents of PBC's branches and sub-branches was held in August 2-3. Attendees at the meeting pointed out that tasks of macro-regulation, reform, development and stability remain arduous in the second half of the year. PBC will continue to implement the prudent monetary policy and keep it flexible and appropriate with timely preemptive adjustment and fine tuning to make it more targeted and effective. It will make comprehensive use of multiple monetary policy tools to keep liquidity reasonably ample and ensure reasonable growth in monetary credit and social financing. The financing and credit structure will be improved to lower the cost of social financing, and financial system reform will be deepened to make the financial sector more efficient and more capable of serving the real economy. PBC will also advance the market-oriented interest rate reform, improve the yuan exchange rate formation mechanism, and keep the rate basically stable on a "reasonable and balanced level".

[PBC News](#)(Currently Only Available in Chinese)

**Statistics**

**Bond Market Continues to Boom; Issuing Rate of China's 10-year Treasury Bond Hit Lowest Since 2004**

According to a notice published on ChinaBond website, the Ministry of Finance invited bids for 2016 book-entry coupon-bearing treasury bonds on August 3. The new issuing rate of 10-year treasury bonds was 2.74%, lower than the average market expectation of 2.77%, and the issuing price was 100 RMB.

Data show that the YOY growth rate of China's urban fixed asset investment in Jan.-June hit the lowest level in 16 years, private fixed asset investment continued to drop, and official manufacturing index fell below the critical point of 50. All this heated up the concern over China's economic growth again and roused new interests in treasury bonds. Besides, due to rising risks in the international market, treasury bond yield in developed countries has kept falling and even slid down to negative yield rate, so overseas investors are more interested in China bond market.

[Wallstreet News](#)(Currently Only Available in Chinese)

---

**Disclaimer:** NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.