MARKET NEWS

All Signal, No Noise

DATA ANALYSIS

Embargoed until 07:00 A.M. BST, 24th January 2023

Media Release

MNI China Liquidity Index™ – Tightens To 65.3 in January

Key Points – January Report

Liquidity across China's interbank market tightened in January, due to increasing cash demands and bond issuance, as economic fundamentals proved resilient and the recovery gathered pace, the latest MNI Liquidity Conditions Index shows.

The Liquidity Condition Index climbed to 65.3 in January, double the reading of 32.9 registered in December. As many as 47.2% of the participants reported liquidity tensions.

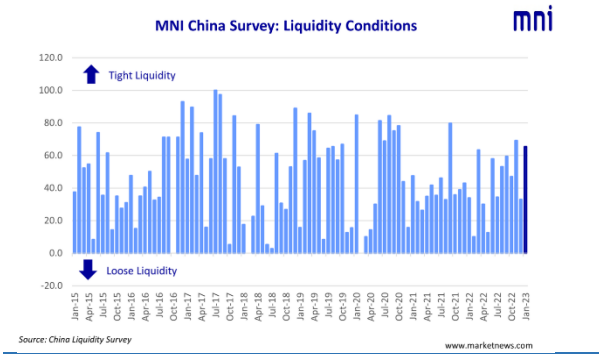
The higher the index reading, the tighter liquidity appears to survey participants.

-- The Economy Condition Index jumped to 61.1, dramatically up from last 27.1, with 58.3% of traders encouraged by the quick recovery.

-- The PBOC Policy Bias Index read 41.7, picking up from last 37.1, with 83.3% of the participants seeing the stance as not changing, while the other 16.7% of the participants expecting a looser policy.

-- The Guidance Clarity Index stood at 54.2, following the previous reading of 50.0. Traders all agreed with the signals conveyed by the central bank.

The MNI survey collected the opinions of 36 traders with financial institutions operating in China's interbank market, the country's main platform for trading fixed income and currency instruments, and the main funding source for financial institutions. Interviews were conducted January 9 – January 20.



Embargoed until 07:00 am. BST, Jan 24, 2023
Next Release: February 22, 2023

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About MNI Indicators

MNI Indicators specialises in producing business and consumer surveys designed to present an advance picture of the economic landscape and highlight changing trends in business and consumer activity. MNI Indicators also produces the renowned Chicago Business Barometer™, a key leading indicator of the US economy. MNI Indicators is part of Market News International, Inc., a leading provider of news and intelligence.

Notes to Editors

Production: MNI Indicators, part of Market News International Inc.
Release Date: Last Wednesday of the month
Bloomberg ticker:

Collection method: Survey data is collected by phone each month from traders.

Calculation method: Respondents are asked their opinion on whether liquidity is looser or tighter compared with the previous month.
E.g. Is Liquidity looser/Same/Tighter compared with a month ago?

A diffusion indicator is then calculated by adding the percentage share of positive responses to half the percentage of those respondents reporting no change.

For more information please contact us at info@mni-indicators.com or visit www.marketnerachews.com

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