

Tighter policy to stay

The central bank said yesterday it will maintain its tight monetary policy stance to keep inflation under control, despite a possible global slowdown that may drag down China's economy.

The People's Bank of China said in a statement that although economic growth is stable, the country faces increasing pressure from a potential investment upswing, excessive lending and liquidity. Meanwhile, global uncertainties and risks are rising as the US subprime crisis worsens.

"The pressure from rising prices is evident," the statement said. The central bank also urged the government to take measures to increase the supply of goods and anchor inflationary expectations to ease pressure.

The central bank suggested multiple tools be used to keep lending under control. The nation's new yuan loans in the first two months amounted to 1.05 trillion yuan - 69.2 billion yuan more than the same period last year.

But it said regulators should exercise flexibility in carrying out a tighter monetary policy and increase lending for sectors like agriculture, employment and small business to help rebalance the economy.

It also said it will continue to let the yuan be guided more by market forces and carry out the exchange rate policy in a proactive way.

Source: China Daily
