

INVESTMENT OPPORTUNITIES IN CHINA AMID ECONOMIC RECOVERY

BACKDROPS AND OUR OBSERVATIONS:

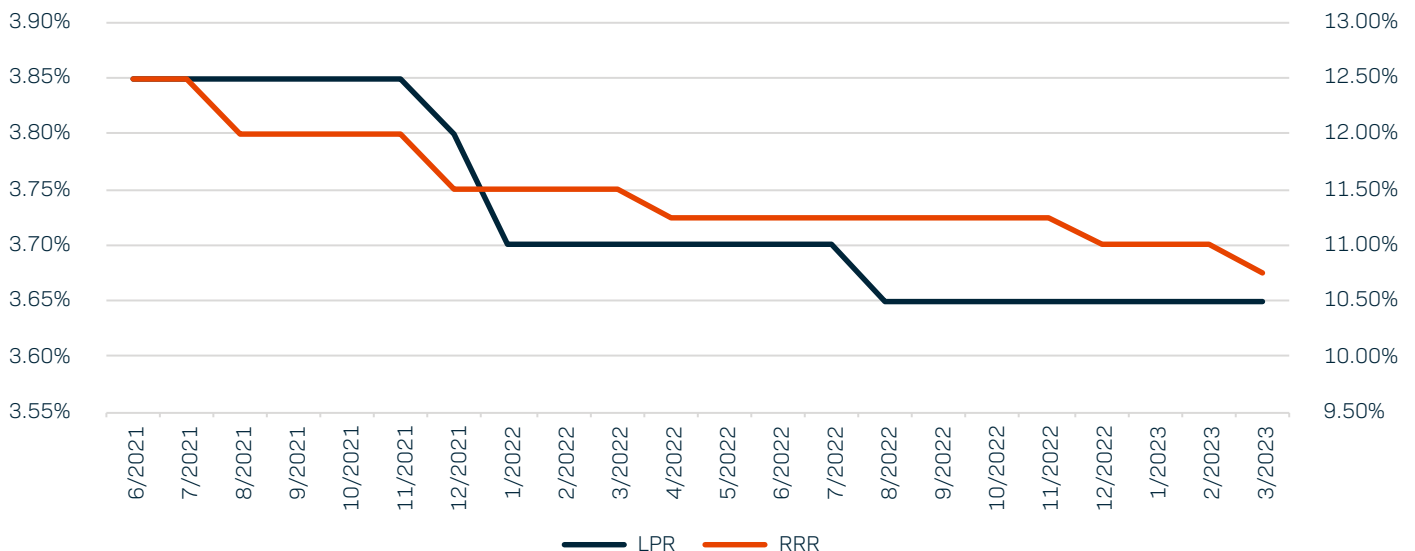
- While the interest rates in the US and the EU continue to climb to cool down the economy, China is taking a different approach by increasing money supply and stimulating its economy.
 - The Required Reserve Ratio has been cut from 12.5% to 11% since July 2021 in China.
 - The Loan Prime Rate has been reduced from 3.85% to 3.65% since November 2021 in China.
- China has set a cautious target GDP growth rate at around 5%, which is lower than previous targets.
 - The market expects the GDP growth rate in 2023 to exceed the target.
 - Consumption recovery will be the key for GDP growth.

KEY TAKEAWAYS:

- The differing monetary policies in China and Western countries provide opportunities to invest in China.
 - Companies in China will expand faster with a lower cost of capital.
- With EquitiesFirst's solution, borrowers may benefit from the market while solving liquidity issues at the same time.

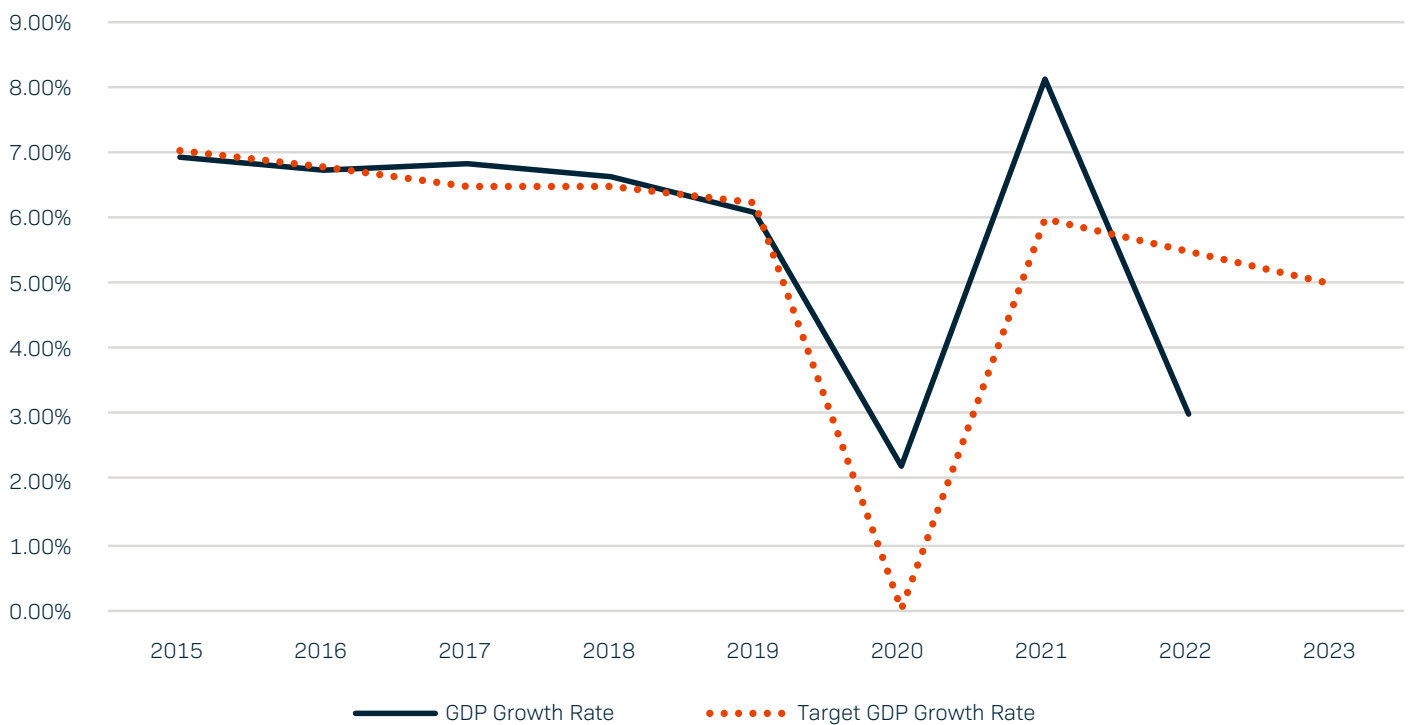
The global economy has been undergoing significant changes in recent years, with countries such as the US and EU adopting policies to cool down their economies. However, this has led to some large banks such as Credit Suisse, Silicon Valley Bank and Signature Bank encountering difficulties and even going bankrupt. On the other hand, China has been stimulating its economy by implementing several measures such as cutting the Required Reserve Ratio from 12.5% to 11% since July 2021 and reducing the Loan Prime Rate from 3.85% to 3.65% since November 2021. These policies could lead to an increase in lending and liquidity in the market, which could potentially stimulate economic growth and increase demand for Chinese goods and services. Additionally, the policies encourage Chinese companies to expand and invest more in their businesses, which could benefit the country's overall economy.

LOAN PRIME RATE (LPR) & REQUIRED RESERVE RATIO (RRR) IN CHINA



China's cautious target GDP growth rate of around 5% for next year is at the low end of market expectations. Although the government is adopting this conservative approach, the target GDP growth rate is around 70% higher than the actual GDP growth rate in 2022. Many experts believe that the actual GDP growth rate in 2023 will exceed this target as they have seen some positive signs of consumption recovery. In fact, the government plans to focus on stabilizing the economy and boosting consumer spending by increasing household incomes. In addition, the government aims to drive GDP growth through higher quality rather than higher quantity.

CHINA'S GDP GROWTH RATE AND TARGET GDP GROWTH RATE



Amidst uncertainty in the global economy, China's ongoing efforts to stimulate its economy and its cautiously optimistic outlook for GDP growth provide opportunities for investors. Companies in China are likely to expand faster with a lower cost of capital, providing attractive investment opportunities for those looking to enter the market. EquitiesFirst's solution allows borrowers to benefit from the market while solving liquidity issues at the same time, making it a valuable option for those looking to invest in China.

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