

## EXCLUSIVE SERIES

# VIEWS YOU CAN USE

**Victor Yang**  
**Senior Editor**  
**JLC Network Technology Co., Ltd**



### What's the main impetus behind higher February factory gate figures in China?

One reason was consumption during the lunar new year, even taking into account less travel. Overall, demand is recovering. China's economic growth target of 6% is quite moderate. It is no longer focusing on achieving maximum growth as before but rather trying to promote higher and greener quality development and upgrading of industries, in addition to technological innovation. If they set growth targets too high on local governments, it might place them under pressure on having to access loans etc. Some estimates for growth have been put at 8% - that wouldn't be too hard to achieve given the low base of last year, but the government is clearly focusing on improving benefits and the basic standard of living for its population. It has alleviated 100 million people out of absolute poverty in the past eight years so that already promotes more purchasing power.

### Will the current price range of \$65-70 discourage China's oil purchases in Q2?

Probably yes. The first two months of this year, purchases were up 4.1% but the actual number might be even larger because some cargoes were imported as diluted bitumen, but for all intents and purposes we can consider that as additional supply. Demand in the second quarter could be depressed to some degree if high prices continue and we also have refinery maintenance, mostly during April, but overall growth will continue. ■

*\*Paraphrased comments*

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