

Highlights of Monetary Policy in Quarter Two of 2008

On April 3, the People's Bank of China (PBC), jointly with the China Banking Regulatory Commission (CBRC), released the *Notice on Policies on Village and Township Banks, Loan Companies, Rural Credit Shops and Micro-credit Companies* (PBC Document [2008] No. 137), to specify provisions on reserve requirement management, deposit and lending interest rate management, payment and clearing management, accounting management, financial statistics and required reports for regulatory purposes, credit information management, cash management and regulation of risk management, so as to encourage and guide the four types of institutions mentioned above to earnestly provide agriculture-supporting services to rural areas in accordance with laws and regulations and to support the building of a new socialist countryside.

On April 15, the PBC reported on implementation of monetary policy of the first quarter of 2008 to the Financial and Economic Affairs Committee of the National People's Congress.

On April 16, the PBC decided to raise the reserve requirement ratio for RMB deposits of depository institutions by 0.5 percentage points to 16 percent, effective on April 25, 2008.

On May 12, the PBC announced a rise in the reserve requirement ratio for RMB deposits of depository institutions by 0.5 percentage points to 16.5 percent, effective on May 20, 2008.

On May 14, *China Monetary Policy Report in Quarter One 2008* was released.

On May 19, the PBC and the CBRC jointly issued the *Emergency Notice on Financial Services in the Areas Affected by the Sichuan Earthquake (No. 1)* (PBC Document [2008] No. 152), which specified special policies to be rendered to areas severely affected by the earthquake including Sichuan, Gansu, Shaanxi, Chongqing and Yunnan for them to resume financial services.

On May 30, the *China Regional Financial Performance Report of 2007* was released.

On June 4, the 13th regular meeting of the Appraisal Committee of the PBC-initiated pilot program of issuing and redeeming special central bank bills for the rural credit cooperative reform decided to redeem up to 19 billion yuan of special central bank bills issued to rural credit cooperatives in 296 counties (county-level cities) of 24 provinces (autonomous regions or municipalities).

On June 7, the PBC announced a hike in the reserve requirement ratio for RMB

deposits of depository institutions by 1 percentage point to 17.5 percent. The ratio was to be raised by 0.5 percentage points as of June 15, 2008 and by another 0.5 percentage points as of June 25, 2008. This requirement did not apply to financial institutions incorporated in the areas severely stricken by the earthquake.