

press release

Standard Chartered Sees HK 2015 GDP at 3%

Slowing China partly offset strong local, global demand

Sees China 2015 GDP at 7.1%, potential deposit rate cut of 25bps by PBoC in 1Q15

8 Dec 2014, Hong Kong – Standard Chartered announced that it has revised down Hong Kong’s 2014 and 2015 GDP growth forecasts. Resilient domestic consumption and stronger global demand are likely to support the city’s economic recovery in 2015 but momentum may ease towards fourth-quarter 2014 and early 2015 due to rising headwinds from a slowing China.

In the “Global Focus 2015 - The Year Ahead” report, Standard Chartered revised down its Hong Kong 2014 GDP growth forecast to 2.2% from 2.5% and 2015’s to 3% from 3.5%. Labour market is expected to remain resilient, underpinning domestic spending. Export growth could improve to 7% in 2015 from an average of 5% in 2014, driven by exports to the West. Downside risks to residential prices could re-emerge as the first Fed hike approaches and pent-up demand is further digested, but any price corrections should be limited. Recent wave of policy liberalisation including removal of CNY20,000/day conversion cap and implementation of pan-China cross-border liquidity management schemes, should bolster CNH market development including CNH asset growth and the development of wealth management products locally.

China’s cyclical outlook, however, has weakened and could pose headwinds to Hong Kong’s recovery. Standard Chartered expects China’s GDP growth to ease to 7.1% in 2015 from an expected 7.3% in 2014 amid rising challenges of a weakening labour market, disinflationary pressures and relatively high lending rates. To support recovery, the bank expects one more deposit rate cut of 25 bps by the People’s Bank of China in first-quarter 2015. Supportive factors for medium-term CNY

appreciation remain in place. Two-way volatility in 2015 is likely to increase amid gradual CNY appreciation. Standard Chartered forecasts USD/CNY at 5.98 by end 2015.

- **Ends** -

For further information, please contact:

Standard Chartered Bank (Hong Kong) Limited

Gabriel Kwan/Joyce Li
Corporate Affairs, Hong Kong
2820-3036/ 2820-3841

Note to editors:

Standard Chartered

We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

For more information please visit www.sc.com. Hear from Standard Chartered's experts and comment on our blog at ourviews.sc.com. Follow Standard Chartered on [Twitter](#), [LinkedIn](#) and [Facebook](#).