

**Flash Note:**  
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**China - High frequency data. Costs & Real estate pain. Tax aid. US helps with Huawei.**

**High frequency data**

February new loans fell to CNY905.7B versus CNY3.34T in prior month. Total social financing at CNY855.4B versus CNY5.07T in prior month. M2 money supply +8.8% y/y versus +8.4% in prior month. Jan-Feb trade balance contracted (\$7.09B) vs \$46.79B in prior month. Exports (17.2%) y/y, Imports (4.0%) y/y. February FX reserves at \$3.107T vs \$3.115T in prior month..

**Firsts Costs - Chinese Real estate struggles**

Over 100 builders go bust as virus strains deepen, following the shakeout in China's property sector -- accelerated by the coronavirus epidemic --. With lockdowns across the nation entering their third month, and the resulting cash crunch, smaller home builders are being pushed to the brink because they can't get enough money from pre-sales of apartments to cover their costs, forcing some distressed developers to throw in the towel. In the first two months of this year, around 105 real estate firms issued bankruptcy filing statements, after almost 500 collapses in 2019.

**China updates tax cut guideline**

The State Tax Administration on Tuesday unveiled a new guideline to introduce more tax relief policies as the country combats the spread of COVID-19. The guideline involved 17 detailed items and included the second batch of policies to lower social security and medical insurance fees, as well as the third batch of phased value-added tax cut policies.

**US-China**

The Trump administration said on Tuesday it was extending a license allowing US companies to continue doing business with Huawei Technologies until 15-May. The US Commerce Department previously extended it until 1-Apr. Separately, the Commerce Department sought public comments on whether it should issue future extensions and asked what the impact would be if it stopped.

**Reforms on SOEs. Towards a mixed-ownership regime**

China may also unveil a three-year action plan for China's state-owned enterprises (SOEs) reform, which is expected to be unveiled soon to take the country's SOEs to a new stage. Reforms will be accelerated in Q2 to make up for the lag in Q1 due to the coronavirus outbreak. The reform will focus on mixed-ownership reform and reorganization.

**Health. Xi visits Wuhan as number of new coronavirus cases tumbles**

President Xi Jinping visited Wuhan on Tuesday, marking the first time he has done so since the epidemic began late last year. His arrival comes after the spread of the virus in mainland China has sharply slowed in the past week and attention has turned to preventing imported infections from overseas. China reports zero locally transmitted coronavirus cases outside Hubei.