

Indigenous Slowdown in China II

Global Economic Prospects

Washington, D.C.

April 7, 2015

Nicholas R. Lardy

Anthony M. Solomon Senior Fellow

Peterson Institute for International Economics

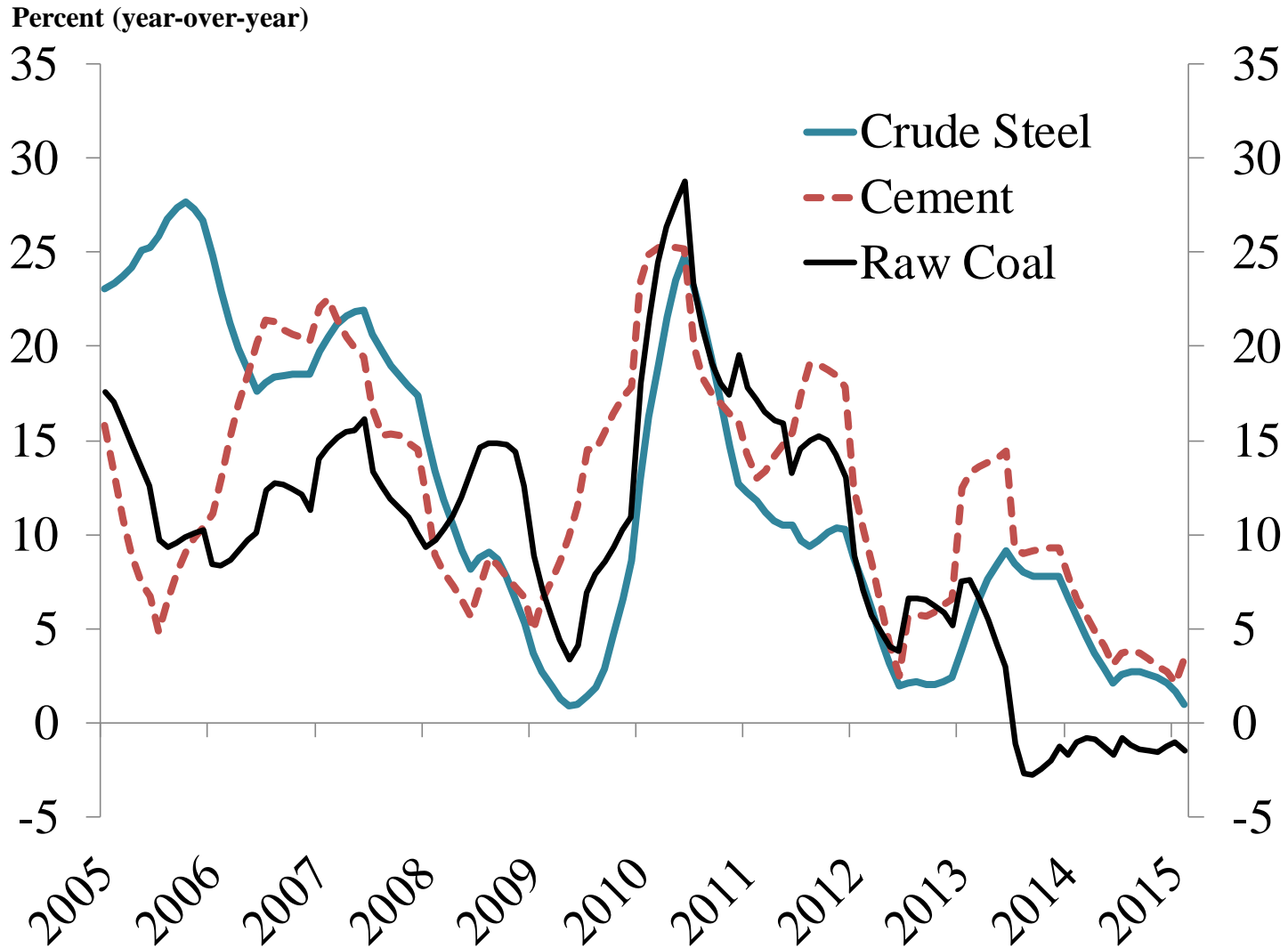
Real GDP Growth, 1978 - 2014



Growth in Property Investment



Decline in Output of Industrial Products

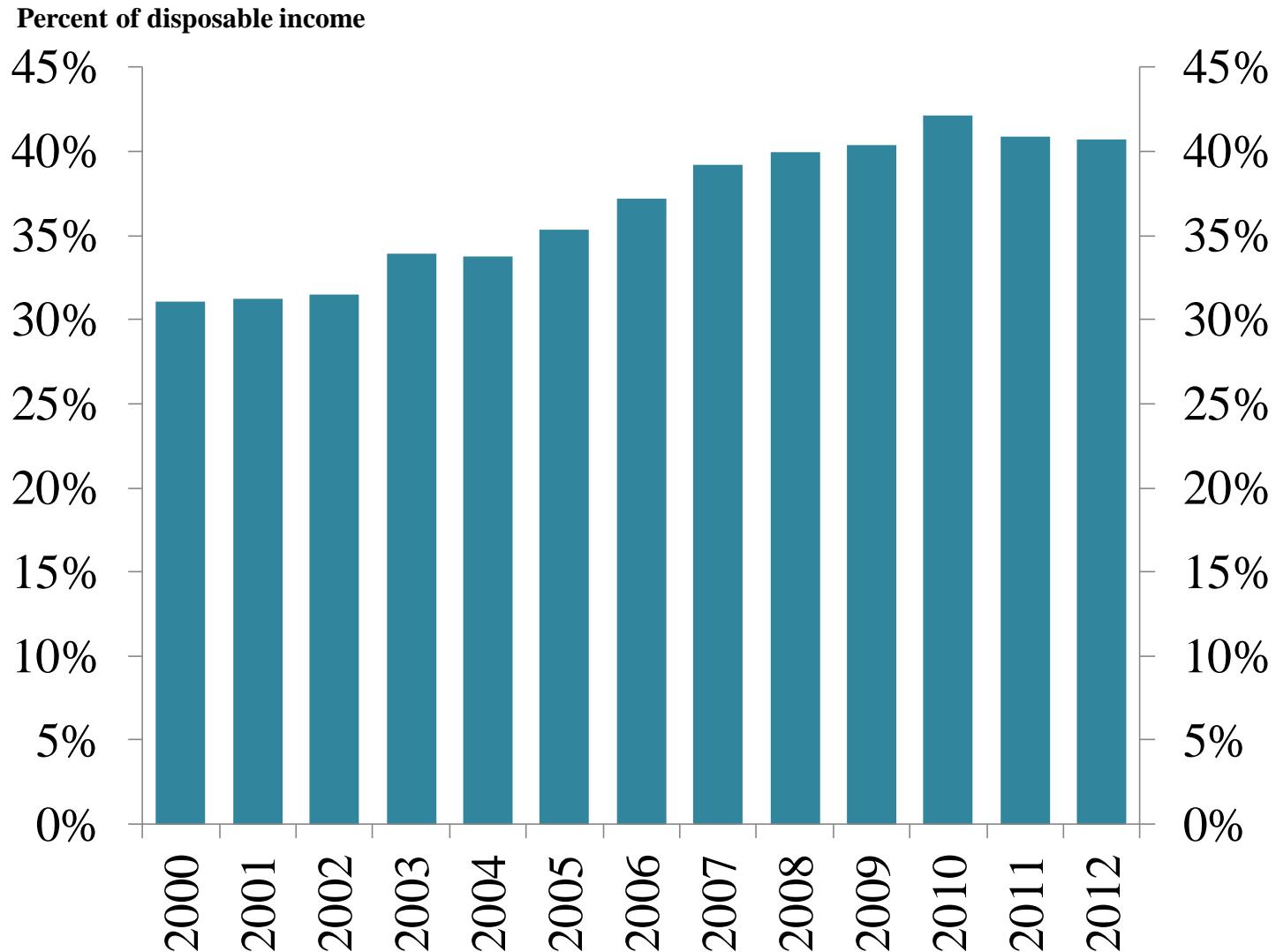


Household Disposable Income

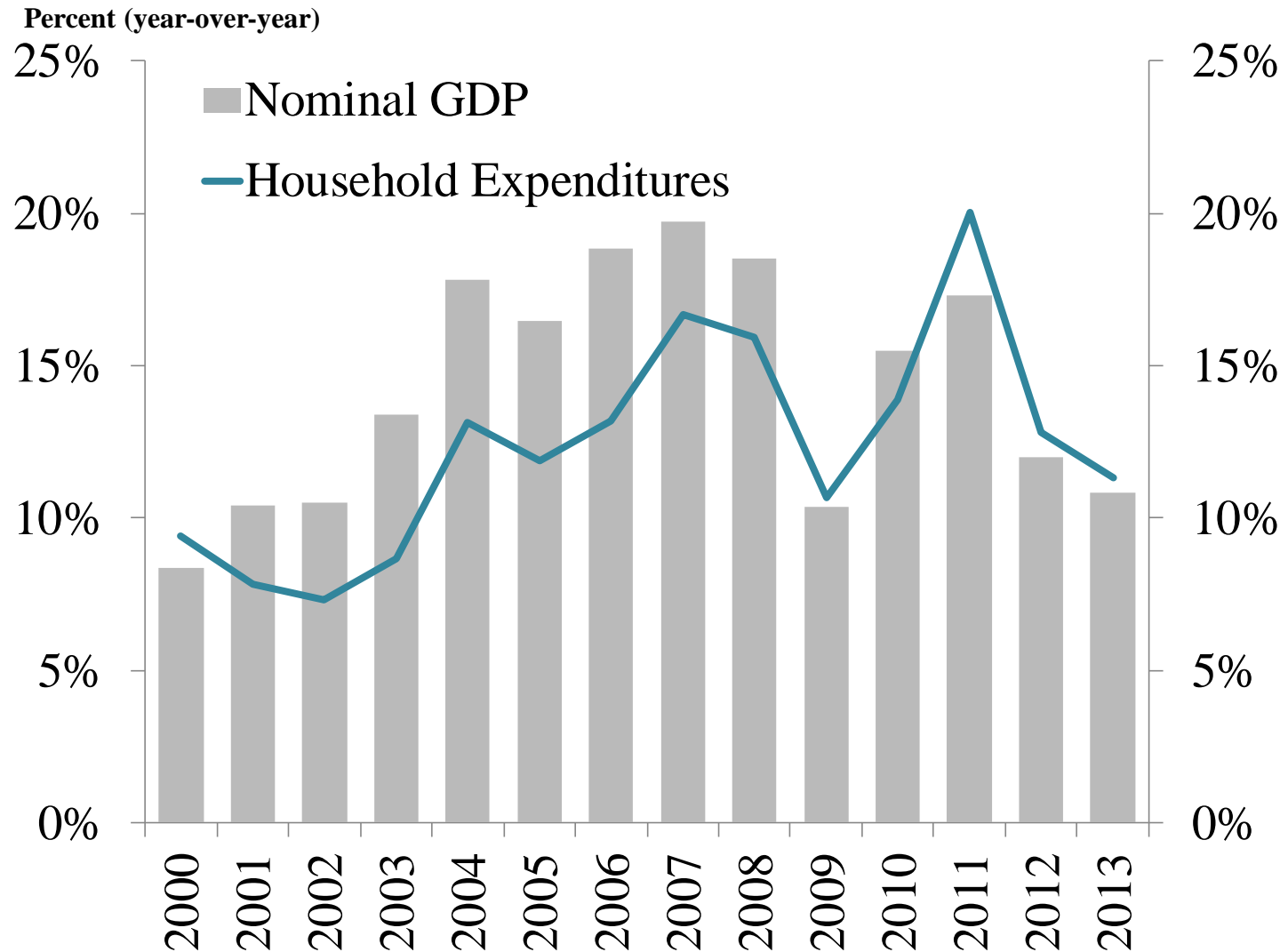
Percent of GDP



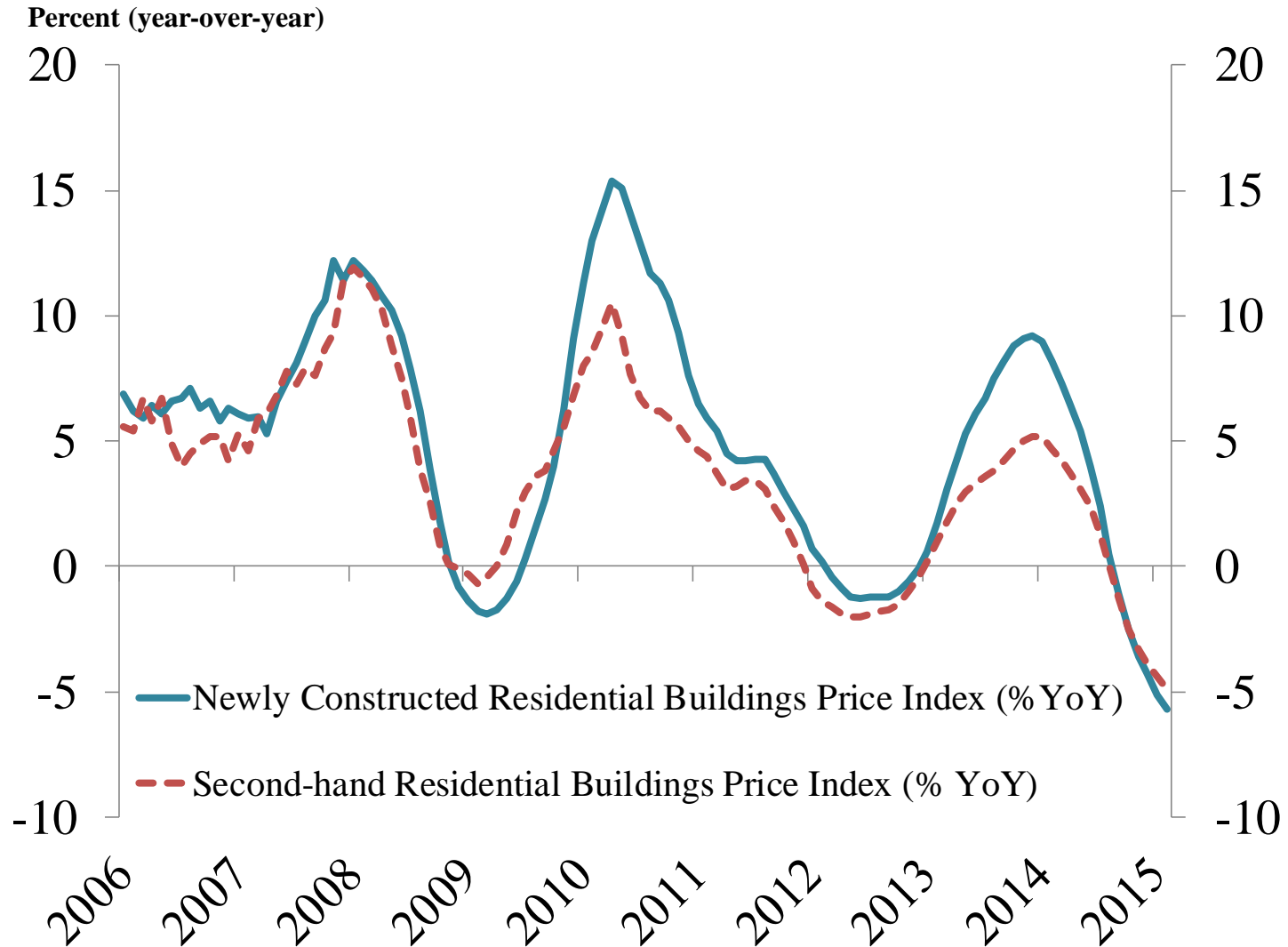
Household Savings Rate



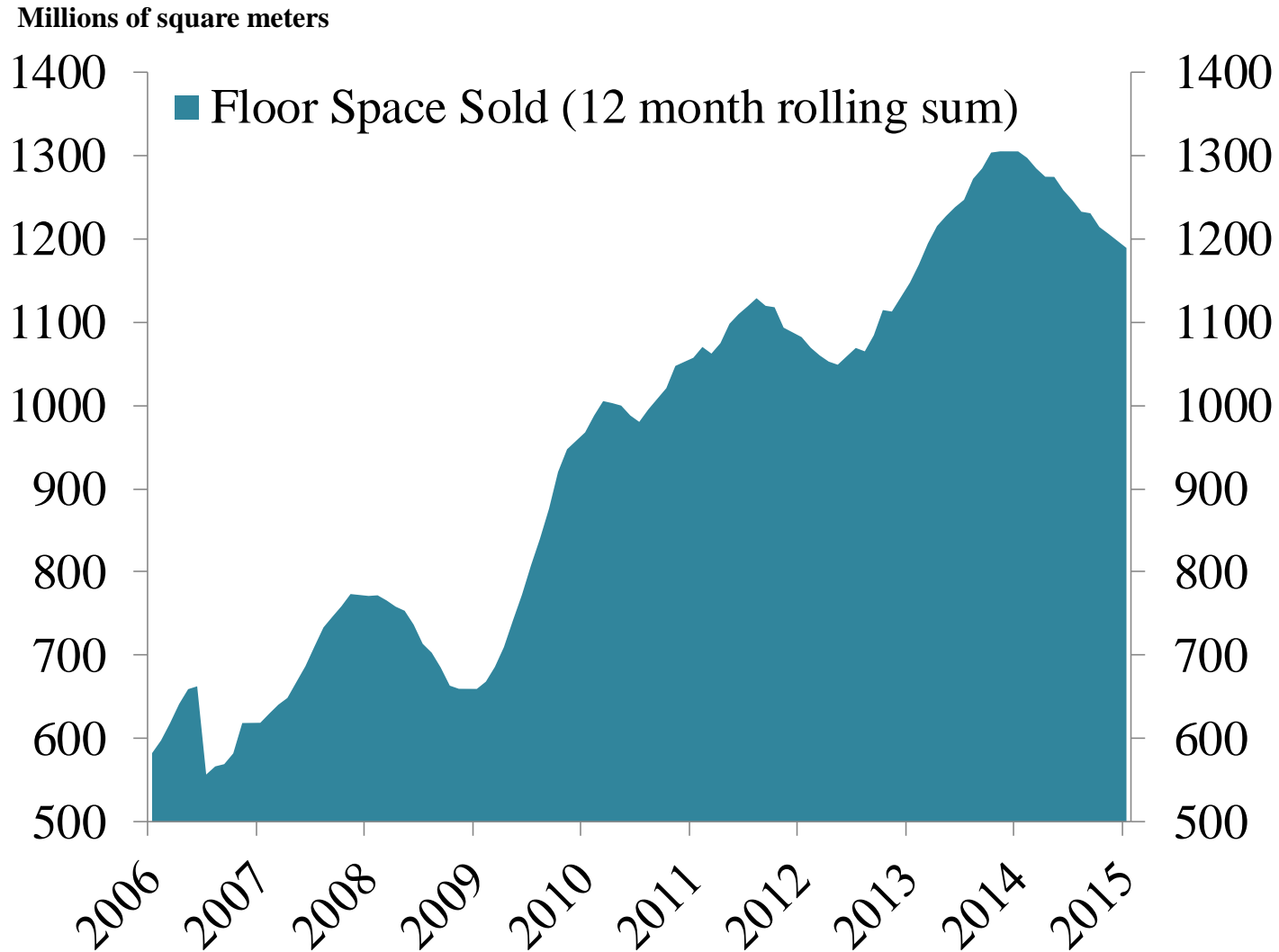
Private Consumption Growth



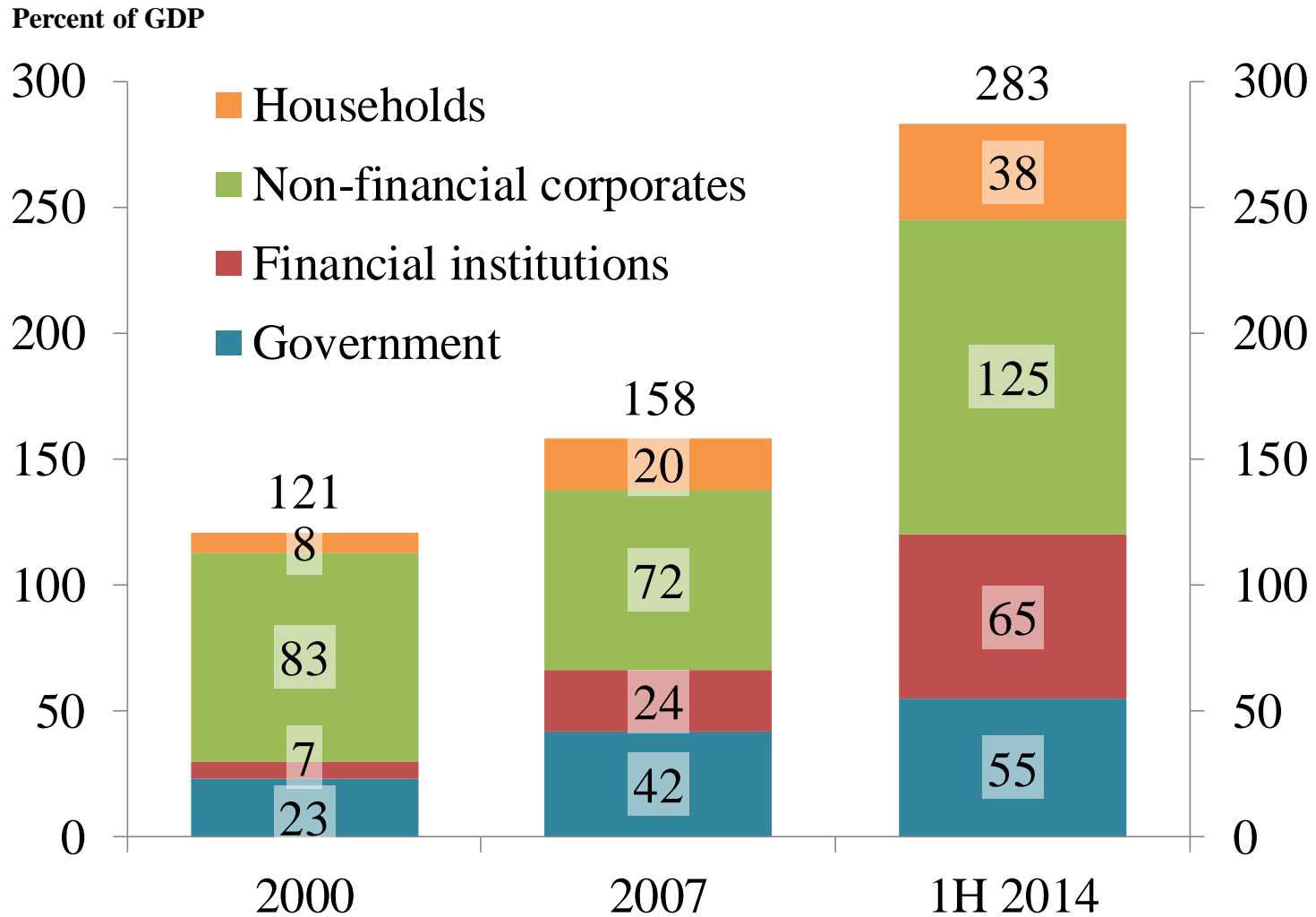
Property Market Decline



Property Market Decline



Credit Stock

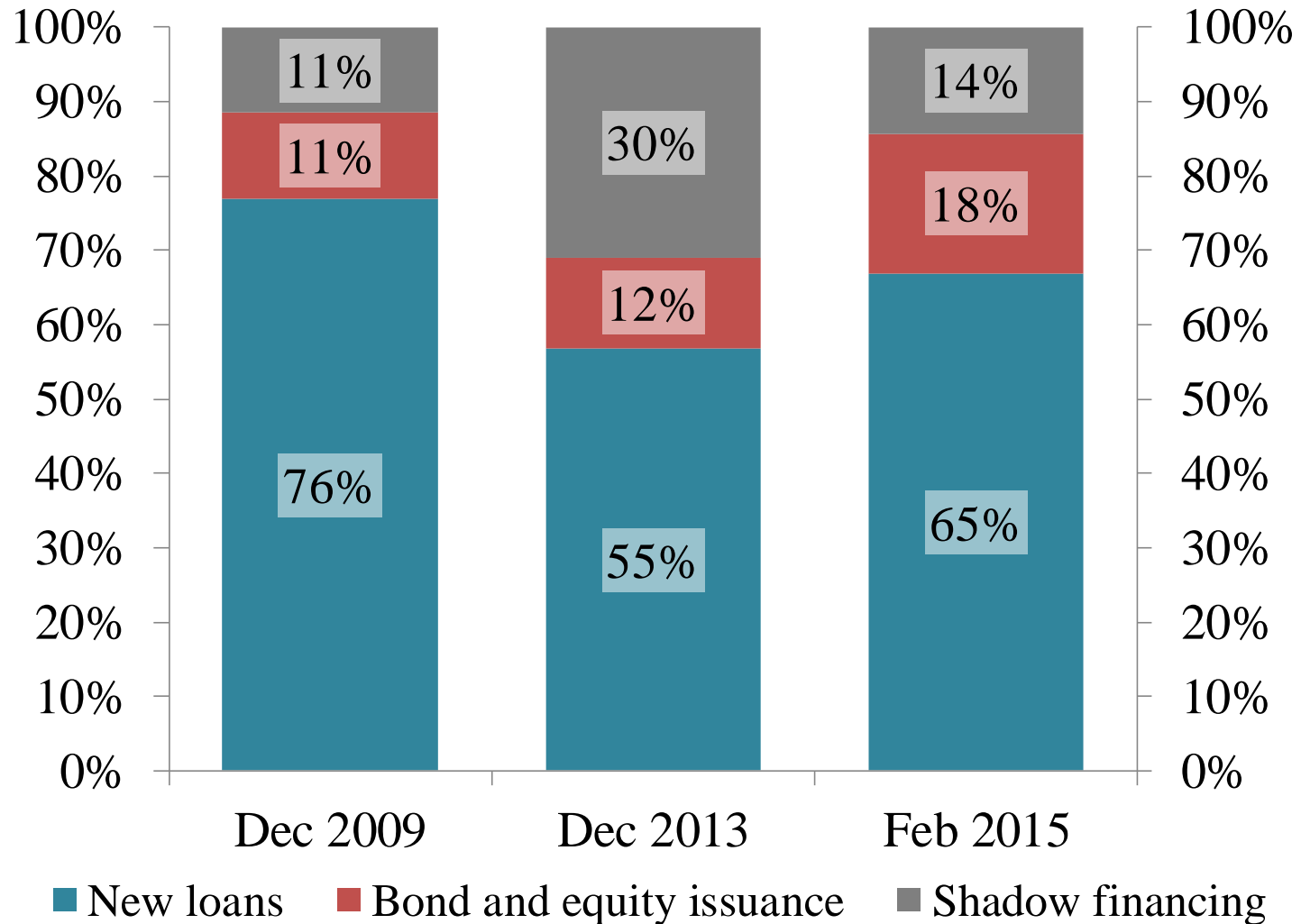


Credit Growth



Credit Composition

Share of new financing (12 month average)



Conclusion

- China's slowdown is almost entirely indigenous
- Rising consumption expenditure is partially offsetting the moderation in the growth of property investment
- Biggest risks are a more rapid property market decline and the central bank succumbing to pressure for a resumption of rapid credit growth