



China Industrial Profits Drop at Slower Rate

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Chinese industrial profits nationwide fell 22.9 percent in the first five months from a year earlier, the National Bureau of Statistics (NBS) said on Friday.

The decline compared with a fall of 37.3 percent in the first two months of the year.

The statistics office attributed the slower rate of decline to a recovery in domestic demand, a decline in operating costs and a stabilization of producer prices.

"Prices of fuel, power and other raw materials, which have a big impact on industrial profits, have stopped falling month-on-month since April, and that is helping to slow the pace at which profits are dropping," the NBS said in a statement.

Fast growth in investment and a steady increase in domestic consumption are pushing up industrial activity, it added.

Operating costs in the first five months dropped by 0.9 percent from a year earlier.

The NBS this year is releasing nationwide year-to-date profits data for February, May, August and November.

In the other months it is issuing year-to-date data compiled from 22 provinces that account for 78.6 percent of nationwide industrial earnings.

On this basis, profits in January to April fell 27.9 percent from a year earlier, improving from a 32.2 percent decline in the first quarter.

The figures cover only firms above a certain size, so they exclude many of the smaller firms that have been hit the hardest by the economic slowdown. Still, the figures offer a rough guide to profitability trends.

As such, the improvement chimes with other indicators suggesting that the economy's recovery is gaining momentum.

Apart from accelerating growth in fixed-asset investment and industrial production in May, fiscal revenues rose in May -- reversing a falling trend -- and power use in the second 10 days of June showed year-on-year growth for the first time in seven months.

Chinese GDP growth will accelerate to more than 8 percent in the third quarter and over 9 percent in the fourth quarter, a senior government economist said in remarks published on Friday.

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Annual growth in the first three months was 6.1 percent. Figures for the second quarter are due on July 16.

"For China, it's not difficult to achieve cyclical growth," Chen Dongqi, vice-head of the macro-economic institute under the powerful National Development and Reform Commission, told a forum in Nanjing.

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