

China Economy

Exports still in a moderate recovery

China's exports of goods notably dropped below expectations in March due to higher base. The exports were still in a moderate recovery as high value-added industries including ship, auto and integrated circuits continued to show thrilling advancement. Price deflation was a drag for export growth as export volume grew remarkably from 2H23. Imports of goods remained subdued in commodities, yet copper-related products blossomed thanks to their crucial role in new energy equipment and semiconductor manufacturing. Looking forward, exports and imports of goods may continue to improve with their growth expected to rise from -4.6% and -5.5% in 2023 to 3.6% and 3.3% in 2024. China's exports recovery and continuous deflation may trigger further trade tensions with the US and EU. RMB may continue to face downside pressure in 2Q24 before a possible mild rebound in 2H24.

■ **Exports plunged across trading partners amid higher base.** China's exports of goods dropped 7.5% YoY (all on a YoY basis unless specified) in Mar after rising 7.1% in 2M24. The weakening of exports was mainly due to higher base last year as the widespread Covid infections in 2M23 may have delayed some export orders to March delivery. For 1Q24, the exports of goods rose 1.5%, up from the decline of 4.6% in 2023. Trade with emerging economies saw the largest drop in Mar including Africa, India and Russia while ASEAN showed resilience. Trade with major developed countries including the US, EU, Japan and Australia also declined. The year 2023 witnessed a significant pivot in China's export structure as ASEAN became the largest trading partner surpassing the US and EU, as China ramped up trade connections with emerging economies amid global geopolitical realignment. China's export volume grew remarkably by 4.4% in 1Q24 as price deflation was a drag for export value growth.

■ **Exports declined across major products, except for tech-related items.** Ship and auto vehicles have extended their rally since 2021, rising 34% and 28.4% in Mar after increasing 173.1% and 12.6% in 2M24. Exports of cellphone, computers and integrated circuits remained robust registering 1.7%, 4.9% and 11.5% growth in Mar after reporting -18.2%, 3.9% and 24.3% in 2M24, in line with cyclical upturn of global tech-cycle since late 2023. Other items including textile, garment, furniture and general equipment deteriorated in Mar amid higher base last year but remained expansion in 1Q24. Raw materials including steel products, unwrought aluminum and rare earth declined in 1Q24.

■ **Imports of goods continued to slow down.** China's imports of goods dropped 1.9% in Mar after rising 3.5% in 2M24, below market expectations. Imports volume of energy goods including coal, crude oil and natural gas slowed down to 0.5%, -6.2%, and 21.3% in Mar from 22.9%, 5.1% and 23.6% in 2M24. Intermediate goods for further processing and manufacturing equipment including steel products, rubber and machine tool remained soft as its import volume dwindled to -9.3%, -12% and -35.7% from -8.1%, -12.6% and -32.7%. Copper products rebounded to 16.1% in Mar from 2.6% in 2M24 thanks to the blossom of AI and semiconductor manufacturing. Imports of raw materials including iron ore eased in terms of volume to 0.5% from 8.14% in 2M24 while copper ore accelerated to 15.3% in Mar from 0.6%. For integrated circuits, the import volume slowed down to 5.8% from 16.8% in 2M24, while their import price fell by 3.7%. For agriculture products, the import volume of

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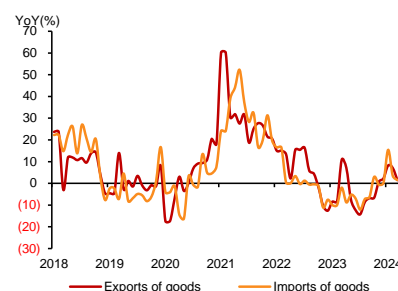
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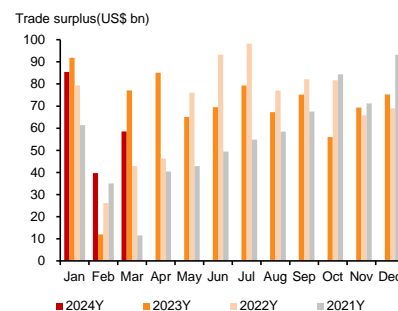
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Source: Wind, CMBIGM

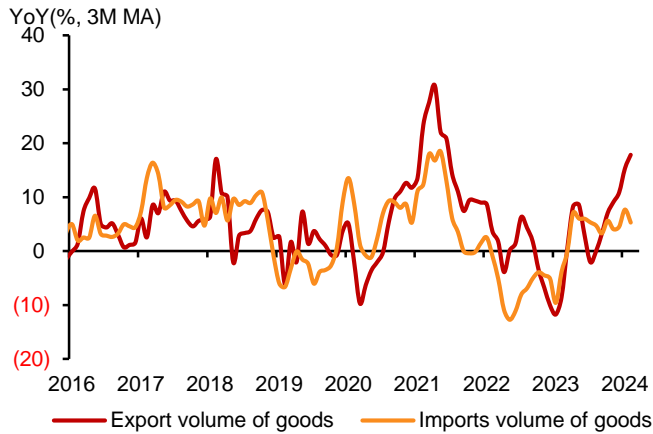


Source: Wind, CMBIGM

grain and soybean further dropped 2.9% and 19.1% in Mar. Meanwhile, the beauty cosmetics continued with YoY declines in volume and price.

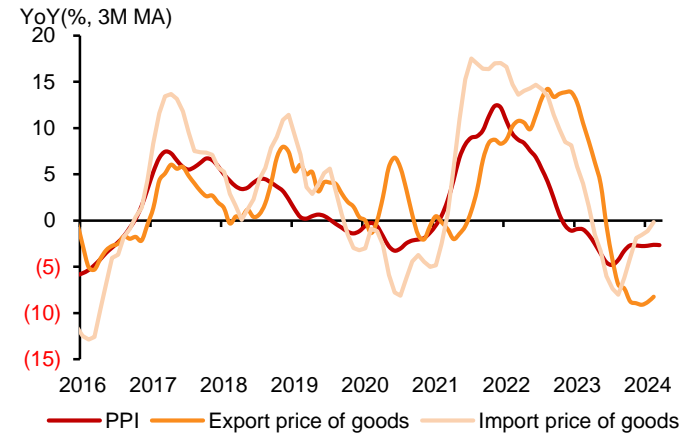
- **Exports and imports of goods are expected to increase 3.6% and 3.3% in 2024 after decreasing 4.6% and 5.5% in 2023.** Global trade of goods may moderately improve in 2024 thanks to base effect, restocking cycle as well as resurgence of commodity prices. WTO expects global trade volume to increase by 3.2% in 2024. China's exports should be in a moderate recovery this year. The fierce supply-side competition and deflation pressure domestically will aid the competitiveness of China's export globally. China's deflation in export price amid excessive government subsidy and asymmetric advantage in labor cost may trigger further trade tensions with the US and EU. China's imports of goods may also improve this year as domestic demand and price are likely to slowly improve. RMB may remain under pressure in 2Q24 as the economy and inflation in the US remain stronger than in China in the near term. The currency may see a mild rebound in 2H24 when the US economy and inflation may weaken and China's economy and price may rebound.

Figure 1: Growth of export and import volume



Source: Wind, CMBIGM

Figure 2: Growth of export and import prices



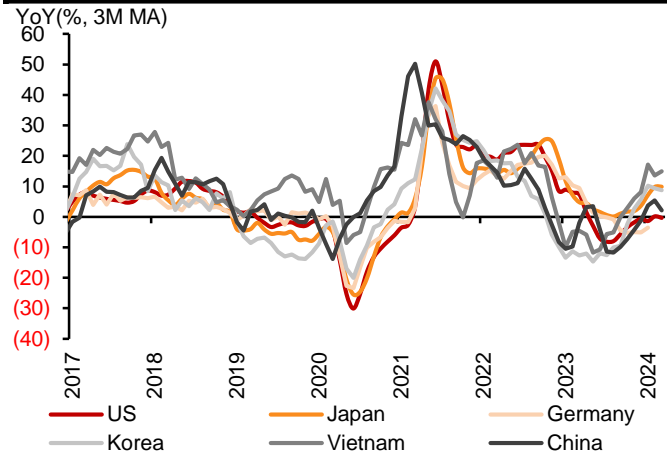
Source: Wind, CMBIGM

Figure 3: China exports by destination

	YoY Growth (%)										Share (%)					
	2018	2019	2020	2021	2022	2023	2M24	Mar	1Q24	2018	2019	2020	2021	2022	2023	2024
World	9.9	0.5	3.6	29.6	5.6	(4.6)	7.1	(7.5)	1.5	100	100	100	100	100	100	100
US	11.3	(12.5)	7.9	27.5	1.2	(13.1)	5.0	(15.9)	(1.3)	19.2	16.8	17.4	17.2	16.4	14.8	13.6
EU	9.8	4.9	6.7	32.6	8.6	(10.2)	(1.3)	(14.9)	(5.7)	16.4	17.2	15.1	15.4	15.9	14.8	14.5
Japan	7.2	(2.6)	(0.4)	16.3	4.4	(8.4)	(9.7)	(7.8)	(8.7)	5.9	5.7	5.5	4.9	4.9	4.7	4.6
ASEAN	14.2	12.7	6.7	26.1	17.7	(5.0)	6.0	(6.3)	4.1	12.8	14.4	14.8	14.4	16.0	15.5	16.8
India	12.7	(2.4)	(10.8)	46.2	21.7	0.8	12.8	(19.2)	1.9	3.1	3.0	2.6	2.9	3.3	3.5	3.5
Africa	10.8	7.9	0.9	29.9	11.2	7.5	21.0	(24.8)	4.4	4.2	4.5	4.4	4.4	4.6	5.1	5.1
Latin America	13.7	2.1	(0.8)	52.0	10.6	(2.4)	20.6	(11.8)	9.3	6.0	6.1	5.8	6.8	7.1	7.3	7.4
Russia	12.0	3.7	1.7	33.8	12.8	46.9	12.5	(15.7)	2.6	1.9	2.0	2.0	2.0	2.1	3.3	3.0
Australia	14.2	1.8	10.9	24.2	19.0	(5.3)	(7.5)	(19.4)	(8.9)	1.9	1.9	2.1	2.0	2.2	2.2	2.1
UK	(0.3)	10.4	16.3	19.9	(6.1)	(3.4)	4.9	(14.1)	(1.0)	2.3	2.5	2.8	2.6	2.3	2.3	2.1
Canada	12.1	5.0	14.0	22.4	4.5	(14.9)	12.7	(13.5)	3.8	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)	(9.9)	(12.1)	(9.3)	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	18.1	-	-	0.7	1.0	1.1	0.9	1.1	1.3	1.0
HK China	8.2	(7.6)	(2.3)	28.6	(15.0)	(6.3)	16.4	(1.4)	10.7	12.1	11.2	10.5	10.4	8.4	8.1	8.2
Chinese Taipei	10.6	13.2	9.1	30.4	4.2	(16.0)	4.4	5.4	5.2	2.0	2.2	2.3	2.3	2.3	2.0	2.1

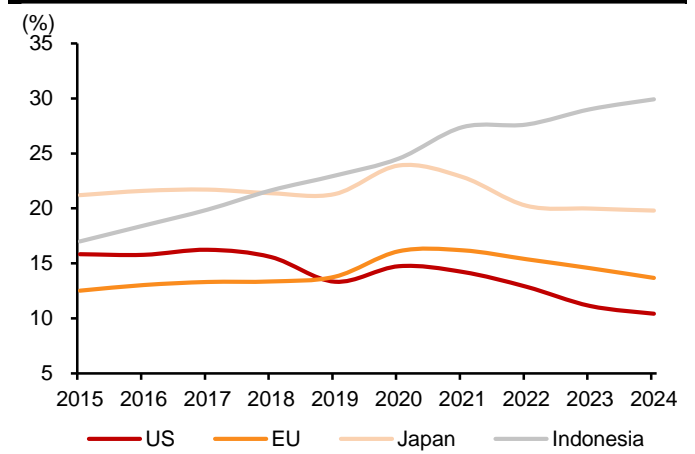
Source: Wind, CMBIGM

Figure 4: Exports growth in major economies



Source: Wind, CMBIGM

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



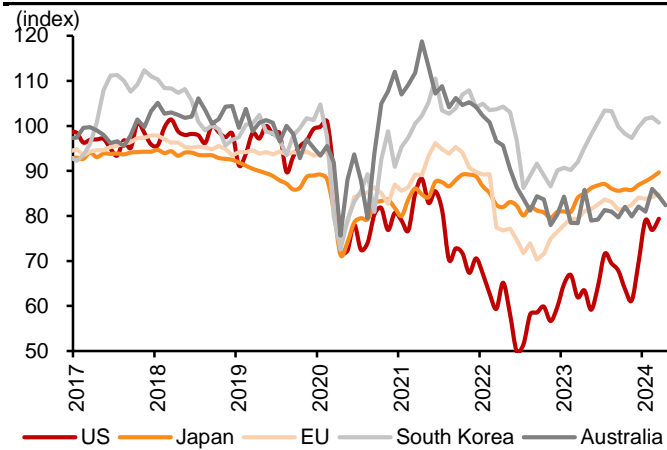
Source: Wind, CMBIGM

Figure 6: China's exports by product

	YoY(%)									Share (%)						
	2018	2019	2020	2021	2022	2023	2M24	Mar	1Q24	2018	2019	2020	2021	2022	2023	2024
Textile Yarn & Related Products	8.1	0.9	29.2	(5.6)	2.0	(8.3)	15.5	(19.5)	2.6	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	24.1	(27.7)	5.6	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)	13.1	(22.6)	1.4	6.3	6.1	5.3	5.1	4.9	4.7	4.2
Toy	4.5	24.2	7.5	37.7	5.6	(12.2)	15.9	(24.7)	3.0	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)	36.1	(12.3)	19.6	2.2	2.2	2.3	2.2	2.0	1.9	2.2
Lamps, Lighting Fixtures & Similar Products	5.6	9.6	14.3	31.2	(6.1)	(4.6)	30.5	(31.7)	9.6	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)	22.9	(15.9)	10.2	1.7	1.9	3.3	2.9	3.0	3.0	3.1
Steel Products	11.2	(11.3)	(15.4)	80.2	18.7	(8.3)	(10.0)	(24.1)	(12.9)	2.4	2.2	1.8	2.4	2.7	2.5	2.5
Unwrought Aluminum	25.8	(7.4)	(14.1)	48.7	33.7	(26.1)	0.5	(4.3)	(1.0)	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)	24.3	11.5	19.7	3.4	4.1	4.5	4.6	4.3	4.0	4.6
Ship	4.6	(6.3)	(15.3)	26.2	(0.4)	28.6	173.1	34.0	106.0	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	12.6	28.4	18.2	0.6	0.6	0.6	1.0	1.7	3.0	3.1
Auto Parts & Accessories	10.8	(3.6)	(6.2)	33.7	7.4	9.0	16.2	(6.8)	8.4	2.2	2.1	2.2	2.3	2.3	2.6	2.7
General Equipment			7.5	26.4	6.1	1.8	32.0	(13.2)	15.5			1.6	1.6	1.6	1.7	1.9
Automatic Data Processing Equipment			11.6	21.0	(7.5)	(20.4)	3.9	4.9	4.8			8.1	7.6	6.7	5.5	5.5
Fertilizer	16.2	2.7	(8.3)	73.2	(1.6)	(13.9)	(54.6)	(47.3)	(52.1)	0.3	0.3	0.3	0.3	0.3	0.3	0.1
Ceramic products	11.7	16.5	0.0	22.3	6.4	(15.4)	25.4	(36.8)	3.8	0.9	1.0	1.0	0.9	0.9	0.8	0.7
Rare earth	23.7	(14.4)	(21.9)	90.0	62.8	(28.3)	(44.0)	(31.4)	(39.2)	0.02	0.02	0.01	0.02	0.03	0.02	0.02
Cellphone		0.9	16.6	(2.5)	(2.7)	(18.2)	1.7	(13.0)				4.8	4.4	4.0	4.1	3.5
Home appliance			23.5	22.3	(13.3)	3.8	20.8	(4.6)	12.2			2.6	2.9	2.4	2.6	2.8
Medical equipment	13.3	13.3	40.5	11.9	(5.8)	(2.9)	12.2	(11.4)	3.6	0.5	0.5	0.7	0.6	0.5	0.5	0.5

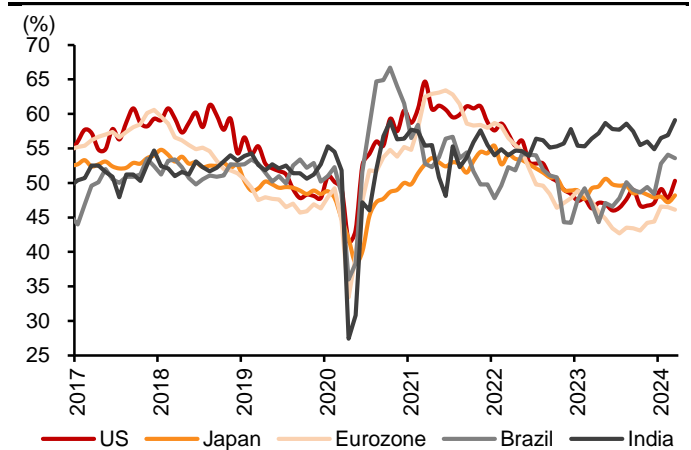
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies



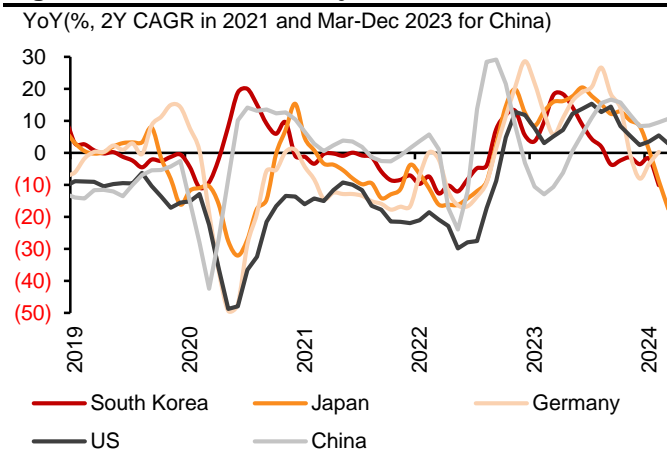
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies



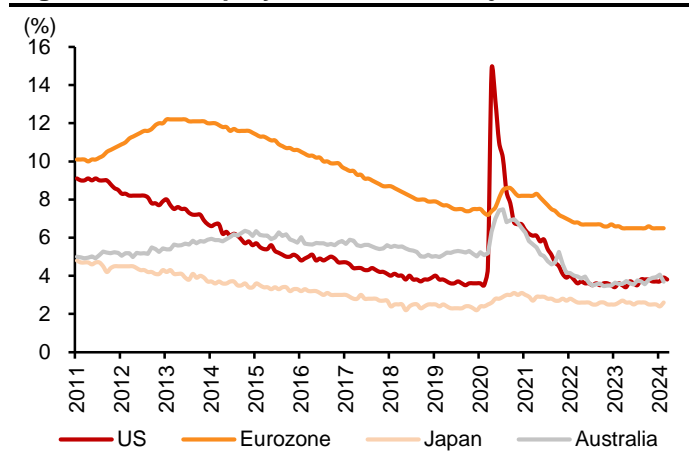
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies



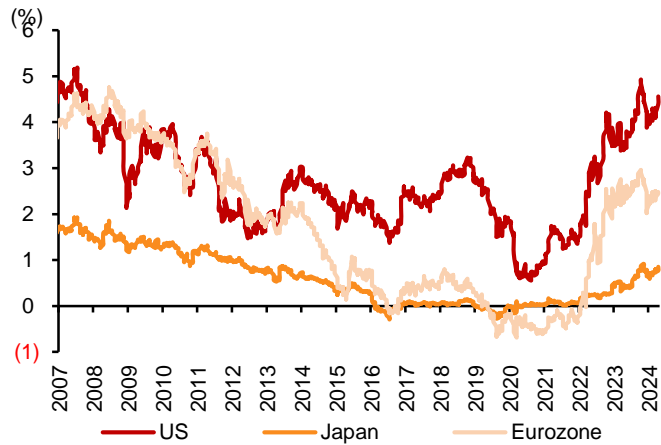
Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies



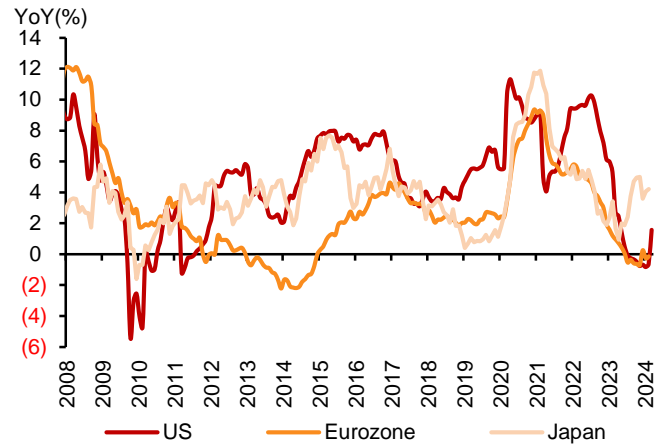
Source: Wind, CMBIGM

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



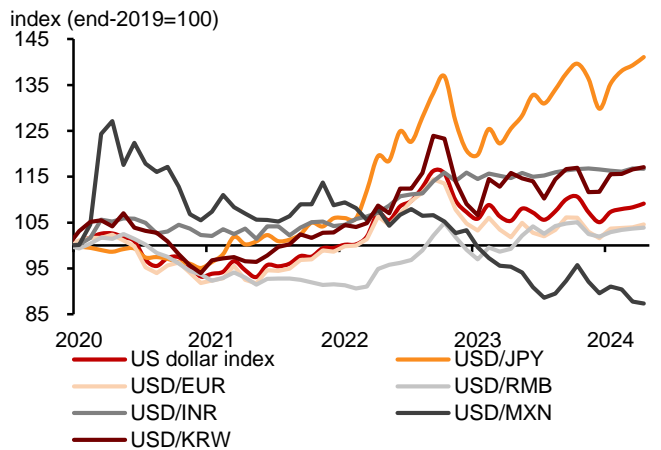
Source: Wind, CMBIGM

Figure 12: Banks' credit growth in major economies



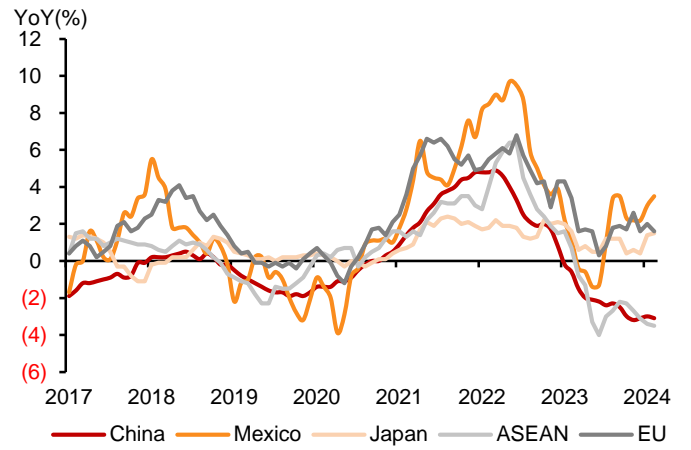
Source: Wind, CMBIGM

Figure 13: Exchange rates



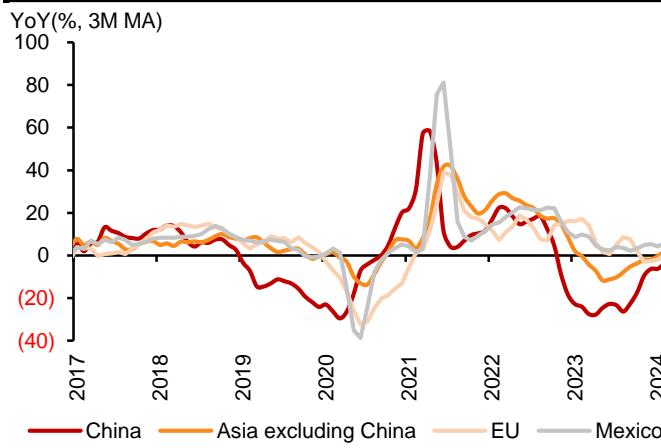
Source: Wind, CMBIGM

Figure 14: US import price growth by source



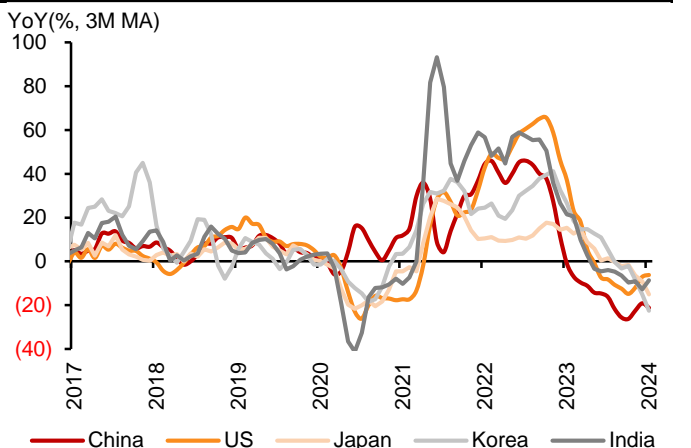
Source: Wind, CMBIGM

Figure 15: Growth of US imports by source



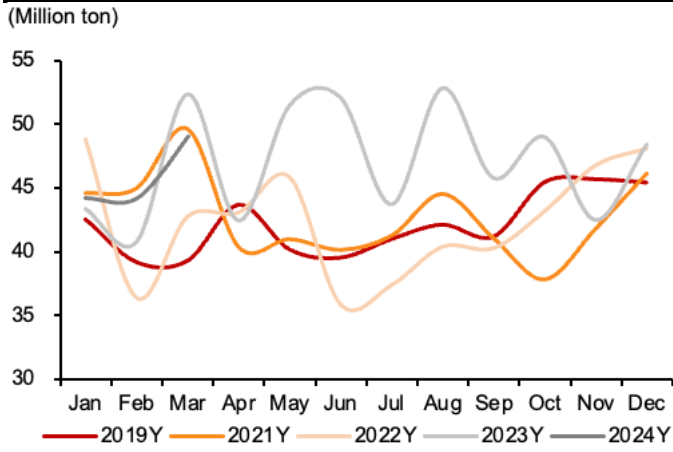
Source: Wind, CMBIGM

Figure 16: Growth of EU imports by source



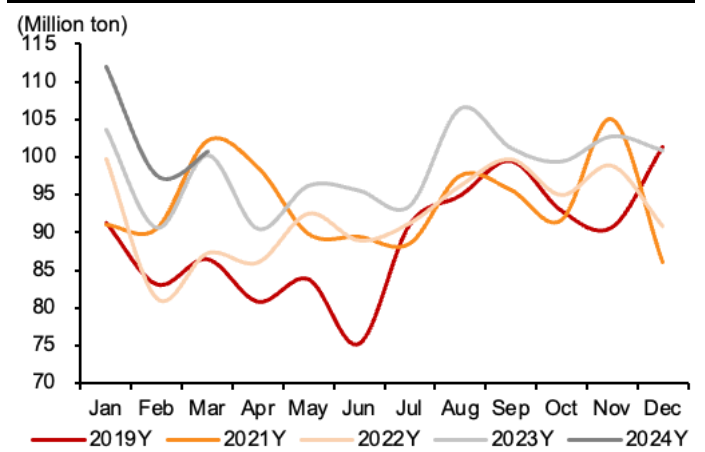
Source: Wind, CMBIGM

Figure 17: Import volume of crude oil



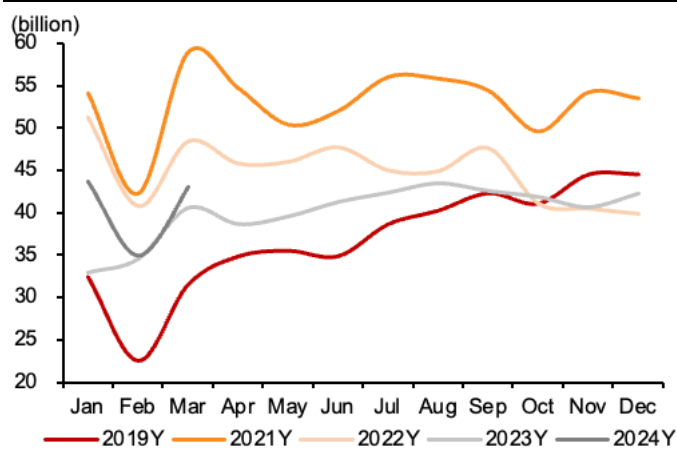
Source: Wind, CMBIGM

Figure 18: Import volume of iron ore



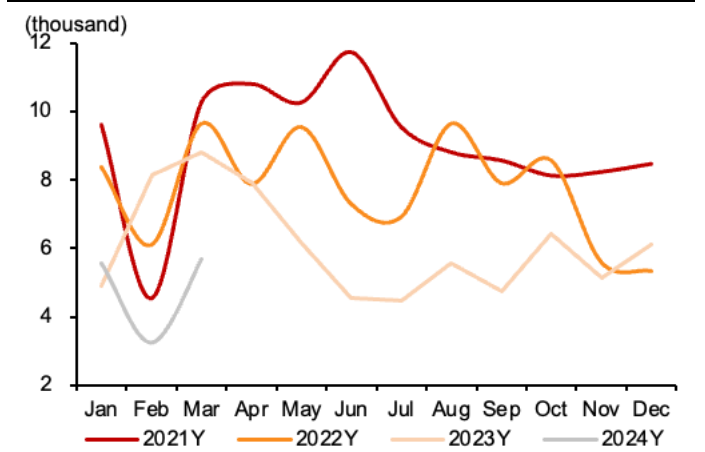
Source: Wind, CMBIGM

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	2M24	Mar	1Q24	2019	2020	2021	2022	2023	2M24	Mar	1Q24
Grain	(3.6)	28.0	18.1	(10.7)	11.7	7.7	(2.9)	5.1	(5.1)	(5.4)	26.3	23.7	(9.6)	(21.0)	(22.9)	(21.3)
Soybean	0.0	13.3	(3.8)	(5.6)	11.4	(8.8)	(19.1)	(10.8)	(7.2)	(1.3)	40.7	21.2	(10.7)	(14.7)	(18.0)	(15.7)
Iron ore	0.5	9.5	(3.9)	(1.5)	6.6	8.1	0.5	5.5	32.9	7.2	55.4	(28.6)	(1.6)	13.6	7.0	10.7
Copper ore	11.6	(1.0)	7.6	8.0	9.1	0.6	15.3	5.1	(4.8)	2.1	44.6	(8.5)	(1.6)	(3.3)	(1.5)	(2.3)
Coal	6.3	1.5	6.6	(9.2)	61.8	22.9	0.5	13.9	(11.1)	(14.8)	65.9	29.7	(23.3)	(22.8)	(22.6)	(22.6)
Crude oil	9.5	7.3	(5.4)	(0.9)	11.0	5.1	(6.2)	0.7	(8.3)	(32.2)	52.4	42.7	(16.8)	(2.2)	3.0	(0.1)
Natural gas	6.9	5.3	19.9	(9.9)	9.9	23.6	21.3	22.8	1.5	(23.8)	39.8	39.5	(16.4)	(23.5)	(12.1)	(20.1)
Steel products	(6.5)	64.4	(29.5)	(25.9)	(27.6)	(8.1)	(9.3)	(8.6)	(8.1)	(27.5)	57.9	23.1	2.5	(5.2)	(2.3)	(4.2)
Copper products	(6.0)	34.1	(17.2)	6.2	(6.3)	2.6	16.1	6.9	(7.8)	(0.9)	45.5	(2.5)	(6.2)	(2.3)	(1.6)	(1.8)
Plastics in primary form	12.4	10.1	(16.4)	(10.0)	(3.2)	(3.7)	0.6	(2.2)	(15.9)	(10.6)	39.4	2.0	(16.7)	(5.7)	(5.3)	(5.5)
Rubber	(6.2)	13.6	(9.4)	8.7	8.0	(12.6)	(12.0)	(12.3)	(4.5)	(7.2)	26.4	(1.7)	(16.4)	4.3	10.0	6.4
Integrated circuits	6.6	22.1	16.9	(15.3)	(10.8)	16.8	5.8	12.7	(8.2)	(6.1)	5.7	13.5	(5.2)	(1.3)	(3.7)	(2.1)
Machine tool	0.0	18.8	(0.7)	(14.4)	(20.5)	(32.7)	(35.7)	(33.8)	0.0	(30.8)	25.8	1.5	14.8	58.7	19.7	42.1
Auto	(6.6)	(11.4)	0.6	(6.5)	(8.9)	(2.8)	(11.7)	(4.1)	3.6	8.1	14.7	5.7	(3.0)	(11.7)	(14.2)	(14.2)
Airplane	(48.6)	(35.4)	29.4	(27.3)	12.2	(20.8)	0.0	(12.2)	12.5	(30.0)	12.3	13.5	(4.0)	(12.1)	(23.1)	(19.7)
Medicine	0.0	(0.6)	3.1	28.8	23.6	(0.7)	(16.7)	(7.4)	0.0	4.1	16.5	(25.7)	(12.8)	(14.5)	4.7	(7.3)
Beauty cosmetics	0.0	3.7	5.2	(11.8)	(14.2)	(14.7)	(20.3)	(17.1)	0.0	24.8	17.0	1.8	(6.1)	(5.6)	(0.1)	(3.4)

Source: Wind, CMBIGM

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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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