

China Economy

Exports growth momentum continued

China's exports of goods came in above market expectations driven by exports to Europe and major emerging economies. Exports of vehicles and ships remained robust while tech products mildly moderated. Imports of goods dropped remarkably, especially the industrial-related commodities and intermediate goods, indicating the subdued domestic demand and economic activities. Looking ahead, China's exports may maintain moderate growth in the remainder of this year thanks to the low base effect, price advantage and front-loading effect amid tariffs expectations. But the growth may noticeably slow down in 1H25. We expect exports growth to slow from 4.5% in 2024 to 3.5% in 2025 while imports growth to rise from 2.2% in 2024 to 2.7% in 2025. The USD/RMB rate may reach 7.07 at end-2024 and 7.03 at end-2025.

■ **Exports picked up driven by increased exports to Europe and emerging economies.** China's exports of goods picked up 8.7% (all on a YoY basis unless specified) in Aug compared to 7% in July, better than market expectation of 7%. Exports to the EU grew considerably from 8% to 13.4% in Aug, with a marked improvement starting from the third quarter, while exports to the US and ASEAN moderated from 8.1% and 12.2% in July to 4.9% and 9% in Aug. Exports to emerging economies including India, Africa, Latin America and Russia notably accelerated to 14%, 4.5%, 19.7% and 10.4% in Aug from 8.6%, -7.9%, 13.8% and -2.8%. Exports to Japan and South Korea rebounded from -6% and 0.8% to 0.5% and 3.4% in Aug respectively.

■ **Exports of vehicles and ships surged while tech products moderated.** Exports of vehicles exports accelerated to 32.7% in Aug after slowing down to 13.8% in July, while ship rebounded to 60.6% in Aug from 54.8%. Exports of IT products mildly slowed down, as the two largest export categories, computers and integrated circuits moderated to 10.8% and 18.2% in Aug from 19.3% and 27.7%, while cell phones rose 17%. Discretionary consumption remained subdued as travel goods & bags, garment and toys dipped by 10.6%, 2.7% and 8.3% after dropping 11.8%, 4.4% and 3.9% in July. Property-related products including furniture and lamps declined by 4.5% and 7.6% compared to 5.5% and 6.6% drop in July, while home appliances continued to moderate, down from 17.2% to 12% in Aug. Steel products and aluminium notably rose 6.8% and 24.1% in Aug, up from -2.4% and 20.5% in July.

■ **Imports dropped sharply.** China's imports of goods dropped sharply to 0.5% in Aug after rising 7.2% in July, below market expectations of 2.5%. Energy products declined notably as the import volume of crude oil, coal dropped to 3.4% and -7% from 17.7% and -3.1% in July, while natural gas edged up to 8.3% from 5.3%. For raw materials, import volume of iron ore and copper ore both dropped 4.7% compared to 10% and 10.2% growth in July respectively. Intermediate goods including steel and copper products dropped 20.5% and 12.3% in volume while rubber and plastics in primary form dipped notably by 7.2% and 5.2% following 10.7% and -3.2% growth in July. Imports volume of agricultural products surged notably as grain and soybean increased 17.6% and 29.7% in Aug from 2.5% and 1.2%. The declining imports of industrial-related commodities and intermediate goods indicated a still-subdued domestic demand and economic activities.

■ **China continued to experience external resilience while showing internal weakness.** Exports continued to be one of the few tailwinds for economic recovery. We expect exports to maintain moderate growth in the remainder of the year thanks to the low base effect, price advantage and front-loading effect amid tariffs expectations. But exports may noticeably slow down in 1H25 as overseas demand for goods gradually softens.

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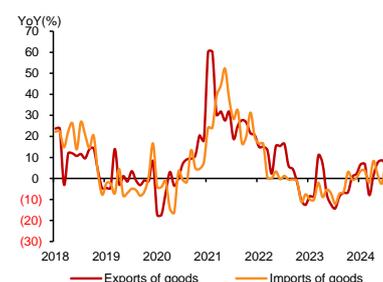
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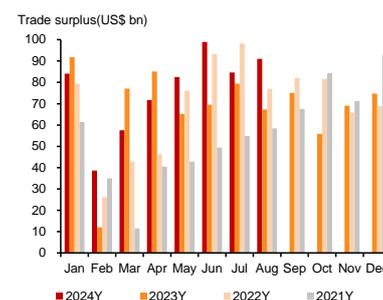
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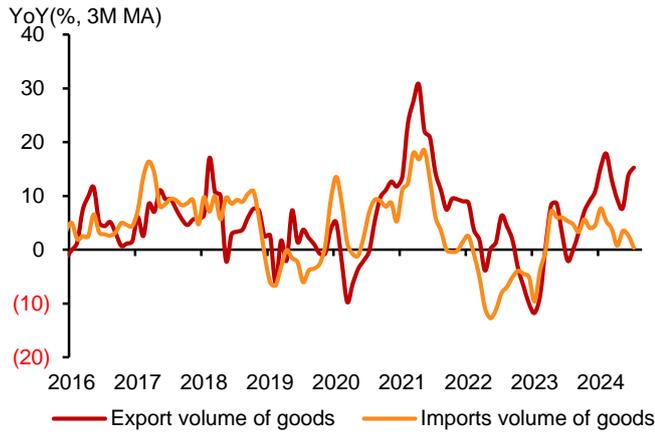
Source: Wind, CMBIGM



Source: Wind, CMBIGM

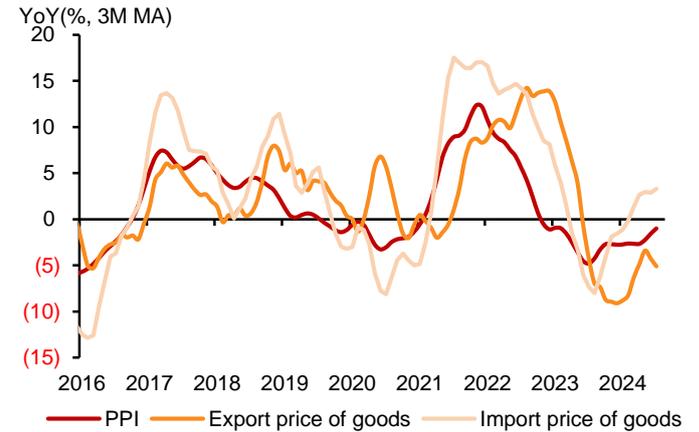
Exports growth is expected to decelerate from 4.5% in 2024 to 3.5% in 2025. Imports growth may mildly rise from 2.2% in 2024 to 2.7% in 2025. USD/RMB rate is expected to reach 7.07 at end-2024 and 7.03 at end-2025 as the US growth and inflation gradually decline while China's growth and inflation slowly improve.

Figure 1: Growth of export and import volume



Source: Wind, CMBIGM

Figure 2: Growth of export and import prices



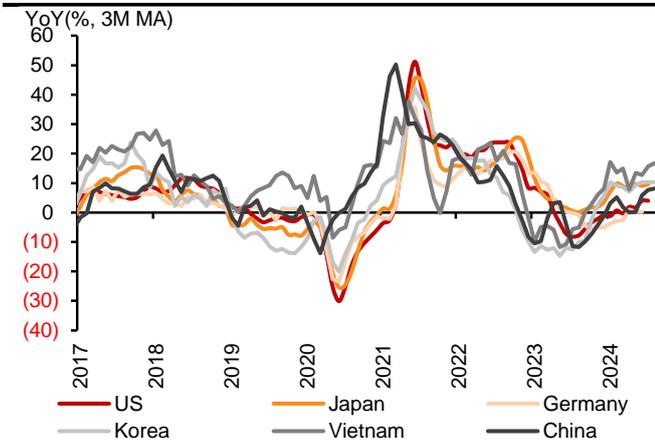
Source: Wind, CMBIGM

Figure 3: China exports by destination

	YoY Growth (%)										Share (%)						
	2018	2019	2020	2021	2022	2023	24Q1	24Q2	July	Aug	2018	2019	2020	2021	2022	2023	2024
World	9.9	0.5	3.6	29.6	5.6	(4.7)	1.1	5.7	7.0	8.7	100	100	100	100	100	100	100
US	11.3	(12.5)	7.9	27.5	1.2	(13.1)	(4.4)	2.5	8.1	4.9	19.2	16.8	17.4	17.2	16.4	14.8	14.4
EU	9.8	4.9	6.7	32.6	8.6	(10.2)	(6.9)	(0.2)	8.0	13.4	16.4	17.2	15.1	15.4	15.9	14.8	14.8
Japan	7.2	(2.6)	(0.4)	16.3	4.4	(8.4)	(9.5)	(4.1)	(6.0)	0.5	5.9	5.7	5.5	4.9	4.9	4.7	4.2
ASEAN	14.2	12.7	6.7	26.1	17.7	(5.0)	(2.5)	15.0	12.2	9.0	12.8	14.4	14.8	14.4	16.0	15.5	16.3
India	12.7	(2.4)	(10.8)	46.2	21.7	0.8	(0.3)	0.8	8.6	14.0	3.1	3.0	2.6	2.9	3.3	3.5	3.4
Africa	10.8	7.9	0.9	29.9	11.2	7.5	(0.8)	(9.4)	(7.9)	4.5	4.2	4.5	4.4	4.4	4.6	5.1	4.9
Latin America	13.7	2.1	(0.8)	52.0	10.6	(2.4)	7.2	12.4	13.8	19.7	6.0	6.1	5.8	6.8	7.1	7.3	7.9
Russia	12.0	3.7	1.7	33.8	12.8	46.9	1.5	(4.1)	(2.8)	10.4	1.9	2.0	2.0	2.0	2.1	3.3	3.1
Australia	14.2	1.8	10.9	24.2	19.0	(5.3)	(14.8)	(1.9)	(2.4)	(3.2)	1.9	1.9	2.1	2.0	2.2	2.2	2.0
UK	(0.3)	10.4	16.3	19.9	(6.1)	(3.4)	(3.5)	1.9	(1.9)	2.1	2.3	2.5	2.8	2.6	2.3	2.3	2.2
Canada	12.1	5.0	14.0	22.4	4.5	(14.9)	1.0	1.4	9.3	(0.0)	1.4	1.5	1.6	1.5	1.5	1.3	1.3
South Korea	5.9	2.1	1.4	32.4	9.5	(7.2)	(12.0)	0.3	0.8	3.4	4.4	4.4	4.3	4.4	4.6	4.4	4.2
Saudi Arabia	(5.1)	36.9	17.7	7.9	25.7	14.5	10.3	8.2	10.1	-	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	12.7	7.9	12.1	11.2	10.5	10.4	8.4	8.1	7.9
Chinese Taipei	10.6	13.2	9.1	30.4	4.2	(16.0)	4.7	18.4	23.1	6.8	2.0	2.2	2.3	2.3	2.3	2.0	2.1

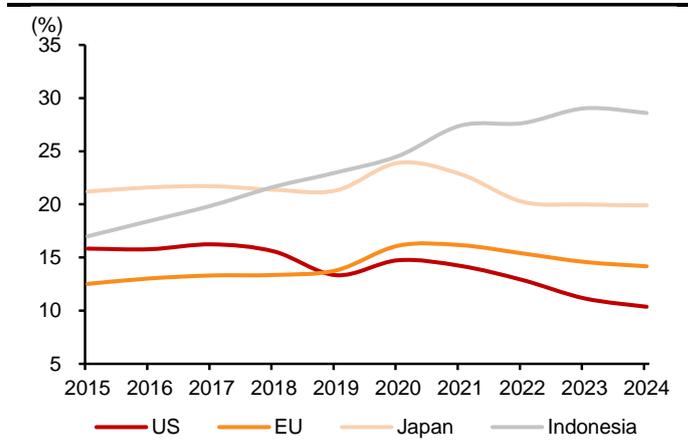
Source: Wind, CMBIGM

Figure 4: Exports growth in major economies



Source: Wind, CMBIGM

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



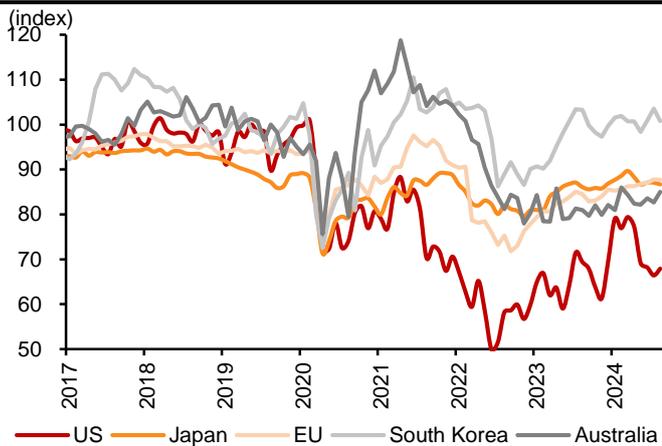
Source: Wind, CMBIGM

Figure 6: China's exports by product

	2018	2019	2020	2021	2022	2023	24Q1	24Q2	July	Aug	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	3.5	4.5	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)	(11.8)	(10.6)	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)	(4.4)	(2.7)	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)	(3.9)	(8.3)	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	(5.5)	(4.5)	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)	(6.6)	(7.6)	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	1.2	1.8	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)	(2.4)	6.8	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	20.5	24.1	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	27.7	18.2	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	54.8	60.6	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	13.8	32.7	0.6	0.6	0.6	1.0	1.7	3.0	3.3
Auto Parts & Accessories	10.8	(3.6)	(6.2)	33.7	7.4	9.0	6.0	2.3	5.7	6.4	2.2	2.1	2.2	2.3	2.3	2.6	2.7
General Equipment			7.5	26.4	6.1	1.8	13.1	7.6	14.7	11.3			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	19.3	10.8			8.1	7.6	6.7	5.5	5.7
Fertilizer	16.2	2.7	(8.3)	73.2	(1.6)	(13.9)	(52.4)	(5.9)	15.4	31.4	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)	(27.0)	(25.9)	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)	(19.4)	(36.9)	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	5.0	17.0			4.8	4.4	4.0	4.1	3.1
Home appliance			23.5	22.3	(13.3)	3.8	8.6	15.6	17.2	12.0			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	7.9	8.6	0.5	0.5	0.7	0.6	0.5	0.5	0.5

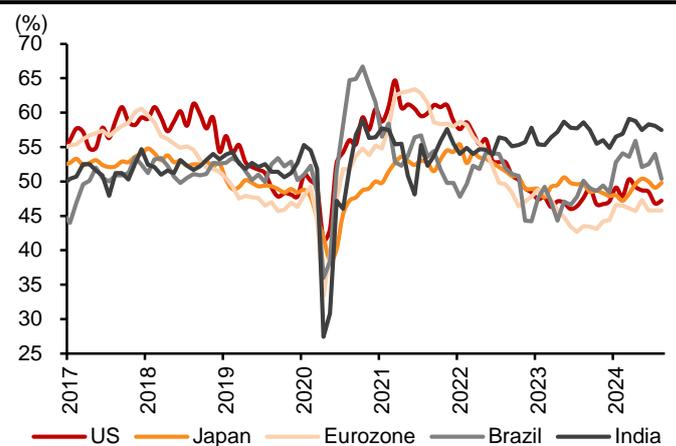
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies



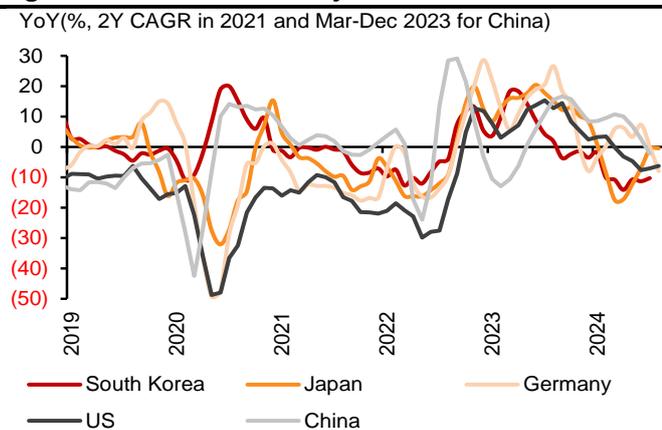
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies



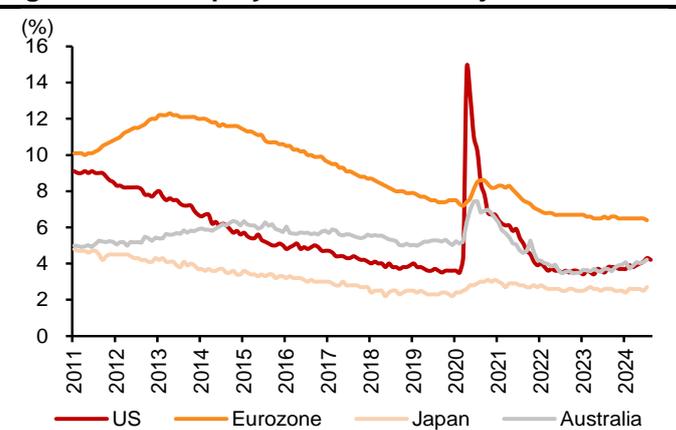
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies



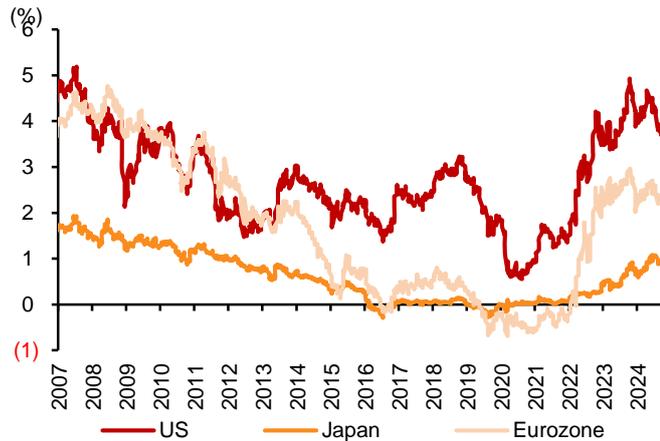
Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies



Source: Wind, CMBIGM

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



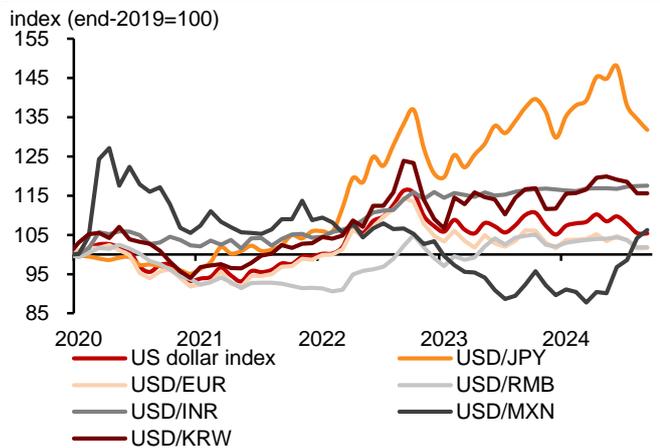
Source: Wind, CMBIGM

Figure 12: Banks' credit growth in major economies



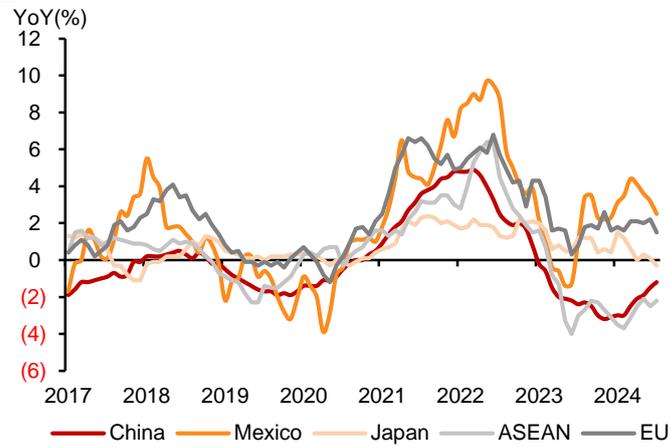
Source: Wind, CMBIGM

Figure 13: Exchange rates



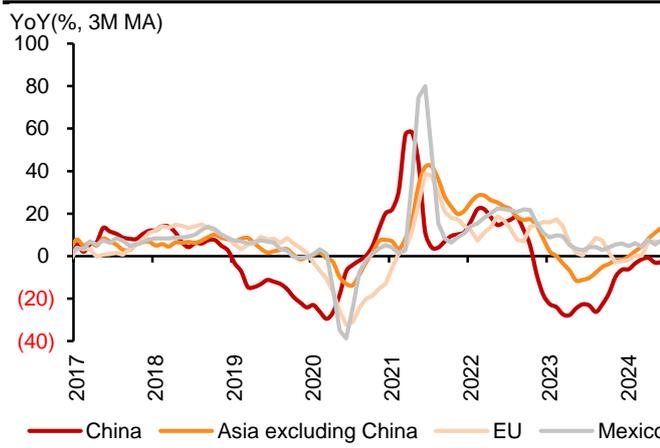
Source: Wind, CMBIGM

Figure 14: US import price growth by source



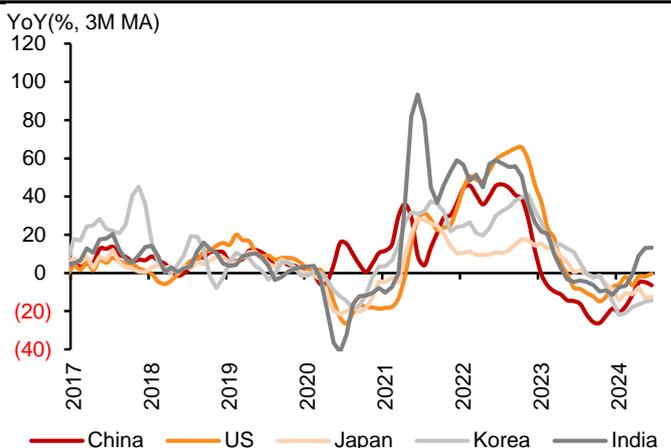
Source: Wind, CMBIGM

Figure 15: Growth of US imports by source



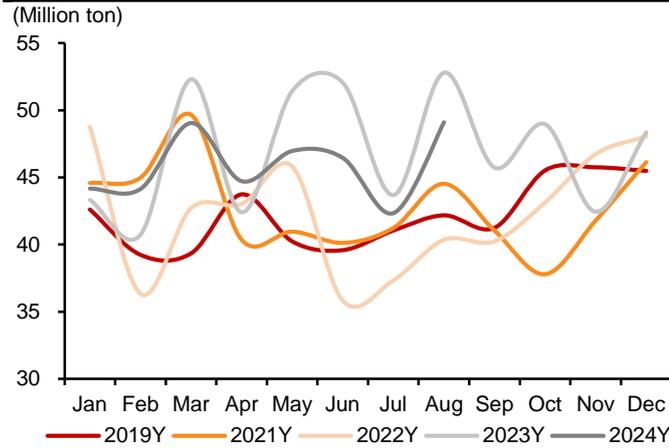
Source: Wind, CMBIGM

Figure 16: Growth of EU imports by source



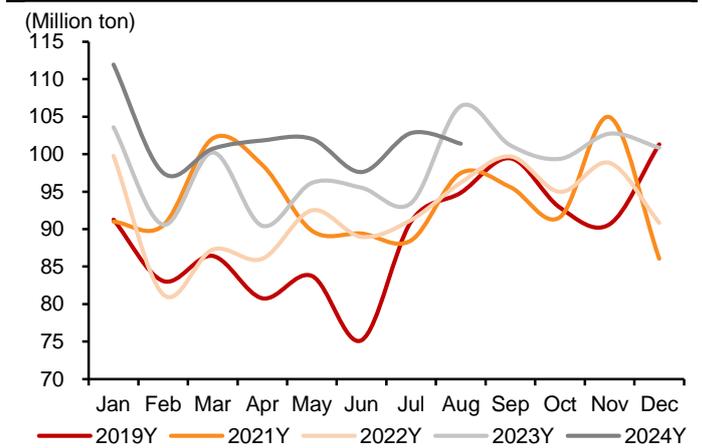
Source: Wind, CMBIGM

Figure 17: Import volume of crude oil



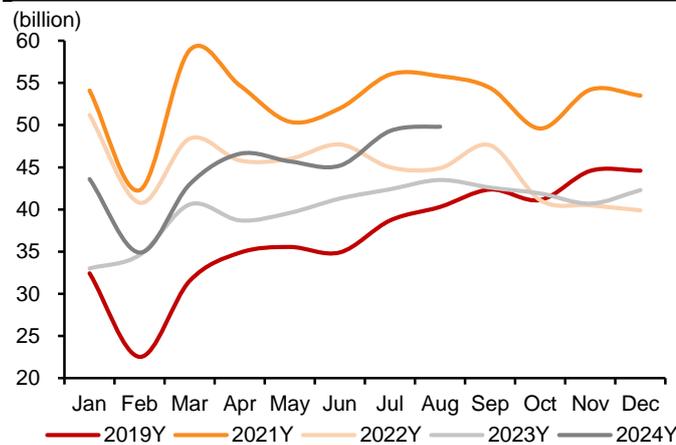
Source: Wind, CMBIGM

Figure 18: Import volume of iron ore



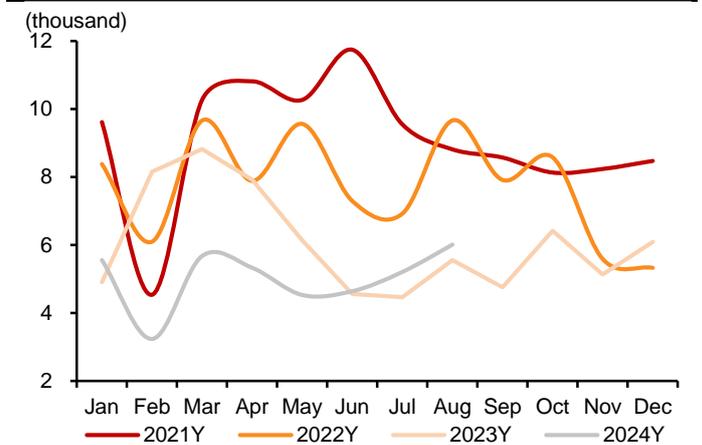
Source: Wind, CMBIGM

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	July	Aug	2019	2020	2021	2022	2023	1Q24	2Q24	July	Aug
Grain	(3.6)	28.0	18.1	(10.7)	11.7	(0.8)	2.4	2.5	17.6	(5.1)	(5.4)	26.3	23.7	(9.6)	(22.4)	(19.5)	(14.1)	(9.7)
Soy bean	0.0	13.3	(3.8)	(5.6)	11.4	(19.3)	1.2	1.2	29.7	(7.2)	(1.3)	40.7	21.2	(10.7)	(15.8)	(19.4)	(12.3)	(11.6)
Iron ore	0.5	9.5	(3.9)	(1.5)	6.6	5.3	6.9	10.0	(4.7)	32.9	7.2	55.4	(28.6)	(1.6)	17.5	(5.1)	0.7	(4.9)
Copper ore	11.6	(1.0)	7.6	8.0	9.1	5.0	1.9	10.2	(4.7)	(4.8)	2.1	44.6	(8.5)	(1.6)	1.1	1.0	15.2	17.0
Coal	6.3	1.5	6.6	(9.2)	61.8	13.8	11.3	17.7	3.4	(11.1)	(14.8)	65.9	29.7	(23.3)	(22.0)	(16.3)	(0.3)	3.8
Crude oil	9.5	7.3	(5.4)	(0.9)	11.0	0.7	(5.3)	(3.1)	(7.0)	(8.3)	(32.2)	52.4	42.7	(16.8)	0.2	9.4	11.3	3.0
Natural gas	6.9	5.3	19.9	(9.9)	9.9	22.6	6.8	5.3	8.3	1.5	(23.8)	39.8	39.5	(16.4)	(20.0)	(6.0)	0.4	3.6
Steel products	(6.5)	64.4	(29.5)	(25.9)	(27.6)	(7.9)	2.7	(26.5)	(20.5)	(8.1)	(27.5)	57.9	23.1	2.5	(4.9)	(4.1)	11.5	4.2
Copper products	(6.0)	34.1	(17.2)	6.2	(6.3)	6.4	6.8	(2.5)	(12.3)	(7.8)	(0.9)	45.5	(2.5)	(6.2)	(1.0)	10.7	17.3	12.1
Plastics in primary form	12.4	10.1	(16.4)	(10.0)	(3.2)	(2.3)	2.6	10.8	(7.2)	(15.9)	(10.6)	39.4	2.0	(16.7)	(6.1)	(2.9)	(0.8)	3.4
Rubber	(6.2)	13.6	(9.4)	8.7	8.0	(12.6)	(24.2)	(3.2)	(5.2)	(4.5)	(7.2)	26.4	(1.7)	(16.4)	6.6	15.4	21.5	25.6
Integrated circuits	6.6	22.1	16.9	(15.3)	(10.8)	12.3	15.0	16.3	14.5	(8.2)	(6.1)	5.7	13.5	(5.2)	(2.5)	(4.0)	(1.2)	(3.0)
Machine tool	0.0	18.8	(0.7)	(14.4)	(20.5)	(33.9)	(22.1)	16.6	8.2	0.0	(30.8)	25.8	1.5	14.8	42.4	5.2	(20.8)	(21.5)
Auto	(6.6)	(11.4)	0.6	(6.5)	(8.9)	0.0	(5.6)	0.0	8.6	3.6	8.1	14.7	5.7	(3.0)	(17.7)	(4.8)	17.3	(8.7)
Airplane	(48.6)	(35.4)	29.4	(27.3)	12.2	(12.2)	(23.6)	(12.5)	71.4	12.5	(30.0)	12.3	13.5	(4.0)	(15.2)	(19.7)	67.1	26.2
Medicine	0.0	(0.6)	3.1	28.8	23.6	(7.8)	9.8	14.5	23.1	0.0	4.1	16.5	(25.7)	(12.8)	(7.1)	(4.4)	(6.9)	(14.2)
Beauty cosmetics	0.0	3.7	5.2	(11.8)	(14.2)	(17.2)	(10.1)	(2.6)	(9.2)	0.0	24.8	17.0	1.8	(6.1)	(4.7)	7.0	0.3	0.1

Source: Wind, CMBIGM

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BUY : Stock with potential return of over 15% over next 12 months
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NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
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