

China COVID-19 tracker

Unwinding the curbs

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Economics - China

- ◆ China's local daily new cases have been contained at below 100 for a week; Shanghai re-opened from 1 June, while Beijing resumed normal work and life from 6 June
- ◆ But inter-regional travelling and activities have remained at low levels despite the holiday boost
- ◆ There has been a ramp-up of policy support at department and local government levels, following the State Council teleconference the previous week

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China local daily new cases have been contained at below 100 for the past seven days, scattered across 16 provinces nationwide, in addition to c.70 imported new cases daily. Shanghai started its re-opening from 1 June, initially requiring a negative PCR test result within 72 hours for citizens to take public transport or enter public venues. However, from 6 June, proof of a PCR test taken within the past 24 hours, even if the result is yet to come out, is also a valid entry permit. Since the re-opening, around a dozen community infections have emerged, leading to a stepping-up of restrictions at the relevant residential communities, but no reversal of the city-level re-opening. As for Beijing, by 3 June, 13 of the total of 16 districts had seen no new cases at community level for 7 consecutive days, reaching the threshold for loosening the curbs. The city, except Fengtai and some parts of Changping districts, resumed public transport and dine-in services in restaurants, as well as allowing on-site work, from 6 June (Bloomberg, 5 June).

Activities in Shanghai and Beijing continued to resume, but inter-regional travel remained at low levels despite the holiday boost. In Shanghai, all 20 subway lines have almost fully resumed operations (excepting only a few stations), and recorded 3m person-trips last Thursday, the second day since the city re-opened, reaching almost one-third of the average level in 2021. Meanwhile, the air cargo handling capacity of major air logistics companies in Shanghai has resumed to 80% of the normal level (CCTV, 4 June), and the resumption rate of Shanghai automobile and parts production enterprises has reached 85%. But the Dragon Boat Festival (3-5 June) revealed a still muted desire to travel, with the total number of passengers on public transport vehicles being 40% and 9.6% below 2021 and 2020 levels, respectively, according to the Ministry of Transport. Housing sales in the 30 major cities edged up slightly over the past week, but remained in deep contraction territory y-o-y.

Following Shenzhen and Shanghai, on 2 June **the city of Beijing also issued a package of policy support to coordinate pandemic prevention and stabilize economic growth**, including tax rebates and fee reductions, ensuring supply chain stability, and supporting investment and consumption, to implement the policy support introduced in the State Council meetings. The Ministry of Finance, in a press conference on 2 June, pledged a series of support measures such as increasing the magnitude of tax rebates, accelerating fiscal expenditure, and stepping up support for SMEs. It also urged local governments to issue the entire 2022 quota of special bonds by June.

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COVID-19 cases and vaccinations

Chart 1: Total daily new cases nationwide remained below 200...

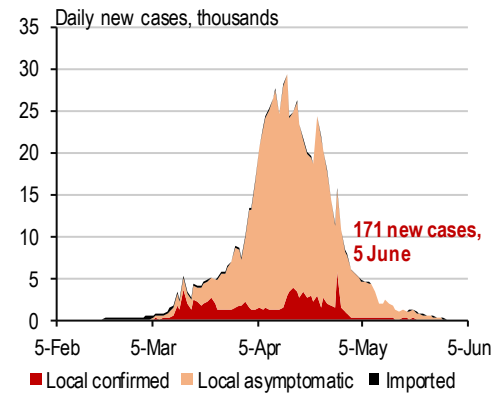


Chart 2: ...with local daily new cases dropping to below 100 for a week

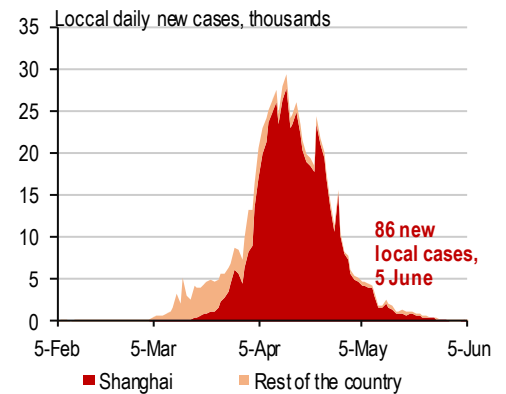


Chart 3: Small-scale flare-ups were seen in Liaoning and Inner Mongolia provinces

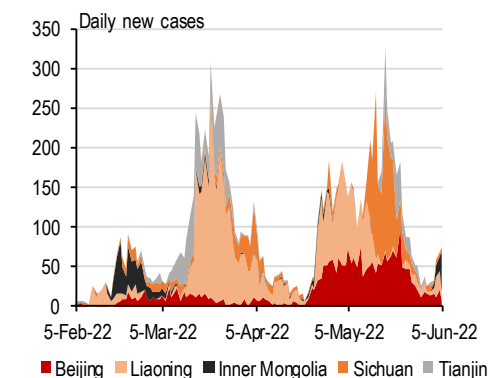
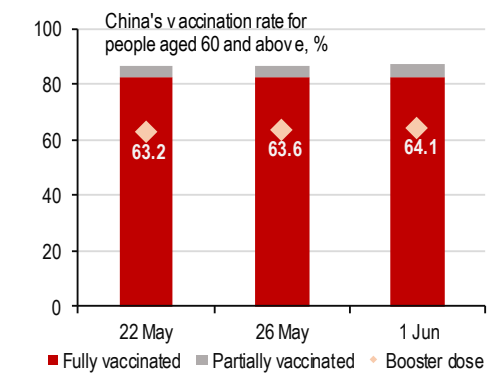


Chart 4: Vaccination rates for the elderly continued to improve



Economic activity

Chart 5: National average production rate of steel rebar remained low...

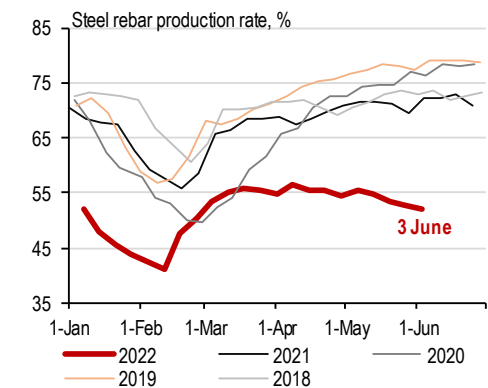


Chart 6: ...while the semi-steel tyre operating rate edged up further

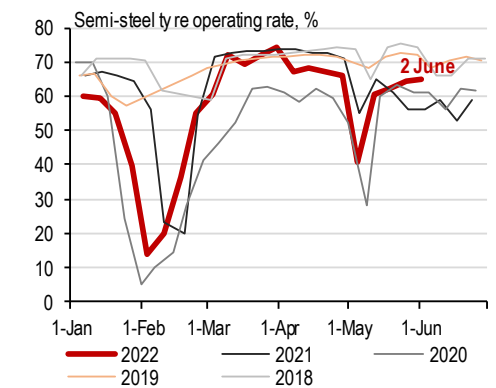
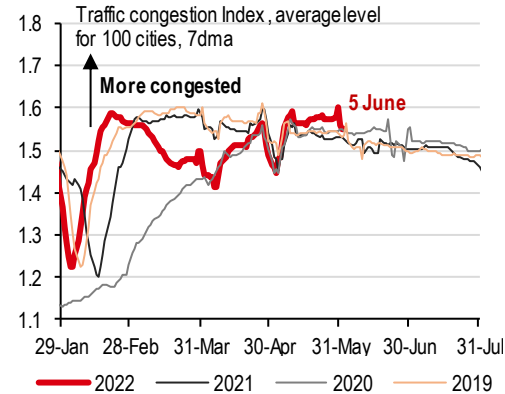
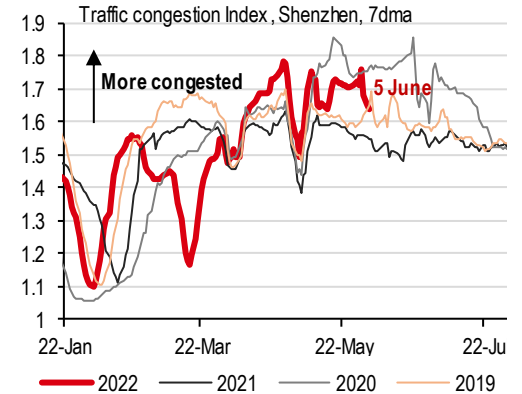


Chart 7: National average level of traffic continued rising before seeing a seasonal fall during the Dragon Boat Festival...



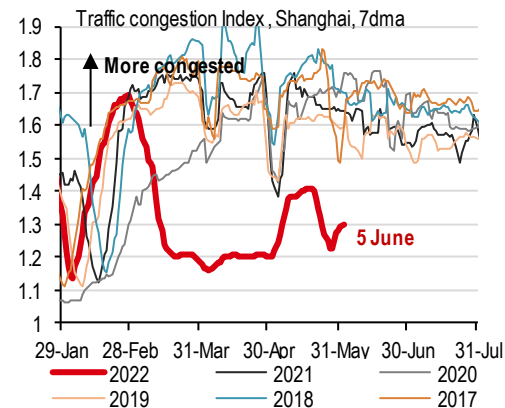
Source: Wind, HSBC

Chart 8: ...with a similar pattern seen in Shenzhen



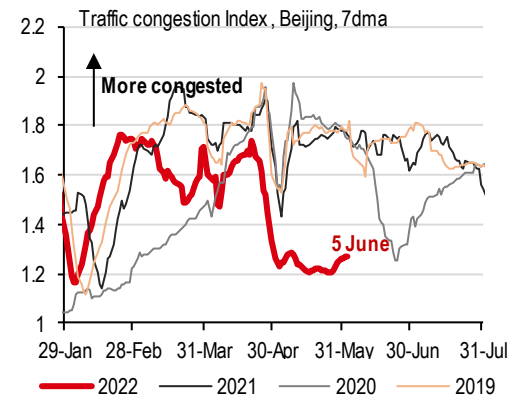
Source: Wind, HSBC

Chart 9: Shanghai traffic level edged up as the city started to re-open from 1 June



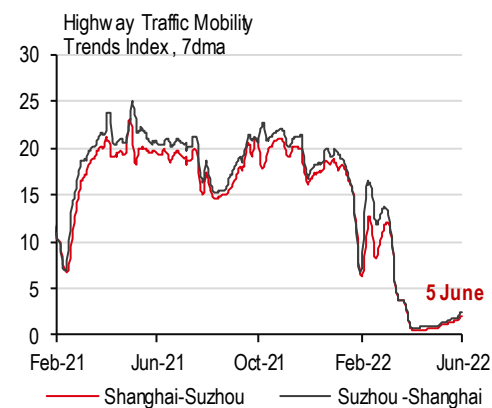
Source: Wind, HSBC

Chart 10: Beijing traffic level also picked up as restrictions were loosened



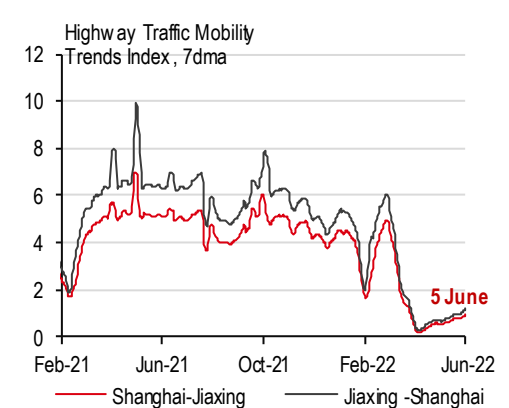
Source: Wind, HSBC

Chart 11: Inter-regional travel to Shanghai still saw only a minor pick-up, whether it was from Jiangsu...

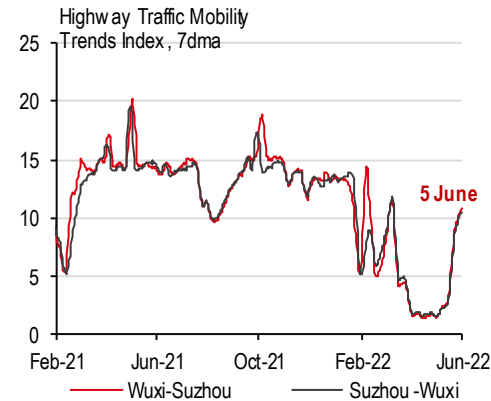


Source: Wind, HSBC

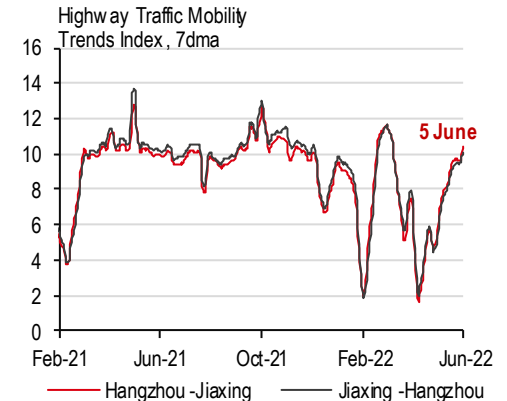
Chart 12: ...or Zhejiang



Source: Wind, HSBC

Chart 13: But the traffic on intra-Jiangsu routes continued to see improvement...


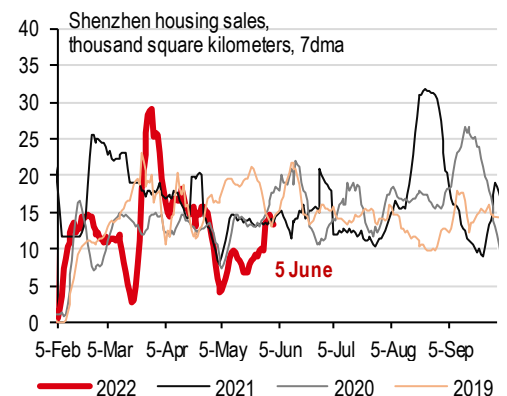
Source: Wind, HSBC

Chart 14: ...as did that on intra-Zhejiang routes


Source: Wind, HSBC

Chart 15: The 30 major cities' housing sales picked up before dipping seasonally during the holiday

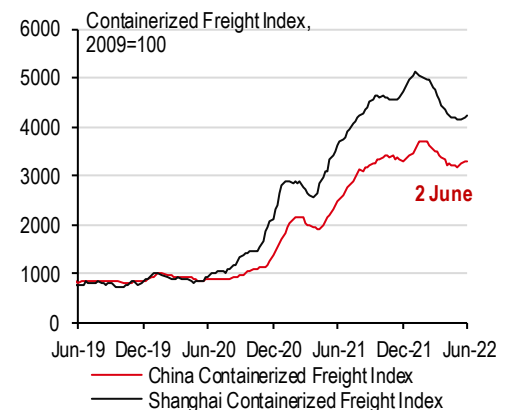

Source: Wind, HSBC

Chart 16: Housing sales in Shenzhen continued to pick up...


Source: Wind, HSBC

Chart 17: ...and so did the housing sales in Shanghai

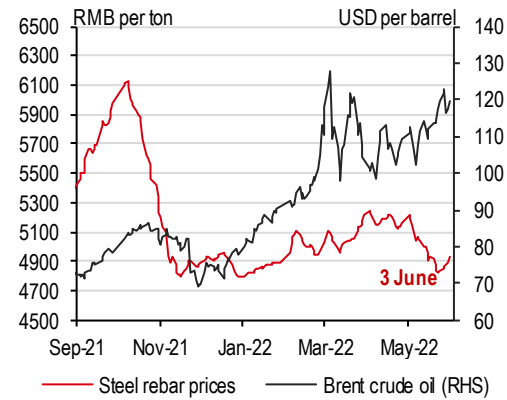

Source: Wind, HSBC

Chart 18: Containerized freight index picked up further


Source: Wind, HSBC

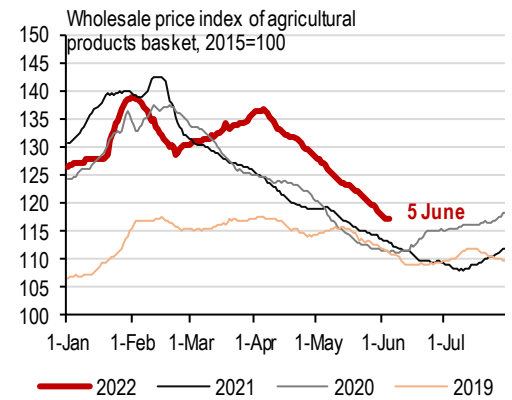
Inflation and policies

Chart 19: Steel prices edged up after falling to a nadir, while oil prices continued to rise



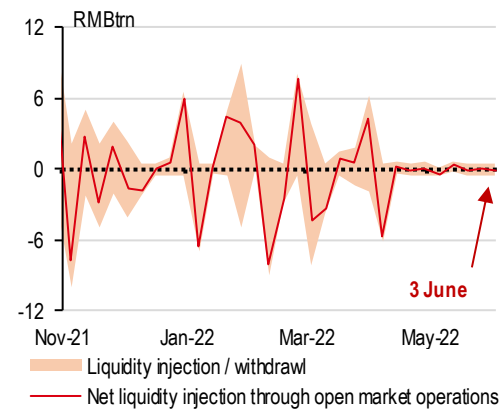
Source: Wind, HSBC

Chart 20: Prices of agricultural products continued to fall



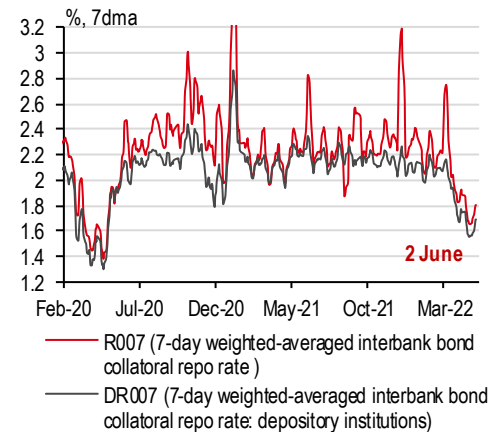
Source: Wind, HSBC

Chart 21: Small amount of net liquidity withdrawal was seen in the past week...



Source: Wind, HSBC

Chart 22: ...while interbank rates continued to edge up from the nadir



Source: Wind, HSBC

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