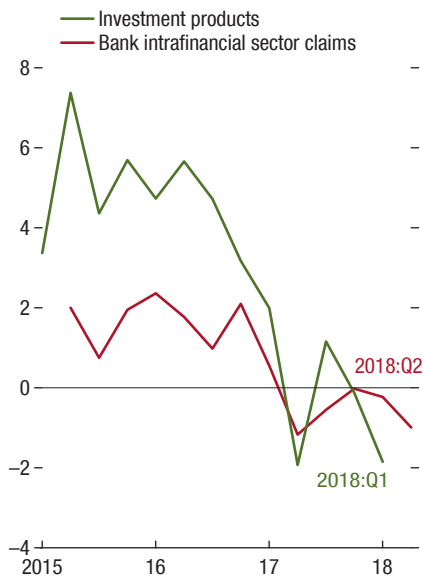


Figure 1.8. China: Deleveraging and De-risking Progress

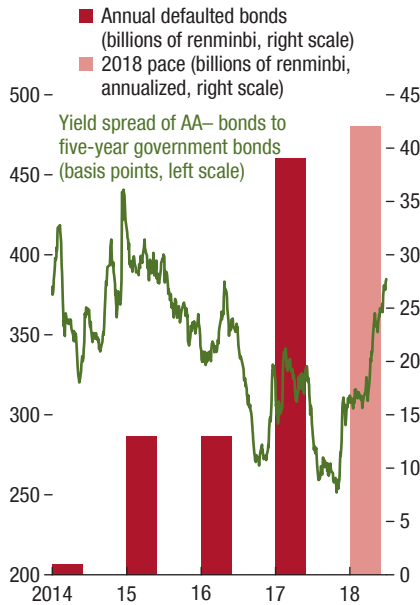
Regulatory tightening has slowed the buildup of risks in the financial sector ...

1. Investment Products and Small-to-Medium Bank Claims on Financial Institutions (Three-month change, trillions of renminbi)



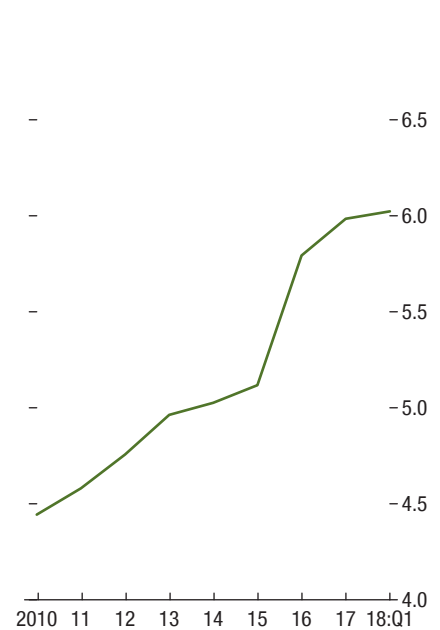
... and led to tighter credit conditions for weaker borrowers ...

2. Corporate Defaults and Corporate Bond Spreads (Billions of renminbi, basis points)



... but the deleveraging process is far from complete.

3. Leverage at Nonfinancial Traded Companies (Top 100 Chinese firms by assets)



Sources: Asset Management Association of China; Bloomberg Finance L.P.; CEIC; People's Bank of China; S&P Global Market Intelligence; and IMF staff calculations. Note: In panel 3, leverage is measured as the ratio of liabilities to common equity.