

China Economy

Exports surged with uncertainties ahead

China's exports of goods notably rebounded as extreme weather congested the shipment last month and front-loading this month drove additional momentum. Exports of transportation products moderated while products that are vulnerable to tariff hikes surged. Imports of goods further contracted as domestic demand remained soft, with dipping import volume of crude oil and intermediate products. The front-loading effect would support export in the near term but export could encounter strong headwinds in 2025 as Trump 2.0 era might mean an escalation of trade tensions with possible higher tariffs against China. However, intensifying pressure on export could mean China may unveil more aggressive policy loosening to boost domestic demand. Looking ahead, export and import growth is expected to moderate from 4.5% and 2.2% in 2024 to 1.5% and 1% in 2025, in our view. USD/RMB rate is expected to reach 7.30 at end-2024 and 7.5 at end-2025.

■ **Exports surged remarkably across all trading partners due to distortion last month and front-loading this month.** The headwinds of exports last month were congestions in harbour caused by extreme weathers last month, which lead to notable rebound this month, surging to 12.7% (all on a YoY basis unless specified) in Oct compared to 2.4% in Sep, above market expectation of 5.1%. Overall, the export slowed down to 7.4% in Sep-Oct from 8.7% in Aug. Exports to the largest trading partners including ASEAN, the EU and the US saw notable growth from 5.5%, 1.3% and 2.2% to 15.8%, 12.7% and 8.1% in Oct, as trade uncertainties ahead of the US elections drove front-loading effect. Exports to other Asian countries also recovered from decline as Japan, South Korea and India increased to 6.8%, 5% and 3.8% after dropping to -7.1%, -9.2% and -9.3% in Sep, while exports to Russia surged to 26.7% from 16.6% in Sep. Exports to emerging economies including Africa and Latin America also significantly expanded from -0.7% and 3.4% to 20.9% and 22.9% in Oct.

■ **Exports of transportation products moderated while other products accelerated.** Transportation products led the growth in export items in 2024, but the momentum has slowed in Oct as exports of ships and motor vehicles slowed down from 113.8% and 25.7% in Sep to 13.5% and 3.9%. We will see if this will become a trend or a one-month volatility with more data in future. Tech products rebounded in Oct as integrated circuits and personal computer bounced up to 17.7% and 15.7% in Oct from 6.3% and 4.2%, while decline of cellphone moderated to -0.7% from -5.2%. We notice the trace of front-loading effect as products that are vulnerable to tariff hikes notably surged including intermediate products. Steel products and unwrought aluminium accelerated to 24.4% and 31.2% in Oct compared to 11.3% and 20.1%. General equip and textile products also expanded by 30.3% and 15.6% after 2.9% growth and 3.4% dip in Sep. Property-related products including furniture and lamps saw moderate growth after declining in Sep, while home appliances rebounded significantly.

■ **Imports further contracted due to higher base and soft domestic demand.** China's imports of goods remained tepid dipping 2.3% in Oct after edging down 0.3% in Sep, below market expectations of 0%. For energy products, imports volume of coal and natural gas increased to 19.9% and 28.5%, while crude oil dipped 8.7%. Import price of crude oil and coal also notably dropped by 17.7% and 10% in Oct. Surprisingly, import volume of foodstuff has surged markedly since 3Q24 with grain and soybean rising 56.7% and 2.6% from 59% and 24.9% in Sep, possibly because China is expediting to fulfil its obligation in 2020 trade deal as Trump is heading to the White House. For raw materials, import volume of iron ore moderately rebounded to 4.5% in Oct from 2.9%; while copper ore dropped to 0.2% from

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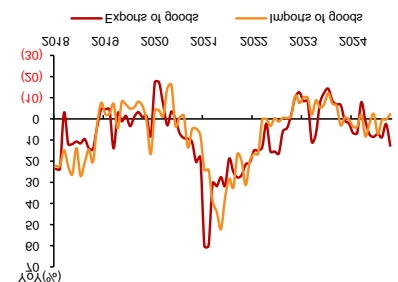
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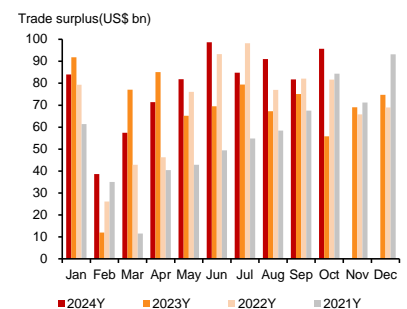
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Source: Wind, CMBIGM

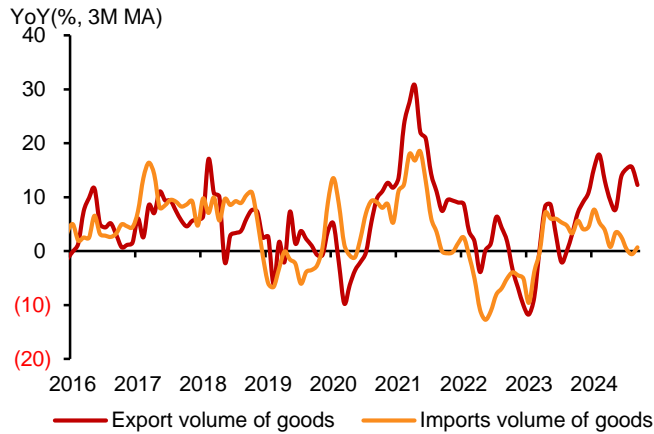


Source: Wind, CMBIGM

8.9%. Intermediate goods including steel products further declined while copper products and rubber marginally recovered.

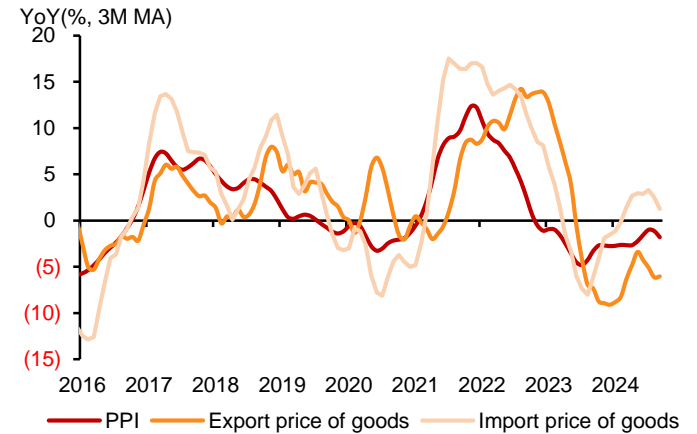
- **The front-loading effect would support export in the near term but strong headwinds may come in Trump 2.0 era.** As Trump won the presidential election with GOP dominating in senate, the US-China trade tensions might further escalate in 2025. China's foreign trade may face further headwinds in 2025 in addition to global PMIs downturn. However, China may launch stronger policy stimulus to boost domestic demand and offset the negative impact of Trump's tariffs. Looking forward, we expect export and import growth to moderate from 4.5% and 2.2% in 2024 to 1.5% and 1% in 2025, while USD/RMB rate is expected to reach 7.3 at end-2024 and 7.5 at end-2025.

Figure 1: Growth of export and import volume



Source: Wind, CMBIGM

Figure 2: Growth of export and import prices



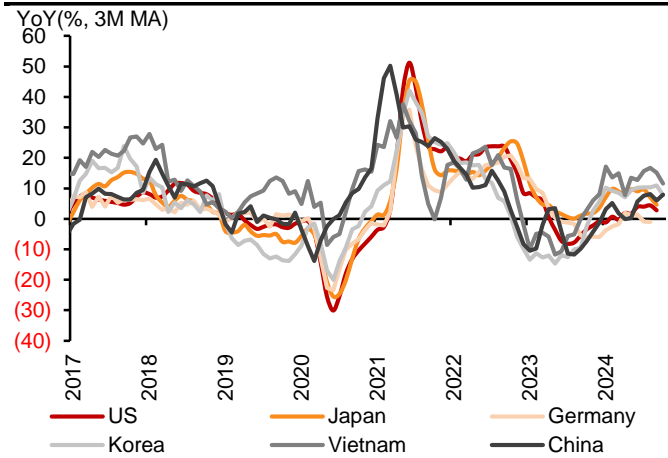
Source: Wind, CMBIGM

Figure 3: China exports by destination

	YoY Growth (%)												Share (%)					
	2018	2019	2020	2021	2022	2023	24Q1	24Q2	24Q3	Sep	Oct	2018	2019	2020	2021	2022	2023	2024
World	9.9	0.5	3.6	29.6	5.6	(4.7)	1.1	5.7	6.0	2.4	12.7	100	100	100	100	100	100	100
ASEAN	14.2	12.7	6.7	26.1	17.7	(5.0)	(2.5)	15.0	8.8	5.5	15.8	12.8	14.4	14.8	14.4	16.0	15.5	16.1
US	11.3	(12.5)	7.9	27.5	1.2	(13.1)	(4.4)	2.5	5.0	2.2	8.1	19.2	16.8	17.4	17.2	16.4	14.8	14.6
EU	9.8	4.9	6.7	32.6	8.6	(10.2)	(6.9)	(0.2)	7.6	1.3	12.7	16.4	17.2	15.1	15.4	15.9	14.8	14.6
Latin America	13.7	2.1	(0.8)	52.0	10.6	(2.4)	7.2	12.4	12.4	3.4	22.9	6.0	6.1	5.8	6.8	7.1	7.3	7.9
Africa	10.8	7.9	0.9	29.9	11.2	7.5	(0.8)	(9.4)	(1.4)	(0.7)	20.9	4.2	4.5	4.4	4.4	4.6	5.1	4.9
Japan	7.2	(2.6)	(0.4)	16.3	4.4	(8.4)	(9.5)	(4.1)	(4.4)	(7.1)	6.8	5.9	5.7	5.5	4.9	4.9	4.7	4.3
South Korea	5.9	2.1	1.4	32.4	9.5	(7.2)	(12.0)	0.3	(1.8)	(9.2)	5.0	4.4	4.4	4.3	4.4	4.6	4.4	4.1
India	12.7	(2.4)	(10.8)	46.2	21.7	0.8	(0.3)	0.8	3.9	(9.3)	3.8	3.1	3.0	2.6	2.9	3.3	3.5	3.4
Russia	12.0	3.7	1.7	33.8	12.8	46.9	1.5	(4.1)	7.8	16.6	26.7	1.9	2.0	2.0	2.0	2.1	3.3	3.2
UK	(0.3)	10.4	16.3	19.9	(6.1)	(3.4)	(3.5)	1.9	(2.6)	(7.6)	8.1	2.3	2.5	2.8	2.6	2.3	2.3	2.2
Australia	14.2	1.8	10.9	24.2	19.0	(5.3)	(14.8)	(1.9)	(4.5)	(7.5)	2.2	1.9	1.9	2.1	2.0	2.2	2.2	2.0
Canada	12.1	5.0	14.0	22.4	4.5	(14.9)	1.0	1.4	1.1	(5.5)	19.1	1.4	1.5	1.6	1.5	1.5	1.3	1.3
Saudi Arabia	(5.1)	36.9	17.7	7.9	25.7	14.5	10.3	8.2	12.3	1.2	-	0.7	1.0	1.1	0.9	1.1	1.3	1.2
HK China	8.2	(7.6)	(2.3)	28.6	(15.0)	(6.3)	7.0	9.3	8.5	5.7	2.1	12.1	11.2	10.5	10.4	8.4	8.1	8.1
Chinese Taipei	10.6	13.2	9.1	30.4	4.2	(16.0)	4.7	18.4	8.8	(1.6)	2.9	2.0	2.2	2.3	2.3	2.3	2.0	2.1

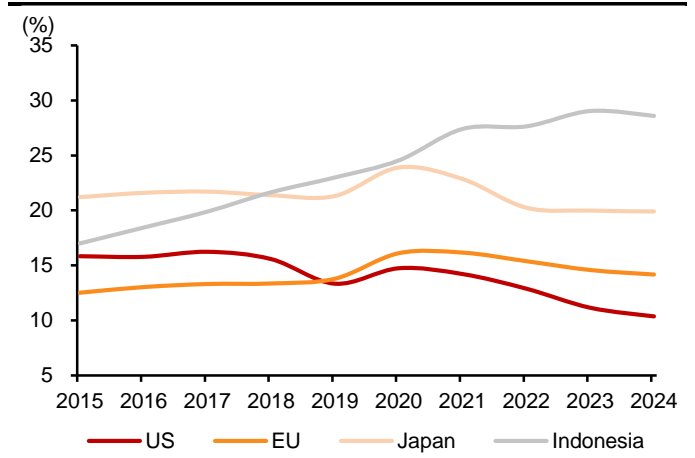
Source: Wind, CMBIGM

Figure 4: Exports growth in major economies



Source: Wind, CMBIGM

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



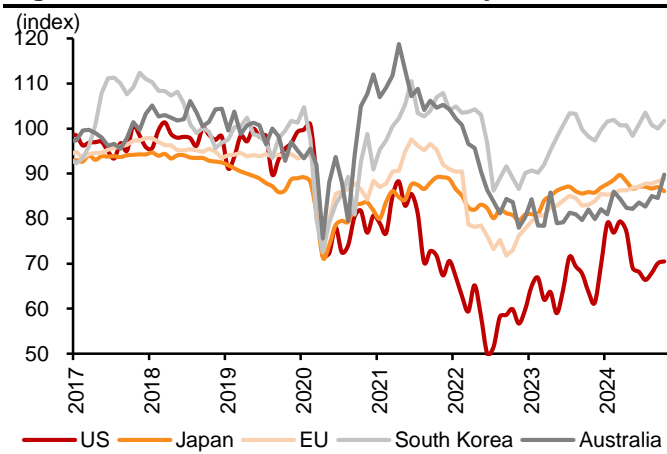
Source: Wind, CMBIGM

Figure 6: China's exports by product

	YoY(%)												Share (%)						
	2018	2019	2020	2021	2022	2023	24Q1	24Q2	24Q3	Sep	Oct	2018	2019	2020	2021	2022	2023	2024	
Textile Yarn & Related Products	8.1	0.9	29.2	(5.6)	2.0	(8.3)	0.1	2.7	1.5	(3.4)	15.6	4.8	4.8	5.9	4.3	4.2	4.0	4.0	
Travel Goods & Bags	1.8	0.5	(24.2)	35.1	28.2	3.9	(3.1)	(5.8)	(12.7)	(15.8)	0.4	1.1	1.1	0.8	0.8	1.0	1.1	1.0	
Garment & Accessories	0.3	(4.0)	(6.4)	24.0	3.2	(7.8)	(3.8)	(3.6)	(4.6)	(7.0)	6.8	6.3	6.1	5.3	5.1	4.9	4.7	4.5	
Toy	4.5	24.2	7.5	37.7	5.6	(12.2)	(7.6)	(6.1)	(6.9)	(8.0)	3.1	1.0	1.2	1.3	1.4	1.4	1.2	1.1	
Furniture & Parts Thereof	7.6	0.8	11.8	26.4	(5.3)	(5.2)	12.0	8.2	(7.5)	(12.3)	2.5	2.2	2.2	2.3	2.2	2.0	1.9	1.9	
Lamps, Lighting Fixtures & Similar Products	5.6	9.6	14.3	31.2	(6.1)	(4.6)	(0.3)	(4.8)	(9.0)	(13.1)	3.7	1.2	1.3	1.5	1.5	1.3	1.2	1.2	
Plastic Products	12.2	11.2	19.6	29.1	9.3	(3.9)	2.5	4.3	(1.9)	(8.5)	8.6	1.7	1.9	3.3	2.9	3.0	3.0	3.0	
Steel Products	11.2	(11.3)	(15.4)	80.2	18.7	(8.3)	(19.2)	(8.0)	5.3	11.3	24.4	2.4	2.2	1.8	2.4	2.7	2.5	2.4	
Unwrought Aluminum	25.8	(7.4)	(14.1)	48.7	33.7	(26.1)	(1.4)	14.8	21.6	20.1	31.2	0.7	0.6	0.5	0.6	0.7	0.6	0.6	
Integrated Circuits	26.6	20.0	14.8	32.0	0.3	(10.1)	17.3	23.0	16.6	6.3	17.7	3.4	4.1	4.5	4.6	4.3	4.0	4.5	
Ship	4.6	(6.3)	(15.3)	26.2	(0.4)	28.6	105.8	67.6	74.8	113.8	13.5	0.9	0.8	0.7	0.6	0.6	0.8	1.2	
Motor Vehicles	12.3	4.1	(3.6)	119.2	74.7	69.0	17.8	19.4	23.9	25.7	3.9	0.6	0.6	0.6	1.0	1.7	3.0	3.4	
Auto Parts & Accessories	10.8	(3.6)	(6.2)	33.7	7.4	9.0	6.0	2.3	3.3	(2.2)	14.7	2.2	2.1	2.2	2.3	2.3	2.6	2.6	
General Equipment			7.5	26.4	6.1	1.8	13.1	7.6	9.7	2.9	30.3			1.6	1.6	1.6	1.7	1.8	
Automatic Data Processing Equipment			11.6	21.0	(7.5)	(20.4)	3.7	8.2	11.2	4.2	15.7			8.1	7.6	6.7	5.5	5.8	
Fertilizer	16.2	2.7	(8.3)	73.2	(1.6)	(13.9)	(52.4)	(5.9)	8.8	(13.4)	(7.4)	0.3	0.3	0.3	0.3	0.3	0.3	0.2	
Ceramic products	11.7	16.5	0.0	22.3	6.4	(15.4)	(8.0)	(25.7)	(27.5)	(29.5)	(14.3)	0.9	1.0	1.0	0.9	0.9	0.8	0.6	
Rare earth	23.7	(14.4)	(21.9)	90.0	62.8	(28.3)	(39.2)	(47.9)	(33.0)	(42.3)	7.1	0.02	0.02	0.01	0.02	0.03	0.02	0.01	
Cellphone			0.9	16.6	(2.5)	(2.7)	(13.0)	5.8	2.6	(5.2)	(0.7)			4.8	4.4	4.0	4.1	3.6	
Home appliance			23.5	22.3	(13.3)	3.8	8.6	15.6	11.0	4.5	22.8			2.6	2.9	2.4	2.6	2.9	
Medical equipment	13.3	13.3	40.5	11.9	(5.8)	(2.9)	1.5	5.2	3.6	(4.6)	19.5	0.5	0.5	0.7	0.6	0.5	0.5	0.5	

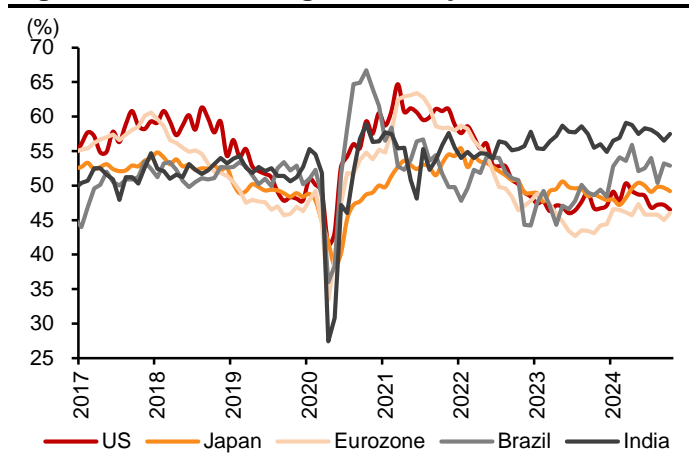
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies



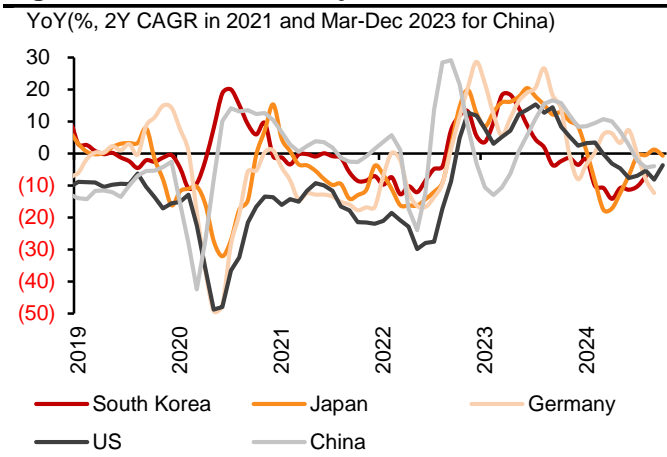
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies



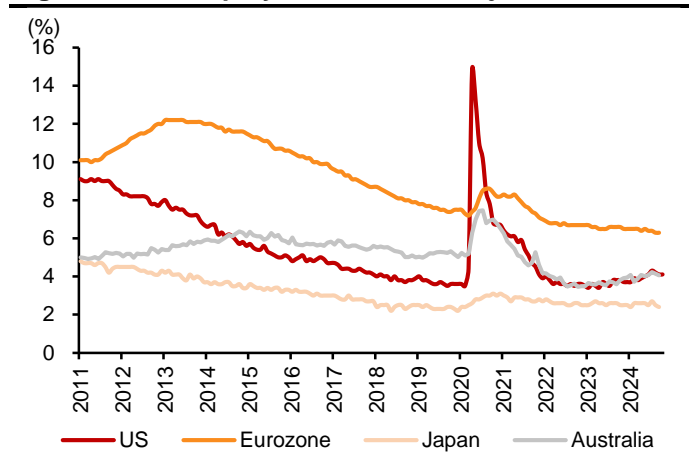
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies



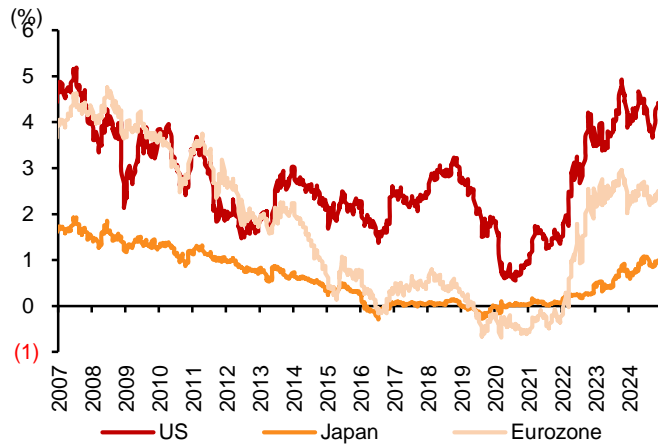
Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies



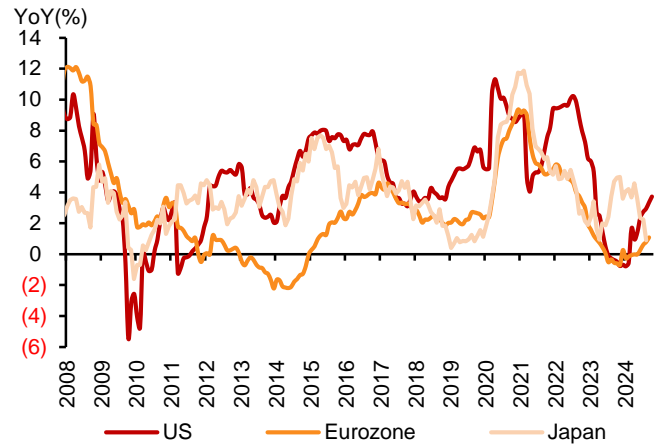
Source: Wind, CMBIGM

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



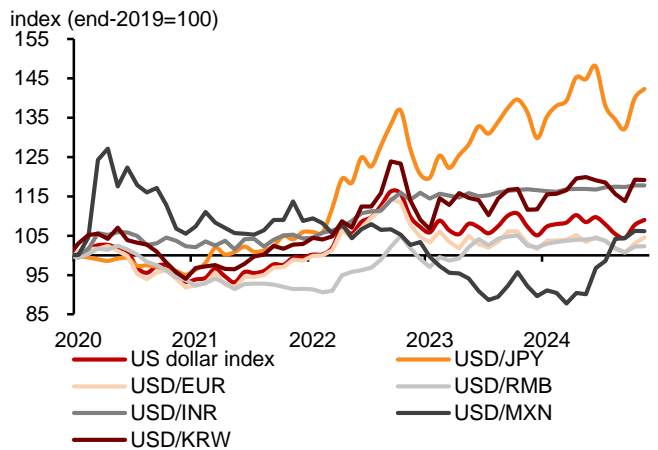
Source: Wind, CMBIGM

Figure 12: Banks' credit growth in major economies



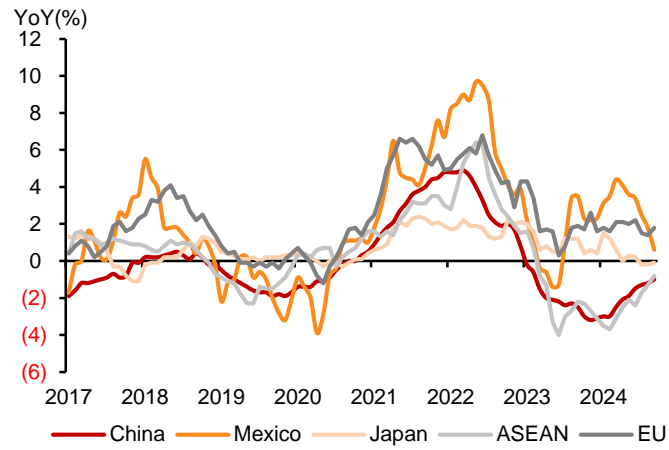
Source: Wind, CMBIGM

Figure 13: Exchange rates



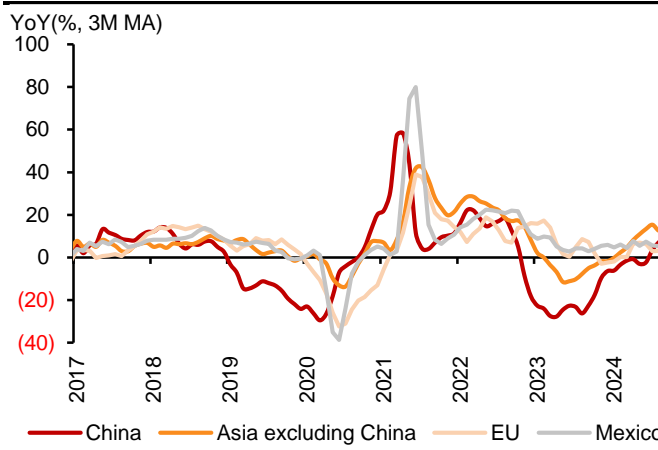
Source: Wind, CMBIGM

Figure 14: US import price growth by source



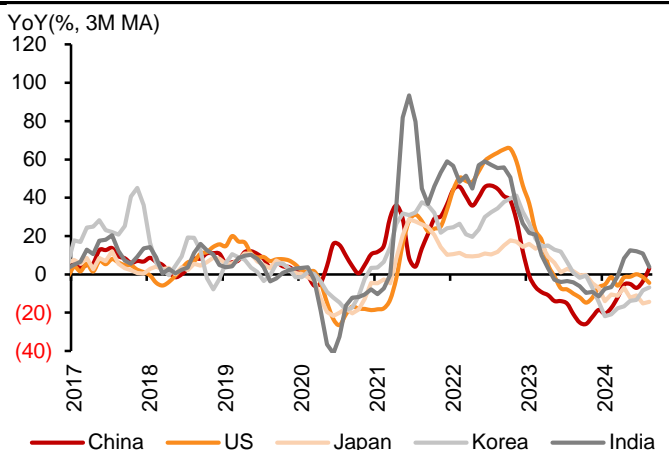
Source: Wind, CMBIGM

Figure 15: Growth of US imports by source

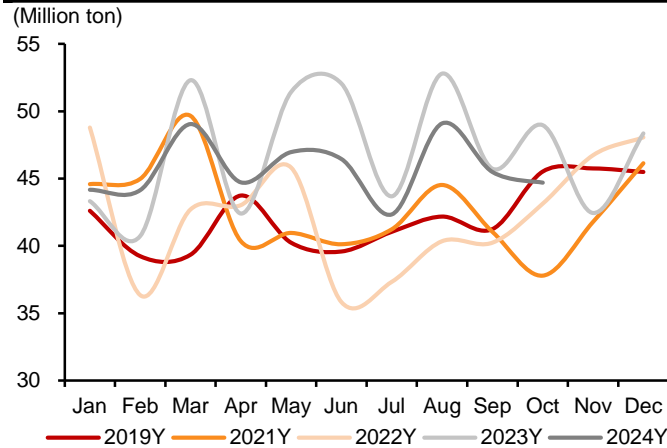


Source: Wind, CMBIGM

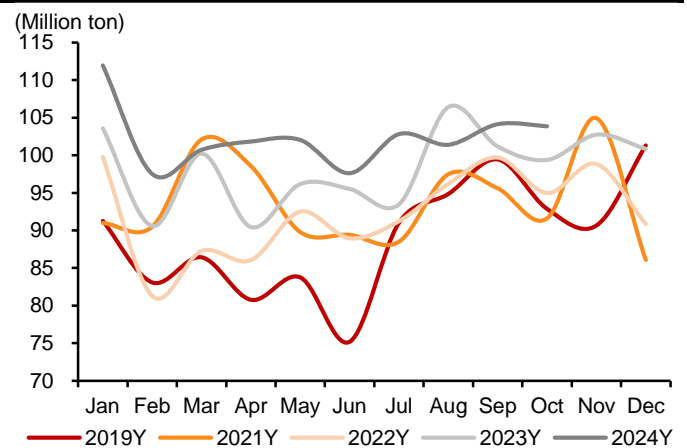
Figure 16: Growth of EU imports by source



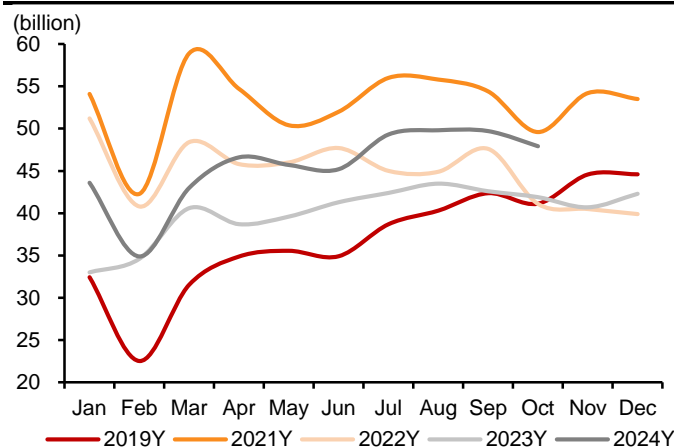
Source: Wind, CMBIGM

Figure 17: Import volume of crude oil

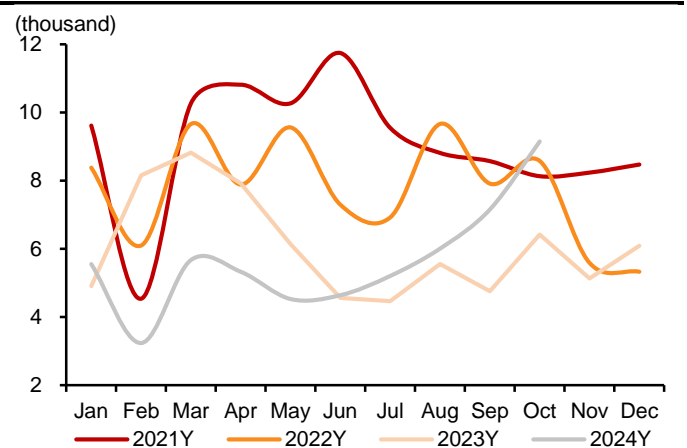
Source: Wind, CMBIGM

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 (%)									
	2019	2020	2021	2022	2023	24Q1	24Q2	24Q3	Sep	Oct	2019	2020	2021	2022	2023	1Q24	2Q24	3Q24	Sep	Oct
Grain	(3.6)	28.0	18.1	(10.7)	11.7	(0.8)	2.4	14.4	24.9	2.6	(5.1)	(5.4)	26.3	23.7	(9.6)	(22.4)	(19.5)	(9.9)	(5.4)	(2.1)
Soybean	0.0	13.3	(3.8)	(5.6)	11.4	(19.3)	1.2	27.1	59.0	56.7	(7.2)	(1.3)	40.7	21.2	(10.7)	(15.8)	(19.4)	(12.1)	(12.7)	(15.1)
Iron ore	0.5	9.5	(3.9)	(1.5)	6.6	5.3	6.9	2.4	2.9	4.5	32.9	7.2	55.4	(28.6)	(1.6)	17.5	(5.1)	(5.0)	(10.6)	(18.2)
Copper ore	11.6	(1.0)	7.6	8.0	9.1	5.0	1.9	3.9	8.9	0.2	(4.8)	2.1	44.6	(8.5)	(1.6)	1.1	1.0	14.1	9.9	6.6
Coal	6.3	1.5	6.6	(9.2)	61.8	13.8	11.3	11.1	12.9	28.5	(11.1)	(14.8)	65.9	29.7	(23.3)	(22.0)	(16.3)	0.1	(3.5)	(10.0)
Crude oil	9.5	7.3	(5.4)	(0.9)	11.0	0.7	(5.3)	(3.7)	(0.5)	(8.7)	(8.3)	(32.2)	52.4	42.7	(16.8)	0.2	9.4	0.8	(10.3)	(17.7)
Natural gas	6.9	5.3	19.9	(9.9)	9.9	22.6	6.8	10.5	18.1	19.9	1.5	(23.8)	39.8	39.5	(16.4)	(20.0)	(6.0)	3.0	4.7	5.6
Steel products	(6.5)	64.4	(29.5)	(25.9)	(27.6)	(7.9)	2.7	(20.4)	(14.1)	(20.0)	(8.1)	(27.5)	57.9	23.1	2.5	(4.9)	(4.1)	6.2	3.3	16.9
Copper products	(6.0)	34.1	(17.2)	6.2	(6.3)	6.4	6.8	(4.6)	(0.1)	1.2	(7.8)	(0.9)	45.5	(2.5)	(6.2)	(1.0)	10.7	12.7	10.2	15.8
Plastics in primary form	12.4	10.1	(16.4)	(10.0)	(3.2)	(2.3)	2.6	(3.5)	(12.4)	(7.2)	(15.9)	(10.6)	39.4	2.0	(16.7)	(6.1)	(2.9)	2.5	4.6	2.3
Rubber	(6.2)	13.6	(9.4)	8.7	8.0	(12.6)	(24.2)	(3.7)	(3.2)	4.6	(4.5)	(7.2)	26.4	(1.7)	(16.4)	6.6	15.4	24.7	27.7	27.8
Integrated circuits	6.6	22.1	16.9	(15.3)	(10.8)	12.3	15.0	15.8	16.7	14.3	(8.2)	(6.1)	5.7	13.5	(5.2)	(2.5)	(4.0)	(3.0)	(4.8)	(3.6)
Machine tool	0.0	18.8	(0.7)	(14.4)	(20.5)	(33.9)	(22.1)	24.3	50.5	42.5	0.0	(30.8)	25.8	1.5	14.8	42.4	5.2	(28.5)	(40.3)	(37.6)
Auto	(6.6)	(11.4)	0.6	(6.5)	(8.9)	0.0	(5.6)	0.0	(14.3)	(45.0)	3.6	8.1	14.7	5.7	(3.0)	(17.7)	(4.8)	(1.2)	(5.3)	(4.8)
Airplane	(48.6)	(35.4)	29.4	(27.3)	12.2	(12.2)	(23.6)	25.0	55.6	85.7	12.5	(30.0)	12.3	13.5	(4.0)	(15.2)	(19.7)	40.6	28.9	13.0
Medicine	0.0	(0.6)	3.1	28.8	23.6	(7.8)	9.8	20.4	22.9	6.1	0.0	4.1	16.5	(25.7)	(12.8)	(7.1)	(4.4)	(14.0)	(20.0)	8.9
Beauty cosmetics	0.0	3.7	5.2	(11.8)	(14.2)	(17.2)	(10.1)	(7.9)	(11.3)	(11.4)	0.0	24.8	17.0	1.8	(6.1)	(4.7)	7.0	1.1	2.6	4.1

Source: Wind, CMBIGM

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