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PBC Decides to Cut Benchmark Deposit and Loan Rates and Reserve Requirement Ratio

In order to implement moderately loose monetary policy, ensure sufficient liquidity supply in the banking system, promote stable money and credit growth, and make monetary policy play an active role in supporting economic growth, the People's Bank of China has decided to cut RMB benchmark deposit and loan rates and the reserve requirement ratio for financial institutions.

As of November 27, 2008, the one-year RMB benchmark deposit and loan rates are to be lowered by 1.08 percentage points. Benchmark deposit and loan rates for other maturities are to be adjusted accordingly. Meanwhile, the interest rates on central bank re-loans and rediscounts are to be lowered.

As of December 5, 2008, the RMB reserve requirement ratio is to be lowered by 1 percentage point for large depository financial institutions, including the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China, the China Construction Bank, the Bank of Communications and the Postal Savings Bank of China. The RMB reserve requirement ratio is to be lowered by 2 percentage points for small and medium-sized depository financial institutions. The preferential reserve requirement ratio for rural financial institutions and the financial institutions in the areas hit by Wenchuan earthquake remain unchanged.

Table

Adjustment of RMB Interest Rates

	Rate (before adjustment)	Rate
RMB benchmark deposit rates for financial institutions		
Demand deposits	0.72	
3-month	2.88	
6-month	3.24	
1-year	3.60	
2-year	4.14	
3-year	4.77	
5-year	5.13	
RMB benchmark loan rates for financial institutions		
6-month	6.03	
1-year	6.66	

1 to 3-year	6.75	
3 to 5-year	7.02	
Over 5-year	7.20	
Interest rates on individual housing provident fund loans		
Below 5-year (inclusive)	4.05	
Over 5-year	4.59	
Interest rates on deposits from financial institutions in PBC		
Required Reserve	1.89	
Excess Reserve	0.99	
Interest rates on loans to financial institutions by PBC		
20-day	4.14	
3-month	4.41	
6-month	4.59	
1-year	4.68	

Rediscount

4.32

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