

## Chinese economy regains vigor

China's economy, despite the crisis in financial markets are slowly beginning to recover former momentum. This is achieved by an active policy of the government and central bank, which aims to combat negative phenomena in the Chinese economy, such as the over-inflation or the threat of overheating economy.

China like most of the world economy from the face of a clear decline in economic growth. The situation, however, began to improve, and the first signal, which may confirm the growth dynamics of industrial production in September, which occurred three months after the clear decline in the level of 12.5 percent., Which is on the conditions of the Chinese was relatively low pace. The reason for this trend, in addition to the slowdown in the world were also the Olympic Games, which contributed to the inhibition, and in some cases even a complete stop of production in the Chinese capital and its surroundings. The most important for economic development was, however, government policies and central bank, which decided to support the native range of activities to stimulate the economy, and protection. The most important of these included an easing of credit policy pursued by banks in relation to small and medium-sized enterprises and the introduction of tax credits for companies exporting their goods abroad. At the same time the Bank of China has recognized the need to reduce the growth of the Chinese Yuan against the U.S. dollar, which reduces the profitability of Chinese exports. Upward trend since the beginning of the Chinese currency this year has been very clear and was about 6.6 percent. in the first half. He was supported by the de facto central bank, which sought to reduce inflation and reduce the threat of overheating Chinese economy. However, when inflation fell in August to 4.9 percent. it was considered that the situation has stabilized at a safe level. The pressure rise in the price, however, has not disappeared completely, as inflation remains high at 10 percent., Remains in the manufacturing sector, despite the clear succession of raw material prices in the world. This trend may continue to be a long time, since most of the high pace of economic growth will be inhibited juana in the next few months, which will translate into relatively higher costs of purchased materials to manufacture abroad. Also, do not forget that China remains one of the largest creditors of the United States and is likely to continue to finance U.S. debt, and will maintain a high level of foreign exchange reserves, which now amount to 1.81 trillion dollars. This is due to the mutual interest of both partners, which recognize that a change in the status quo now set could result in unpredictable consequences for both economies. In addition, Chinese economists argue that the United States are able to cover its budget deficit, which could reach even trillion U.S. dollars this year. Bank of China and other Chinese state banks also send signals that they may be willing to invest in U.S. financial institutions at risk, which would be an event without precedent in the history of Wall Street. However, after the Fed action AIG a few weeks before, paradoxically, this initiative could help to improve the mood among U.S. investors, though not necessarily have a positive impact on the U.S. economy, which is not accustomed to state ownership of their financial institutions, especially when they foreign countries.