

Sustaining Economic Growth in China

Federal Reserve Bank of San Francisco and the Asia Society

San Francisco

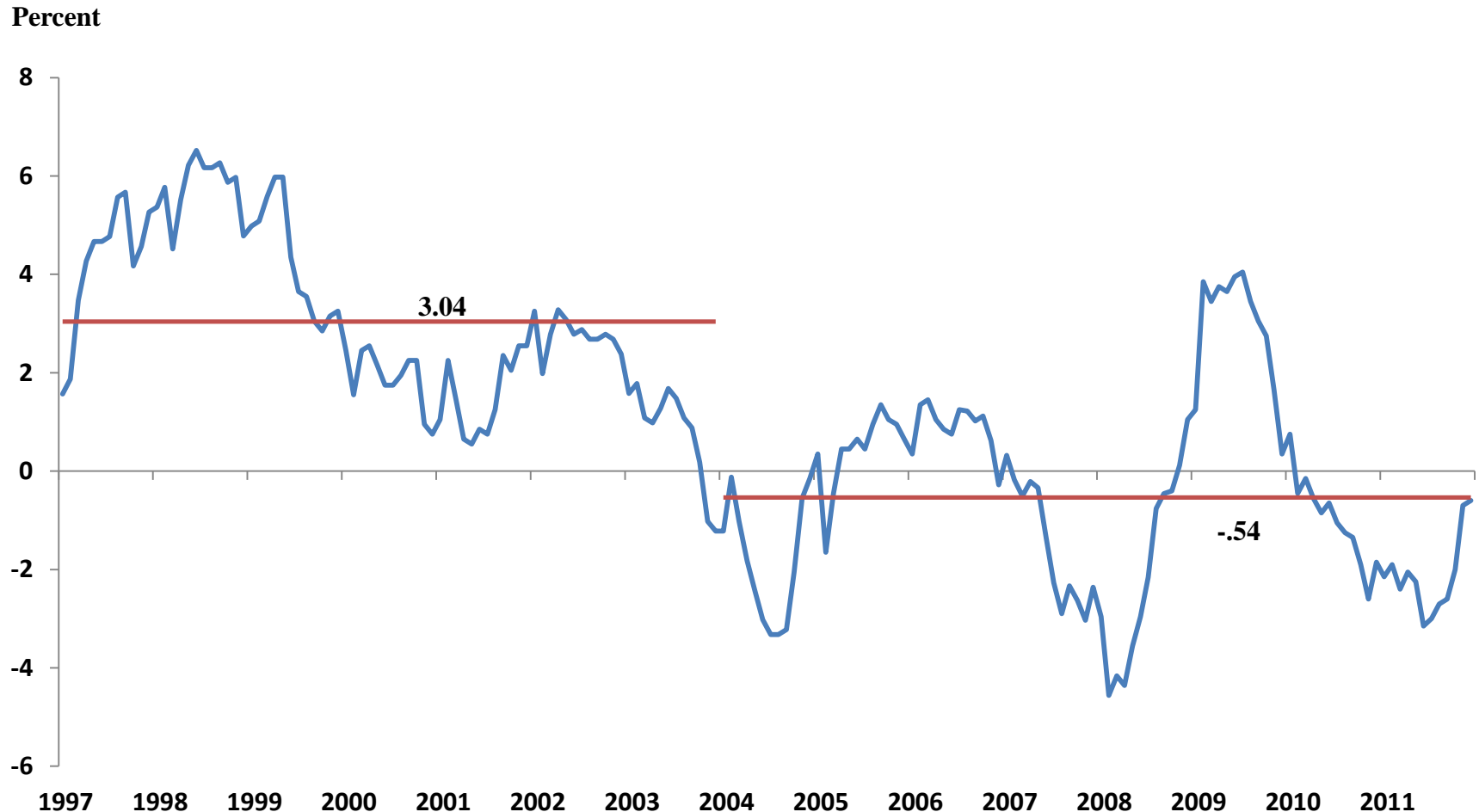
March 28, 2012

Nicholas R. Lardy

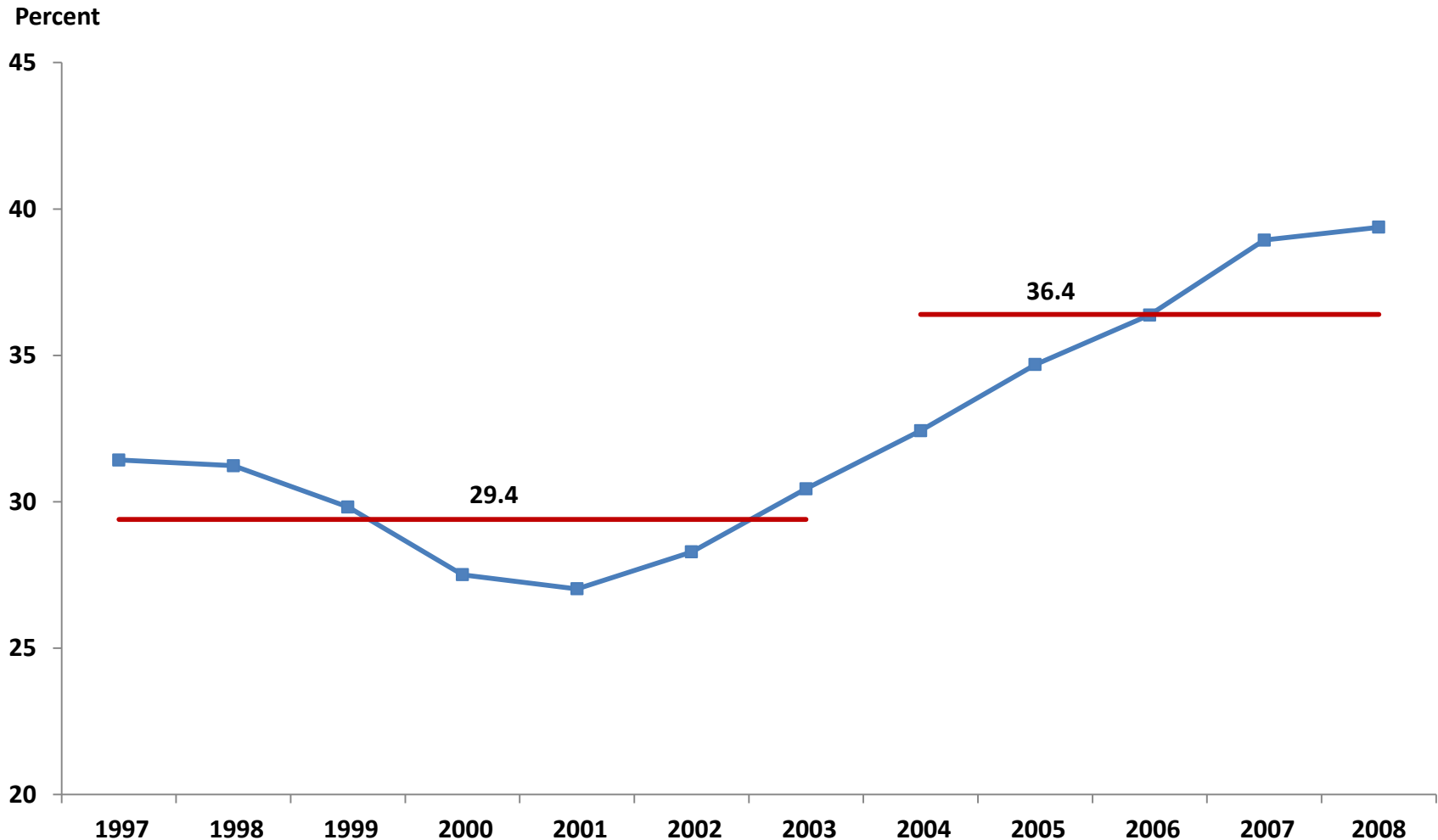
Anthony M. Solomon Senior Fellow

Peterson Institute for International Economics

Real Return on Household One-year Deposits, 1997-2011

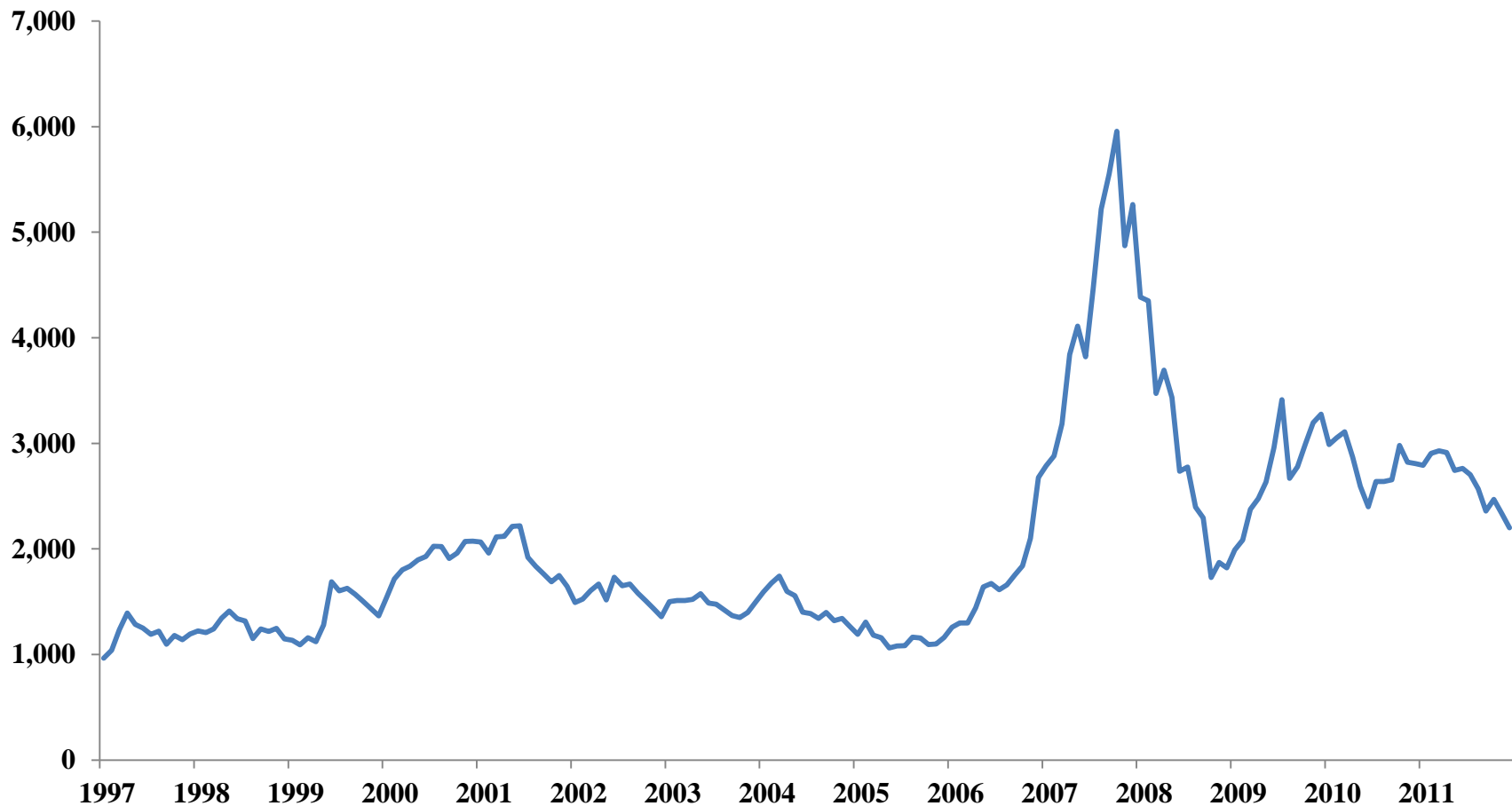


Household Saving from Disposable Income, 1997-2008

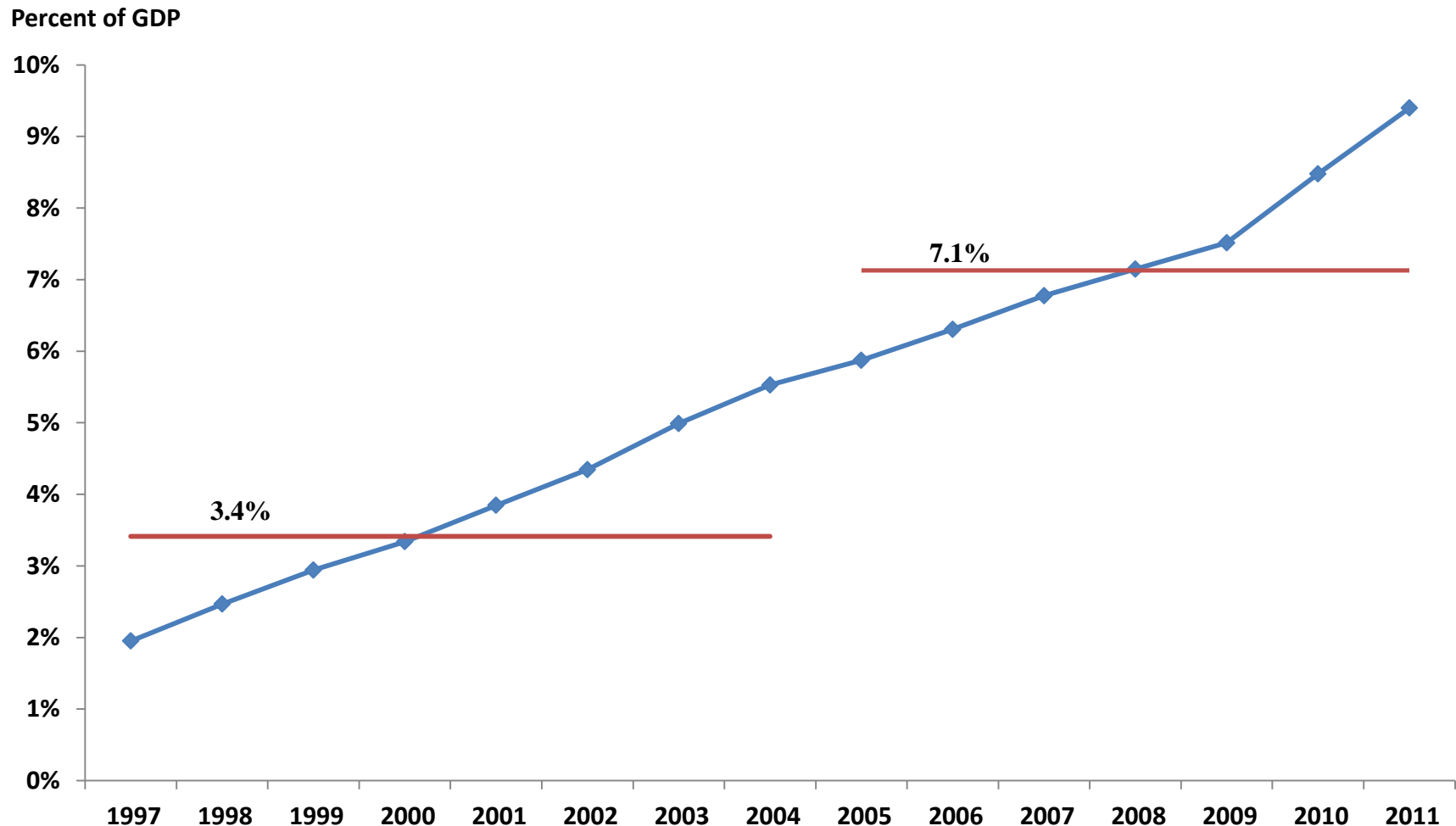


Shanghai Stock Exchange Composite Index, 1997-2011

Dec 1990=100

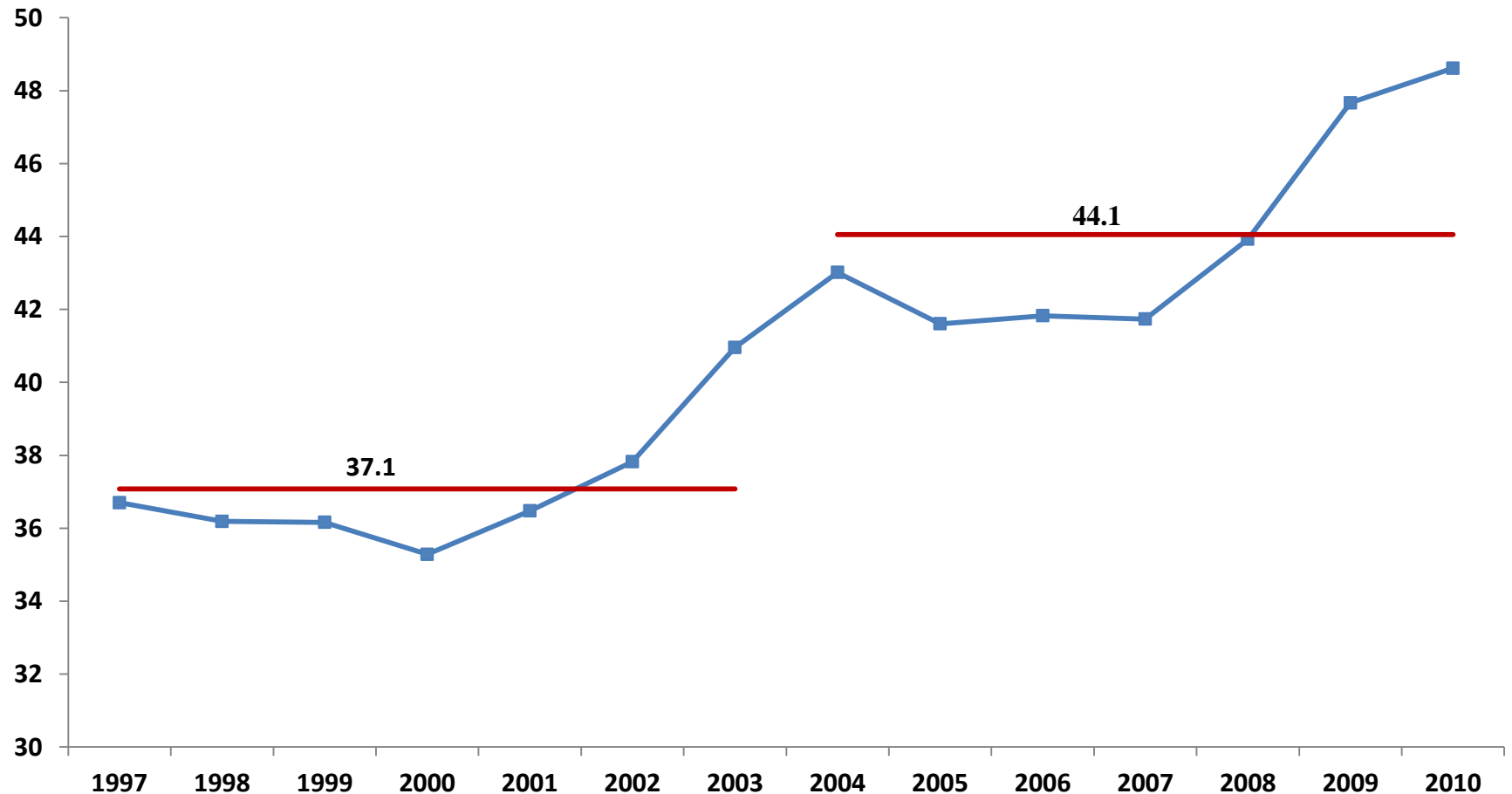


Investment in Residential Housing, 1997-2011

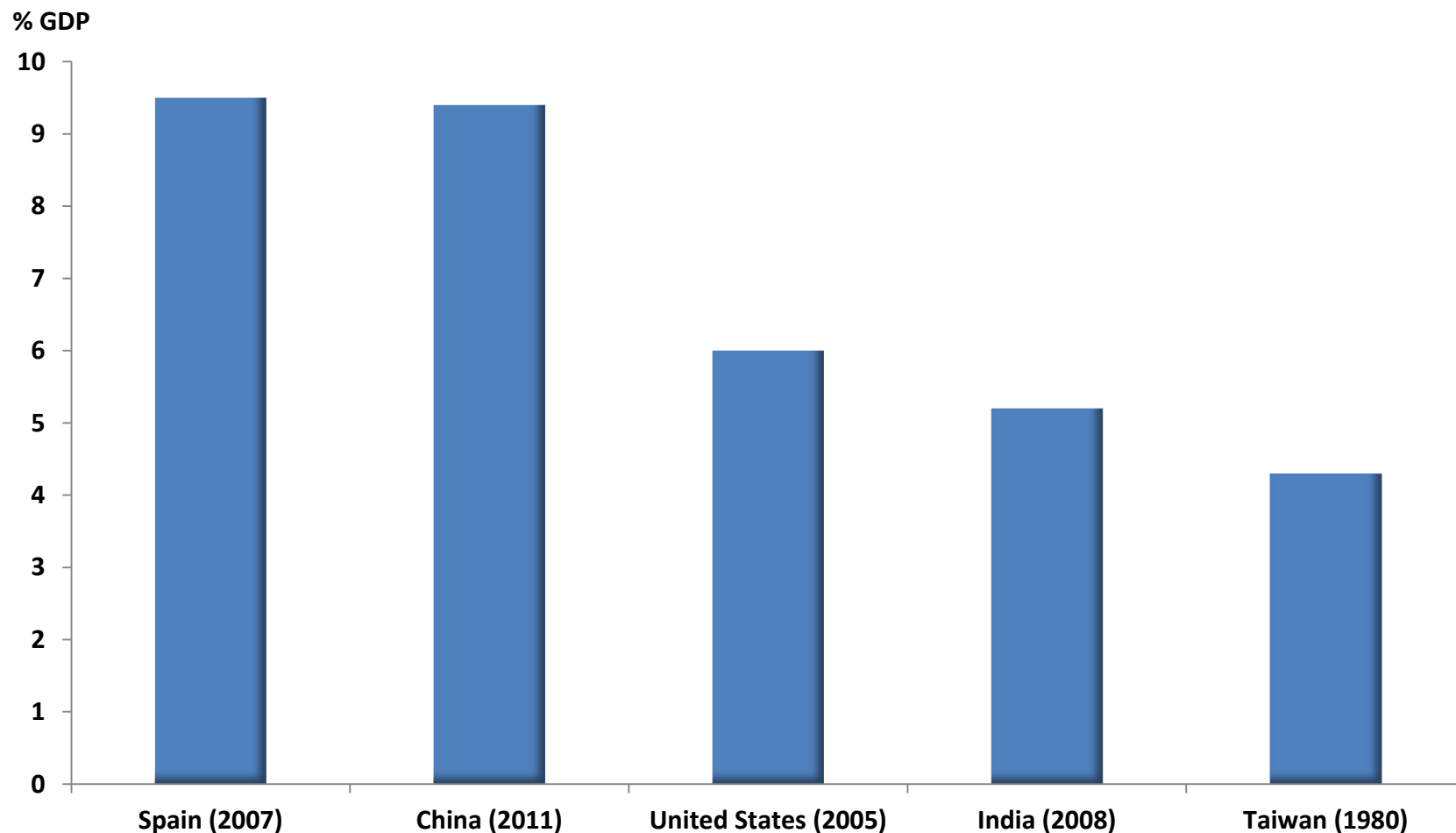


Investment Share of GDP, 1997-2010

Percent of GDP

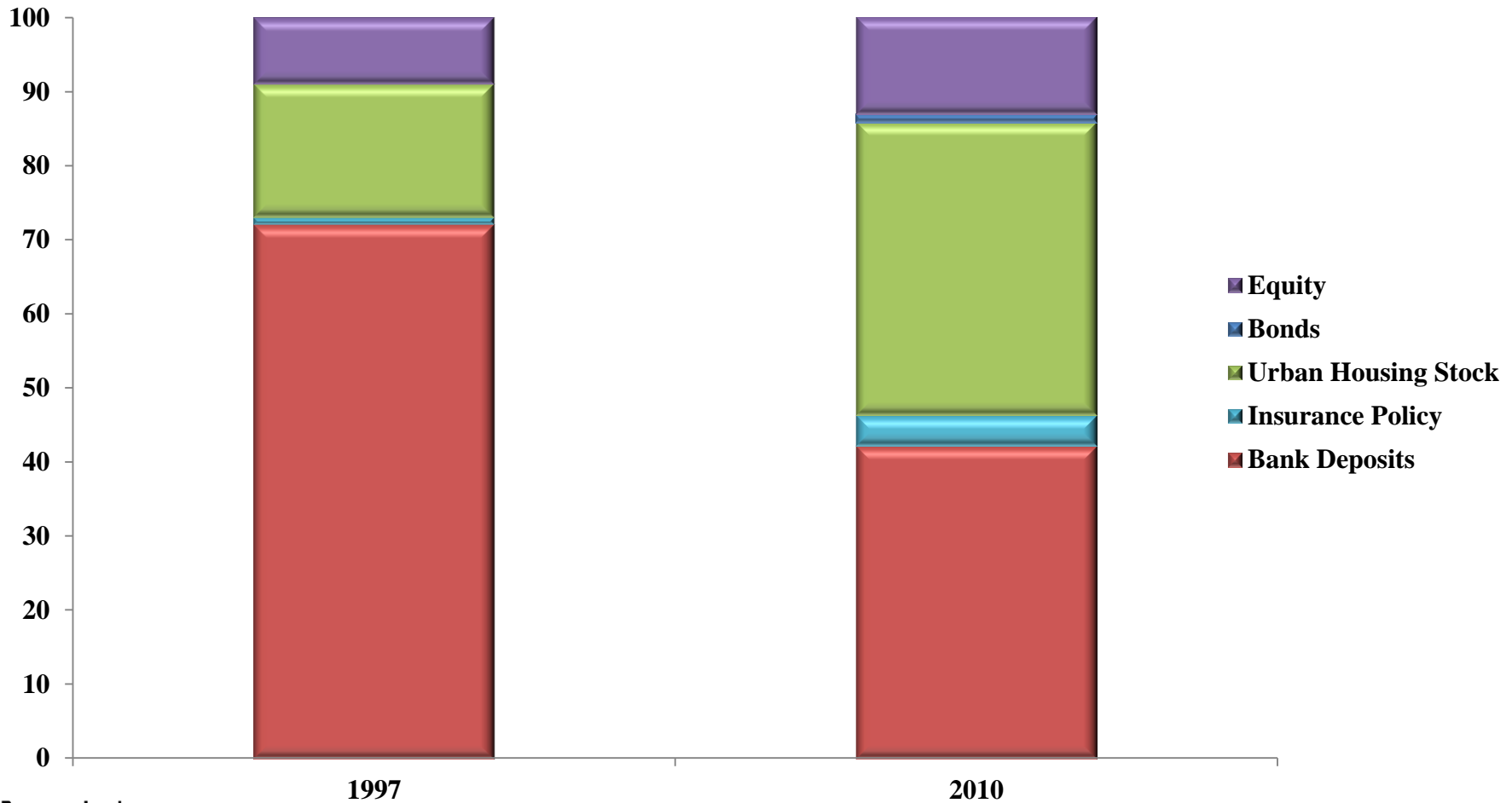


Peak Investment in Residential Housing: China, United States, India, and Taiwan

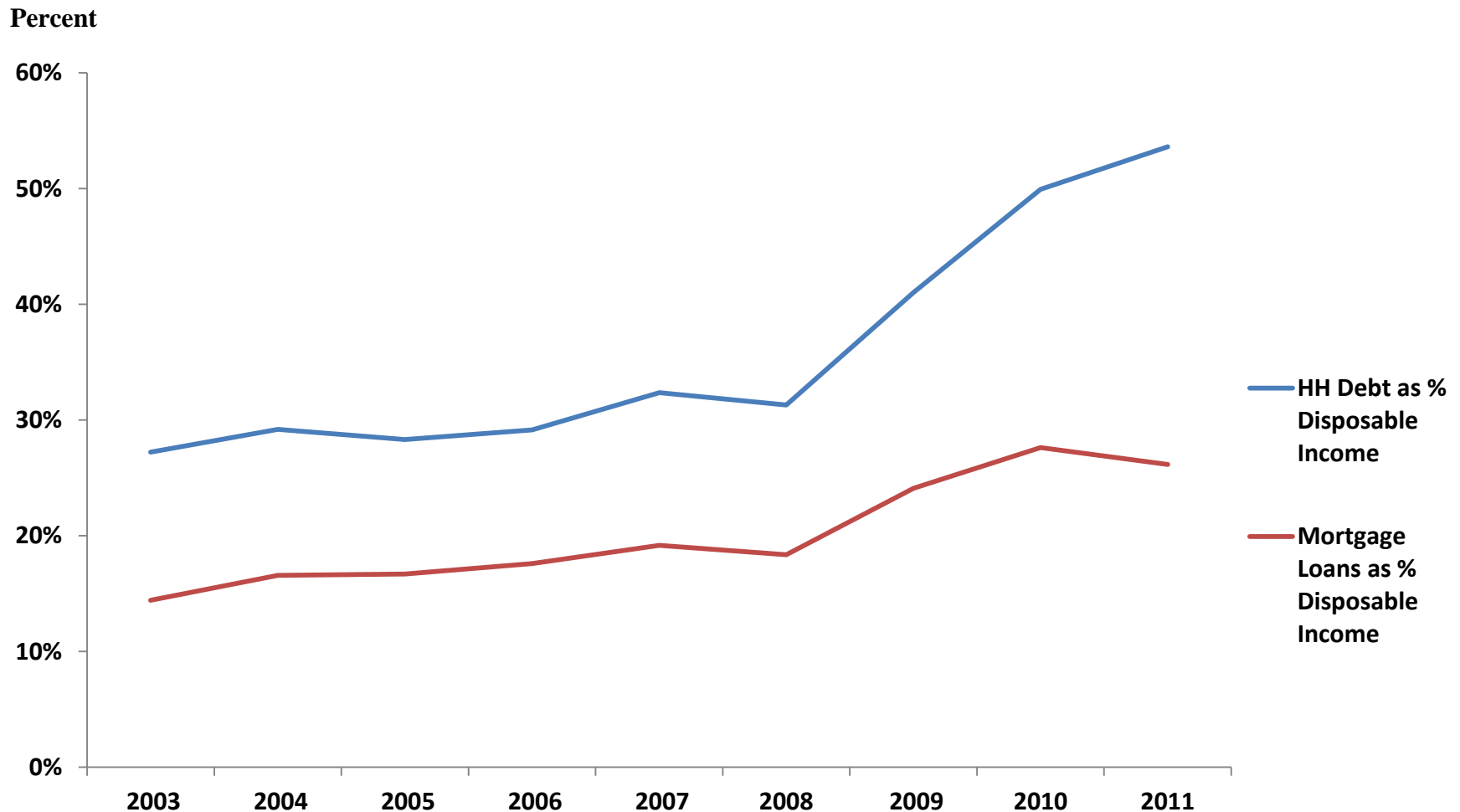


Composition of Urban Household Wealth, 1997 and 2010

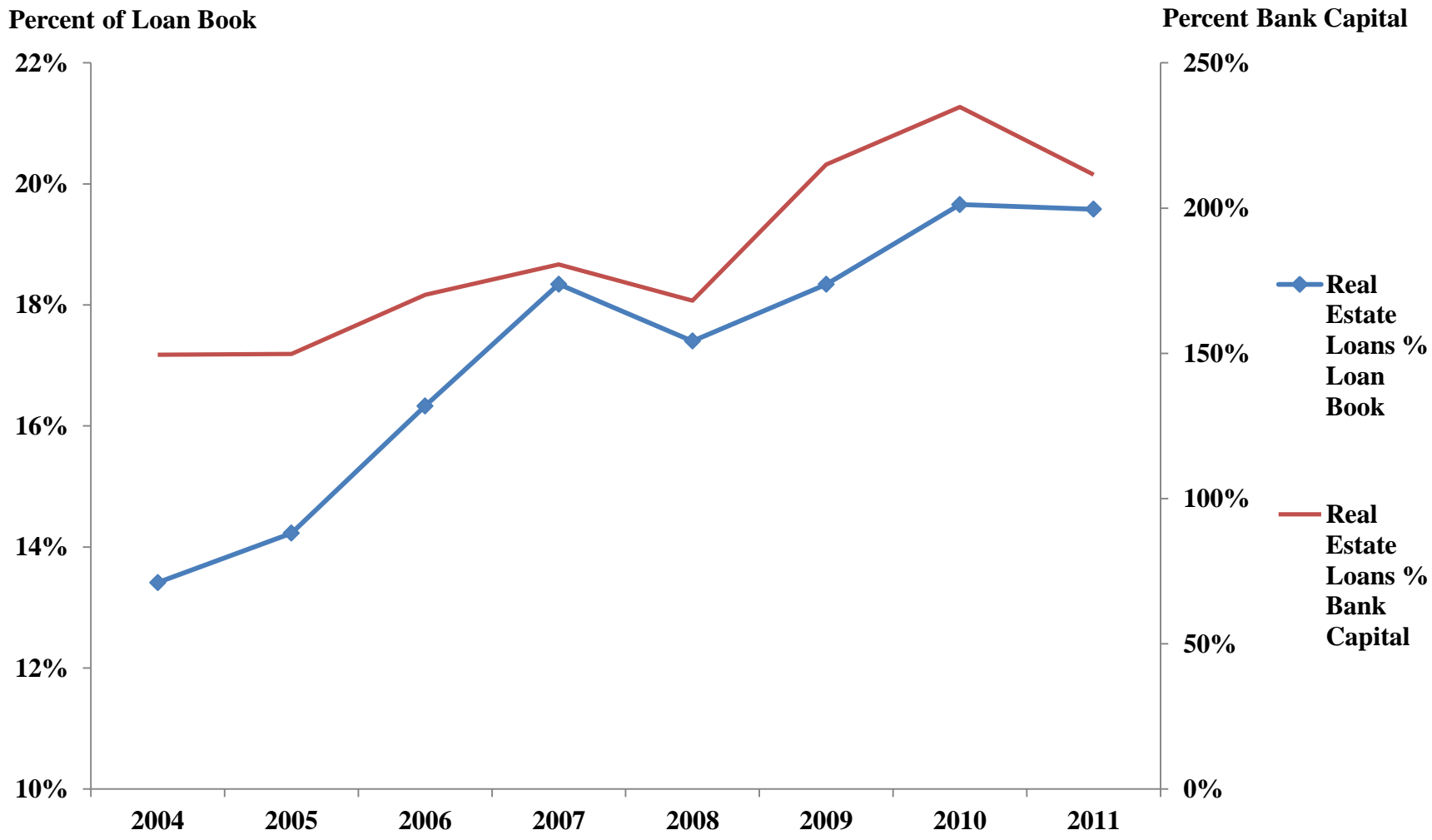
Percent GDP



Household Debt and Mortgage Debt as a Percent of Disposable Income, 2003-2011

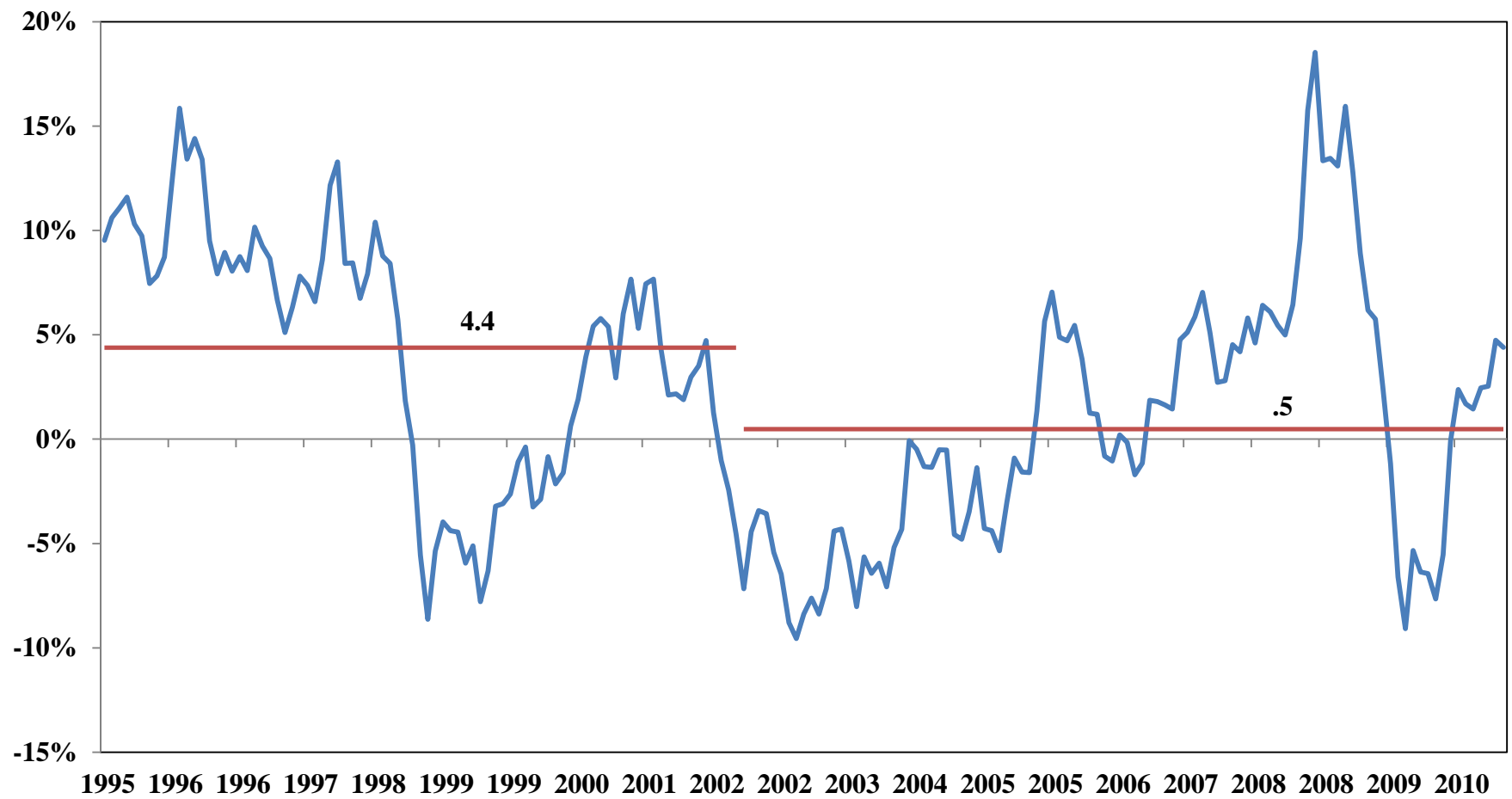


Bank Exposure to Real Estate, 2004-2011

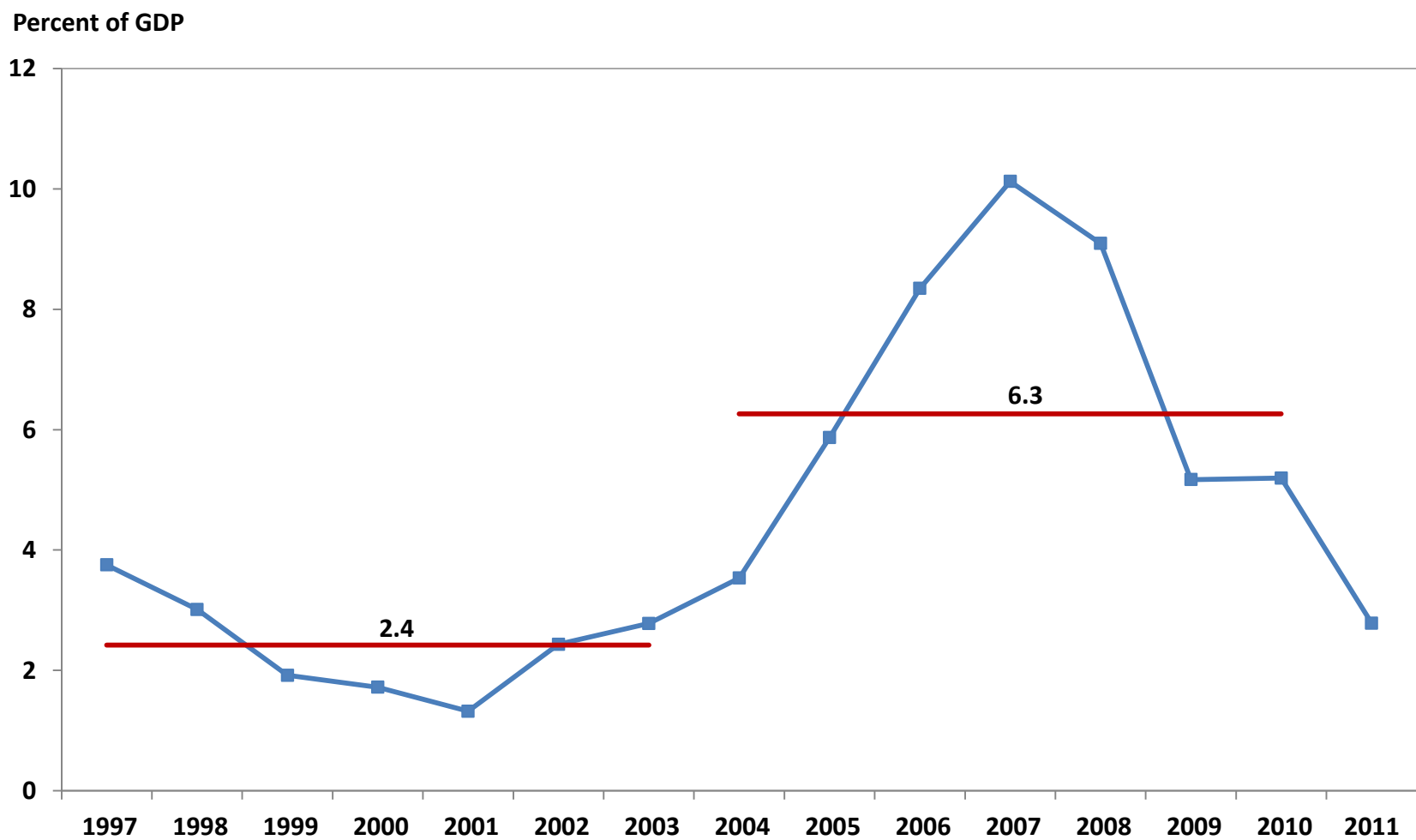


Change in the Real Effective Exchange Rate of the RMB (yoy), 1995-2010

June 2005=100

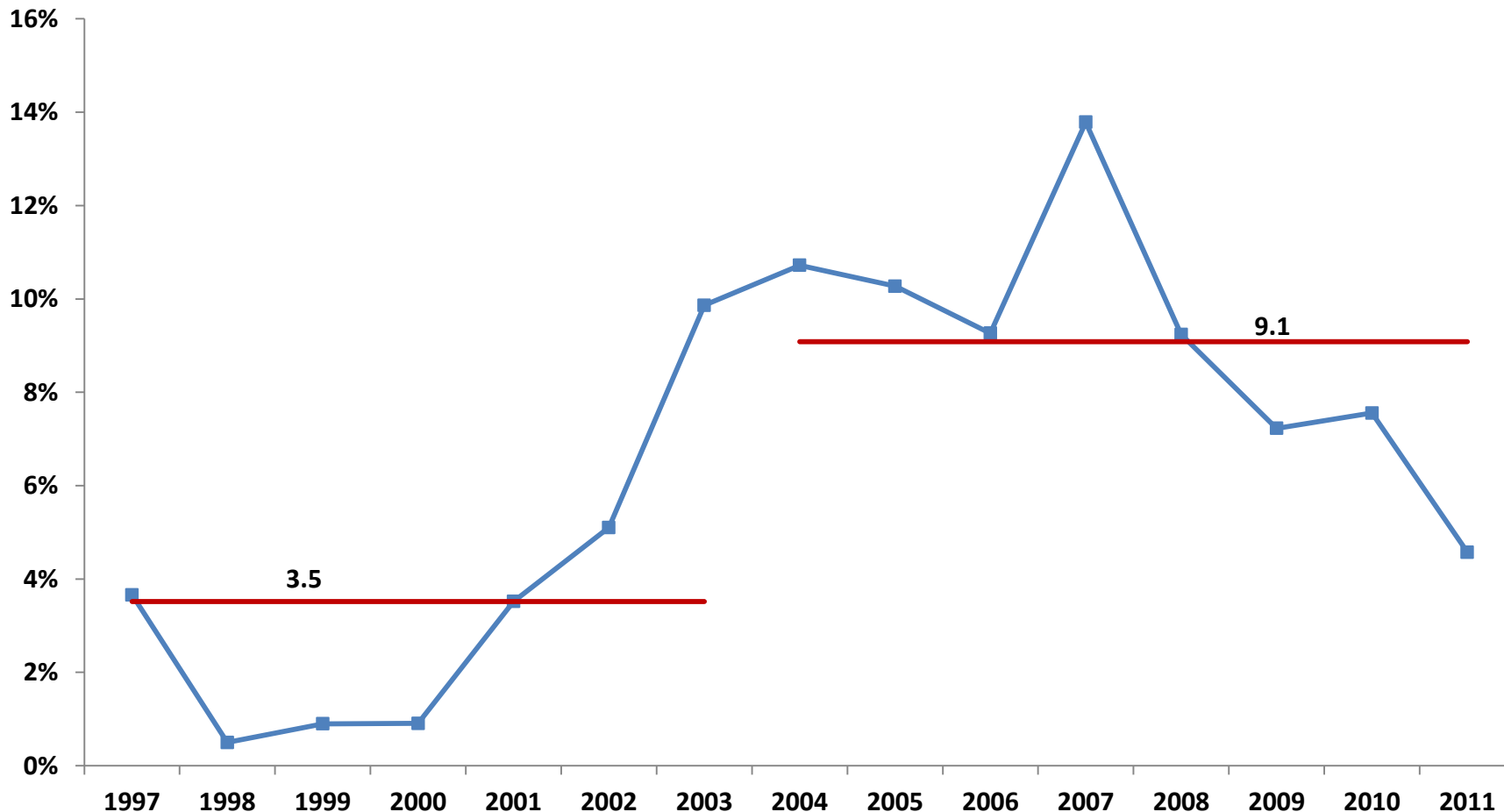


Current Account, 1997-2011

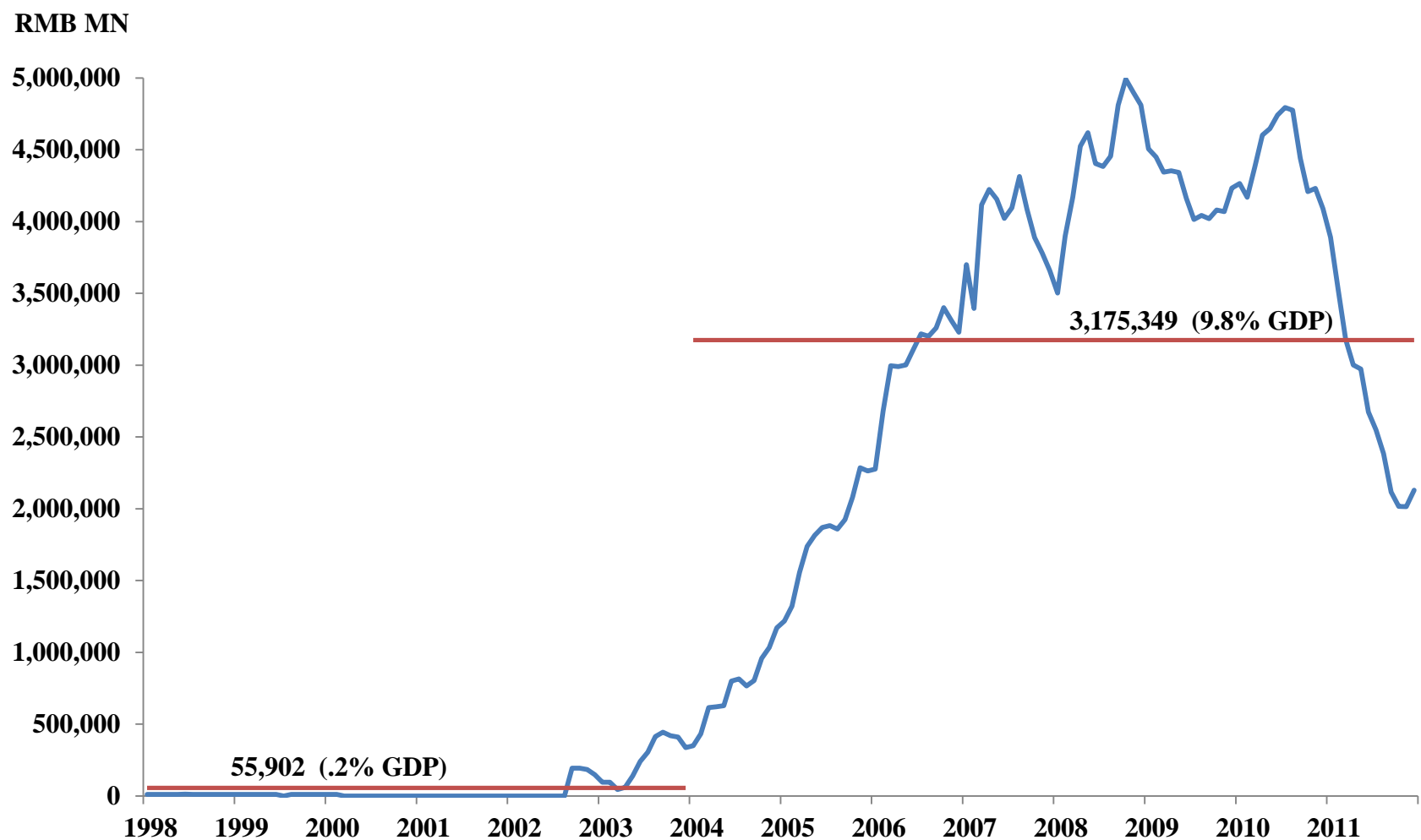


Additions to Foreign Exchange Reserves, 1997-2011

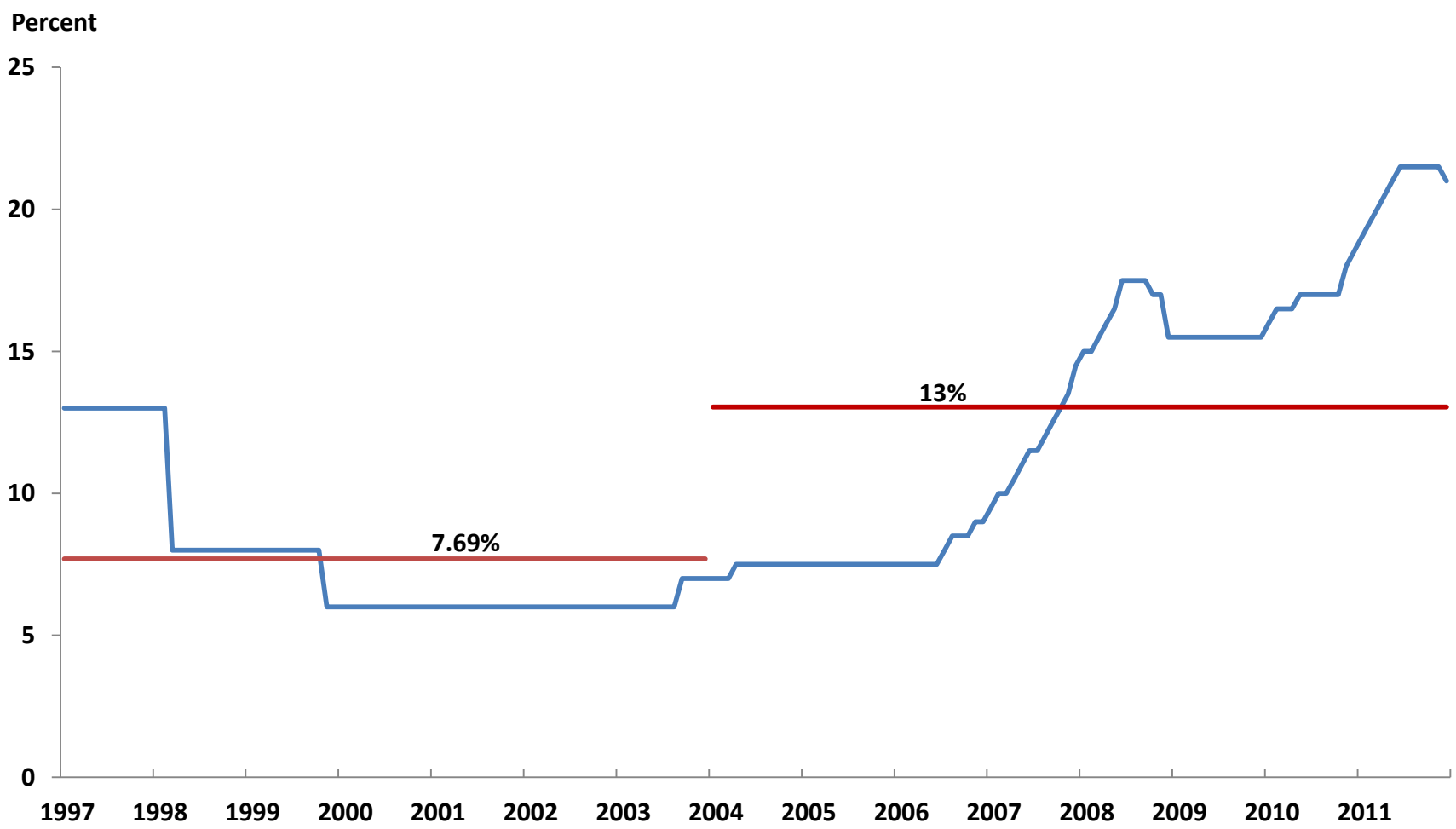
Percent of GDP



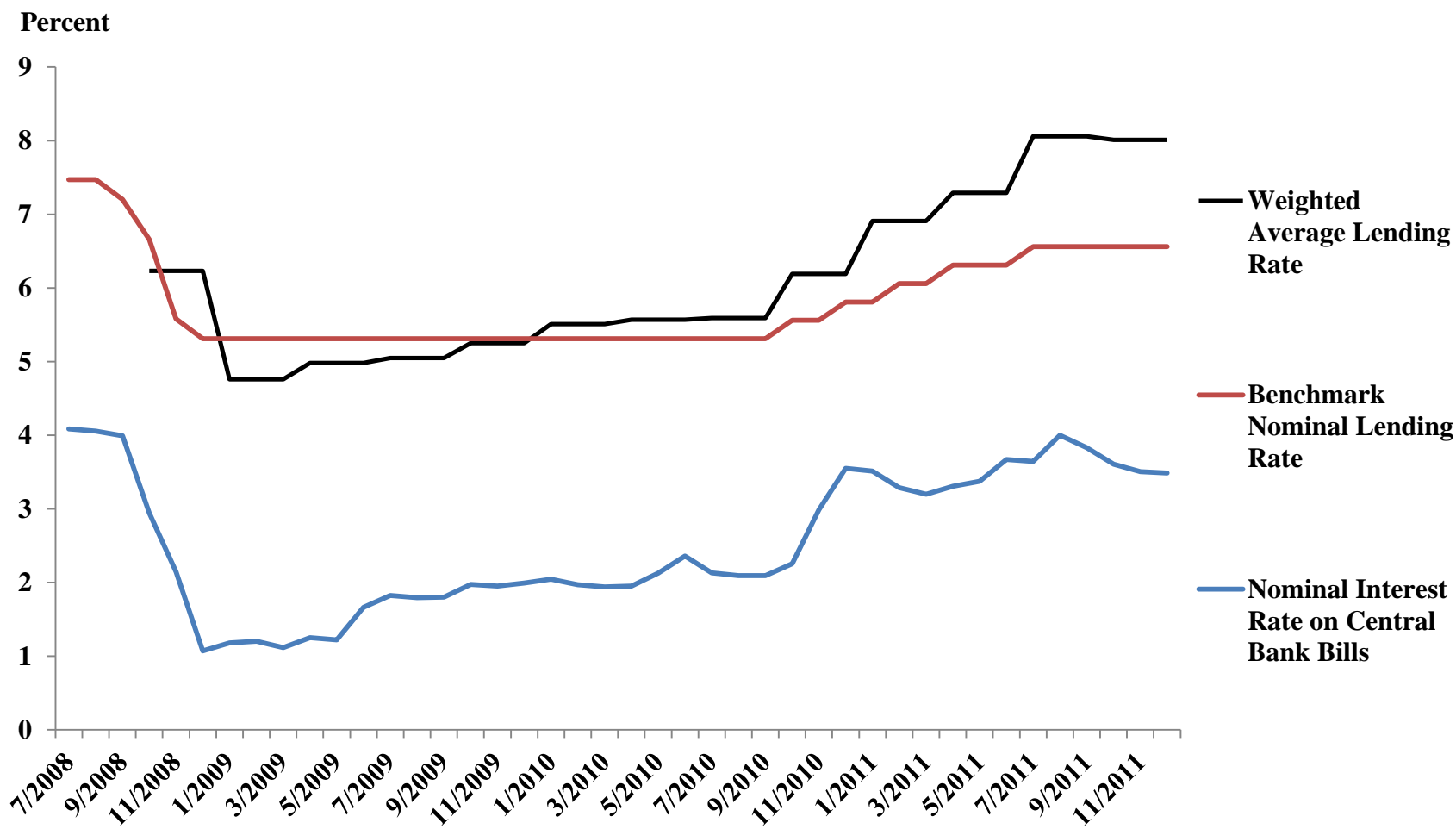
Central Bank Bill Outstanding, 1998-2011



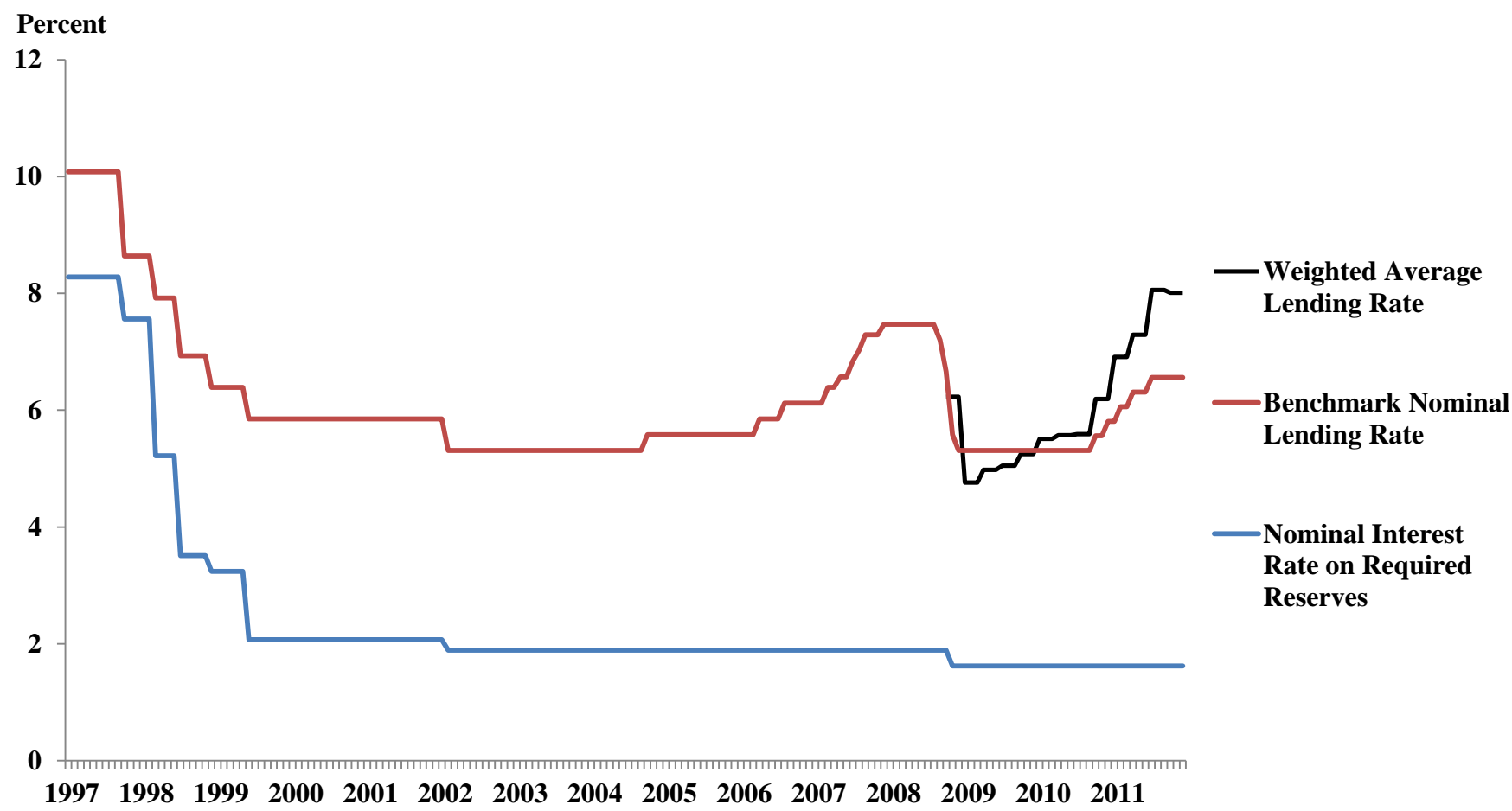
Required Reserve Rate, 1997-2011



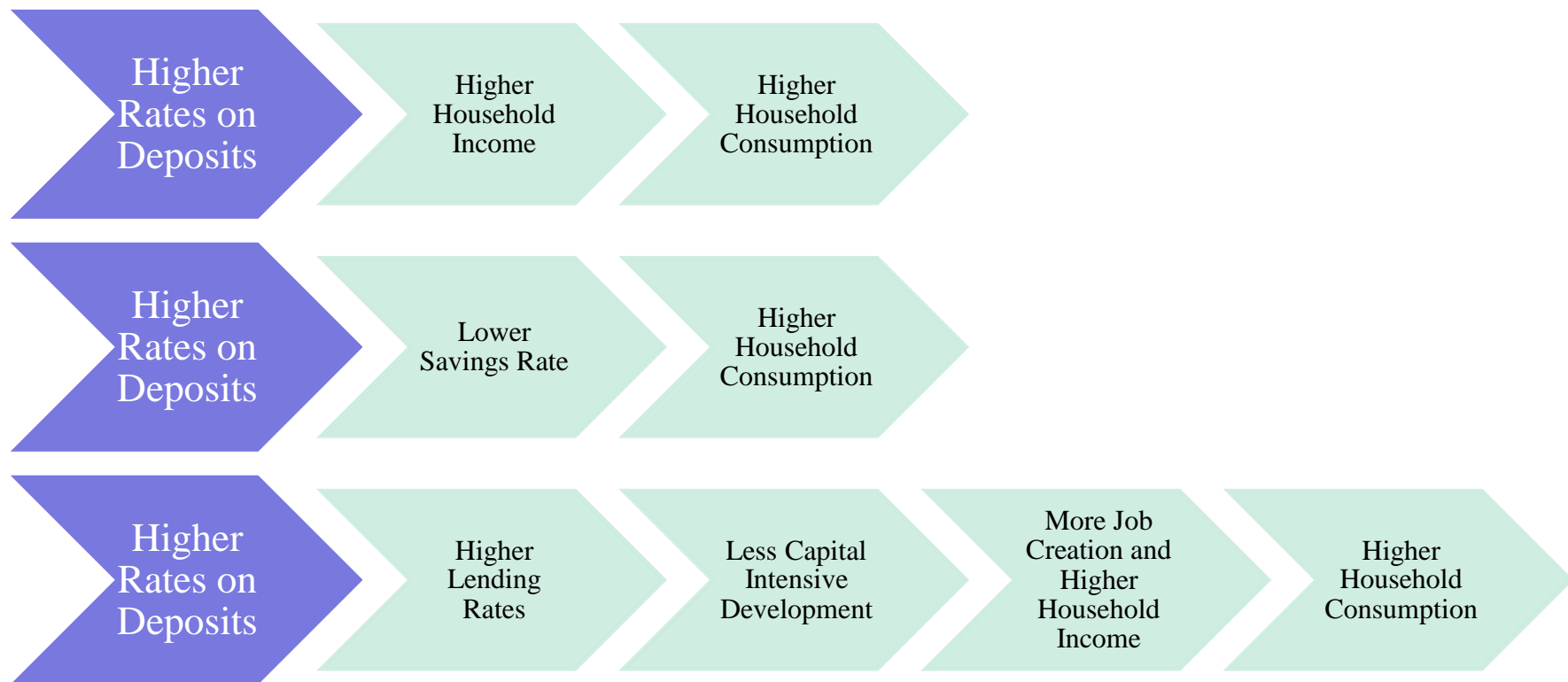
Interest Rates on Central Bank Bills and Loans, 2008-2011



Interest Rates on Required Reserves and Loans, 1997-2011



Links Between Higher Real Deposit Rates and Household Consumption



The Winners and Losers from Financial Repression

Winners:

- Coastal Provinces
- Exporters and Import Competing Industries
- Commercial Banks
- Property Developers and Local Governments
- Ministry of Commerce and Ministry of Finance

Losers:

- Inland Provinces
- Importers and Consumers
- Savers
- First-time Homebuyers
- Peoples Bank of China