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Outstanding Loan Growth in China Very Low

Chinese banks issued 1.14 trillion yuan in new loans in December, which marks a month-on-month decline of 250 billion yuan (-18%) and a year-on-year rise of 60 billion yuan (6%). December's year-on-year growth is a positive development, but outstanding loan growth in December came in at only 12.3% which marks the lowest level seen since July 2002. As we have continued to examine in our Weekly China Reports, China's GDP growth continues to very closely match the trajectory of outstanding loan growth. It remains concerning that outstanding loan growth last month fell even further. China's economy remains unlikely to experience any significant rebound if overall credit growth stays stagnant.

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