Last Friday's Political Bureau meeting and Sunday's two high-level meetings on epidemic prevention and economic and social development all called for more active fiscal policy, more flexible and moderate prudent monetary policy, and more significant force than before, highlighting the urgency of China's "six stability" work to ensure economic stability.

China's president Xi Jinping said novel coronavirus pneumonia will inevitably cause a great impact on the economy and society on Sunday. We need to strengthen macro policy adjustment, make more positive fiscal policies, continue to study and introduce phased and targeted tax reduction and fee reduction policies, and help small and medium-sized micro enterprises overcome difficulties. A sound monetary policy should pay more attention to flexibility and moderation, make good use of existing financial support policies, and timely introduce new policy measures.

It is not hard to see from the lines that, with the situation of the epidemic situation getting better, the focus of policy is also gradually shifting, and the pressure to stabilize the economy is also increasing while preventing and controlling the epidemic. Especially this year, China will achieve the goal of decisive victory in building a moderately prosperous society in an all-round way, decisive fight against poverty and complete the 13th five year plan. Under the strict situation, the demand for active fiscal policy is more active, and the prudent monetary policy should be more flexible and appropriate.

So does this mean that China will return to the traditional way of flooding, opening up capital gates, building infrastructure and raising debt ratio to stimulate the economy? The answer doesn't seem to be all.

Chen Yulu, deputy governor of the people's Bank of China, said on Monday that the current policy space and policy tools of China's monetary policy are sufficient, the prudent monetary policy will be more flexible and appropriate, and continue to maintain reasonable and abundant liquidity. Through the guidance of policy interest rate, the overall market interest rate will continue to go down, reducing the financing cost of enterprises.

On Saturday, Liu Guoqiang, vice governor of the people's Bank of China, made a firm statement not to flood the country, to keep the broad money m2 and the scale of social financing basically matching the nominal growth rate of GDP. China's macro leverage ratio will not rise sharply again, will remain basically stable, and will adhere to a sound monetary policy of flexibility and moderation.