Figure 1.26. China: Credit Overhang and Shadow Credit

China’s credit overhang is rising ...

1. China: Credit Overhang to GDP over Long-Term Trend (Percentage points)

Sources: Bank for International Settlements; Haver Analytics; IMF; World Economic Outlook database; and IMF staff estimates.
Note: Based on a one-sided Hodrick-Prescott filter with a smoothing parameter of 400,000. LGFV = local government financing vehicle.

... as the proliferation of shadow credit products adds to financial sector vulnerabilities.

2. China: Shadow Credit Products, by Category of Structuring Entity (Billions of renminbi)

... while small banks are heavily exposed to shadow credit as a share of capital buffers.

3. China: Shadow Credit Products, by Yield Category (Billions of renminbi)

Sources: ChinaBond; China Trustee Association; Morgan Stanley; WIND; and IMF staff estimates.

4. China: Shadow Assets as a Share of Capital Buffers (Percent)

Sources: Bank financial statements; and IMF staff estimates and analysis.
Note: Big four = Agricultural Bank of China, China Construction Bank, China Development Bank, and Industrial and Commercial Bank of China.