

Flash Note 29/03/2018

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Fresh (and reassuring) news from China

Trade

China committed to resolving trade frictions through dialogue: Xinhua reported China Premier Li Keqiang met with a US Congress delegation Tuesday led by Senator Steve Daines. Li argued that a trade war could never solve problems. He clarified, "China will work towards a solution through dialogue and consultation, and is also fully prepared with counter measures."

Foreign Ministry spokesperson Hua Chunying, also said that China upholds and remains committed to resolving trade frictions through dialogue and negotiations, stressing that the dialogue and negotiations should be built on a foundation of mutual respect and equality instead of one side making requests of the other in a condescending manner.

Geopolitics

Xi Jinping and Kim Jong Un talks in Beijing is seen as a step to reach denuclearization: Xinhua reported North Korean leader Kim Jong Un paid an unofficial visit by invitation to Chinese President Xi Jinping in Beijing from Sunday to Wednesday. The trip is seen a consolidation of China-North Korea ties, where Xi Jinping reaffirmed Beijing's support for denuclearization of the Korean Peninsula and resolution through dialogue.

Reforms

Capital Account flexibility: China lets its rich invest more offshore as cash outflow fears ease. The FT reported last night that after a two-year wait, Chinese regulators have revived a program allowing global asset managers to raise funds from Chinese onshore clients for investment in offshore hedge funds. JPMorgan Asset Management has received a new quota for the program, and several other asset managers are expecting similar allotments.

Vice Premier Liu says prevention of financial risks a top priority: Vice Premier Liu He said that the prevention and resolution of risks in the country's financial sector is a priority. Liu was speaking at a meeting with the central bank and financial regulators, following the appointment of a new PBOC governor and the head of a merged banking and insurance watchdog.

Securities regulator restricts bond fund investments in NCDs: China has imposed new limits on investments by some mutual funds into negotiable certificates of deposit (NCDs). The China Securities Regulatory Commission (CSRC) advised

mutual fund companies through so-called “window guidance” that a bond fund’s total investment allocation to NCDs cannot exceed 20% of its portfolio during its establishment period.

Corporate

Sovereign Owned Enterprises (SOE) profits rise 25.3% in Jan- Feb: Finance Ministry data showed state-owned enterprises saw profits rise 25.3% in the first two months of 2018 to CNY367.3B (\$58.5B) as the economy kicked off the year with better-than-expected performance.

Best regards, and enjoy your well-deserved Easter holidays