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中国经济评论：短期融资大幅下滑引起 7 月信贷增速回调

China Economics Update: Fall in short-term lending holds back credit revival

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7 月银行贷款、M2 和社融资数据均远低于预期，主要受短期融资（票据融资和短期银行贷款）下滑的影响，小型金融机构重组接管下银行间短期融资趋紧是可能原因之一。同时，债券发行进一步走强，中长期银行贷款保持稳定，显示实体经济融资需求偏弱但相对稳定。

据报道，近期市场对贴现票据需求大增，伴随 7 月底以来平均贴现率走低，显示在政策支持下短期贷款有望复苏。

鉴于与美国贸易冲突升级以及经济面临的下行风险上升，我们预计政策制定者将保持宽松的立场，信贷增速将在年底前逐步回升至 11%左右。

Bank lending, M2 and total social financing growth in Jul all undershot expectations. The slowdown in credit growth mainly reflects declines in bill financing and short-term bank lending, which in turn might be driven by the tightening of interbank funding amid ongoing restructuring of smaller financial institutions. In contrast, bond issuance accelerated, while medium- to long-term bank loans held stable.

Overall, the deceleration in credit growth was in keeping with the dimmer economic outlook. However, we do not expect the sharp adjustment in bills to sustain long enough to derail the credit revival. The reported increase in demand for discount bills and the decline in the average discount rate at the end of Jul suggest a likely recovery in short-term lending.

Given renewed trade conflicts with the US and increased downside risks to growth, we expect policymakers to maintain an accommodative stance with credit growth strengthening gradually to around 11% by the end of the year.

				Jul 2019			2019F	
Main indicators	**Jul-18**	**May-19**	**Jun -19**	**BBG**	**CCBIS**	**Actual**	**BBG**	**CCBIS**
TSF (RMB b)	1,225	1,395	2,260	1,625	1,650	**1,010**	-	-
New loans (RMB b)	1,450	1,180	1,660	1,275	1,290	**1,060**	-	18,000
M2 YoY (%)	8.5	8.5	8.5	8.4	8.4	**8.1**	8.6	8.4
Loans YoY (%)	13.2	13.4	13.0	-	-	**12.6**	-	13.1
TSF YoY (%)	10.8	10.6	10.9	-	-	**10.7**	-	11.3

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Jul credit data slows to well below expectations

TSF data softened…

Total social financing (TSF) came to RMB1,010b in Jul, more than half the previous month's reading and well below the market and our expectations (BBG median: RMB1,625b, CCBIS: RMB1,650b). Outstanding TSF growth eased 0.2 ppt to 10.7% YoY in Jul.

…led by weak short-term bank loans…

Bank loans slowed to RMB1,060b in Jul versus RMB1,660b the previous month, giving a negative surprise to the market (BBG median: RMB1,275b, CCBIS: RMB1,290b). Outstanding bank lending growth ticked down to 12.6% YoY from 13.0% in Jun. Bank lending to the corporate sector slowed sharply led by short-term loans; however, corporate medium- and long-term borrowing held up well. Household long-term borrowing, mainly home mortgages, was also robust.

…and a larger contraction of bills

Shadow banking credit fell by RMB623b, triple the decline of the previous month. Bankers' acceptance bills registered the largest decline of RMB456b versus a RMB131b decline in Jun. Entrusted loans and trust loans also contracted, albeit moderately. Outstanding shadow banking credit contracted at a faster pace despite the low base last year.

Meanwhile, net issuance of corporate bonds and LG special bonds strengthened. Net corporate bond issuance came to RMB224b, double the reading in Jun. Meanwhile, net issuance of local government project bonds climed to RMB439b, from RMB354b the previous month.

Despite stronger bond issurance, weak bank loans led to **a moderation in our indicator of real economy borrowing** (comprising bank loans, corporate bonds and LGBs) to 13.7% YoY in Jul versus 14.2% YoY in Jun.

M2 growth eased 0.4 ppt to 8.1% YoY in Jul, below the market and our expectation of 8.4% YoY. Corporate deposits registered a notable decline after a visble increase the prevous month. Separately, fiscal deposits (not included in M2) increased in Jul, though at a slower rate than the same month last year.

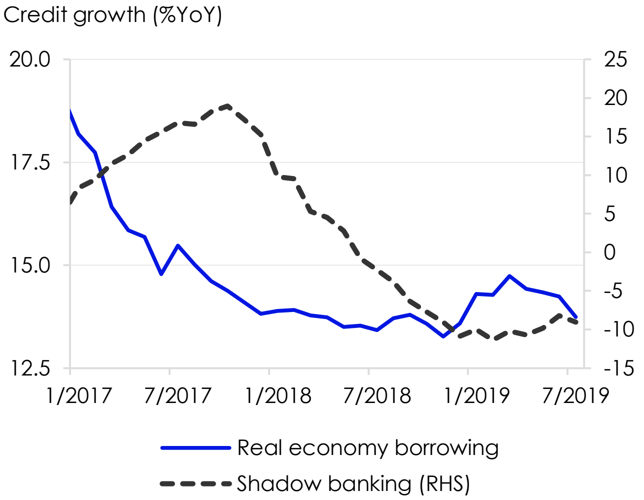
Our view

The slowdown in credit growth was broadly in line with the dimmer economic outlook. But the notable fall in Jul mainly reflects a decline in short-term financing, possibility driven by increased interbank funding related to the restructuring of several small banks. In contrast, bond issuance accelerated and medium- to long-term bank loans held stable, which should support investment demand, especially in the infrastructure sector.

Recent indicators, including the sharp fall in interest rate for discount bills, point to a rise in demand for short-term bills and suggests the deep decline in bankers' accepetance bills and short-term lending at banks is likely to reverse in Aug.

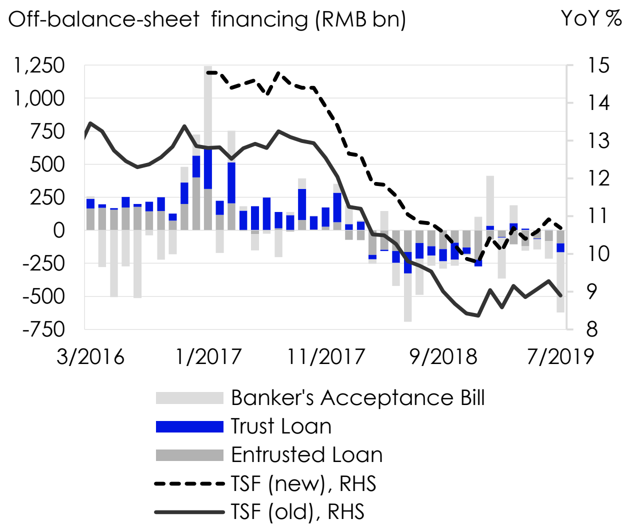
Given the renewed trade conflict between China and the US, we believe the sharp slowdown in overall lending will put pressure on policymakers to maintain an accommodative stance. In its 2Q monetary policy report, the PBoC stated clearly its desire for more targeted easing. We expect interbank liquidity conditions to remain loose for the rest of the year and credit growth to strengthen gradually to around 11% by the end of 2019F.

Fig 1. Credit Growth slowed on softer bank loans…



Source: PBoC,CEIC, CCBIS

Fig 2. …and a larger contraction in shadow banking financing



Source: PBoC,CEIC, CCBIS

Monthly loan increases (RMB b)	Jul 2018	2Q18 (avg)	3Q18 (avg)	4Q18 (avg)	1Q19 (avg)	2Q19 (avg)	Jun 2019	Jul 2019
Households	634	617	696	558	603	650	762	511
- Short term	177	211	250	187	143	190	267	70
- Long term	458	403	443	373	460	457	486	442
Corporates	650	693	648	399	1495	593	911	297
- Short term	-104	91	-56	-69	350	140	441	-220
- Bill financing	239	147	274	227	261	132	96	128
- Medium and long term	488	423	403	223	854	303	375	368

Monthly TSF increases (RMB b)	Jul 2018	2Q18 (avg)	3Q18 (avg)	4Q18 (avg)	1Q19 (avg)	2Q19 (avg)	Jun 2019	Jul 2019
Bank loans	1,209	1,284	1,286	881	2,105	1,239	1,673	787
Net corporate bond financing	219	160	190	278	302	187	118	224
Equity financing	18	41	20	17	18	22	15	59
Off-balance-sheet financing	-489	-375	-348	-210	20	-167	-212	-623
- Entrusted loans	-95	-156	-120	-150	-76	-89	-83	-99
- Trust loans	-119	-87	-93	-75	28	3	1	-68
- Banker's acceptance bills	-274	-131	-136	15	68	-81	-131	-456
Net issuance of LG project bonds	185	95	445	32	180	217	354	439

TSF outstanding growth (YoY %)	Jul 2018	2Q18 (avg)	3Q18 (avg)	4Q18 (avg)	1Q19 (avg)	2Q19 (avg)	Jun 2019	Jul 2019
TSF	10.8	11.5	10.7	10.0	10.4	10.6	10.9	10.7
Loans	13.2	12.7	13.2	13.2	13.5	13.3	13.0	12.6
Net corporate bond financing	7.7	8.0	7.6	8.0	10.5	10.8	11.2	11.2
Equity financing	10.5	11.6	9.8	6.8	4.6	3.5	3.3	3.9
Off-balance-sheet financing	-2.3	2.3	-4.1	-9.2	-10.6	-9.6	-8.2	-9.0
- Entrusted loans	-5.4	-3.5	-6.4	-9.8	-11.3	-10.3	-9.9	-9.8
- Trust loans	6.8	15.4	3.8	-5.2	-8.5	-6.7	-4.9	-5.0
- Banker's acceptance bills	-8.7	-1.3	-11.2	-14.8	-12.2	-13.0	-9.6	-15.0

** LG = local government*
Source: CEIC, CCBIS

Rating definitions:

Outperform (O) – expected return > 10% over the next twelve months
Neutral (N) – expected return between -10% and 10% over the next twelve months
Underperform (U) – expected return < -10% over the next twelve months

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