



May 2023

## Caixin BBD China New Economy Index

Released: 10:00 am Beijing Time June-02-2023

### Overview

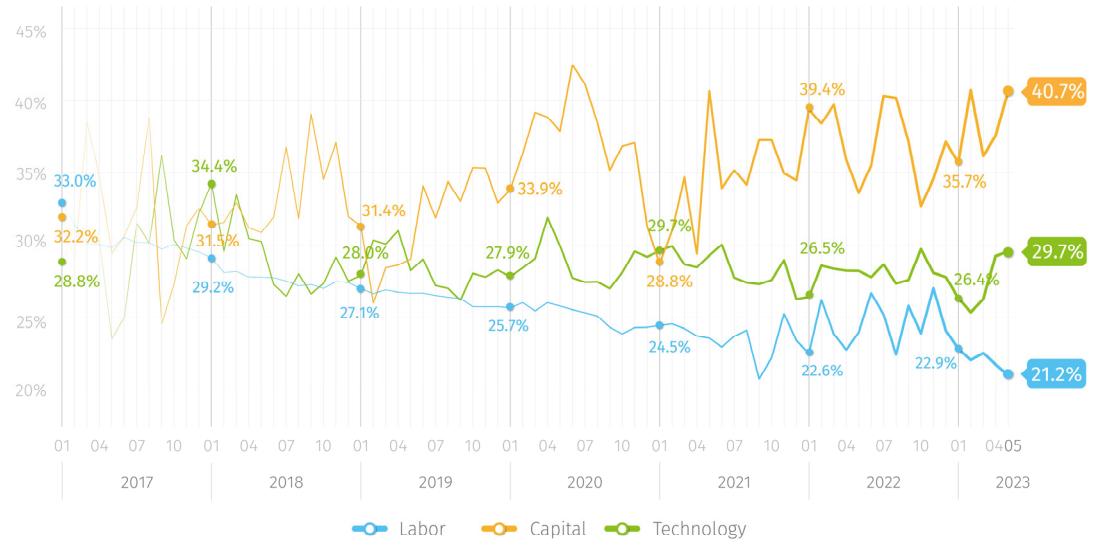
In May 2023, the Caixin BBD New Economy Index (NEI) reading came in at 30.1, indicating that the new economy accounted for 30.1% of overall economic input activities that month, up 0.9 ppts from April 2023 (Chart 1). After the outbreak of COVID-19 in early 2020, NEI kept going up for several consecutive months. However, with the post pandemic economic recovery triggered in the second quarter of 2020, the old economy showed stronger growth, suppressing the new economy. NEI has rebounded since 2021, fluctuating around 30%.

Chart 1: China Monthly New Economy Index



The NEI includes labor, capital, and technology inputs that account for 40%, 35% and 25% of the total weights of the index, respectively. The increasing NEI was attributed to the increases in capital input and technology input. Capital input came in at 40.7, with 3.1 MoM increase. Technology input index came in at 29.7 this month, with 0.4 MoM increase. Labor input index came in at 21.2, with 0.6 MoM decrease (Chart 2). Taking the weights into account, percentage changes in labor, capital and technology inputs were -0.3, 1.1, and 0.1 ppts, respectively. The net NEI change was 0.9 ppts in total.

Chart 2: NEI Primary Input Index



Caixin BBD China New Economy Index

财新智库 BBD

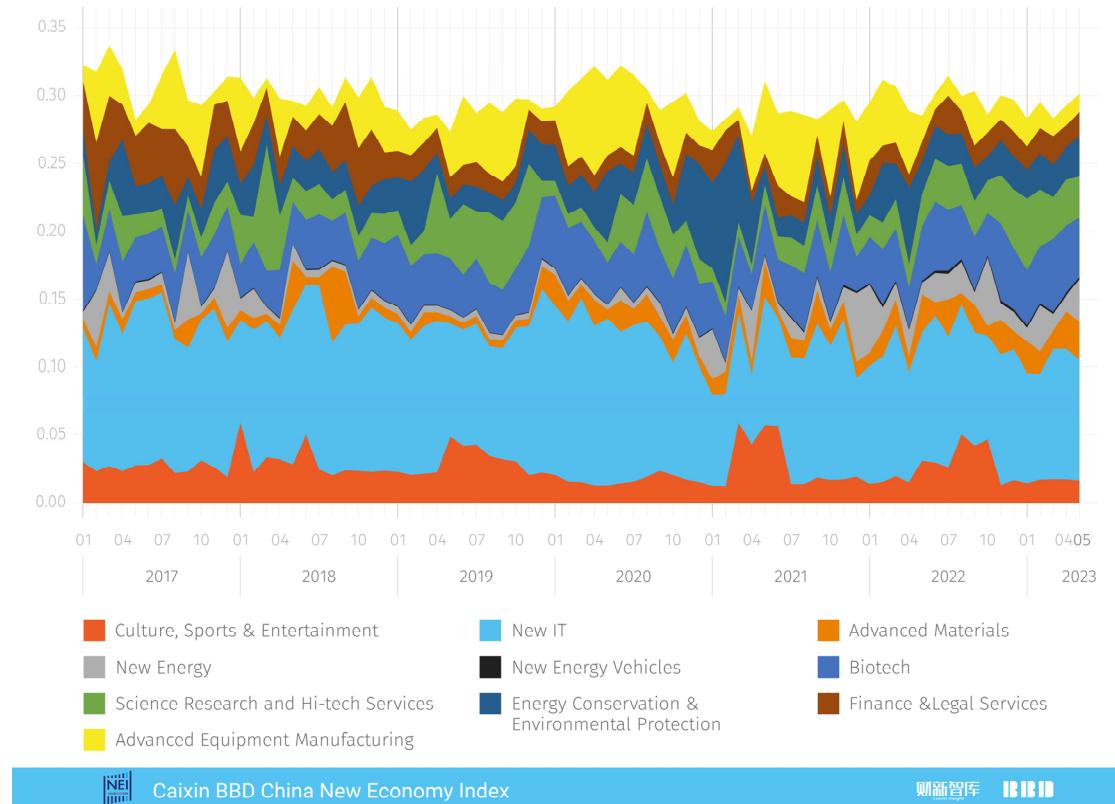
The capital input index is composites of four sub-indicators: the ratio of venture capital in new economy industries, the ratio of invitation for bid in new economy industries, the ratio of capitalization of enterprises applying for the "New Three Board" in new economy industries, and scale of new enterprises in new economy industries. This month, the ratio of venture capital increased significantly, which accounted for the major increase in NEI.

## New Economy Sector

New economy is defined as following: 1) human capital intensive, technology intensive and capital light, 2) sustainable rapid growth, and 3) in line with the strategic new industries defined by the government. New economy covers 10 categories (Energy Conservation & Environmental Protection, New IT, Biotech, Advanced Equipment Manufacturing, New Energy, Advanced Materials, New Energy Vehicles, Science Research and Hi-tech Services, Finance & Legal Services, Culture, Sports & Entertainment) and 145 sub-industries. Please refer to our previous reports (March 2016 and March 2017) for the list of NEI sectors.

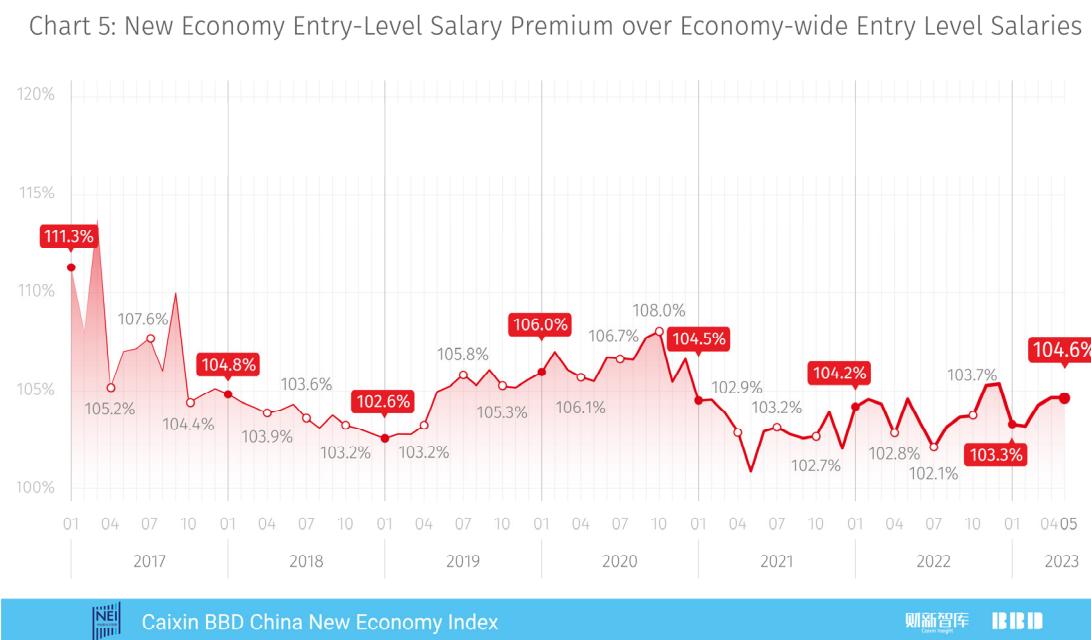
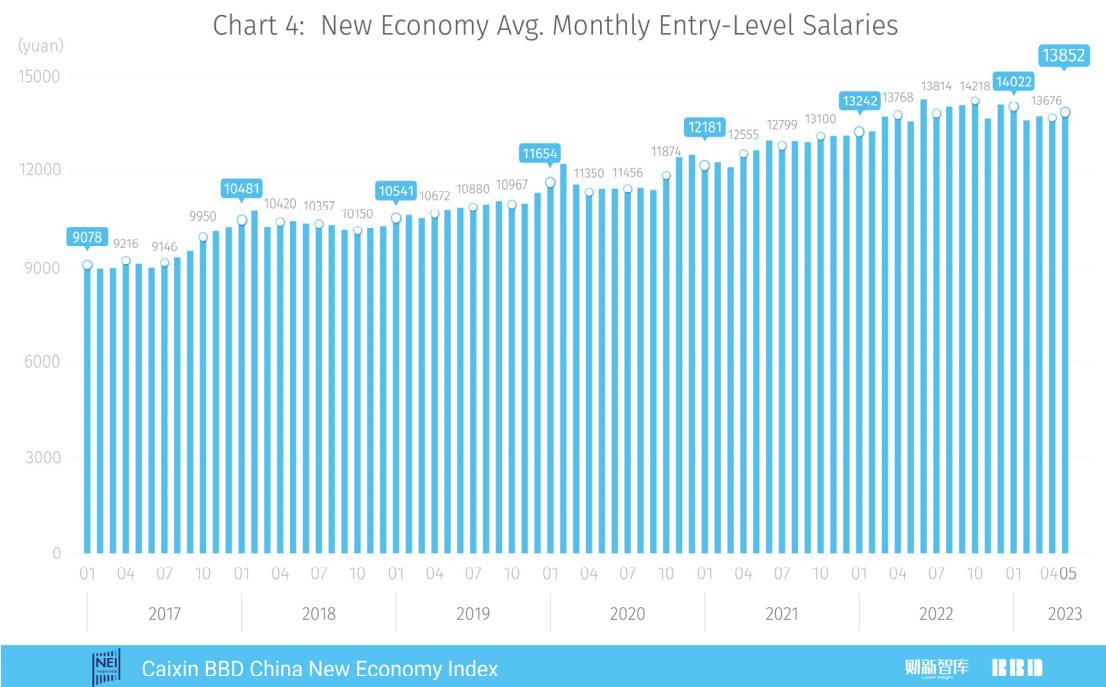
As for sectors, the New IT industry contributed 8.8 ppts to New Economy Index, accounting for the largest proportion of the New Economy Index (Chart 3). The New Energy industry significantly increased this month, with 1.9 ppts increase. Detailed data indicated that, the increase of the New Energy industry was due to the increase of the venture capital ratio.

Chart 3: New Economy Sector Contribution Breakdown



## New Economy Employment

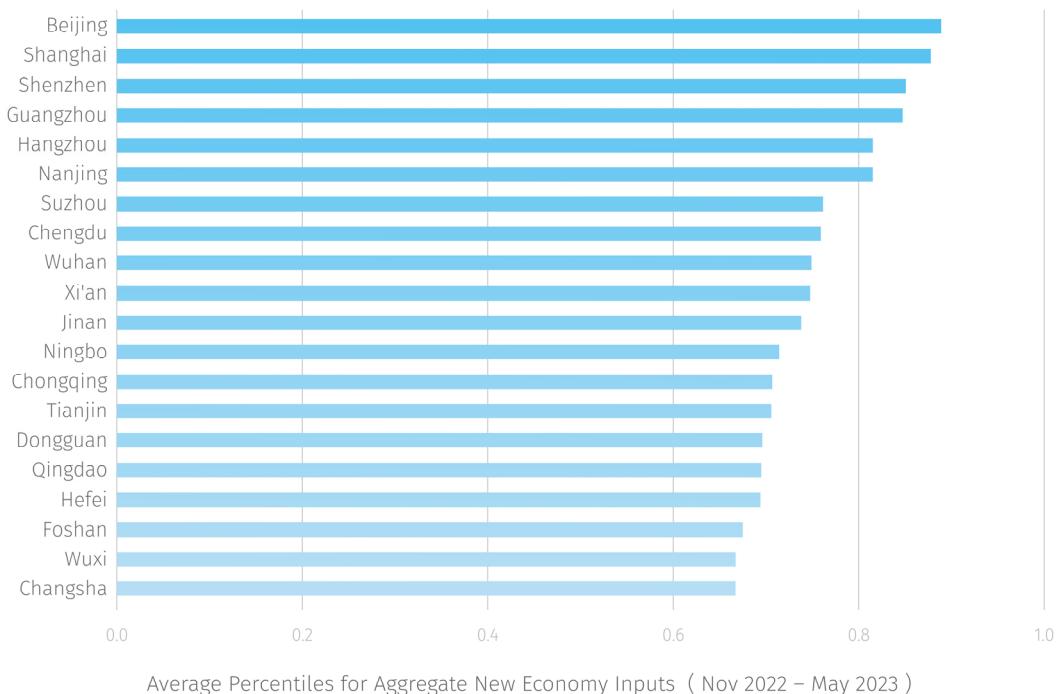
In May 2023, the average monthly entry-level salary of the new economy was 13,852 RMB, up 176 RMB from last month (Chart 4). And the entry-level salary premium of the new economy which is the ratio of average entry salary level of new economy to that of the whole economy, came in at 4.6%, the same as last month (Chart 5). The wages are compiled from online websites of career platforms and recruitment services where job openings are listed.



## City Rankings of the New Economy

Overall new economy rankings are based on a weighted average of the percentile ranks of indicators for the city in the past six months. The top twenty cities were shown in Chart 6. In May, the top five cities were Beijing, Shanghai, Shenzhen, Guangzhou and Hangzhou.

Chart 6: China's Top 20 Cities Ranked by New Economy Sector Output



Average Percentiles for Aggregate New Economy Inputs ( Nov 2022 – May 2023 )



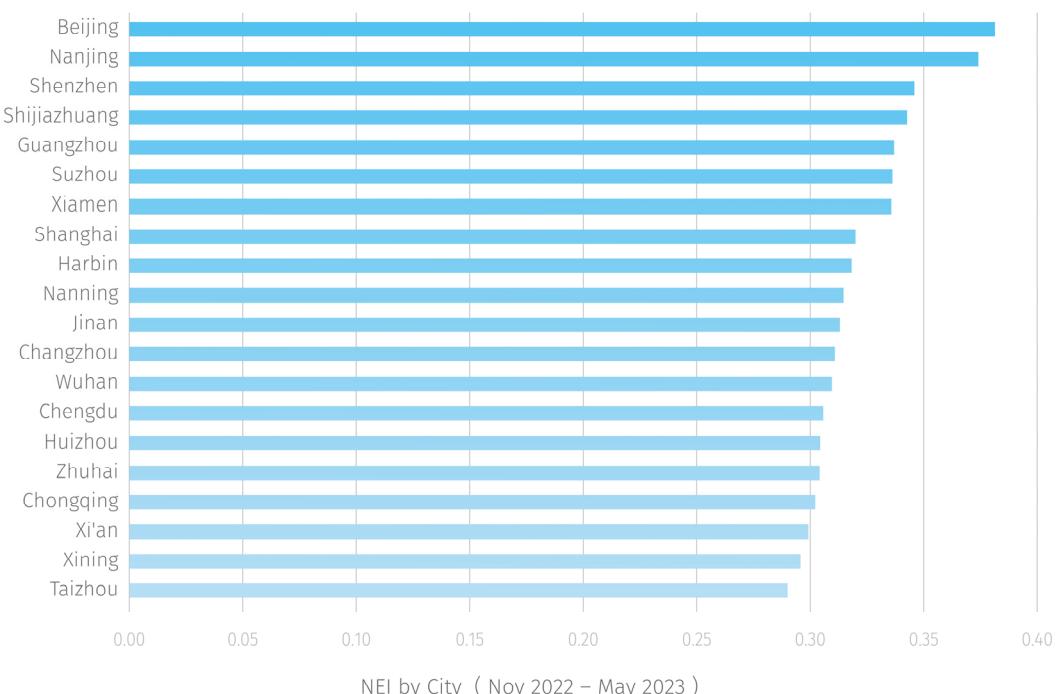
Caixin BBD China New Economy Index

财新智库



Chart 7 showed the average NEI city rankings between November 2022 and May 2023. The top five cities were Beijing, Nanjing, Shenzhen, Shijiazhuang and Guangzhou.

Chart 7: China's Top 20 Cities Ranked by Average NEI



NEI by City ( Nov 2022 – May 2023 )



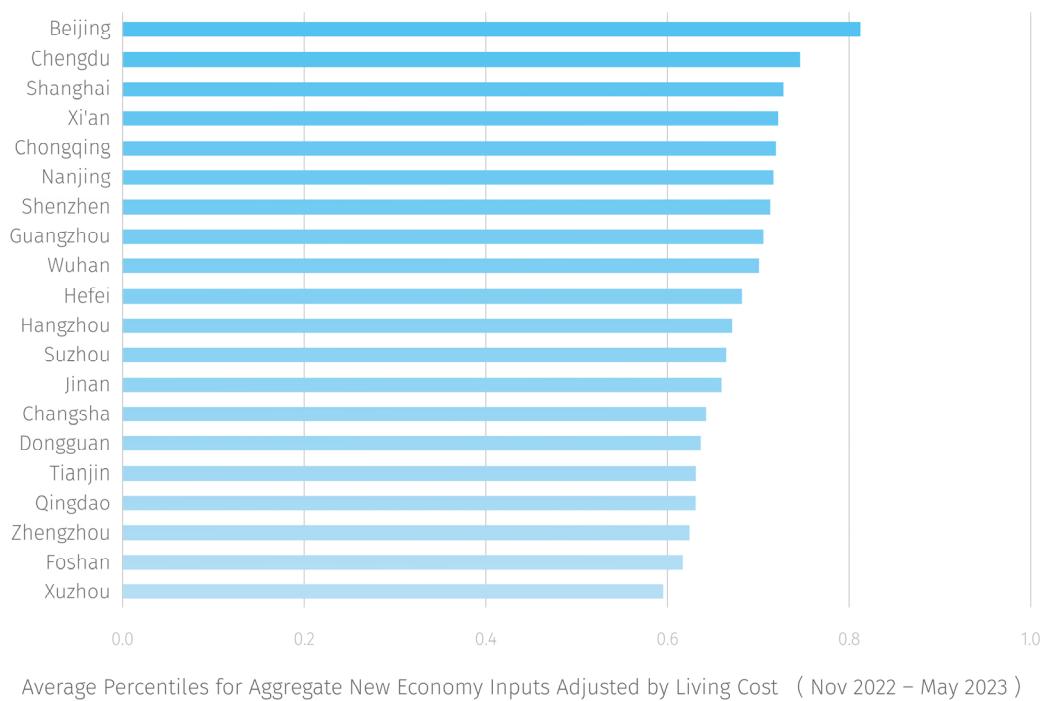
Caixin BBD China New Economy Index

财新智库



In addition, we showed the city rankings adjusted by living cost by taking housing price, minimum wage, and disposable income per capita into account (Chart 8). After the adjustment, the top five cities were Beijing, Chengdu, Shanghai, Xi'an and Chongqing, following by Nanjing and Shenzhen.

Chart 8: China's Top 20 Cities Ranked by New Economy Sector Output Adjusted by Living Cost



Average Percentiles for Aggregate New Economy Inputs Adjusted by Living Cost ( Nov 2022 – May 2023 )



Caixin BBD China New Economy Index

财新智库



For further information please contact:

**Caixin Insight Group**

Dr. Wang Zhe, Senior Economist

Tel: +86-10-85905019

Email: [zhewang@caixin.com](mailto:zhewang@caixin.com)

Ma Ling, Public Relations

Tel: +86-10-8590-5204

Email: [lingma@caixin.com](mailto:lingma@caixin.com)

**BBD**

Dr. Chen Qin, Chief Economist

Tel: +86-28-65290823

Email: [chengjin@bbservice.com](mailto:chengjin@bbservice.com)

The Caixin BBD China New Economy Index is the fruit of a research partnership between Caixin Insight Group and BBD, in collaboration with the National Development School, Peking University. The subject of a year of research, the NEI was first publically released on March 2, 2016 and will be issued the 2nd of every month at 10:00am China Standard Time.

**About Caixin**

Caixin Media is China's leading media group dedicated to providing financial and business news through periodicals, online content, mobile applications, conferences, books and TV/video programs. Caixin Media aims to blaze a trail that helps traditional media prosper in the new media age through integrated multimedia platforms. Caixin Insight Group is a high-end financial data and analysis platform. For more information, please visit [www.caixin.com](http://www.caixin.com).

**About BBD (Business Big Data)**

BBD is a leading Big Data and quantitative business analytics firm specializing in the analysis of the high-growth industries emerging in Mainland China. Through dynamic data tracking, credit analysis, risk pricing and economic index construction, BBD provides its clients with a wide range of services at both the macro and micro level. For more information, please visit <http://www.bbservice.com/>.