

## NAFMII Related

### **PBC Decides to Lower Required Deposit Reserve Ratio for Some Financial Institutions to Replace outstanding Medium-term Lending Facility**

To guide financial institutions to increase support to small and micro enterprises, to support fund stability in the banking system, and to optimize the liquidity structure, the PBC has decided to lower the required deposit reserve ratio of large commercial banks, joint stock commercial banks, city commercial banks, non-county rural commercial banks, and foreign-funded commercial banks by one percentage point, effective from 25 April, 2018; and on that same day, the above-mentioned banks shall use fund released from the required reserve ratio reduction to repay their respective outstanding Medium-term Lending Facility (MLF) borrowed from the central bank on a “first borrow, first repay” basis.

The PBC will continue the sound and neutral monetary policy, keep liquidity at reasonable and stable levels, and guide the stable and appropriate growth of money, credit and all-system financing aggregate, in order to create a suitable monetary and financial environment for quality economic development and the supply-side structural reform.

[\(PBC News\)](#) (Currently Available in English)

## Statistics

### **Financial market operation in March 2018**

In March 2018, altogether RMB4.2 trillion worth of bonds of various types were issued in the bond market, including RMB180 billion national debts, RMB191 billion local treasury bonds, RMB530.1 billion financial bonds, RMB802.4 billion corporate credit bonds, RMB92.7 billion assets-backed securities, and RMB2.3 trillion NCD.

The interbank monetary market registered a transaction volume of RMB74.3 trillion in March, up 23.71% year-on-year and 48.34% month-on-month. Among them, pledge-style repo stood at RMB61.2 trillion, up 22.48% year-on-year and 51.37% month-on-month, buyout-style repo stood at RMB1.6 trillion, down 34.39% year-on-year and up 35.82% month-on-month, and interbank lending stood at RMB11.5 trillion, up 49.78% year-on-year and 35.55% month-on-month.

The interbank bond market registered a cash bond transaction volume of RMB9.9 trillion in March, averaging RMB448.5 billion per day, up 14.98% year-on-year and 42.69% month-on-month. The exchange bond market saw a cash bond transaction

volume of RMB587.3 billion, averaging RMB26.7 billion per day, up 28.44% year-on-year and 21.11% month-on-month. At the end of March, the interbank bond index stood at 178.00 points, up 1.33 points from the end of last month.

At the end of March, Shanghai Composite Index closed at 3,168.90 points, down 90.51 points or 2.78% from the end of last month; Shenzhen Component Index closed at 10,868.65 points, up 39.92 points or 0.37% from the end of last month. In March, the daily average transaction volume at Shanghai Stock Exchange was RMB201.3 billion, down 8.11% month-on-month, and the daily average transaction volume at Shenzhen Stock Exchange was RMB268.9 billion, up 27.43% month-on-month.

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

#### **Financial statistics for Q12018**

M2 and M1 increased by 8.2% and 7.1% respectively in Q12018; RMB loan increased by RMB4.86 trillion and foreign currency loan increased by USD32.4 billion; RMB deposit increased by RMB5.06 trillion and foreign currency deposit increased by USD45.9 billion. In March, the monthly weighted average interest rate of interbank lending in the interbank RMB market was 2.74% and that of pledge-style bond repo was 2.9%. The balance of national foreign exchange reserve stood at USD3.14 trillion. In Q12018, RMB settlement for cross-border trade totaled RMB1,058.98 billion and that for direct investment was RMB684.46 billion.

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

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