Chinese Stocks Remain Steady As Investors Continue To Digest Recent Wave Of Economic Data Released By The Government

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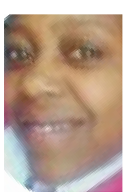
By **Nyambura Tabitha**
Markets Reporter



Chinese stocks remained steady last week as investors continued to mull over a slew of economic data that was released by the government in Beijing last week. The CSI300 index rose 0.1 percent on close of trade last week as the Shanghai Composite Index remained unchanged from the previous day, closing at 3,084.46 points.

China Economic Data

Beijing early last week released China's economic data for September. Loan growth for the month showed more than expected growth with third quarter economic growth standing at 6.7%, a figure that many analysts had projected.

The strong economic growth is seen as a major indicator of China's growing stability and it was largely underpinned by increased government spending under the Economic Stimulus strategy.

S & P global rating on Thursday confirmed that there was been a surge in credit by Chinese banks and while this has affected their liquidity profiles and capitalization, it has provided a much needed boost towards profitability. In addition to this, retail sales data for September increased 10.7% compared to last year. Industrial output was however below forecast but even then, it was still 6.1% higher compared to the same time last year. Exports for September fell marginally though, raising concerns about weakening global demand. But the data released was largely positive. The steady GDP growth in particular has done well to lift ongoing pessimism about China and it is expected to go a long way in improving investor confidence.

What's next For China?

For the last couple of months investor sentiment on China has been quite fragile. The stock market collapse last year and its effects are still clear a year on but even then, The Chinese Equities market has rebounded quite well. Increased stock market reforms and steady economic growth are two major factors that are expected to drive the Chinese equities market to where it should be. There are of course fears among international investors that stock market reforms aren't moving as fast as they would want to but nonetheless, it is clear to see that Beijing has and continues to implement crucial reforms that will help improve investor sentiment in the near future. Strong economic data released last week is also a positive indication of where Chinese equities might be in the coming months. After all, even with slowed economic growth China still remains one of the fastest growing economies in the world.

> "Monthly data released by the Fund showed increased earnings for many Chinese companies, providing a good opportunity for better dividend payment for investors"

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