
PBOC sets targets for 2010

Created: 2010-1-7 0:09:40

Author:Zhang Fengming

CHINA'S central bank will closely monitor the property market, curb loan volatility and manage inflationary expectations this year to ease credit risks as part of its main targets for 2010, it said yesterday.

The People's Bank of China will strictly implement its housing loan policies to ensure that funds in the real estate market will grow healthily, it said yesterday on its Website as it gave details of its main goals and measures this year. The PBOC, which wrapped up its two-day annual work meeting yesterday, will curb credit risks while keeping an easy monetary policy this year.

Property prices and transactions rose rapidly last year prompting regulators to take measures to cool the market, including tighter credit to the sector.

Banks require housing loan applicants to follow the minimum 40 percent down payment condition on second homes in a bid to drive out speculation and rampant investment. Speculation is also growing that a new tighter policy governing real estate development finance may be introduced.

In December, new housing prices in Shanghai rose to 20,187 yuan (US\$2,956) per square meter on average, up 8 percent from November.

Nationwide, urban housing prices rose in November by the most in 16 months. The prices in 70 major cities jumped 5.7 percent in November from a year ago. The nationwide data for December is not available.

The PBOC will seek to prevent abnormal volatility in lending between quarters and at month ends, it said.

In general, banks will boost lending to seek quicker returns. So the quarterly credit issued in the first half of the year can be much more than that in the second half. Some banks will also quickly extend loans at month ends to avoid a possible tighter policy in the coming month.

The PBOC didn't disclose its target for growth in money supply and lending.

China had targeted growth in new credit of 5 trillion yuan for 2009 at the beginning of last year. However, in the first 11 months of 2009, banks in China have granted 9.21 trillion yuan of local-currency loans, up 5.06 trillion yuan from a year ago.

With such rapid growth, the new credit in 2009 is likely to top 9.5 trillion yuan to 10 trillion yuan, economists said.

