

July 2023

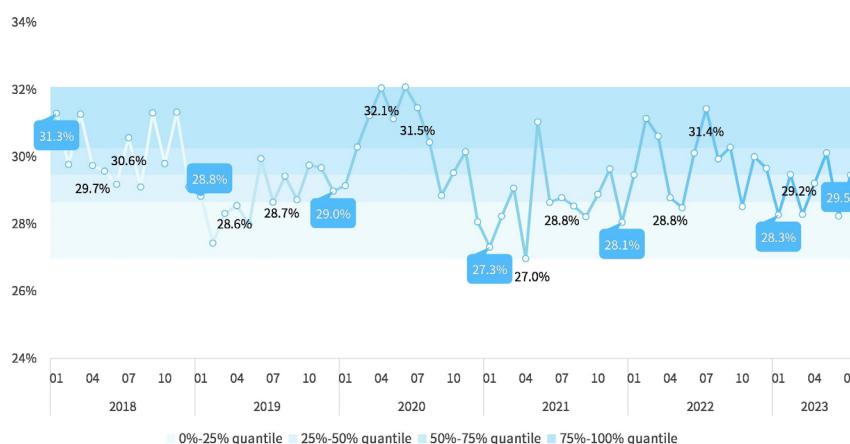
Caixin BBD China New Economy Index

Released: 10:00 am Beijing Time August-02-2023

Overview

In July 2023, the Caixin BBD New Economy Index (NEI) reading came in at 29.5, indicating that the new economy accounted for 29.5% of overall economic input activities that month, up 1.3 ppts from June 2023 (Chart 1). After the outbreak of COVID-19 in early 2020, NEI kept going up for several consecutive months. However, with the post pandemic economic recovery triggered in the second quarter of 2020, the old economy showed stronger growth, suppressing the new economy. NEI has rebounded since 2021, fluctuating around 30%.

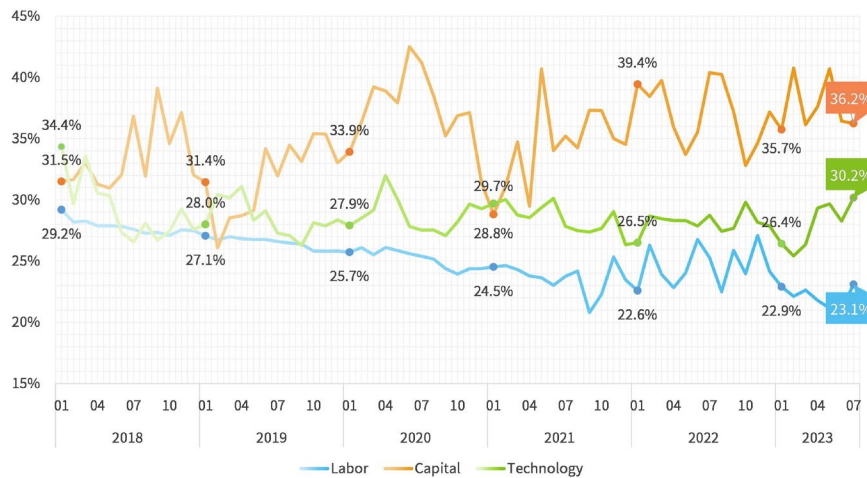
Chart 1: China Monthly New Economy Index



Source: BBD, Caixin Insight

The NEI includes labor, capital, and technology inputs that account for 40%, 35% and 25% of the total weights of the index, respectively. The increasing NEI was attributed to the increases in labor input and technology input. labor input came in at 23.1, with 2.0 MoM increase. Technology input index came in at 30.2 this month, with 1.9 MoM increase. Capital input index came in at 36.2, with 0.2 MoM decrease (Chart 2). Taking the weights into account, percentage changes in labor, capital and technology inputs were 0.8, -0.1, and 0.5 ppts, respectively. The net NEI change was approximately 1.3 ppts in total.

Chart 2: NEI Primary Input Index



Source: BBD, Caixin Insight

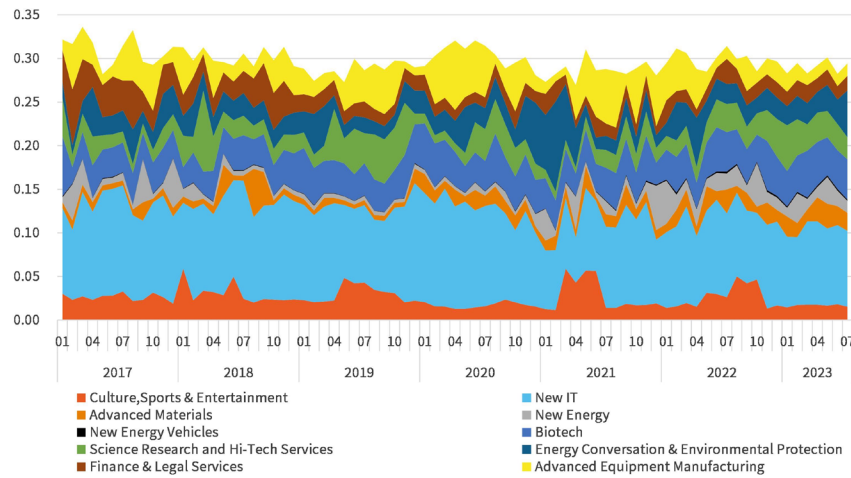
The labor input index is composites of two sub-indicators: the ratio of income of employees and the ratio of post in new economy industries. This month, the ratio of salary and ratio of employment of enterprises in new economy industries increased significantly, which accounted for the most increase in NEI.

New Economy Sector

New economy is defined as following: 1) human capital intensive, technology intensive and capital light, 2) sustainable rapid growth, and 3) in line with the strategic new industries defined by the government. New economy covers 10 categories (Energy Conservation & Environmental Protection, New IT, Biotech, Advanced Equipment Manufacturing, New Energy, Advanced Materials, New Energy Vehicles, Science Research and Hi-tech Services, Finance & Legal Services, Culture, Sports & Entertainment) and 145 sub-industries. Please refer to our previous reports (March 2016 and March 2017) for the list of NEI sectors.

As for sectors, the New IT industry contributed 8.7 ppts to New Economy Index, accounting for the largest proportion of the New Economy Index (Chart 3). The Science Research and Hi-Tech Services industry significantly decreased this month, with 0.5 ppts decrease. Detailed data indicated that, the decrease of the Science Research and Hi-Tech Services industry was due to the decrease of the scale of new enterprises in new economy industries.

Chart 3: New Economy Sector Contribution Breakdown



New Economy Employment

In July 2023, the average monthly entry-level salary of the new economy was 14,191 RMB, up 436 RMB from last month (Chart 4). And the entry-level salary premium of the new economy which is the ratio of average entry salary level of new economy to that of the whole economy, came in at 4.0%, down 1.1 ppts from last month (Chart 5). The wages are compiled from online websites of career platforms and recruitment services where job openings are listed.

Chart 4: New Economy Avg. Monthly Entry-level Salaries

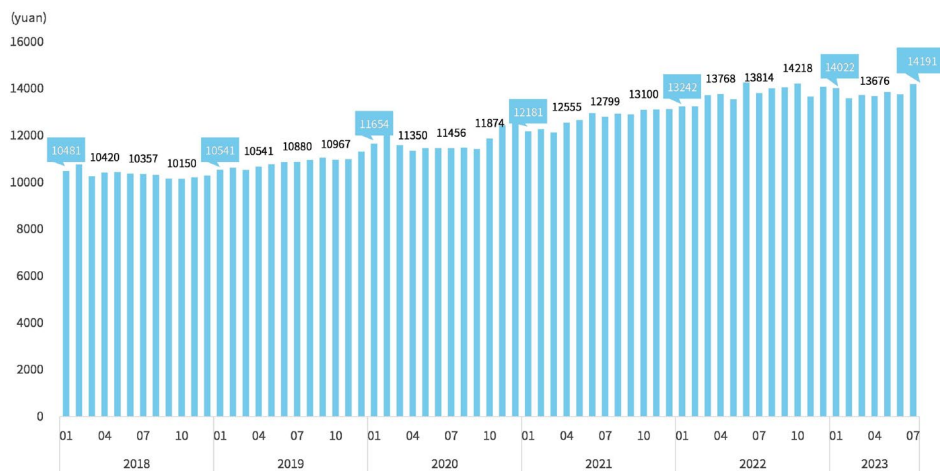


Chart 5: New Economy Entry-level Salary Premium over Economy-wide Entry level Salaries

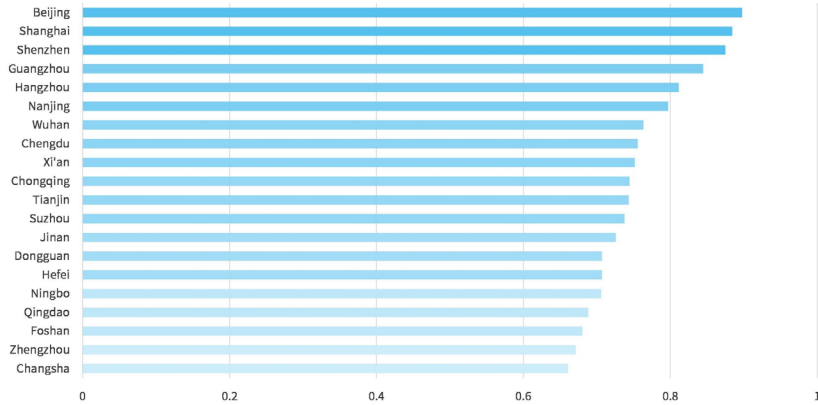


Source: BBD、Caixin Insight

City Rankings of the New Economy

Overall new economy rankings are based on a weighted average of the percentile ranks of indicators for the city in the past six months. The top twenty cities were shown in Chart 6. In July, the top five cities were Beijing, Shanghai, Shenzhen, Guangzhou and Hangzhou.

Chart 6: China's Top 20 Cities Ranked by New Economy Sector Output

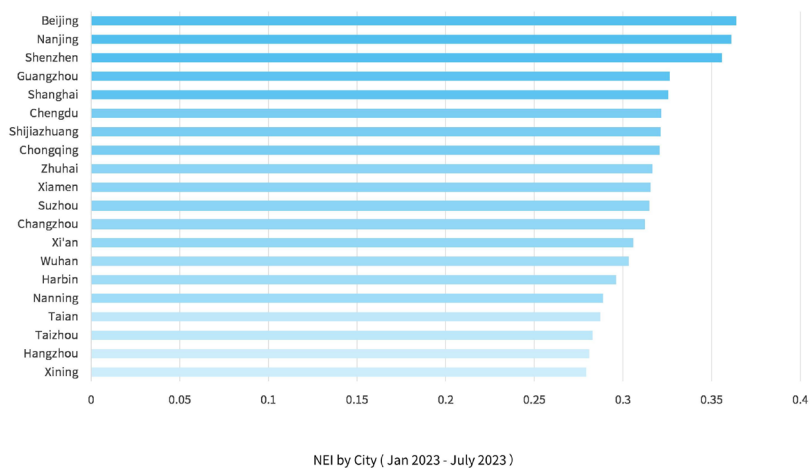


Average Percentiles for Aggregate New Economy Inputs (Jan 2023 - July 2023)

Source: BBD、Caixin Insight

Chart 7 showed the average NEI city rankings between January 2023 and July 2023. The top five cities were Beijing, Nanjing, Shenzhen, Guangzhou and Shanghai.

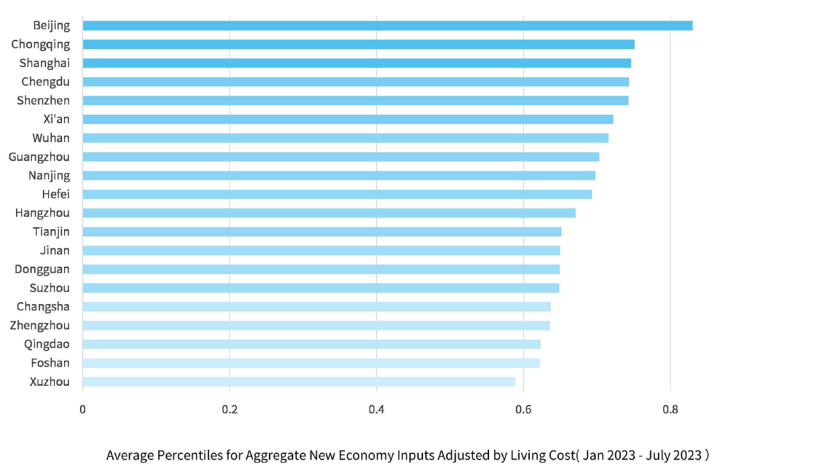
Chart 7: China's Top 20 Cities Ranked by Average NEI



Source: BBD、Caixin Insight

In addition, we showed the city rankings adjusted by living cost by taking housing price, minimum wage, and disposable income per capita into account (Chart 8). After the adjustment, the top five cities were Beijing, Chongqing, Shanghai, Chengdu and Shenzhen, following by Xi'an and Wuhan.

Chart 8: China's Top 20 Cities Ranked by New Economy Sector Output Adjusted by Living Cost



Source: BBD、Caixin Insight

For further information please contact:

Caixin Insight Group

Dr. Wang Zhe, Senior Economist

Tel: +86-10-85905019

Email: zhewang@caixin.com

Ma Ling, Public Relations

Tel: +86-10-8590-5204

Email: lingma@caixin.com

BBD

Dr. Chen Qin, Chief Economist

Tel: +86-28-65290823

Email: chenqin@bbdservice.com

The Caixin BBD China New Economy Index is the fruit of a research partnership between Caixin Insight Group and BBD, in collaboration with the National Development School, Peking University. The subject of a year of research, the NEI was first publically released on March 2, 2016 and will be issued the 2nd of every month at 10:00am China Standard Time.

About Caixin

Caixin Media is China's leading media group dedicated to providing financial and business news through periodicals, online content, mobile applications, conferences, books and TV/video programs. Caixin Media aims to blaze a trail that helps traditional media prosper in the new media age through integrated multimedia platforms. Caixin Insight Group is a high-end financial data and analysis platform. For more information, please visit www.caixin.com.

About BBD (Business Big Data)

BBD is a leading Big Data and quantitative business analytics firm specializing in the analysis of the high-growth industries emerging in Mainland China. Through dynamic data tracking, credit analysis, risk pricing and economic index construction, BBD provides its clients with a wide range of services at both the macro and micro level. For more information, please visit <http://www.bbdservice.com/>.