

Urban Depositor Survey Report (Q2 2023)

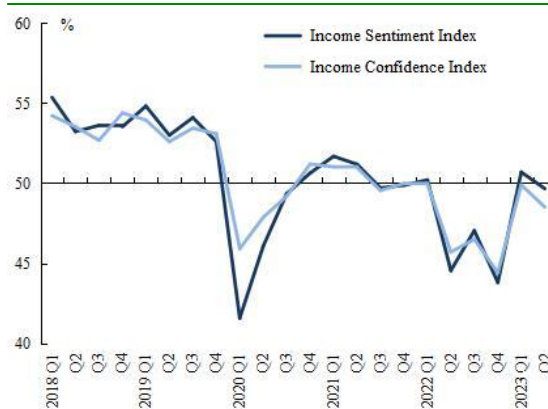
In Q2 2023, the People's Bank of China (PBOC) conducted a survey of 20,000 depositors in 50 cities across the country. The survey findings are as follows.

I. Income Sentiment Index

The income sentiment index for this quarter stood at 49.7 percent, down 1.0 percentage point from the previous quarter. Specifically, 14.4 percent of respondents saw income rise, down 1.4 percentage points from the previous quarter; 70.5 percent felt no big change in income, up 0.8 percentage

points from the previous quarter; and 15.1 percent reported a decline in income, up 0.6 percentage points quarter on quarter. The income confidence index registered 48.5 percent, down 1.4 percentage points from the previous quarter.

Figure 1: Income Sentiment Index and Income Confidence Index



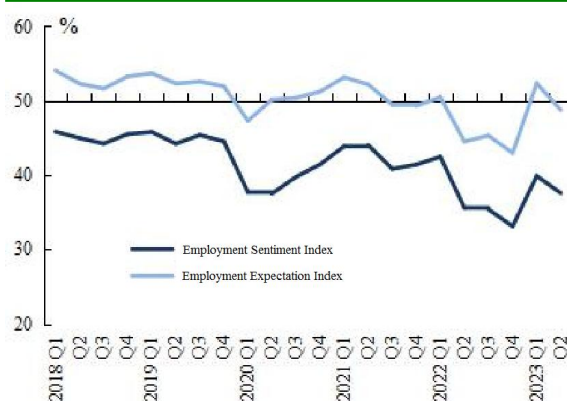
Source: PBOC Statistics and Analysis Department.

II. Employment Sentiment Index

This quarter's employment sentiment index fell by 2.3 percentage points from the previous quarter to 37.6 percent. Specifically, 11.9 percent of respondents were positive about the employment situation and felt finding a job was easy; those reporting just the

opposite or feeling unsure accounted for 43.7 percent; and 44.5 percent indicated "so-so". The employment expectation index, at 48.7 percent, was down 3.6 percentage points from the previous quarter.

Figure 2: Employment Sentiment Index and Employment Expectation Index

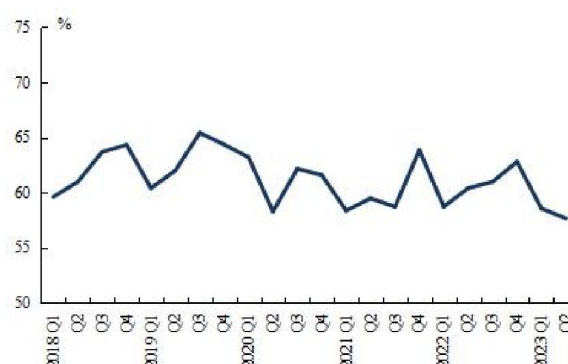


Source: PBOC Statistics and Analysis Department.

III. Price and House Price Expectations

The price expectation index for the next quarter declined by 0.9 percentage points from the previous quarter to 57.7 percent. Specifically, 23.1 percent of respondents expected prices to rise in the coming quarter; 54.8 percent anticipated little change; 9.7 percent said prices will go down; and 12.4 percent were unsure.

Figure 3: Price Expectation Index

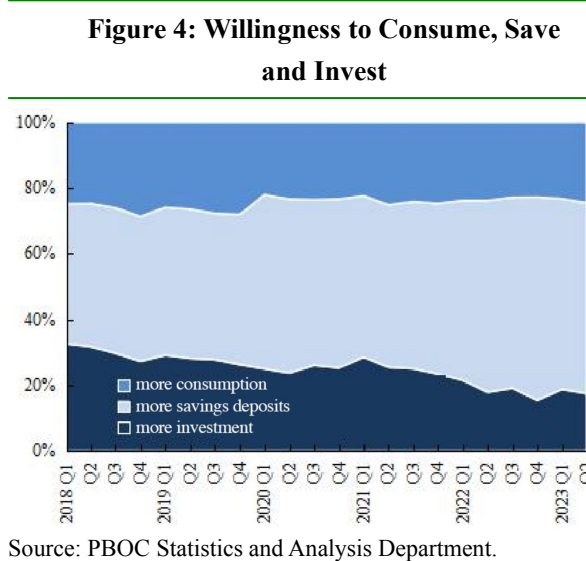


Source: PBOC Statistics and Analysis Department.

With regard to house prices in the coming quarter, 15.9 percent of respondents expected an uptrend; 54.2 percent said there will be little change; 16.5 percent anticipated a fall; and 13.4 percent were unsure.

IV. Willingness to Consume, Save and Invest

Of the people surveyed, 24.5 percent preferred more consumption, up 1.2 percentage points quarter on quarter; 58.0 percent were in favor of more savings deposits, up 0.1 percentage points quarter on quarter; and 17.5 percent were inclined to make more investment, down



1.3 percentage points from the previous quarter. Of the preferred investment vehicles, the top three were wealth management products of banks, securities firms and insurance companies, products of fund companies and trust companies, and stocks, picked by 43.8 percent, 20.4 percent and 15.2 percent of respondents, respectively.

Regarding items on which they plan to spend more over the next three months, the picks, in descending order of preference, were education (27.1 percent), health care (26.6 percent), tourism (26.0 percent), social, cultural and recreational activities (19.8 percent), big-ticket items (17.7 percent), house purchase (16.2 percent) and insurance (13.0 percent).

Annex: Urban Depositor Survey Indexes

| | | | | | Percent |
|---------|-------------------------------|------------------------------|-------------------------------|----------------------------------|------------------------------------|
| | Price Expectation Index | Income Sentiment Index | Income Confidence Index | Employment Sentiment Index | Employment Expectation Index |
| Q2 2020 | 58.3 | 46.1 | 47.9 | 37.5 | 50.1 |
| Q3 2020 | 62.2 | 49.3 | 49.2 | 39.7 | 50.4 |
| Q4 2020 | 61.6 | 50.6 | 51.2 | 41.4 | 51.2 |
| Q1 2021 | 58.4 | 51.7 | 51.0 | 43.9 | 53.1 |
| Q2 2021 | 59.5 | 51.2 | 51.0 | 44.0 | 52.2 |
| Q3 2021 | 58.7 | 49.7 | 49.5 | 40.8 | 49.4 |
| Q4 2021 | 63.8 | 49.9 | 50.0 | 41.4 | 49.3 |
| Q1 2022 | 58.7 | 50.2 | 50.0 | 42.4 | 50.5 |
| Q2 2022 | 60.4 | 44.5 | 45.7 | 35.6 | 44.5 |
| Q3 2022 | 61.0 | 47.0 | 46.5 | 35.4 | 45.3 |
| Q4 2022 | 62.8 | 43.8 | 44.4 | 33.1 | 43.0 |
| Q1 2023 | 58.6 | 50.7 | 49.9 | 39.9 | 52.3 |
| Q2 2023 | 57.7 | 49.7 | 48.5 | 37.6 | 48.7 |

Source: PBOC Statistics and Analysis Department.

Note: Figures in this table are rounded to one decimal place. Possible discrepancies between year-on-year or quarter-on-quarter changes calculated from the figures and those published in the report are mainly due to rounding.

Compilation Introduction:

The urban depositor survey is a quarterly survey established by the PBOC in 1999. Fifty depositors are selected randomly on a quarterly basis from each of 400 bank outlets in 50 large, medium and small-sized cities across the country to make up a survey sample of altogether 20,000 depositors. The survey covers four aspects, i.e., overall judgment on economic operation, savings and liabilities, consumption, and background information of the respondents. The indexes in the urban depositor survey report are calculated using the diffusion index approach, i.e., the proportion c_i represented by each option is calculated, with different options given different

weights q_i (a weight of 1 to the “good/increase” option, 0.5 to “so-so/unchanged”, and 0 to “poor/decrease”), and the final indexes are obtained by adding up the results of each c_i multiplied by the corresponding q_i . All the indexes range between 0 and 100%. An index reading above 50% indicates an upward trend or expansion while a reading below 50% is a sign of a downward trend or contraction.

The calculation of the major indexes is briefly introduced as follows.

1. Price Expectation Index: It is a diffusion index reflecting respondents’ judgment on prices in the next quarter. This index is obtained by first deducting the number of respondents who choose “hard to say”, then calculating the proportions of respondents who expect prices to rise and those who expect little change in prices in the next quarter, assigning to them the weights of 1 and 0.5 respectively, and adding up the results.

2. Income Sentiment Index: It is a diffusion index reflecting respondents' sentiment on current income. This index is obtained by first calculating the proportions of respondents who see income rise and those who see little change in current income, then assigning to them the weights of 1 and 0.5 respectively, and adding up the results.

3. Income Confidence Index: It is a diffusion index reflecting respondents’ confidence in future income. This index is obtained by first deducting the number of respondents who choose “hard to predict”, then calculating the proportions of respondents who expect income to rise and those who expect little change in income for the next quarter, assigning to them the weights of 1 and 0.5 respectively, and adding up the results.

4. Employment Sentiment Index: It is a diffusion index reflecting respondents’ sentiment on current employment situation. This index is obtained by first deducting the number of respondents who choose “hard to say”, then calculating the proportions of respondents who see employment rise and those who see little change in current employment, assigning to them the weights of 1 and 0.5 respectively, and adding up the results.

5. Employment Expectation Index: It is a diffusion index reflecting respondents' future employment expectations. This index is obtained by first deducting the number of respondents who choose "hard to say", then calculating the proportions of respondents who expect employment to be good and those who expect employment to be so-so in the next quarter, assigning to them the weights of 1 and 0.5 respectively, and adding up the results.