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## PRESS RELEASE

### China's fiscal policies and monetary policies should be both loose and tightened

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Zhou Jingtong, senior economist at the strategic development department of the Bank of China, says China's economy will show a good situation of "high growth and low inflation" in the first quarter of this year. But this ideal situation will not last long. This is because this round of economic rebound is led by stimulus policies. The basis for the rebound is not stable. There is a risk in the downward trend in the economic growth and upward trend in prices. In the second quarter of this year, CPI will exceed 3%, which will eventually cause the Chinese economy to face stagnant growth, with coexistence of high price and low growth. To avoid the situation, loose and tightened fiscal policies and monetary policies should be conducted. Positive fiscal policies should not be changed. Monetary policies should be moderate by taking steps including deposit reserve ratio, Open Market Operations and central bank bills to recover liquidity.

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