

China Economy

Soft trade calls for consumption stimulus

China's exports moderated as the drags from both tariffs and demand overdraft following earlier front-loading began to materialize. Exports to the US plunged further, while resilient shipments to ASEAN largely offset the decline. Exports of low value-added items further softened, while integrated circuits and transport equipment remained robust. Imports further slowed down, showing almost no growth since 2023, underscoring persistently subdued domestic demand. The global economy is entering a rebalancing cycle: the US drives investment with high tariffs, low taxes, cheap energy, and accommodative rates; China responds with fiscal expansion, household support, capacity cuts, firm RMB, import promotion and reduced reliance on exports. Looking ahead, China's exports may face further headwinds in remaining of the year, as we expect China's export growth to decelerate from 5.9% in 2024 to 3% in 2025 while import growth may mildly rise from 1.1% to 1.5%. USD/RMB rates may appreciate from the current 7.15 to 7.1 by year end.

- **Exports moderated as drags from both tariffs and earlier front-loading began to materialize.** Exports moderated to 4.4% (all on a YoY basis unless specified) in Aug from 7.2% in July, missing market expectation at 5.9%. Exports to the US plunged further to -33.1% YoY in August from -21.7%, as the drags from both tariffs and demand overdraft following earlier front-loading began to materialize. Conversely, exports to ASEAN accelerated to 22.5% YoY in August from 16.6%, with the region's resilience closely mirroring the contraction in US-bound shipments since Apr, suggesting ASEAN has emerged as a key rerouting hub. Exports to Africa and Latin America moderated to 25.9% and -2.3% in Aug from 42.4% and 7.7%, while exports to EU and Japan accelerated to 10.4% and 6.7% from 9.2% and 2.4%. Trade surplus edged up to US\$102bn in Aug from US\$98bn.
- **Low value-added items further softened, while integrated circuits and transport equipment remained robust.** Labor-intensive consumer goods including travel bags, garments and toys saw broad-based weakening, as well as property-related goods including furniture, lamps & lightning, and home appliances. Motor vehicles saw another strong growth of 17.3% in Aug, while ship exports rebounded to 34.9% from -1.5%. Integrated circuits picked up further to 32.8% in Aug from 29.2%, while cell phones and personal computers further contracted 3% and 6.6%, marking the first positive monthly growth since October 2024. This suggests that the export ban may have been partially eased.
- **Imports slowed down.** China's imports of goods eased to 1.3% in Aug from 4.1% in July, missing the market expectations of 3.3%. China's imports have shown no growth since 2023, with the 2025 monthly average still slightly below 2023 levels, underscoring persistently subdued domestic demand. Imports from the US narrowed to 16% in Aug from -18.9%. AI-related demand moderated, as imports volume of copper ore and copper products slowed down to 7.4% and 1.2% in Aug from 18% and 9.1%, while integrated circuits eased to 2.1% from 12.2%. For energy products, import volume of crude oil dropped to 0.8% in Aug from 11.5%, while coal and natural gas remained muted. Machine tools, steel products & ore and plastics dropped in imports volume, possibly indicating the softening industrial activities in China. Import volume of crops moderated as import volume of grains and soybeans dropped to -5.9% and 1.1% in Aug.
- **The global economy is entering a rebalancing cycle.** On one side, the US has launched rebalancing measures—leveraging high tariffs, lower taxation, subdued energy prices, accommodative monetary settings, and trade agreements—to attract industrial investment and strengthen domestic

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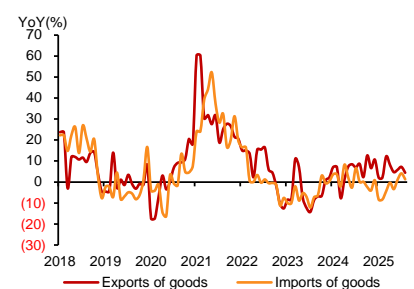
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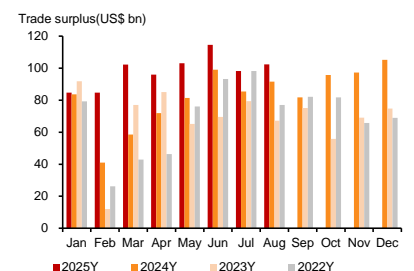
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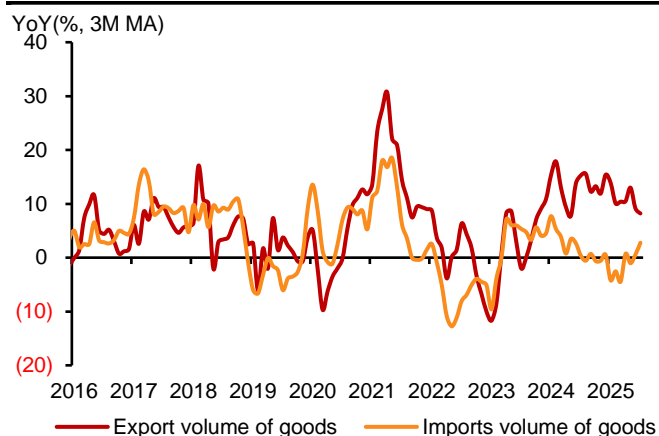


Source: Wind, CMBIGM

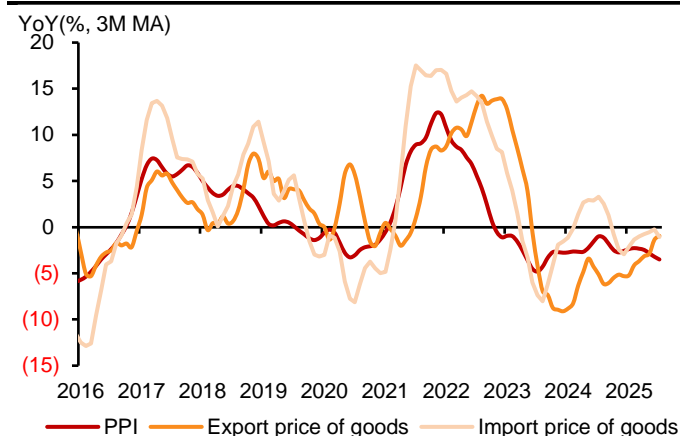


Source: Wind, CMBIGM

manufacturing. On the other side, China is expected to moderately increase fiscal stimulus, enhance household support, accelerate capacity rationalization, sustain a relatively firm RMB, encourage imports and rely less on exports. Looking ahead, China's exports may face further headwinds from the payback effect of earlier front-loading, tariff-induced pressure on global demand and supply chains, and the gradual closing of loopholes in rerouting and de minimis exemptions. We [expect](#) China's export growth to decelerate from 5.9% in 2024 to 3% in 2025 while import growth may mildly rise from 1.1% to 1.5%. USD/RMB rates may appreciate from the current 7.15 to 7.1 by year end.

Figure 1: Growth of export and import volume

Source: Wind, CMBIGM

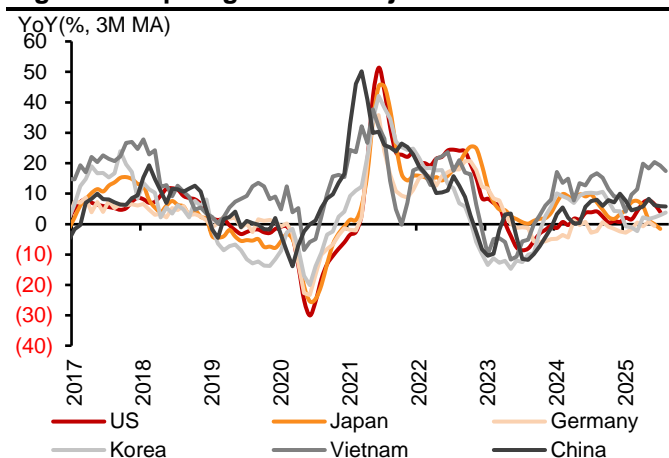
Figure 2: Growth of export and import prices

Source: Wind, CMBIGM

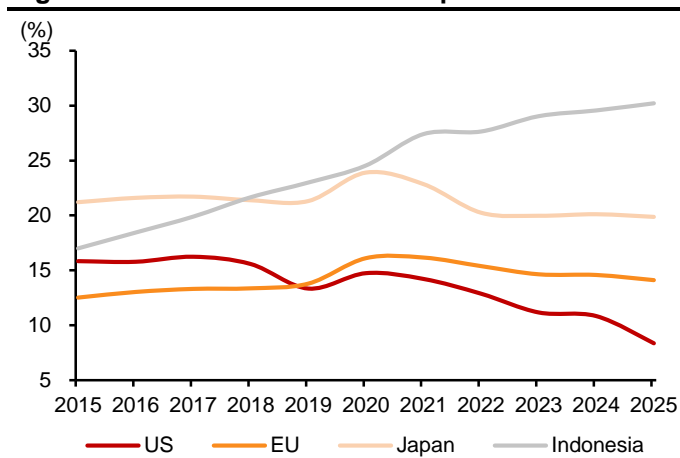
Figure 3: China exports by destination

	YoY Growth (%)										Share (%)					
	2020	2021	2022	2023	2024	25Q1	25Q2	July	Aug		2020	2021	2022	2023	2024	2025
World	3.6	29.6	5.6	(4.7)	5.8	5.6	6.2	7.2	4.4		100	100	100	100	100	100
ASEAN	6.7	26.1	17.7	(5.0)	12.0	7.8	17.5	16.6	22.5		14.8	14.4	16.0	15.5	16.4	17.7
US	7.9	27.5	1.2	(13.1)	4.9	5.0	(23.9)	(21.7)	(33.1)		17.4	17.2	16.4	14.8	14.7	11.5
EU	6.7	32.6	8.6	(10.2)	3.0	4.1	9.3	9.2	10.4		15.1	15.4	15.9	14.8	14.4	15.1
Latin America	(0.8)	52.0	10.6	(2.4)	13.0	9.7	5.2	7.7	(2.3)		5.8	6.8	7.1	7.3	7.7	7.9
Africa	0.9	29.9	11.2	7.5	3.5	10.8	31.2	42.4	25.9		4.4	4.4	4.6	5.1	5.0	5.7
Japan	(0.4)	16.3	4.4	(8.4)	(3.5)	2.8	6.8	2.4	6.7		5.5	4.9	4.9	4.7	4.3	4.2
South Korea	1.4	32.4	9.5	(7.2)	(1.8)	(2.0)	(2.7)	4.6	(1.4)		4.3	4.4	4.6	4.4	4.1	3.9
India	(10.8)	46.2	21.7	0.8	2.4	13.6	14.3	9.8	9.1		2.6	2.9	3.3	3.5	3.4	3.7
Russia	1.7	33.8	12.8	46.9	4.1	(7.0)	(10.3)	(9.1)	(16.7)		2.0	2.0	2.1	3.3	3.2	2.6
UK	16.3	19.9	(6.1)	(3.4)	1.2	6.8	9.6	7.5	10.2		2.8	2.6	2.3	2.3	2.2	2.3
Australia	10.9	24.2	19.0	(5.3)	(4.2)	(4.5)	5.5	14.8	10.1		2.1	2.0	2.2	2.2	2.0	1.9
Canada	14.0	22.4	4.5	(14.9)	3.0	2.6	12.0	6.7	0.9		1.6	1.5	1.5	1.3	1.3	1.3
Saudi Arabia	17.7	7.9	25.7	14.5	16.8	7.3	19.0	16.7	-		1.1	0.9	1.1	1.3	1.4	1.3
HK China	(2.3)	28.6	(15.0)	(6.3)	6.2	7.3	12.3	10.7	17.2		10.5	10.4	8.4	8.1	8.1	8.3
Chinese Taipei	9.1	30.4	4.2	(16.0)	9.8	8.1	8.6	19.2	17.5		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

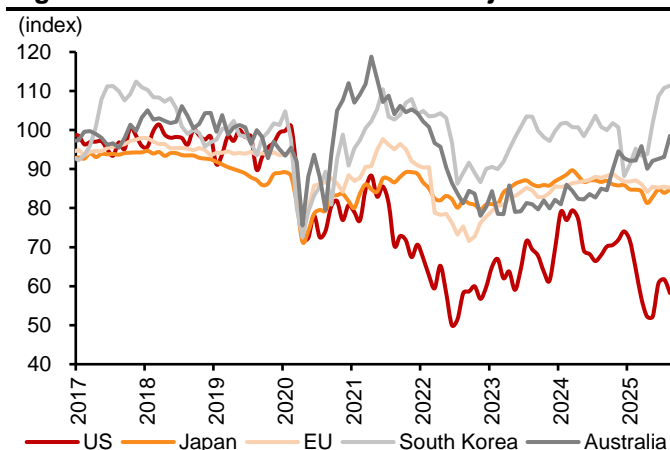
Figure 5: China's market share in partners' trade

Source: Wind, CMBIGM

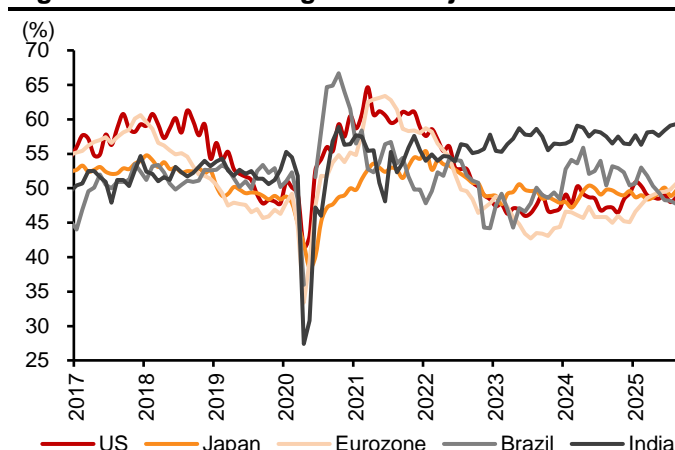
Figure 6: China's exports by product

	YoY(%)									Share (%)					
	2020	2021	2022	2023	2024	25Q1	25Q2	July	Aug	2020	2021	2022	2023	2024	2025
Textile Yarn & Related Products	29.2	(5.6)	2.0	(8.3)	5.7	3.7	(0.2)	0.5	1.4	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)	(15.0)	(8.8)	(10.0)	(14.9)	0.8	0.8	1.0	1.1	1.0	0.8
Garment & Accessories	(6.4)	24.0	3.2	(7.8)	0.3	(2.4)	0.8	(0.6)	(10.1)	5.3	5.1	4.9	4.7	4.5	4.2
Toy	7.5	37.7	5.6	(12.2)	(1.7)	(6.3)	0.4	(3.3)	(21.0)	1.3	1.4	1.4	1.2	1.1	1.0
Furniture & Parts Thereof	11.8	26.4	(5.3)	(5.2)	5.8	(8.8)	(5.9)	3.0	(3.2)	2.3	2.2	2.0	1.9	1.9	1.7
Lamps, Lighting Fixtures & Similar Products	14.3	31.2	(6.1)	(4.6)	(0.1)	(10.7)	(3.2)	(5.6)	(17.0)	1.5	1.5	1.3	1.2	1.2	1.0
Plastic Products	19.6	29.1	9.3	(3.9)	5.4	(3.3)	(0.3)	3.2	0.8	3.3	2.9	3.0	3.0	3.0	2.8
Steel Products	(15.4)	80.2	18.7	(8.3)	(1.1)	(4.9)	0.2	11.7	(7.5)	1.8	2.4	2.7	2.5	2.3	2.2
Unwrought Aluminum	(14.1)	48.7	33.7	(26.1)	15.2	(1.9)	(4.5)	(6.0)	(6.5)	0.5	0.6	0.7	0.6	0.6	0.6
Integrated Circuits	14.8	32.0	0.3	(10.1)	17.4	9.8	25.9	29.2	32.8	4.5	4.6	4.3	4.0	4.5	5.1
Ship	(15.3)	26.2	(0.4)	28.6	57.3	2.2	33.9	(1.5)	34.9	0.7	0.6	0.6	0.8	1.2	1.4
Motor Vehicles	(3.6)	119.2	74.7	69.0	15.5	2.2	13.1	18.6	17.3	0.6	1.0	1.7	3.0	3.3	3.4
Vehicles Parts	(6.2)	33.7	7.4	9.0	6.6	4.4	4.4	4.0	4.8	2.2	2.3	2.3	2.6	2.6	2.6
General Equipment	7.5	26.4	6.1	1.8	14.3	5.9	7.7	5.3	4.3	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	6.5	(2.8)	(9.6)	(3.0)	8.1	7.6	6.7	5.5	5.8	5.4
Fertilizer	(8.3)	73.2	(1.6)	(13.9)	(11.5)	42.5	18.2	134.6	68.0	0.3	0.3	0.3	0.3	0.2	0.3
Ceramic products	0.0	22.3	6.4	(15.4)	(15.6)	(20.8)	18.6	19.5	(0.6)	1.0	0.9	0.9	0.8	0.6	0.6
Rare earth	(21.9)	90.0	62.8	(28.3)	(36.0)	(10.9)	(43.7)	(17.6)	34.6	0.01	0.02	0.03	0.02	0.01	0.01
Cellphone	0.9	16.6	(2.5)	(2.7)	(3.1)	(0.1)	(18.6)	(21.8)	(18.9)	4.8	4.4	4.0	4.1	3.8	2.6
Home appliance	23.5	22.3	(13.3)	3.8	14.1	8.3	(6.9)	(3.8)	(6.6)	2.6	2.9	2.4	2.6	2.8	2.7
Medical equipment	40.5	11.9	(5.8)	(2.9)	7.1	6.1	5.2	12.2	6.1	0.7	0.6	0.5	0.5	0.6	0.5

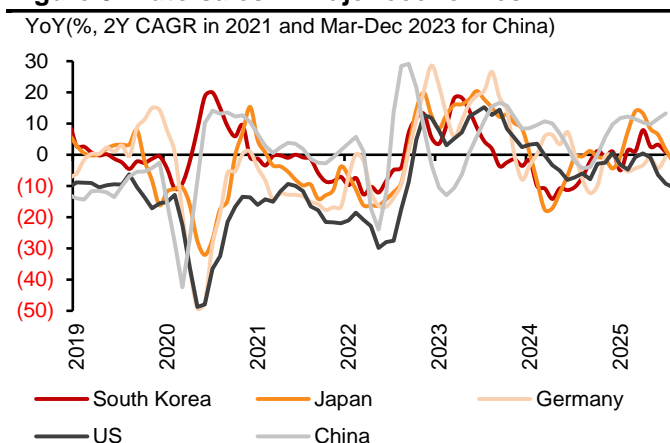
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies

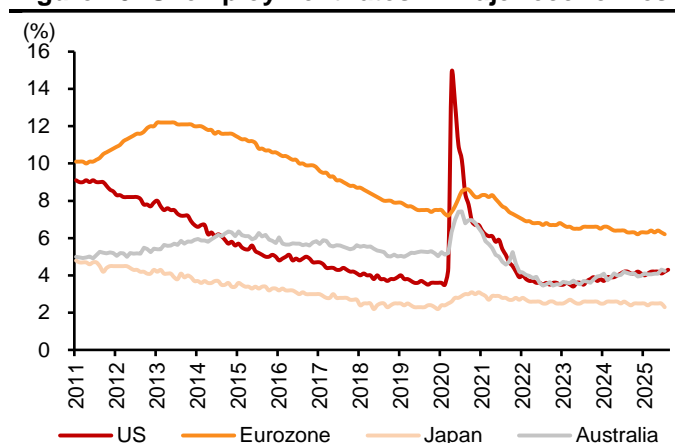
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies

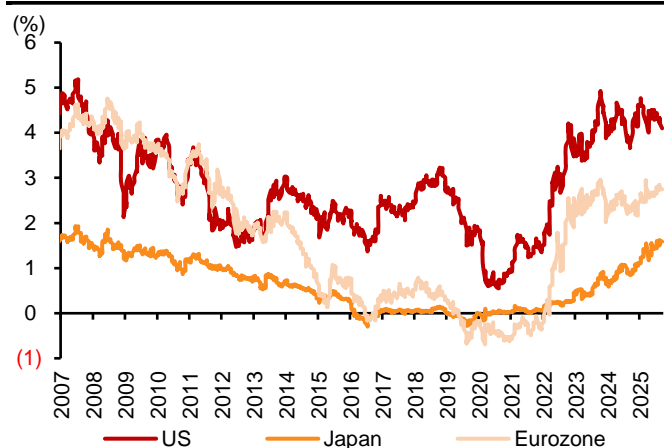
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies

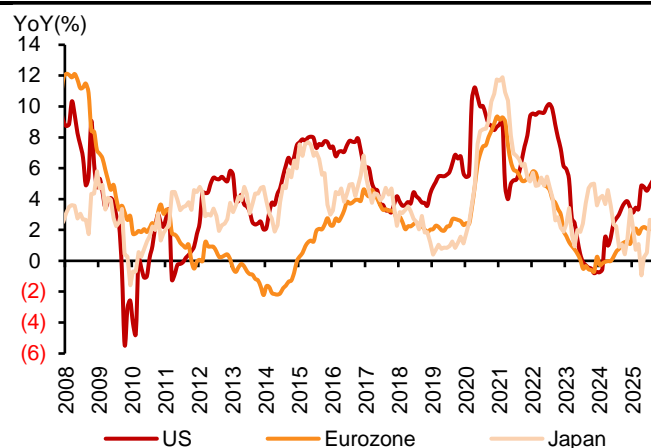
Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies

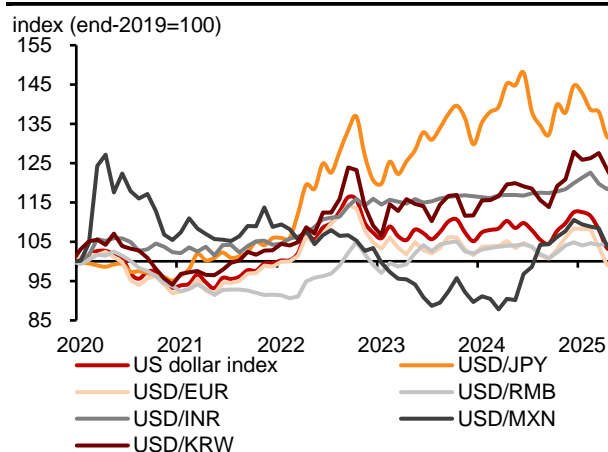
Source: Wind, CMBIGM

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

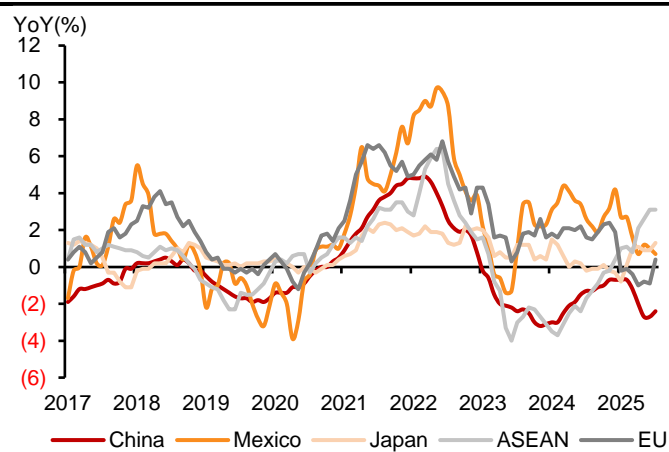
Source: Wind, CMBIGM

Figure 12: Banks' credit growth in major economies

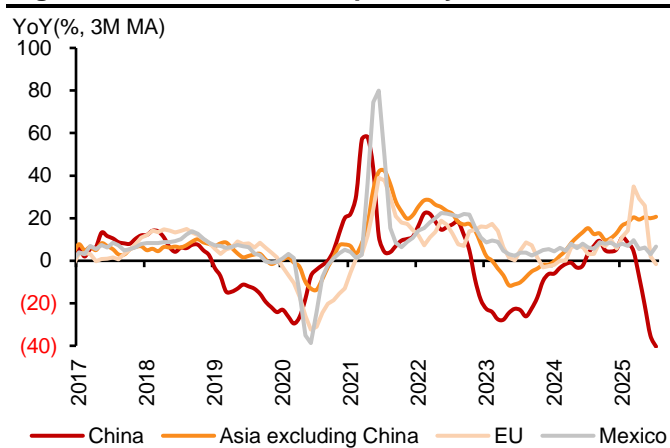
Source: Wind, CMBIGM

Figure 13: Exchange rates

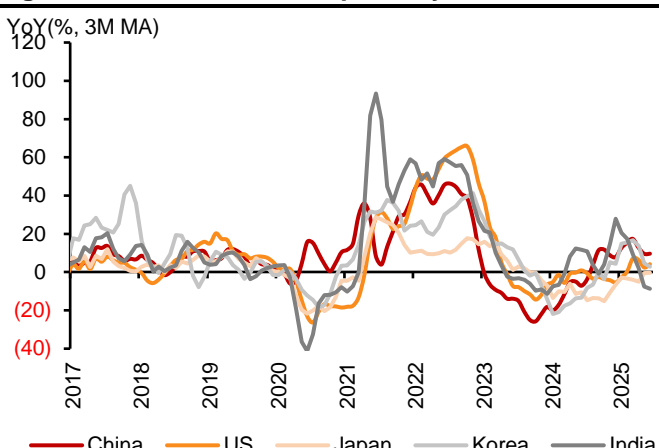
Source: Wind, CMBIGM

Figure 14: US import price growth by source

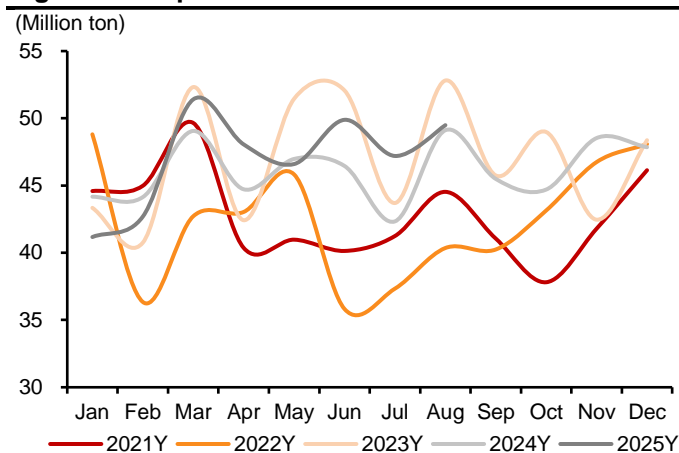
Source: Wind, CMBIGM

Figure 15: Growth of US imports by source

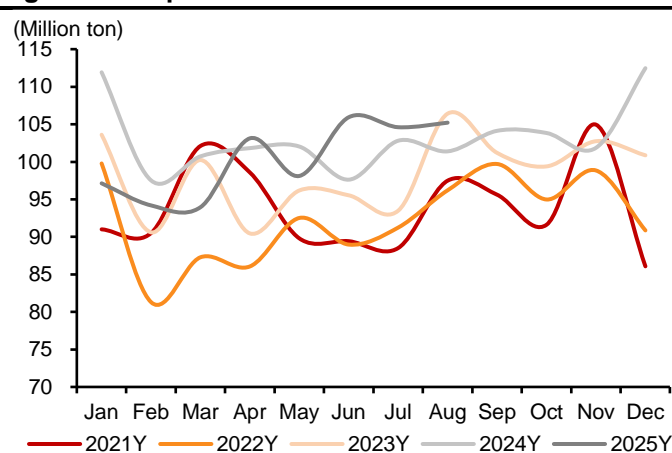
Source: Wind, CMBIGM

Figure 16: Growth of EU imports by source

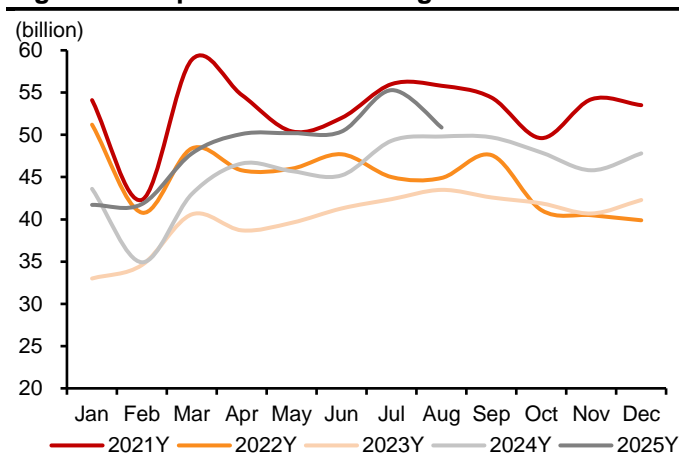
Source: Wind, CMBIGM

Figure 17: Import volume of crude oil

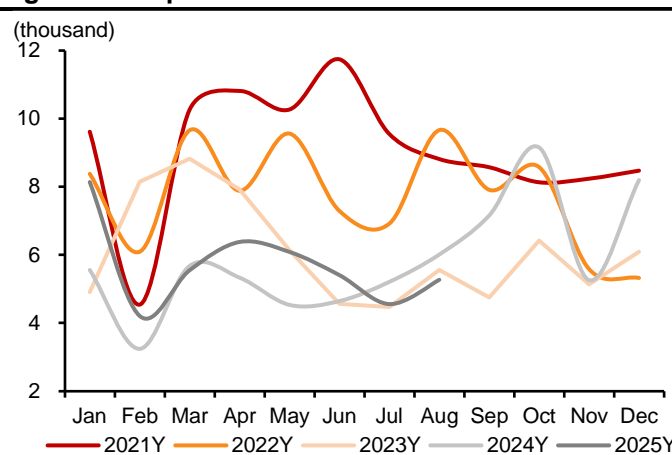
Source: Wind, CMBIGM

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	25Q1	25Q2	July	Aug	2020	2021	2022	2023	2024	1Q25	2Q25	July	Aug
Grain	28.0	18.1	(10.7)	11.7	(2.3)	(40.9)	(12.5)	1.1	(5.9)	(5.4)	26.3	23.7	(9.6)	(13.6)	(0.8)	(3.0)	(2.8)	(5.4)
Soybean	13.3	(3.8)	(5.6)	11.4	6.5	(7.9)	7.9	18.5	1.1	(1.3)	40.7	21.2	(10.7)	(16.3)	(17.8)	(11.5)	(10.8)	(10.0)
Iron ore	9.5	(3.9)	(1.5)	6.6	4.9	(8.0)	1.9	1.8	3.8	7.2	55.4	(28.6)	(1.6)	(7.1)	(23.4)	(12.0)	(13.5)	(9.7)
Copper ore	(1.0)	7.6	8.0	9.1	2.1	1.6	10.8	18.0	7.4	2.1	44.6	(8.5)	(1.6)	10.8	11.3	15.8	7.1	6.1
Coal	1.5	6.6	(9.2)	61.8	14.4	(0.9)	(20.0)	(22.9)	(6.8)	(14.8)	65.9	29.7	(23.3)	(14.2)	(21.6)	(25.9)	(32.3)	(31.2)
Crude oil	7.3	(5.4)	(0.9)	11.0	(1.9)	(1.5)	4.6	11.5	0.8	(32.2)	52.4	42.7	(16.8)	(2.0)	(5.8)	(19.2)	(17.0)	(15.8)
Natural gas	5.3	19.9	(9.9)	9.9	9.9	(10.3)	(5.4)	(2.1)	0.8	(23.8)	39.8	39.5	(16.4)	(7.9)	(6.3)	(8.6)	(6.7)	(9.1)
Steel products	64.4	(29.5)	(25.9)	(27.6)	(10.9)	(11.9)	(21.4)	(10.0)	(2.0)	(27.5)	57.9	23.1	2.5	1.9	1.7	3.7	1.8	(4.9)
Copper products	34.1	(17.2)	6.2	(6.3)	3.4	(4.4)	(4.3)	9.1	1.2	(0.9)	45.5	(2.5)	(6.2)	9.8	8.5	1.0	0.4	5.2
Plastics in primary form	10.1	(16.4)	(10.0)	(3.2)	(2.1)	(1.8)	(5.4)	(13.2)	(18.6)	(10.6)	39.4	2.0	(16.7)	(1.1)	(0.7)	(3.1)	0.5	0.2
Rubber	13.6	(9.4)	8.7	8.0	(8.2)	21.1	29.3	3.3	7.1	(7.2)	26.4	(1.7)	(16.4)	19.8	26.0	10.9	1.1	0.2
Integrated circuits	22.1	16.9	(15.3)	(10.8)	14.6	8.1	9.6	12.2	2.1	(6.1)	5.7	13.5	(5.2)	(3.7)	(4.9)	0.8	0.7	6.1
Machine tool	18.8	(0.7)	(14.4)	(20.5)	(4.1)	23.6	23.2	(12.6)	(12.4)	(30.8)	25.8	1.5	14.8	(6.5)	(24.7)	(12.1)	19.6	20.0
Auto	(11.4)	0.6	(6.5)	(8.9)	(11.7)	(37.5)	(23.5)	(28.6)	(43.8)	8.1	14.7	5.7	(3.0)	(5.7)	(11.3)	(10.8)	(18.9)	(12.1)
Airplane	(35.4)	29.4	(27.3)	12.2	8.2	88.9	(14.3)	14.3	50.0	(30.0)	12.3	13.5	(4.0)	3.1	35.2	25.0	(14.3)	(1.0)
Medicine	(0.6)	3.1	28.8	23.6	4.7	(7.4)	0.6	(9.9)	(24.0)	4.1	16.5	(25.7)	(12.8)	(4.8)	0.6	(9.6)	16.8	22.7
Beauty cosmetics	3.7	5.2	(11.8)	(14.2)	(9.4)	7.7	9.4	14.1	11.7	24.8	17.0	1.8	(6.1)	0.4	(10.0)	(6.7)	(9.7)	(12.6)

Source: Wind, CMBIGM

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