

《PBOC pumps 590 bln yuan cash this week》

China's central bank is trying to keep enough cash in the market before the Chinese New Year, through various short and mid term monetary tools.

The People's Bank of China made 340 billion yuan of reverse repos Thursday, including 80 billion yuan through seven-day reverse repos and 260 billion yuan through 28-day reverse repos. This made the net cash injection hit 590 billion yuan this week, after 315 billion yuan last week. Financial markets have been expecting a reserve requirement cut, as funds outstanding for forex reserves fell in December.

Ma Jun, chief economist of the central bank, said the move would be a substitute for reserve requirement cuts. He also said the demand for cash is seasonal, as large sums of money would be available again after the holiday. So a slash in reserve requirement would dent short-term rates too much and disturb capital and forex markets.

