

April 2022

## Mastercard Caixin BBD China New Economy Index

Released: 10:00 am Beijing Time May-02-2022

### Overview

In April 2022, the Mastercard Caixin BBD New Economy Index (NEI) reading came in at 28.8, indicating that the new economy accounted for 28.8% of overall economic input activities that month, down 1.8 pts from March 2022 (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. Since 2021, NEI has rebounded, but declined in the past two months.

Chart 1: China Monthly New Economy Index

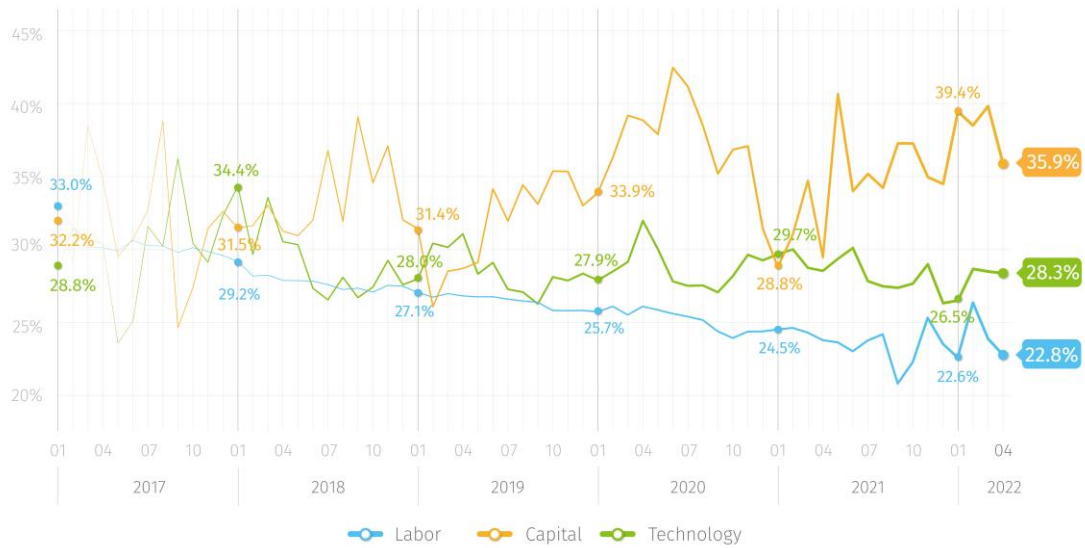


Mastercard Caixin BBD China New Economy Index 财新智库 IBIBID

The NEI includes labor, capital and technology inputs that account for 40%, 35% and 25% of the total weights of the index, respectively. The decreasing NEI was attributed to the decrease in capital inputs. Capital input decreased to 35.9 this month, with 3.8 MoM decrease. Labor input index decreased to 22.8 this month, with 1.1 MoM decrease. Technology input index came in at 28.3 this month, with 0.2 MoM decrease (Chart 2). Taking the weights into account, percentage changes in labor, capital and technology inputs were -0.4, -1.3, and -0.03 pts, respectively. The net NEI change was -1.8 pts in total.



Chart 2: NEI Primary Input Index



The capital input index is composites of four sub-indicators: the ratio of venture capital in new economy industries, the ratio of invitation for bid in new economy industries, the ratio of capitalization of enterprises applying for the "New Three Board" in new economy industries, and scale of new enterprises in new economy industries. This month, the ratio of venture capital in new economy industries decreased significantly, which accounted for the most decrease in NEI.

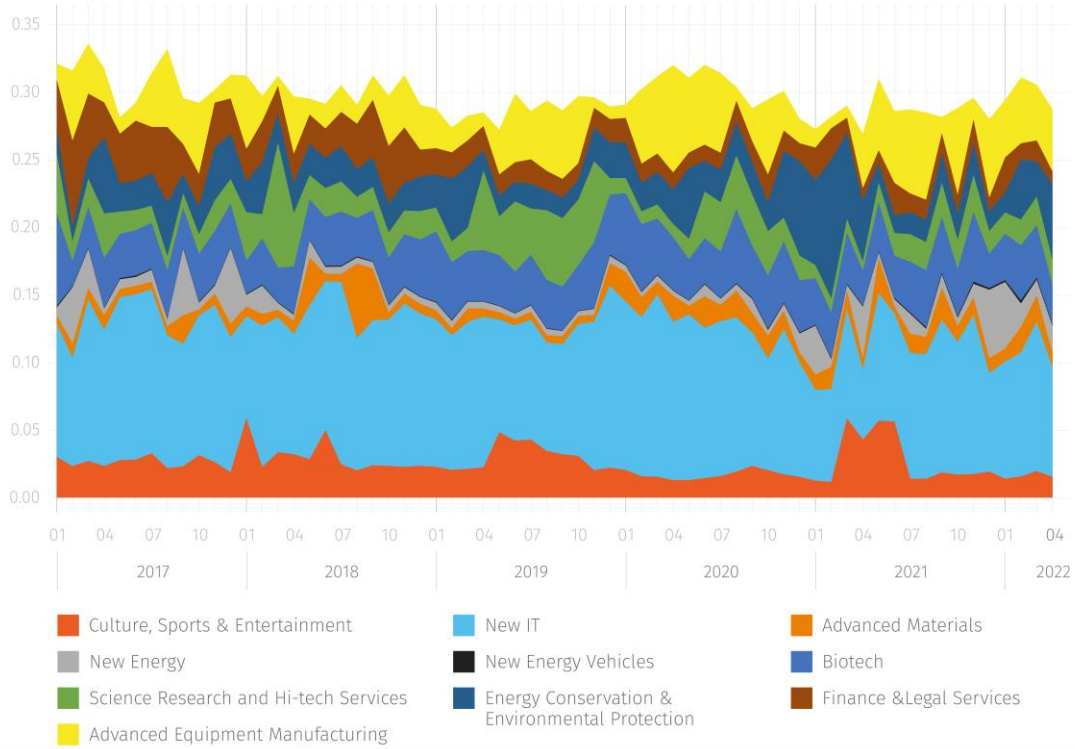
### New Economy Sector

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 8.1 ppts to New Economy Index, down 3.0 ppts, with the largest decline among all industries (Chart 3). Detailed data indicated that, the decrease was due to the decline of the ratio of patent commercialization in this industry.



Chart 3: New Economy Sector Contribution Breakdown



Mastercard Caixin BBD China New Economy Index 财新智库 IBIBID

### New Economy Employment

In April 2022, the average monthly entry-level salary of the new economy was RMB 13,768, increasing from last month's level of RMB 13,719 (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, decreased to 2.8%, compared to 4.3% in March 2022 (Chart 5). The wages are compiled from online websites of career platforms and recruitment services including 51job and Zhaopin, as well as other sites that list job openings.

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

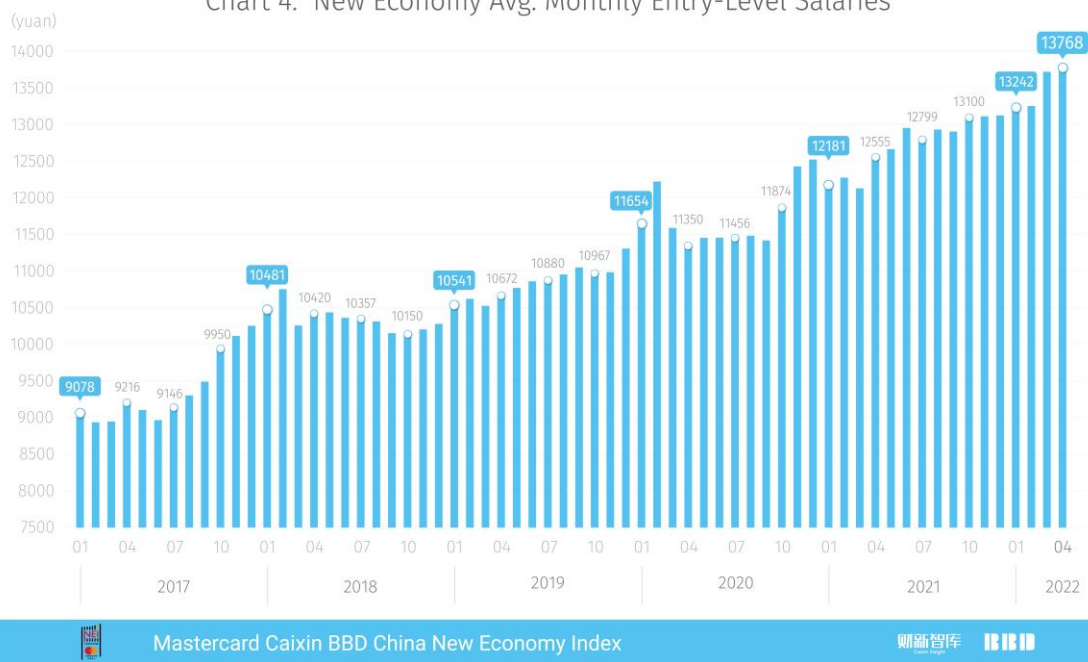
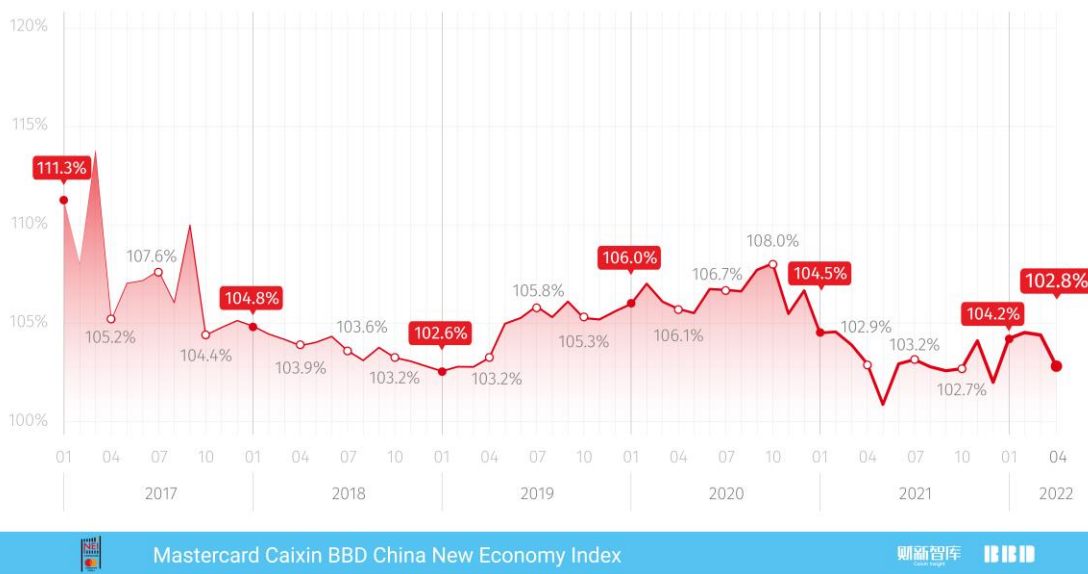


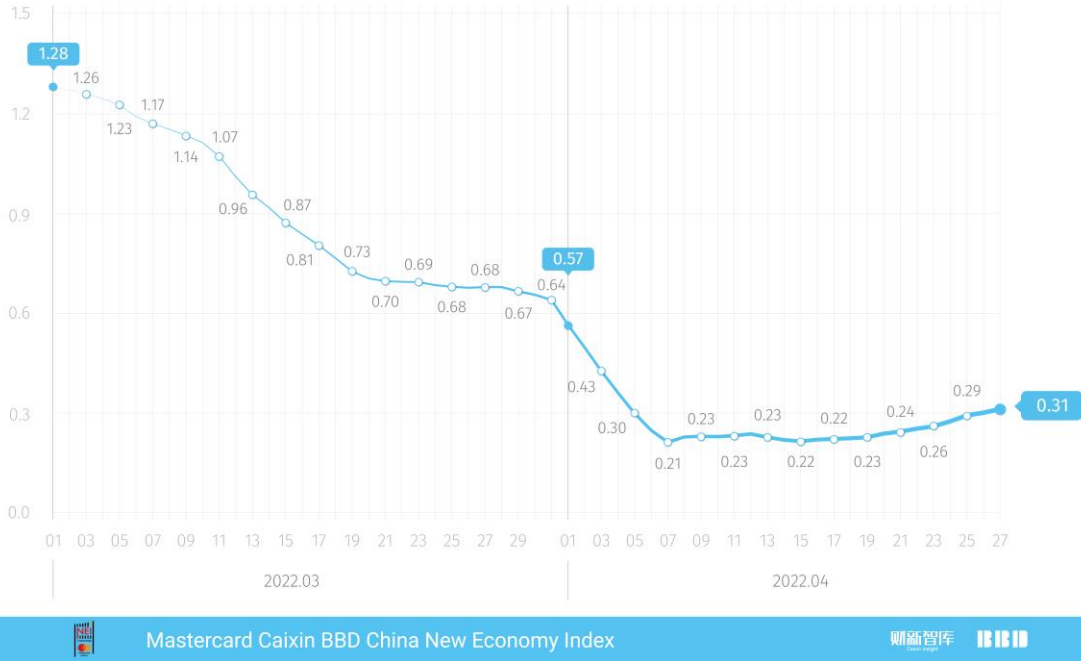
Chart 5: New Economy Entry-Level Salary Premium over Economy-wide Entry Level Salaries



### The Impact of COVID-19 on Economy

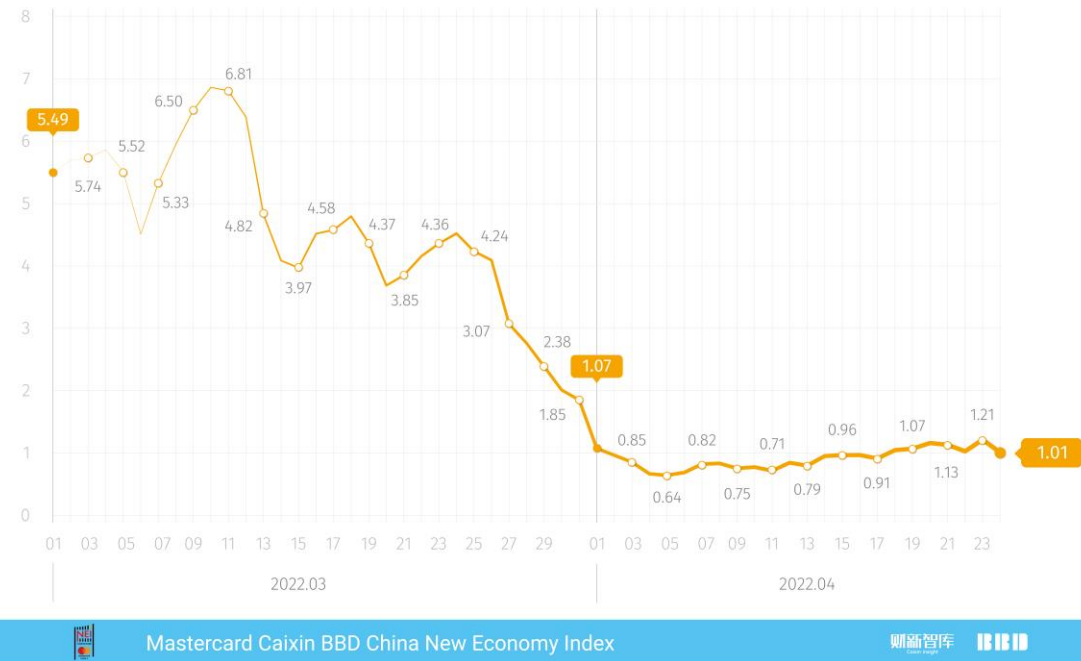
We kept following the impact of epidemic in Shanghai. According to the consumption data of life service platform (Chart 6), the daily consumption index in Shanghai dropped from 1.282 on March 1 to 0.212 on April 7, decreasing by more than 80%. Since then, the index increased slightly, rebounding to 0.312 on April 27, only a quarter of that in early March.

Chart 6: Consumption in Shanghai



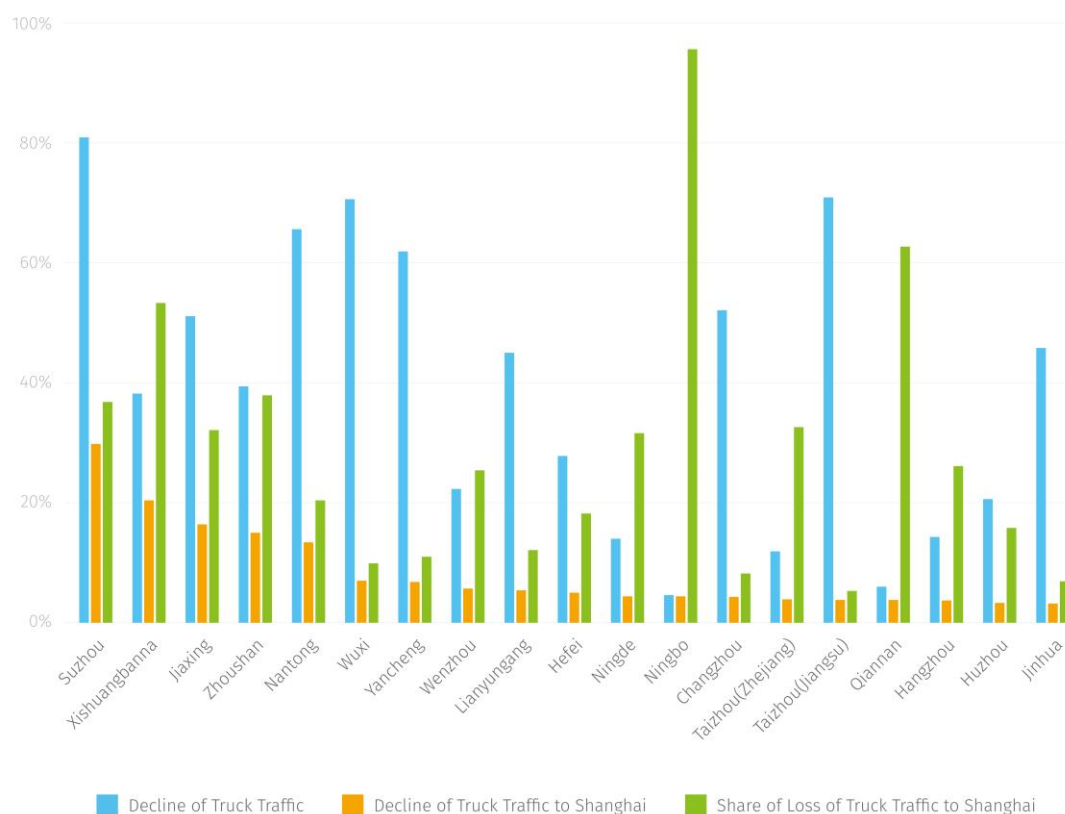
In terms of freight (Chart 7), the freight index in Shanghai was 5.49 on March 1, reaching the peak of 6.86 on March 10, and then declined rapidly, especially after the de facto lockdown. On April 5, the freight index in Shanghai dropped to 0.639, less than 10% of the peak before epidemic. Recently, the index recovered slightly to 1.21, reaching the 20% of the pre epidemic peak.

Chart 7: Freight in Shanghai



The impact of the epidemic in Shanghai spilled over to nearby cities and even reached farther. From March 1 to April 24, Suzhou, Wuxi, Nantong, Taizhou (Jiangsu) and other places experienced a significant decline of truck traffic. Among them, share of loss of truck traffic from Suzhou, Xishuangbanna, Jiaxing to Shanghai were highest, declining by 20% or so (Chart 8).

Chart 8: Impact of Shanghai Epidemic on Truck Traffic by City (1st Mar – 24th Apr)

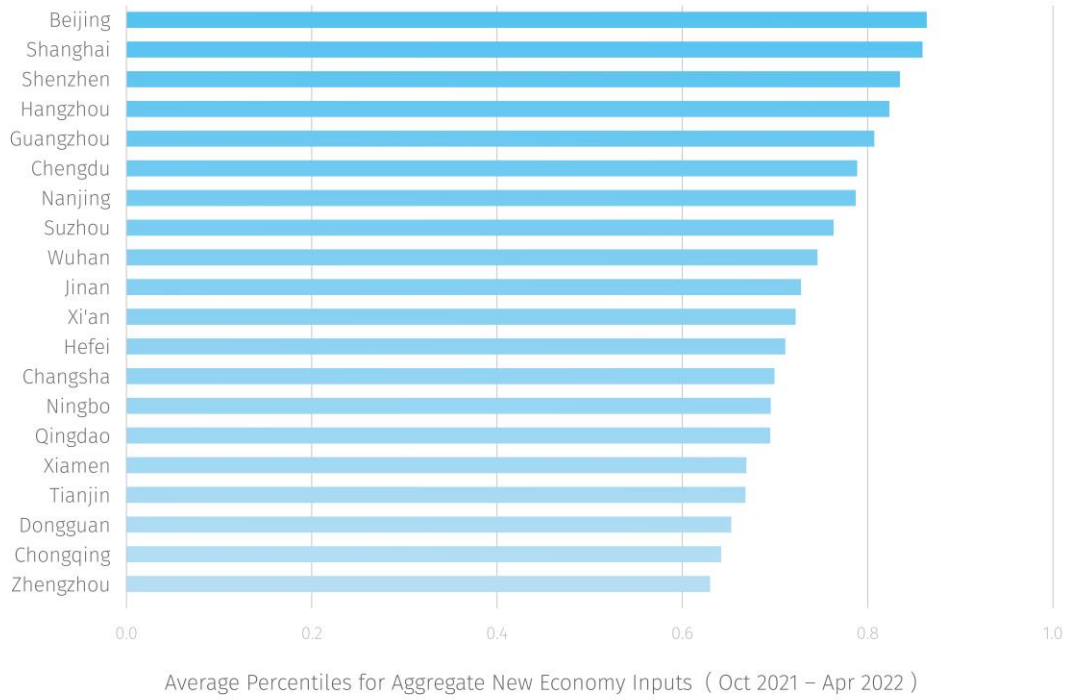


The consumption and freight indices showed strong correlation with the total retail sales of social consumer goods and the added value of manufacturing industry respectively. Our estimation showed the loss of the total retail sales of social consumer goods in Shanghai was 225 billion yuan caused by epidemic, decreasing by 12.5%. Meanwhile, the added value of manufacturing industry in Shanghai decreased by about 9.0%, with a loss of 103 billion yuan. The loss of other cities may be larger, up to 328 billion yuan.

### 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 9. In April, the top five cities were Beijing, Shanghai, Shenzhen, Hangzhou and Guangzhou.

Chart 9: China's Top 20 Cities Ranked by New Economy Sector Output



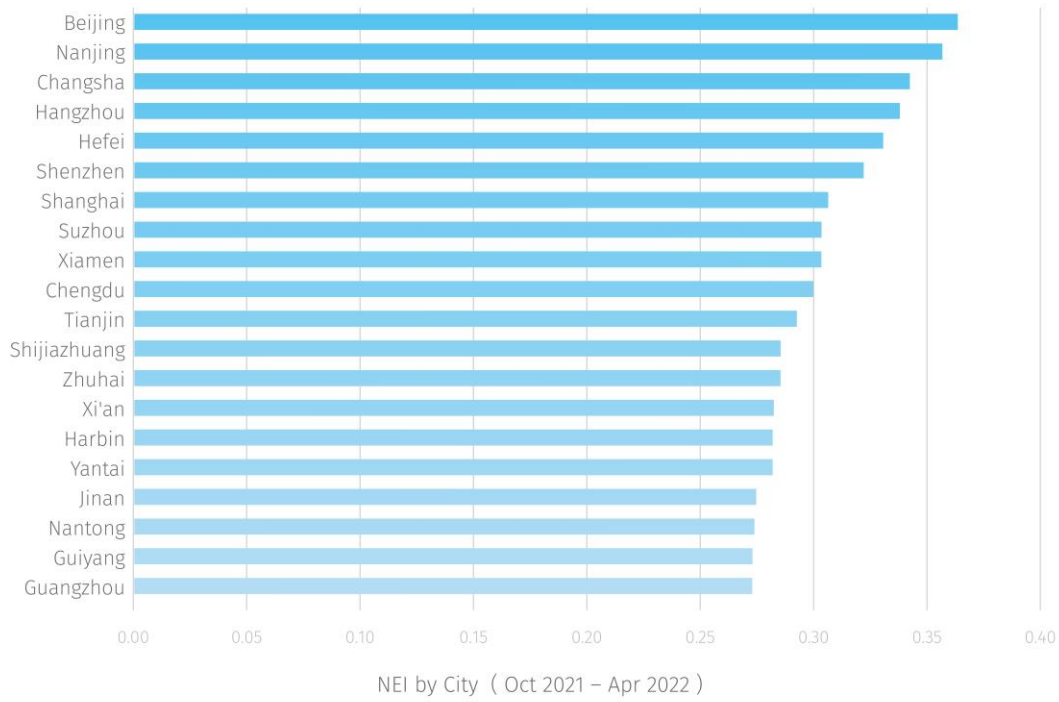
Mastercard Caixin BBD China New Economy Index 财新智库 IBID

Chart 10 showed the average NEI city rankings between October 2021 and April 2022. The top five cities were Beijing, Nanjing, Changsha, Hangzhou, and Hefei.





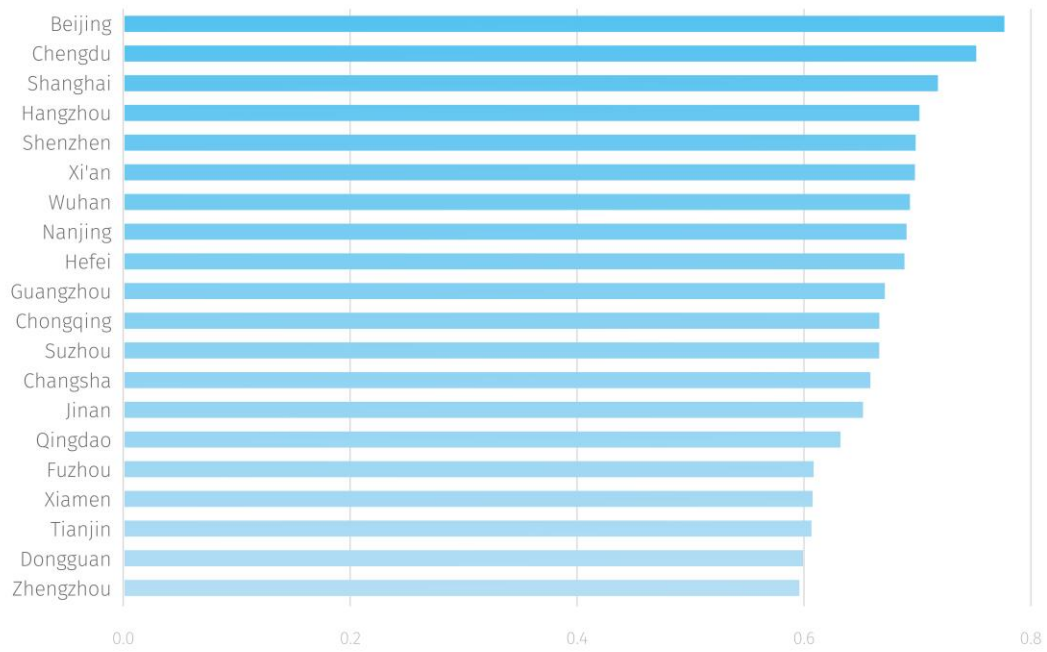
Chart 10: China's Top 20 Cities Ranked by Average NEI



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 11). After the adjustment, the top five cities were Beijing, Chengdu, Shanghai, Hangzhou and Shenzhen, following by Xi'an and Wuhan.



Chart 11: China's Top 20 Cities Ranked by New Economy Sector Output Adjusted by Living Cost



Average Percentiles for Aggregate New Economy Inputs Adjusted by Living Cost ( Oct 2021 – Apr 2022 )

**For further information please contact:**

**Mastercard**

Mr. Wu Huanyu, Director, Communications

Tel: +86-10-8519-9304

Email: [Huanyu\\_wu@mastercard.com](mailto:Huanyu_wu@mastercard.com)

**Caixin Insight Group**

Dr. Wang Zhe, Senior Economist

Tel: +86-10-85905019

Emails: [zhewang@caixin.com](mailto:zhewang@caixin.com)

Ma Ling, Public Relations

Tel: +86-10-8590-5204

Email: [lingma@caixin.com](mailto:lingma@caixin.com)

**BBD**

Dr. Chen Qin, Chief Economist

Tel: +86-28-65290823

Emails: [chenqin@bbdservice.com](mailto:chenqin@bbdservice.com)

The Mastercard 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 Mastercard**

Mastercard (NYSE: MA), [www.mastercard.cn](http://www.mastercard.cn), is a technology company in the global payments industry. We operate the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. Mastercard's products and solutions make everyday commerce activities, such as shopping, traveling, running a business and managing finances-easier, more secure and more efficient for everyone. Follow us on Twitter [@MastercardAP](https://twitter.com/MastercardAP) and [@MastercardNews](https://twitter.com/MastercardNews), join the discussion on



the [Beyond the Transaction Blog](#) and [subscribe](#) for the latest news on the [Engagement Bureau](#).

### 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](http://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/>.

