

Macroeconomic

Department of service statistics of NBS China and China Federation of Logistics and Purchasing release China's Manufacturing Purchasing Managers Index on 1 May, 2015

In April, China's Manufacturing Purchasing Managers Index (PMI) remained flat at 50.1% compared with March 2015, according to the data released by China Federation of Logistics and Purchasing (CFLP) and Department of service statistics of National Bureau of Statistics of China (NBS China). In the view of 12 sub-indexes, new orders index remained flat month-on-month. In the view of new export orders index, unfilled orders index, finished goods inventory index, input price index, employment index and business activities expectation index showed a trend of decline over the previous month. Index of the Industrial production, procurement, purchasing price of raw materials, stock and supplier delivery time index point over the previous month. Among them, the purchasing price of raw materials index evidently increase by 1 percentage points over last month.

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

ADB will work with AIIB in financing

Takehiko Nakao, President of the Asian Development Bank (ADB) said in Baku, Azerbaijan, on 2 May that ADB is prepared to cooperate with Asian Infrastructure Investment Bank (AIIB) in financing to promote infrastructure construction in Asia. At the press conference for the ADB's 48th annual conference, Takehiko Nakao expressed that nearly 80 percent of ADB operations is related to infrastructure construction. ADB will utilize its professional experience in the area to co-finance infrastructure construction across Asia with AIIB.

Takehiko Nakao also revealed that he held talks on 1 May with Jin Liqun, Secretary-General of the AIIB's Multilateral Interim Secretariat, discuss about the possibility of future cooperation between ADB and AIIB. Speaking of the support of the ADB for China's social and economic development, poverty reduction and regional economic cooperation, the premier pledged further partnership with ADB and called on it to play a bigger role in poverty reduction and development. The two sides agreed to continue sharing the essential information, and also made deeper discussion on the further cooperation in the future.

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Central bank suspends open market operations

The present liquidity in the banking system remains sufficient in the current market and market interest rates continue to be at historically low levels. Under such circumstances, the central bank did not conduct any open market operations, illustrating the attitude of the authorities to maintain the previous loose monetary conditions.

On 5 May, the central bank was absent continuously from open market operation for fifth time in a row, and as there were no sell repo, reverse repo and central bank bills maturing, neither cash injection nor drain was seen in the open market in the week.

The higher-than-expected Required Reserve Ratio (RRR) cut earlier, which released over trillion of liquidity, continues to roil the market to simmer, leading to a continuous decline in money market rates. The overnight Shanghai Interbank Offered Rate (Shibor) rate shot down all the way spirals downward from the end of late March and its decline was exacerbated following the RRR cut in April. On 5 May, the overnight Shibor fell to 1.564%, reaching its lowest level in the past five years.

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