

# China Economy

## Exports cooled amid evolving tariff policy

China's exports fell short of expectations, as exports to the US further slumped despite the tariff truce in early May. Transportation equipment surged; while property-related goods and personal tech products declined. Imports further slowed down as domestic demand softened, particularly in intermediate goods including steel & copper products and plastics. Even though bookings and ocean freight rates from China to the US skyrocketed, which point to a notable short-term rebound in Chinese exports, we still expect the export growth to weaken notably in the second half of 2025. The continued contraction in inventory and import components of both the US manufacturing and services PMIs suggested that front-loading demand may lose steam in the coming months. As a result, export moderation could emerge as a key headwind to China's economic momentum in the second half of 2025 due to the payback effect from export front-loading. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 1% in 2025, while import growth may mildly slow down from 1.1% to 0.5%. USD/RMB rates might fluctuate within 7.20-7.25 before a moderate decline to 7.12-7.17 if a trade deal is reached.

■ **Exports to the US further deteriorated despite the tariff truce.** Exports further slowed down to 4.8% (all on a YoY basis unless specified) in May from 8.1% in Apr, missing market expectation of 6.2%. Exports to the US further slumped 34.5% in May despite the tariffs truce in early May. We expect the rebound of exports to the US will be more notable in June since the production process and restoring of cargo vessel capacity should take several weeks. Shipments to ASEAN and Latin America moderated to 14.8% and 2.3% from 20.8% and 17.3%, reflecting re-routed exports have moderated. Exports to Russia saw a remarkable decline to -10.8% in May from -2.7%, while exports to the EU, Africa, UK, Canada and Australia rebounded as exporters shifted to other developed countries. Trade surplus expanded to US\$103.2bn in May, the second largest in history.

■ **Transportation equipment surged while property-related goods declined.** Ship and motor vehicles accelerated to 43.7% and 13.7% in May from 36.1% and 4.4%. Integrated circuits further picked up to 33.4% in May from 20.2% in Apr, while cellphone and personal computer moderated to -23.2% and -3.8%. Low value-added exports including textile yam, travel bags, garment and toy remained subdued, while housing-related products including home appliance, furniture and lamps & lighting products further declined to -8.9%, -9.7% and -7.5% in May.

■ **Imports further deteriorated as demand for intermediate goods softened.** China's imports of goods dipped to -3.4% in May from -0.2% in Apr, below the market expectations of -0.3%. Imports from the US further dropped to -18.1% in May from -13.8%. For energy products, import volume of crude oil edged down 0.8% in May, while coal and natural gas further dropped 17.8% and 10.8%. Import volume of raw materials including iron ore and copper ore moderated. Intermediate goods including steel products, copper products and plastics notably declined 24.8%, 16.3% and 7.5% in May, while rubber slowed down to 26.5% from 32.7%. Integrated circuits, the largest import category, saw import volumes rise by 9.8% in May. Import volume of crops notably rebounded as grain and soybean rebounded by 4.5% and 36.2% after a significant fall in Apr.

■ **Exports to soften in 2H25.** Despite the surge in bookings and ocean freight rates from China to the US, which point to a notable short-term rebound in Chinese exports, we still expect the export growth to weaken notably in the second half of 2025. The continued contraction in inventory and import components of both the US manufacturing and services PMIs suggests that front-loading demand may lose steam in the coming months, particularly

Frank Liu

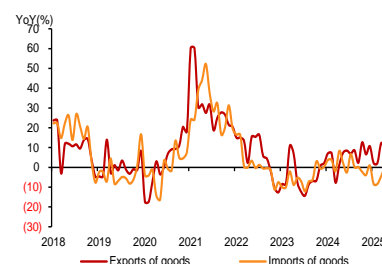
(852) 3761 8957

[frankliu@cmbi.com.hk](mailto:frankliu@cmbi.com.hk)

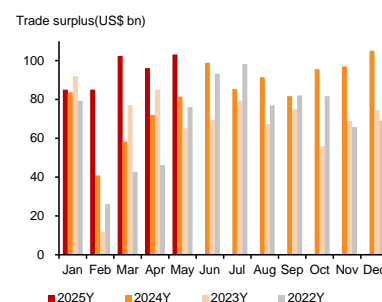
Bingnan YE, Ph.D

(852) 3761 8967

[yebingnan@cmbi.com.hk](mailto:yebingnan@cmbi.com.hk)

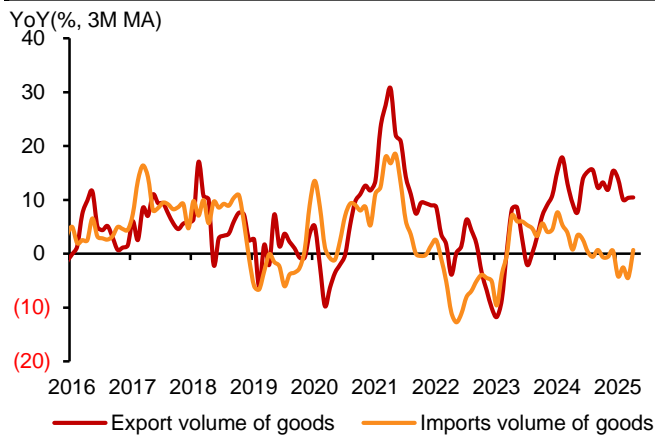


Source: Wind, CMBIGM

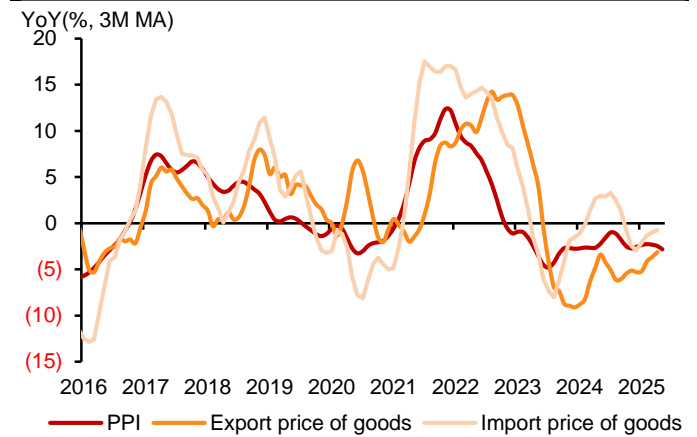


Source: Wind, CMBIGM

after the expiration of the 90-day grace period. As a result, export moderation could emerge as a key headwind to China's economic momentum in the second half of 2025 due to the payback effect from export front-loading. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 1% in 2025, while import growth may mildly slow down from 1.1% to 0.5%. USD/RMB rates might fluctuate within 7.20-7.25 before a moderate decline to 7.12-7.17 if a trade deal is reached.

**Figure 1: Growth of export and import volume**

Source: Wind, CMBIGM

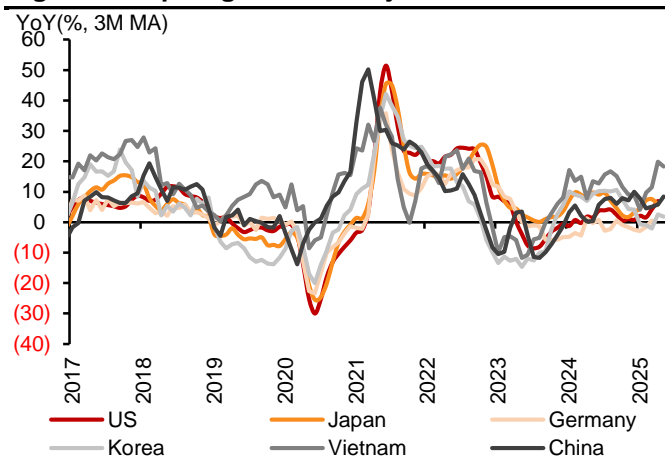
**Figure 2: Growth of export and import prices**

Source: Wind, CMBIGM

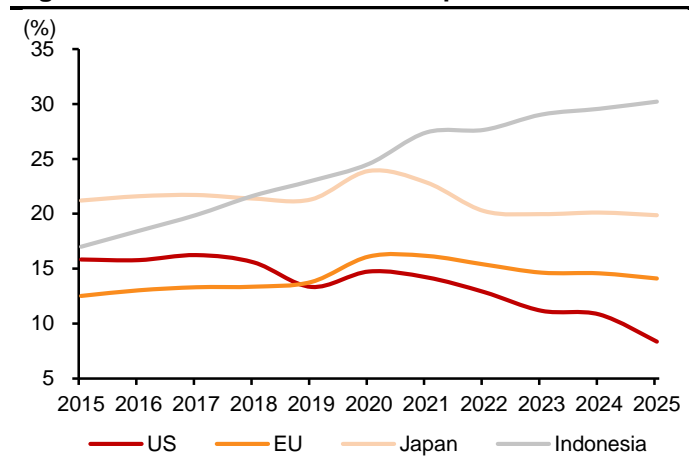
**Figure 3: China exports by destination**

	YoY Growth (%)										Share (%)					
	2020	2021	2022	2023	2024	24Q4	25Q1	Apr	May		2020	2021	2022	2023	2024	2025
World	3.6	29.6	5.6	(4.7)	5.8	9.9	5.7	8.1	4.8		100	100	100	100	100	100
ASEAN	6.7	26.1	17.7	(5.0)	12.0	16.6	7.8	20.8	14.8		14.8	14.4	16.0	15.5	16.4	17.8
US	7.9	27.5	1.2	(13.1)	4.9	10.5	5.0	(21.0)	(34.5)		17.4	17.2	16.4	14.8	14.7	11.9
EU	6.7	32.6	8.6	(10.2)	3.0	9.6	4.1	8.3	12.0		15.1	15.4	15.9	14.8	14.4	14.7
Latin America	(0.8)	52.0	10.6	(2.4)	13.0	16.8	9.7	17.3	2.3		5.8	6.8	7.1	7.3	7.7	7.8
Africa	0.9	29.9	11.2	7.5	3.5	18.8	10.8	25.3	33.3		4.4	4.4	4.6	5.1	5.0	5.6
Japan	(0.4)	16.3	4.4	(8.4)	(3.5)	3.0	2.8	7.8	6.2		5.5	4.9	4.9	4.7	4.3	4.3
South Korea	1.4	32.4	9.5	(7.2)	(1.8)	2.1	(2.0)	(0.3)	(1.2)		4.3	4.4	4.6	4.4	4.1	4.0
India	(10.8)	46.2	21.7	0.8	2.4	1.9	13.6	21.7	12.5		2.6	2.9	3.3	3.5	3.4	3.6
Russia	1.7	33.8	12.8	46.9	4.1	8.9	(7.0)	(2.7)	(10.8)		2.0	2.0	2.1	3.3	3.2	2.6
UK	16.3	19.9	(6.1)	(3.4)	1.2	3.6	6.8	2.5	15.6		2.8	2.6	2.3	2.3	2.2	2.2
Australia	10.9	24.2	19.0	(5.3)	(4.2)	(3.2)	(4.5)	5.8	12.6		2.1	2.0	2.2	2.2	2.0	1.9
Canada	14.0	22.4	4.5	(14.9)	3.0	4.5	2.6	15.0	20.3		1.6	1.5	1.5	1.3	1.3	1.3
Saudi Arabia	17.7	7.9	25.7	14.5	16.8	27.6	-	19.4	-		1.1	0.9	1.1	1.3	1.4	1.2
HK China	(2.3)	28.6	(15.0)	(6.3)	6.2	(3.0)	7.3	8.8	11.4		10.5	10.4	8.4	8.1	8.1	8.3
Chinese Taipei	9.1	30.4	4.2	(16.0)	9.8	7.8	8.1	15.5	7.5		2.3	2.3	2.3	2.0	2.1	2.2

Source: Wind, CMBIGM

**Figure 4: Export growth in major economies**

Source: Wind, CMBIGM

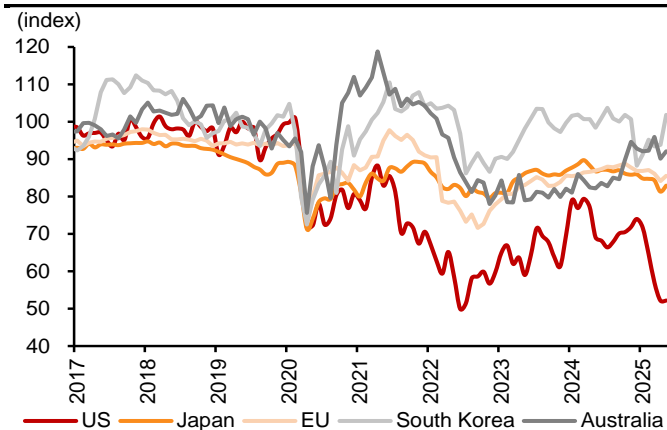
**Figure 5: China's market share in partners' trade**

Source: Wind, CMBIGM

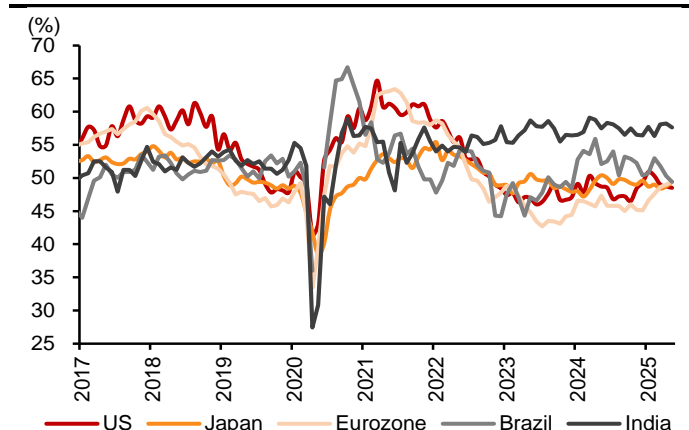
**Figure 6: China's exports by product**

	YoY(%)									Share (%)					
	2020	2021	2022	2023	2024	24Q4	25Q1	Apr	May	2020	2021	2022	2023	2024	2025
Textile Yarn & Related Products	29.2	(5.6)	2.0	(8.3)	5.7	14.0	3.7	3.2	(2.0)	5.9	4.3	4.2	4.0	4.0	3.9
Travel Goods & Bags	(24.2)	35.1	28.2	3.9	(3.2)	(3.6)	(15.0)	(9.1)	(10.3)	0.8	0.8	1.0	1.1	1.0	0.9
Garment & Accessories	(6.4)	24.0	3.2	(7.8)	0.3	5.6	(2.4)	(1.2)	2.5	5.3	5.1	4.9	4.7	4.4	3.9
Toy	7.5	37.7	5.6	(12.2)	(1.7)	1.4	(6.3)	(6.5)	(1.1)	1.3	1.4	1.4	1.2	1.1	0.9
Furniture & Parts Thereof	11.8	26.4	(5.3)	(5.2)	5.8	1.0	(8.8)	(7.8)	(9.7)	2.3	2.2	2.0	1.9	1.9	1.8
Lamps, Lighting Fixtures & Similar Products	14.3	31.2	(6.1)	(4.6)	(0.1)	1.4	(10.7)	(3.1)	(7.5)	1.5	1.5	1.3	1.2	1.2	1.0
Plastic Products	19.6	29.1	9.3	(3.9)	5.4	5.2	(3.3)	(1.2)	(2.0)	3.3	2.9	3.0	3.0	3.0	2.9
Steel Products	(15.4)	80.2	18.7	(8.3)	(1.1)	12.8	(4.9)	1.3	0.8	1.8	2.4	2.7	2.5	2.3	2.3
Unwrought Aluminum	(14.1)	48.7	33.7	(26.1)	15.2	26.0	(1.9)	7.0	(0.2)	0.5	0.6	0.7	0.6	0.6	0.6
Integrated Circuits	14.8	32.0	0.3	(10.1)	17.4	10.9	9.8	20.2	33.4	4.5	4.6	4.3	4.0	4.5	4.9
Ship	(15.3)	26.2	(0.4)	28.6	57.3	9.8	2.2	36.1	43.7	0.7	0.6	0.6	0.8	1.2	1.3
Motor Vehicles	(3.6)	119.2	74.7	69.0	15.5	2.5	2.2	4.4	13.7	0.6	1.0	1.7	3.0	3.3	3.3
Vehicles Parts	(6.2)	33.7	7.4	9.0	6.6	11.9	4.4	6.3	7.0	2.2	2.3	2.3	2.6	2.6	2.7
General Equipment	7.5	26.4	6.1	1.8	14.3	24.2	5.9	17.0	5.6	1.6	1.6	1.6	1.7	1.8	1.9
Automatic Data Processing Equipment	11.6	21.0	(7.5)	(20.4)	9.9	13.7	6.5	(1.7)	(3.8)	8.1	7.6	6.7	5.5	5.8	5.4
Fertilizer	(8.3)	73.2	(1.6)	(13.9)	(11.5)	(5.4)	42.5	(10.8)	(4.4)	0.3	0.3	0.3	0.3	0.2	0.2
Ceramic products	0.0	22.3	6.4	(15.4)	(15.6)	(15.3)	(20.8)	12.0	14.5	1.0	0.9	0.9	0.8	0.6	0.6
Rare earth	(21.9)	90.0	62.8	(28.3)	(36.0)	(16.1)	(10.9)	(34.4)	(48.3)	0.01	0.02	0.03	0.02	0.01	0.01
Cellphone	0.9	16.6	(2.5)	(2.7)	(3.1)	(4.8)	(0.1)	(21.4)	(23.2)	4.8	4.4	4.0	4.1	3.8	2.9
Home appliance	23.5	22.3	(13.3)	3.8	14.1	15.6	8.3	(2.9)	(8.9)	2.6	2.9	2.4	2.6	2.8	2.8
Medical equipment	40.5	11.9	(5.8)	(2.9)	7.1	14.9	6.1	8.4	2.3	0.7	0.6	0.5	0.5	0.6	0.5

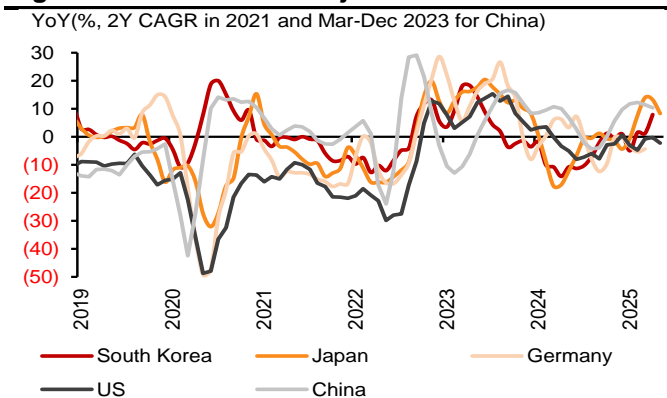
Source: Wind, CMBIGM

**Figure 7: Consumer confidence in major economies**

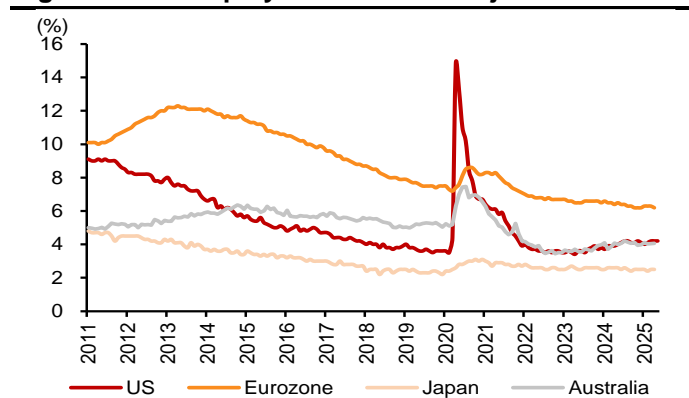
Source: Wind, CMBIGM

**Figure 8: Manufacturing PMI in major economies**

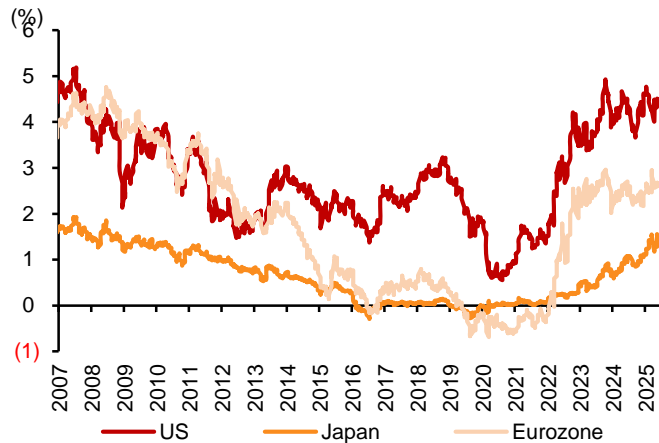
Source: Wind, CMBIGM

**Figure 9: Auto sales in major economies**

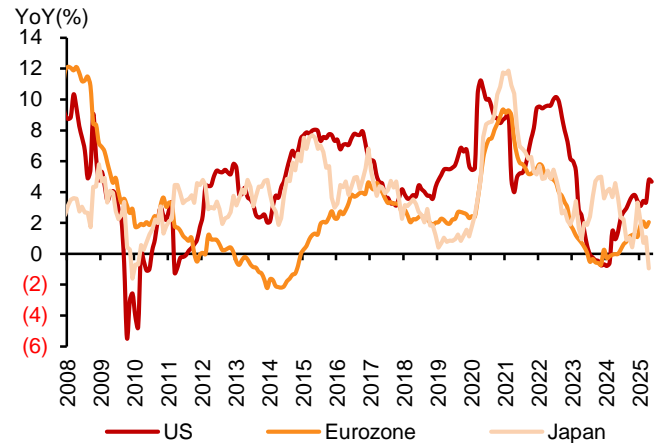
Source: Wind, CMBIGM

**Figure 10: Unemployment rates in major economies**

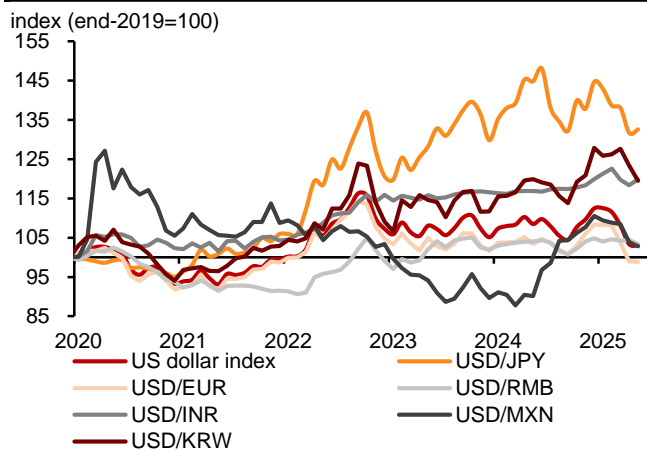
Source: Wind, CMBIGM

**Figure 11: 10Y T-Bond rates in major economies**

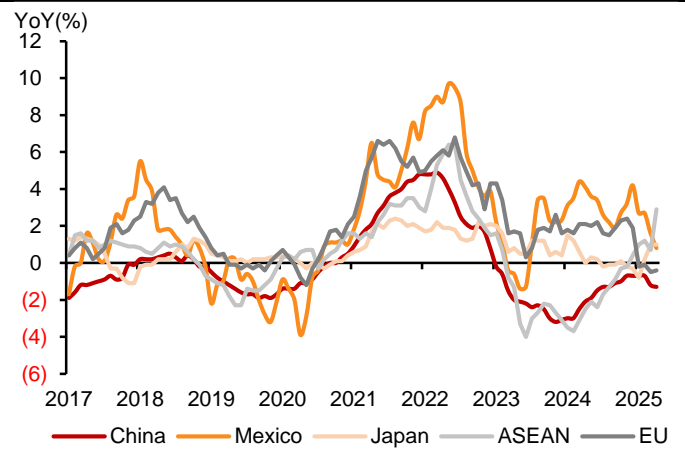
Source: Wind, CMBIGM

**Figure 12: Banks' credit growth in major economies**

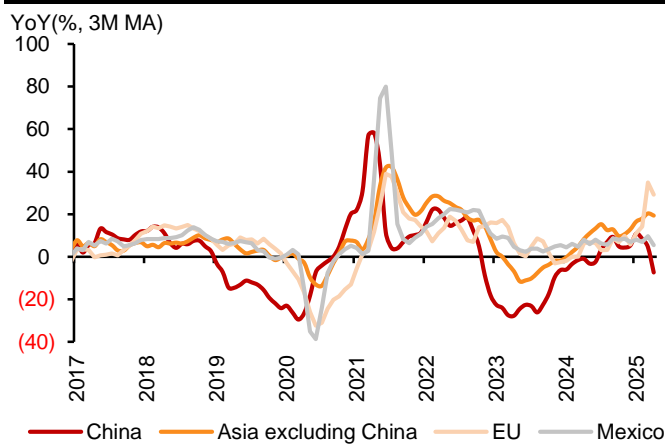
Source: Wind, CMBIGM

**Figure 13: Exchange rates**

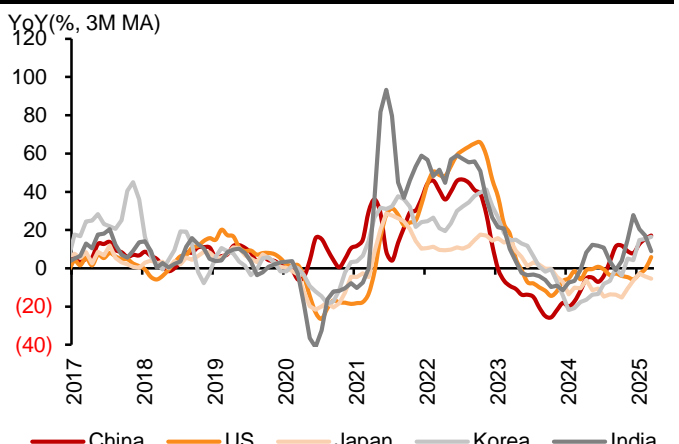
Source: Wind, CMBIGM

**Figure 14: US import price growth by source**

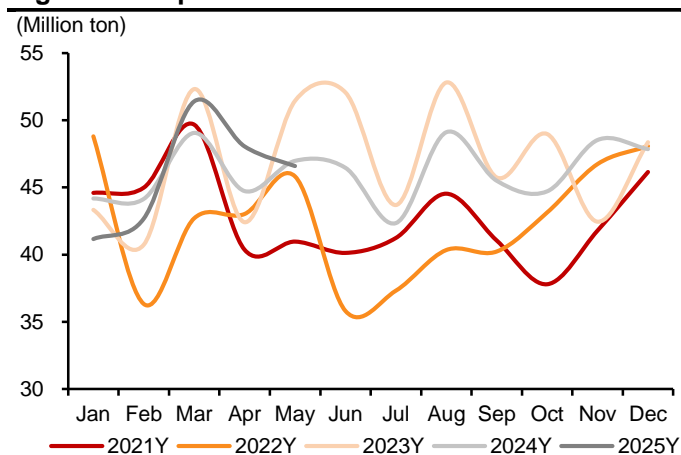
Source: Wind, CMBIGM

**Figure 15: Growth of the US imports by source**

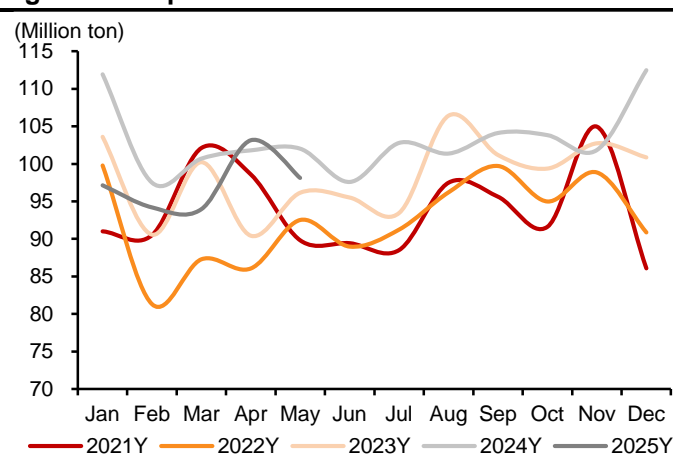
Source: Wind, CMBIGM

**Figure 16: Growth of EU imports by source**

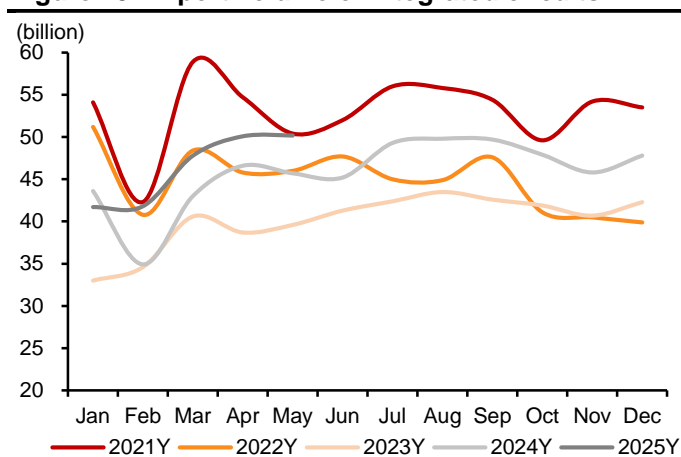
Source: Wind, CMBIGM

**Figure 17: Import volume of crude oil**

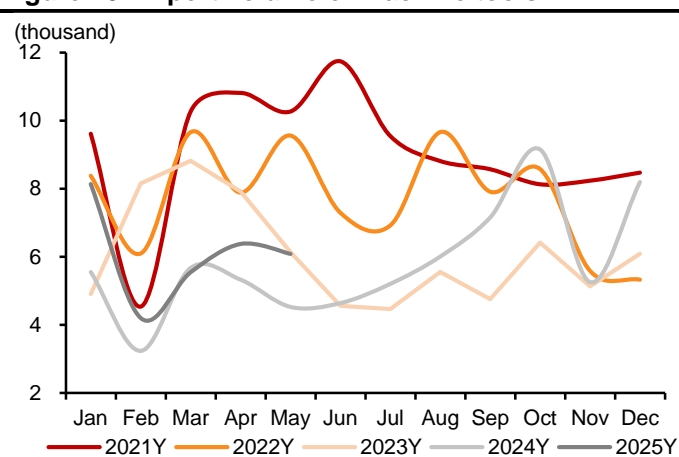
Source: Wind, CMBIGM

**Figure 18: Import volume of iron ore**

Source: Wind, CMBIGM

**Figure 19: Import volume of integrated circuits**

Source: Wind, CMBIGM

**Figure 20: Import volume of machine tools**

Source: Wind, CMBIGM

**Figure 21: China's import volume & price by product**

	Import volume YoY (%)										Import price YoY(%)								
	2020	2021	2022	2023	2024	24Q4	25Q1	Apr	May	2020	2021	2022	2023	2024	4Q24	1Q25	Apr	May	
Grain	28.0	18.1	(10.7)	11.7	(2.3)	(29.6)	(40.9)	(37.5)	4.5	(5.4)	26.3	23.7	(9.6)	(13.6)	(2.5)	(0.8)	(5.8)	(0.5)	
Soy bean	13.3	(3.8)	(5.6)	11.4	6.5	1.2	(7.9)	(29.1)	36.2	(1.3)	40.7	21.2	(10.7)	(16.3)	(16.1)	(17.8)	(13.2)	(10.1)	
Iron ore	9.5	(3.9)	(1.5)	6.6	4.9	5.0	(8.0)	1.3	(3.8)	7.2	55.4	(28.6)	(1.6)	(7.1)	(19.3)	(23.4)	(13.3)	(9.0)	
Copper ore	(1.0)	7.6	8.0	9.1	2.1	(2.2)	1.6	24.3	6.0	2.1	44.6	(8.5)	(1.6)	10.8	11.8	11.3	19.8	14.5	
Coal	1.5	6.6	(9.2)	61.8	14.4	21.1	(0.9)	(16.4)	(17.8)	(14.8)	65.9	29.7	(23.3)	(14.2)	(15.0)	(21.6)	(27.1)	(25.4)	
Crude oil	7.3	(5.4)	(0.9)	11.0	(1.9)	0.9	(1.5)	7.5	(0.8)	(32.2)	52.4	42.7	(16.8)	(2.0)	(15.6)	(5.8)	(15.7)	(21.5)	
Natural gas	5.3	19.9	(9.9)	9.9	9.9	1.6	(10.3)	(6.1)	(10.8)	(23.8)	39.8	39.5	(16.4)	(7.9)	(6.6)	(6.3)	(8.3)	(10.2)	
Steel products	64.4	(29.5)	(25.9)	(27.6)	(10.9)	(16.0)	(11.9)	(21.2)	(24.8)	(27.5)	57.9	23.1	2.5	1.9	10.2	1.7	(0.3)	6.5	
Copper products	34.1	(17.2)	6.2	(6.3)	3.4	6.0	(4.4)	0.0	(16.3)	(0.9)	45.5	(2.5)	(6.2)	9.8	13.3	8.5	6.6	(0.7)	
Plastics in primary form	10.1	(16.4)	(10.0)	(3.2)	(2.1)	(4.7)	(1.8)	1.2	(7.5)	(10.6)	39.4	2.0	(16.7)	(1.1)	1.0	(0.7)	(4.3)	(2.9)	
Rubber	13.6	(9.4)	8.7	8.0	(8.2)	6.9	21.1	32.7	26.5	(7.2)	26.4	(1.7)	(16.4)	19.8	30.2	26.0	15.4	10.7	
Integrated circuits	22.1	16.9	(15.3)	(10.8)	14.6	13.3	8.1	7.5	9.8	(6.1)	5.7	13.5	(5.2)	(3.7)	(4.8)	(4.9)	3.3	(0.9)	
Machine tool	18.8	(0.7)	(14.4)	(20.5)	(4.1)	28.1	23.6	19.6	34.3	(30.8)	25.8	1.5	14.8	(6.5)	(26.0)	(24.7)	7.3	(28.8)	
Auto	(11.4)	0.6	(6.5)	(8.9)	(11.7)	(29.2)	(37.5)	(20.0)	(21.7)	8.1	14.7	5.7	(3.0)	(5.7)	(8.3)	(11.3)	(11.3)	(9.7)	
Airplane	(35.4)	29.4	(27.3)	12.2	8.2	15.4	88.9	(42.1)	(14.3)	(30.0)	12.3	13.5	(4.0)	3.1	48.1	35.2	35.2	(31.0)	
Medicine	(0.6)	3.1	28.8	23.6	4.7	(7.0)	(7.4)	0.1	3.5	4.1	16.5	(25.7)	(12.8)	(4.8)	13.8	0.6	(11.3)	(2.3)	
Beauty cosmetics	3.7	5.2	(11.8)	(14.2)	(9.4)	(2.1)	7.7	11.8	7.7	24.8	17.0	1.8	(6.1)	0.4	(1.5)	(10.0)	(3.5)	(12.9)	

Source: Wind, CMBIGM



# Disclosures & Disclaimers

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**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

## CMB International Global Markets Limited

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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