

**Regulatory
Developments**

Local governments to issue and repay bonds on their own

Ministry of Finance recently issued the *Interim Measures for the Administration of the Issuance of Local Government General Obligation Bonds*, which stipulates that local governments' General Obligation Bond must be issued and repaid on their own according to market rules and the principles of openness, fairness and justice, and bond issuing and repayment body is the local governments. Compared with the 2014 pilot measures, the Interim Measures clarifies that the bond issued by provinces, autonomous regions and municipalities within the limits set by the State Council shall be included in their budget adjustment plan, and submitted to the standing committees of the people's congresses at the corresponding level for approval. ([Media](#))

PBC and CBvS signed bilateral local currency swap agreement

People's Bank of China (PBC) recently signed a bilateral local currency swap agreement with the Centrale Bank van Suriname (CBvS) for the purpose of enhancing bilateral financial cooperation, facilitating bilateral trade and investment, and maintaining regional financial stability. The size of the facility is 1 billion yuan /520 million Suriname dollars, with an effective period of three years and can be extended with mutual consent. ([PBC](#))

Macroeconomic

Funds outstanding for foreign exchange deviates from foreign exchange settlement in February

Data released by the PBC showed that funds outstanding for foreign exchange (FOFE) at Chinese financial institutions totaled 29.343 trillion yuan at the end of February, an increase of 42.214 billion yuan from one month ago. At the same time, data released by the State Administration of Foreign Exchange (SAFE) showed that in February, settlement of foreign exchange by banks was 727.8 billion yuan, sale of foreign exchange was 833.2 billion yuan, and unfavorable balance was 105.4 billion yuan. With the unfavorable balance in settlement and sale of foreign exchange deteriorating, FOFE at Chinese financial institutions is expanding, and such deviation has happened before. Some experts believe that this might be caused by a small amount of cross-border capital inflows through non-regular channels. ([Media](#))

State Information Center: first-quarter GDP is expected to increase 7% and CPI to rise 1.2%

Recently, the State Information Center estimated in a report exclusively published on China Securities News that China's GDP will grow by about 7% in the first quarter. The

report pointed out that adjustment and differentiation co-exist in the current real estate market, risk of deflation appears, and downward pressures on the economy is increasing. Nevertheless, comprehensive reform will continue to unleash the dynamism of the economy, macro-control policies continue to play a supporting role, and macro-economy is expected to be stabilized slowly. ([Media](#))

China's FDI rose 17% year on year in the first two months

Data released by the Ministry of Commerce showed that in January and February 2015, there were 3,831 newly established foreign-invested enterprises nationwide, an increase of 38.6% year on year; total contractual foreign capital was 314.32 billion yuan, an increase of 102.4% year on year; and the actual use of foreign capital (FDI) was 138.19 billion yuan, an increase of 17% year on year. ([Media](#))

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