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IMF DROPS CHINA GROWTH ESTIMATE,

WARNS ABOUT COUNTRY'S

RAPID CREDIT EXPANSION

by

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The International Monetary Fund has joined banks in lowering its growth forecast for China, pushing it below 8 percent, to 7.75 percent. The bank cited three areas of concern: the rapid rise in credit, growing debt and tepid global economic growth that is slowing demand for Chinese exports.

Speaking to reporters in Beijing following the Washington, D.C., development bank's annual meeting to assess the state of the world's fastest-growing economy, MF First Deputy Managing Director David Lipton said the country was likely to pick up the pace in the latter half of the year and stay above the official government target of 7.5 percent.

The IMF estimates that China's public debt now stands at 50 percent of the country's GDP, more than twice the 22 percent estimated by the government at the end of 2012, raising concerns that the country's banks are stocking up on bad loans for ill-advised projects.

Earlier this month, UBS AG (NYSE:UBS) joined Bank of America Corp. (NYSE:BAC) and Standard Chartered PLC (LON:STAN) in dropping their China growth forecasts to below 8 percent.

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