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UOB forecasts China's economy to grow at 7.5 per cent to 2015

Singapore, 26 November 2013 – United Overseas Bank (UOB) today forecast that China's gross domestic product (GDP) would grow at an average rate of 7.5 per cent from 2013 to 2015. The forecast is based on signs of a stabilising economy.

Mr Jimmy Koh, Head of Economic-Treasury Research, UOB Group, said that despite concerns of a hard landing and tightening liquidity in the financial sector in the first half of 2013, China's economic data had improved broadly in the second half of the year. The positive outlook was reinforced at China's recent Third Plenum, where the country's leaders affirmed their commitment to more comprehensive and far-reaching economic reforms in the next decade.

"China is focussed on building a more sustainable market-driven, services-based economy, which we anticipate will drive an average growth rate of 7.5 per cent to 2015," Mr Koh said. "We can expect to see more liberalisation especially in the financial sector next year in the areas of foreign exchange and interest rates, renminbi (RMB) convertibility, as well as cross-border capital flows."

The recovery in demand from key global economies such as US and Europe, and increasing intra-regional trade with Southeast Asia are also expected to drive economic growth for Asia's export-based countries, including China, in 2014. Last year, China and Southeast Asia recorded US\$400 billion in trade, and China and the members of the Association of Southeast Asian Nations have committed to increase trade to US\$1 trillion by 2020¹.

"A sustained economic recovery in the US will boost demand for Asian exports. As China's economy stabilises and Southeast Asia's consumer affluence levels continue to rise, business flows to and within the region are poised to increase on the back of growing demand for goods and services. The internationalisation of the RMB will facilitate growing intra-regional trade as more companies switch to RMB to conduct transactions with their business partners in China."

¹ 16th China-ASEAN Leaders' Meeting, October 2013

NEWS RELEASE

UOB forecasts the RMB appreciation trend to moderate to an annual pace of one to three per cent in the next few years compared with three to five per cent from 2005 to 2012. As the Chinese government continues to focus on the internationalisation of the RMB, the strength of the currency will be limited. Mr Koh said he expects the RMB to appreciate modestly and gradually against the US dollar to reach 5.90 at the end of 2014.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. In Asia it operates through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB plays an active role in the community, focusing on the arts, education and children. For more than three decades UOB has held the prestigious UOB Painting of the Year Competition and Exhibition. In recognition of its contributions to the arts, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for the ninth consecutive year in 2013. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run/Walk which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China.

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