

China's CPI forecast at 4.5-4.6% for whole year

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China's consumer price index (CPI) will rise 4.5 percent to 4.6 percent for the whole of the current year, which will indicate a moderate and tolerable inflation, the country's top statistician Xie Fuzhan said Thursday at Tsinghua University.

Xie, head of the National Bureau of Statistics, added that the monthly rate of CPI would likely linger at 6 percent or so for several months yet.

China's CPI, a major inflation measurement, hit 6.5 percent in August, 6.2 percent in September and 6.5 percent again in October, all well above the government-set alarm level of 3 percent.

Xie said the CPI rises were driven up mainly by price hikes for foodstuffs, which were mainly caused by rising production costs.

According to Xie, global price rises for crude oil fuelled price rises for industrial products. Meanwhile, price rises for nonferrous metals and iron ores also contributed to the CPI increase.

"Substantial price rises for real estate and equities translate to higher risks on economic growth in the long term," he said.

To stabilize the national economy, Xie believed, the volume of gross domestic product should be put under control and the GDP growth rate should be brought back to within 10 percent through use of both monetary and fiscal policies.

According to Xie, the Government will continue a moderately tight macro-economic policy for a short period of time to utilize monetary policies to control liquidity and to prevent credits and investment from growing too fast.

China's central bank has raised commercial banks' reserve requirement ratio nine times and interest rates five times this year.

Xie forecast China's GDP growth at 11.5 percent for the whole of this year. He said the foreign exchange rate of China's currency, renminbi, should be more flexible.(Xinhua)

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