

## Chart of the Day



China's 14th National People's Congress (NPC), the world's largest legislative body with nearly 3,000 members, began its 5 year term yesterday by convening its annual in-person session in the Great Hall of the People in Beijing. In this 14<sup>th</sup> NPC, 790 (27%) of the delegates are women, while 442 (15%) are from ethnic minority groups.

Historically, the annual 2-week event has included significant policy announcements, with a broad agenda of political confirmations, institutional reforms, technology and economic policy. Thus far, announced economic plans have been more cautious and restrained than anticipated, especially given some of the pro-growth messaging in advance.

Notable announcements and expectations relevant to markets include the following:

- 1 "Formal" confirmation of Xi Jinping as President for an unprecedented third term
- 2 Confirmation of Li Qiang (a close Xi associate) as China's new Premier and head of China's State Council (or cabinet), replacing Li Keqiang
- 3 Confirmation of He Lifeng (also a close Xi associate) as China's most senior economic official, replacing vice-premier Liu He
- 4 Further consolidation of political power among Xi associates and senior Communist party leaders (including key financial regulators and a new head of the PBOC)
- 5 Potential creation of a new and more powerful communist party-led super committee of regulators overseeing the central bank (PBOC) and other financial regulators
- 6 Accelerating the pivot away from the Deng Xiaoping growth model of recent decades, led by continued financial sector reforms, improved income distribution (common prosperity), closer government control of science & technology, and a continuation of the 2 year crackdown on "non-public enterprises" (i.e., private sector)
- 7 2023 GDP growth target was set lower than expected at "around 5%", providing greater flexibility for GDP growth to come in below 5% after last year's disappointing 3% GDP growth (well below last year's 5.5% target and one of China's lowest growth rates in decades)
- 8 2023 deficit target of 3%, while higher than the 2.8% target in 2022, nonetheless suggests limitations on additional fiscal stimulus and a comfort level with the level of consumer driver driven growth in 2023.
- 9 A pledge to "boost market confidence" stood out as a new defining principle for the NPC, formalizing numerous recent initiatives to course correct zero-COVID and other selected policies.
- 10 Monetary policy is turning less dovish (with rate cuts seemingly off the table for now) as central bank support for the real economy shifts from the "robust" stance of last year to a more "targeted" approach in 2023

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### The world's largest legislative bodies

Country	Name of legislature	Type	Total
1. China	National People's Congress	Unicameral	2,977
2. UK	Parliament of the UK	Bicameral	1,428
3. France	French Parliament	Bicameral	925
4. Egypt	Parliament of Egypt	Bicameral	896
5. Germany	Bundestag/ Bundesrat	Bicameral	805
6. India	Parliament of India	Bicameral	788
7. Thailand	National Assembly of Thailand	Bicameral	750
8. EU	European Parliament	Bicameral	732
9. Indonesia	People's Consultative Assembly	Bicameral	711
10. Japan	National Diet	Bicameral	707
11. North Korea	Supreme People's Assembly	Unicameral	687
12. Morocco	Parliament of Morocco	Bicameral	665
13. Ethiopia	Federal Parliamentary Assembly	Bicameral	655
14. Mexico	Congress of the Union	Bicameral	628
15. Russia	Federal Assembly	Bicameral	620
16. Cuba	National Assembly of People's Power	Unicameral	612
17. Dem Rep. of the Congo	Parliament of the Democratic Republic of the Congo	Bicameral	608
18. Spain	Cortes Generales	Bicameral	607
19. Algeria	Parliament of Algeria	Bicameral	606
20. Italy	Italian Parliament	Bicameral	606
21. Turkey	Grand National Assembly of Turkey	Unicameral	600
22. Brazil	National Congress of Brazil	Bicameral	594
23. Poland	Parliament of Poland	Bicameral	560
24. US	US Congress	Bicameral	535
25. Uganda	Parliament of Uganda	Unicameral	529

Source: (1) Capital Economics. Oxford Economics. FT. WSJ. Wikipedia.

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"Macro stability isn't everything, but without it, you have nothing."