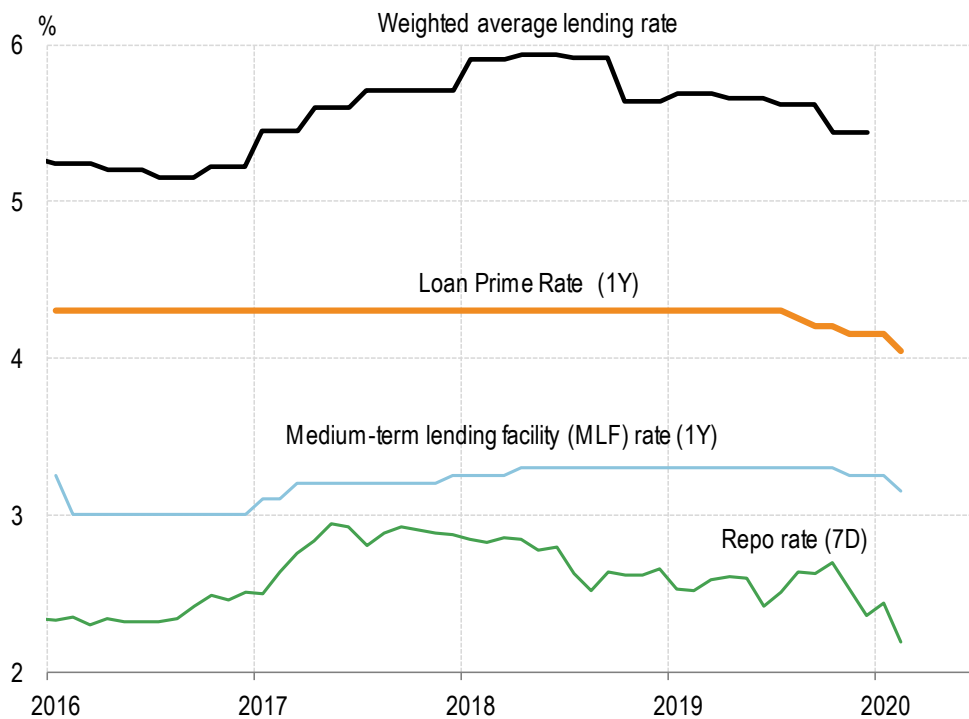




### China: the central bank is taking action to support corporates amid the Covid-19 outbreak

A large number of economic sectors have been struggling with the impact of the Covid-19 epidemic on Chinese consumer demand, transport, tourist flows and industrial production chains. Over the past month, the People's Bank of China (PBOC) has loosened monetary and credit conditions in order to support local corporates, help them cover their cash requirements et encourage a rapid recovery in activity. PBOC has injected a large amount of liquidity into the financial system, reduced interest rates – monetary rates, medium-term lending facility rate and benchmark lending rate – and announced special loans to firms directly affected by the virus outbreak. As a result, the weighted average lending rate, which has declined since Q2 2018 (from 5.94% to 5.44% at end-2019 in nominal terms), should continue to fall in H1 2020. Yet, the acceleration in domestic credit growth should prove to be very moderate.



Source: Central bank, CEIC