

# China Economy

## Exports beat to power economic recovery

China's exports of goods extended its recovery and notably expanded by 7.6% YoY in May, bolstered by exports to Global South and surge in shipments of ships, EV, home appliances, furniture and integrated circuits. Imports of goods came in lower than expected, dragged by a decline in imports of grains, copper ores, crude oil, machine tools and airplanes. Looking forward, China's exports will maintain solid growth rates thanks to low base effect, price advantage and overseas demand improvement. Moreover, the front-loading effect before possible more tariff hikes in the EU and US might potentially propel exports in the near term. We expect exports and imports of goods may rise from -4.6% and -5.5% in 2023 to 3.6% and 3.3% in 2024. Chinese exporters or companies with high exposure to overseas market may remain investors' favour in the stock market.

■ **Exports extended its rebound with major trading partners.** China's exports of goods continued its rebound to 7.6% YoY (all on a YoY basis unless specified) in May after rising 1.5% in Apr thanks to a much lower base last year. Exports to ASEAN, China's largest trading partner since 2023, significantly accelerated to 22.5% growth in May from 8.1%, as exports to Vietnam and Malaysia became strong drivers. Exports to other major trading partners including the EU, US and Japan also saw a rebound from -3.6%, -2.8% and -10.9% to -1%, 3.6% and -1.6%. Exports to Latin America also notably expanded from 2.2% to 18.9% as Brazil became the largest EV export destination in 2024, while India, Africa and Russia improved after declining in Apr. China's exports has entered an upward trajectory, as low base effect from last year triggered and buoyed by the competitive pricing especially in the emerging markets, providing robust support for the moderate recovery of the Chinese economy.

■ **Exports continued to revive especially for IT products.** Following the upswing of global tech-cycle, exports of cellphone, computers and integrated circuits extended their rally by growing 8.1%, 6.4% and 28.5% in May after rising 7.3%, 8.2% and 17.8% in Apr. Rapid growth in ship and auto vehicles exports persisted but moderated to 57.1% and 16.6% after growing 91.3% and 28.8% in April. Property-related products including home appliances and furniture rebounded as exports jumped 18.3% and 16% from 10.9% and 3.5% in Apr. Other major items including textile, garment and plastic products also notably rebounded. The export of Chinese products with overwhelming competitive advantage in price and quality such as EV, lithium battery and photovoltaic products continued to experience robust growth, but simultaneously faced increased tariff threat, as we witnessed in the US and the EU.

■ **Imports of goods showed soft domestic demand.** China's imports of goods eased to 1.8% in May after rising 8.4% in April, below market expectations. Intermediate goods for further processing and manufacturing equipment including steel products and machine tool softened with their import volume declined to 1.1% and -26.2% in May from 13.8% and -32.7%, while both volume and price of copper products showed strong resilience increasing 15.8% and 11.6% from 8% and 1.6%. Imports volume of energy goods including coal, crude oil and natural gas moderated to 10.7%, -8.7% and 6.5% from 11.2%, 5.4% and 14.7%. Import price of crude oil continued to rebound while price of natural gas and coal declined. Imports of raw materials including iron ore and copper ore softened in terms of volume from 12.6% and 11.9% in Apr to 6.1% and -11.6% in May. For agricultural products, the import volume of grain and soybean dropped to negative YoY while their prices remained in

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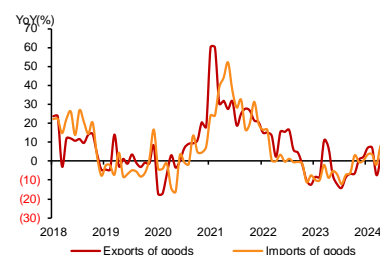
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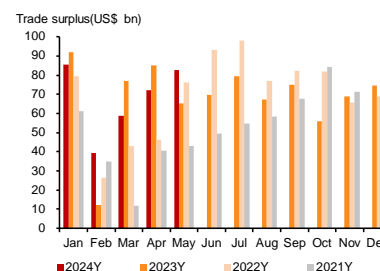
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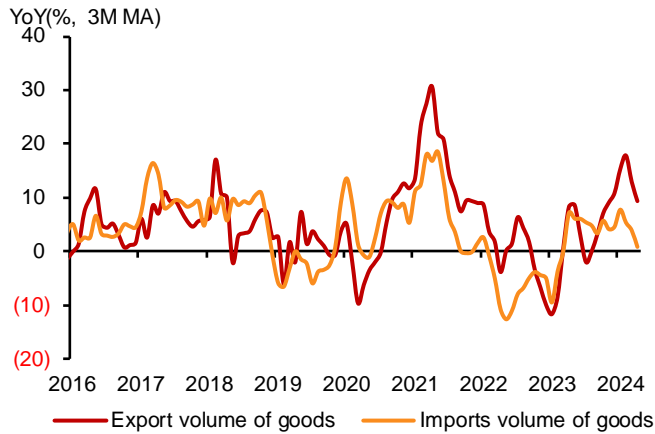
Source: Wind, CMBIGM



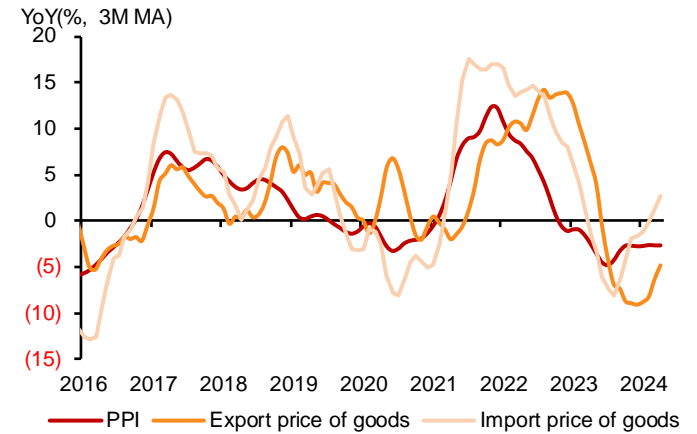
Source: Wind, CMBIGM

contraction. For integrated circuits, the import volume registered 15.3% growth in May from 20.4%.

- **Recovery of exports will consolidate.** Exports data continued to improve, primarily driven by exports to emerging economies and surge in tech products and EV shipments. We expect the exports to further restore in the upcoming months thanks to the low base effect, external demand improvement and China's increasing price advantage in most manufacturing products. Moreover, the tariff threat from the EU and US may prompt more front-loading orders, potentially boosting exports in the near term. 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. We might see a mild rebound of RMB in 2H24-1H25 as China's growth and price gradually rebound while the US economy and inflation gradually cool down.

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

Source: Wind, CMBIGM

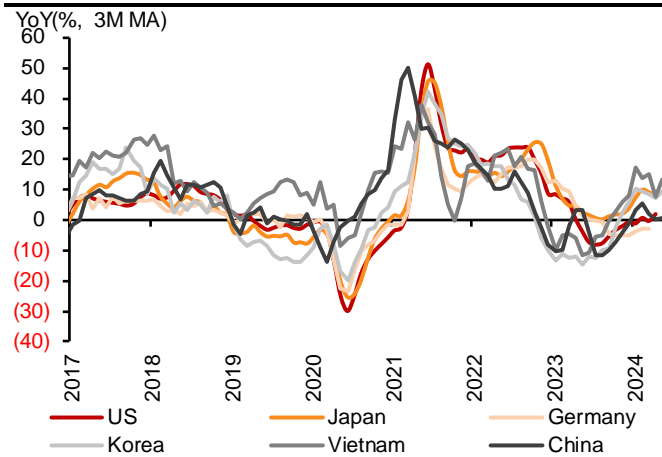
**Figure 2: Growth of export and import prices**

Source: Wind, CMBIGM

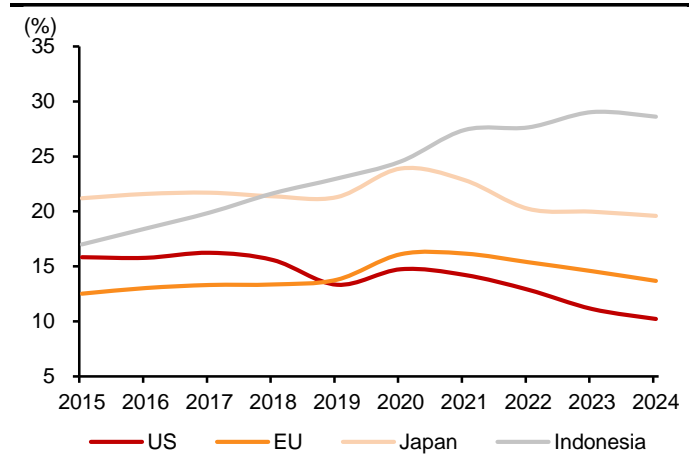
**Figure 3: China exports by destination**

	YoY Growth (%)									Share (%)						
	2018	2019	2020	2021	2022	2023	1Q24	Apr	May	2018	2019	2020	2021	2022	2023	2024
World	9.9	0.5	3.6	29.6	5.6	(4.7)	1.5	1.5	7.6	100	100	100	100	100	100	100
US	11.3	(12.5)	7.9	27.5	1.2	(13.1)	(1.3)	(2.8)	3.6	19.2	16.8	17.4	17.2	16.4	14.8	14.0
EU	9.8	4.9	6.7	32.6	8.6	(10.2)	(5.7)	(3.6)	(1.0)	16.4	17.2	15.1	15.4	15.9	14.8	14.6
Japan	7.2	(2.6)	(0.4)	16.3	4.4	(8.4)	(8.7)	(10.9)	(1.6)	5.9	5.7	5.5	4.9	4.9	4.7	4.4
ASEAN	14.2	12.7	6.7	26.1	17.7	(5.0)	4.1	8.1	22.5	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	1.9	(6.2)	4.2	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	4.4	(16.0)	(7.9)	4.2	4.5	4.4	4.4	4.6	5.1	5.0
Latin America	13.7	2.1	(0.8)	52.0	10.6	(2.4)	9.3	2.2	18.9	6.0	6.1	5.8	6.8	7.1	7.3	7.6
Russia	12.0	3.7	1.7	33.8	12.8	46.9	2.6	(13.6)	(2.0)	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)	(8.9)	(6.2)	(0.4)	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)	(1.0)	5.3	(7.1)	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)	3.8	(4.4)	(1.6)	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)	(9.3)	(6.1)	3.6	4.4	4.4	4.3	4.4	4.6	4.4	4.3
Saudi Arabia	(5.1)	36.9	17.7	7.9	25.7	14.5	14.7	(1.6)	-	0.7	1.0	1.1	0.9	1.1	1.3	1.1
HK China	8.2	(7.6)	(2.3)	28.6	(15.0)	(6.3)	10.7	8.9	10.2	12.1	11.2	10.5	10.4	8.4	8.1	8.0
Chinese Taipei	10.6	13.2	9.1	30.4	4.2	(16.0)	5.2	4.0	25.5	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**

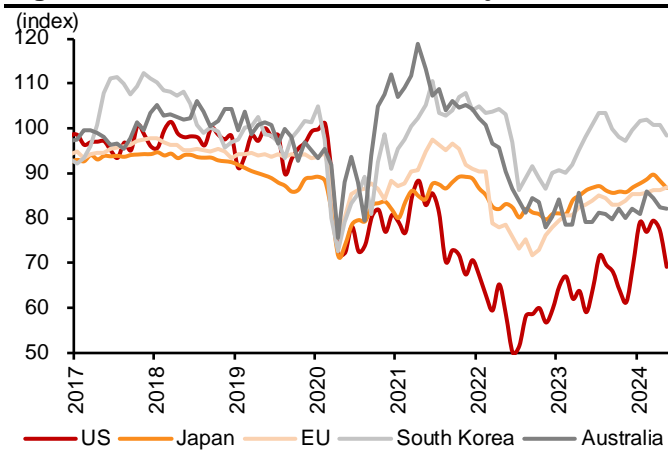
Source: Wind, CMBIGM

Figure 6: China's exports by product

	YoY(%)										Share (%)						
	2018	2019	2020	2021	2022	2023	1Q24	Apr	May		2018	2019	2020	2021	2022	2023	2024
Textile Yarn & Related Products	8.1	0.9	29.2	(5.6)	2.0	(8.3)	2.6	(4.3)	7.2		4.8	4.8	5.9	4.3	4.2	4.0	4.1
Travel Goods & Bags	1.8	0.5	(24.2)	35.1	28.2	3.9	5.6	(13.5)	(0.0)		1.1	1.1	0.8	0.8	1.0	1.1	1.1
Garment & Accessories	0.3	(4.0)	(6.4)	24.0	3.2	(7.8)	1.4	(9.1)	(0.4)		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)	3.0	(11.1)	(4.7)		1.0	1.2	1.3	1.4	1.4	1.2	1.0
Furniture & Parts Thereof	7.6	0.8	11.8	26.4	(5.3)	(5.2)	19.6	3.5	16.0		2.2	2.2	2.3	2.2	2.0	1.9	2.1
Lamps, Lighting Fixtures & Similar Products	5.6	9.6	14.3	31.2	(6.1)	(4.6)	9.6	(11.7)	(0.1)		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)	10.2	(2.3)	8.6		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)	(12.9)	(17.6)	(4.9)		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)	(1.0)	4.9	14.6		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)	19.7	17.8	28.5		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	106.0	91.3	57.1		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	18.2	28.8	16.6		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	8.4	(2.5)	1.1		2.2	2.1	2.2	2.3	2.3	2.6	2.7
General Equipment			7.5	26.4	6.1	1.8	15.5	(1.1)	7.4				1.6	1.6	1.6	1.7	1.9
Automatic Data Processing Equipment			11.6	21.0	(7.5)	(20.4)	4.8	8.2	6.4				8.1	7.6	6.7	5.5	5.6
Fertilizer	16.2	2.7	(8.3)	73.2	(1.6)	(13.9)	(52.1)	(0.9)	(9.3)		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)	3.8	(33.5)	(18.1)		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)	(39.2)	(59.9)	(55.6)		0.02	0.02	0.01	0.02	0.03	0.02	0.02
Cellphone			0.9	16.6	(2.5)	(2.7)	(13.0)	7.3	8.1				4.8	4.4	4.0	4.1	3.3
Home appliance			23.5	22.3	(13.3)	3.8	12.2	10.9	18.3				2.6	2.9	2.4	2.6	2.9
Medical equipment	13.3	13.3	40.5	11.9	(5.8)	(2.9)	3.6	(1.7)	6.8		0.5	0.5	0.7	0.6	0.5	0.5	0.5

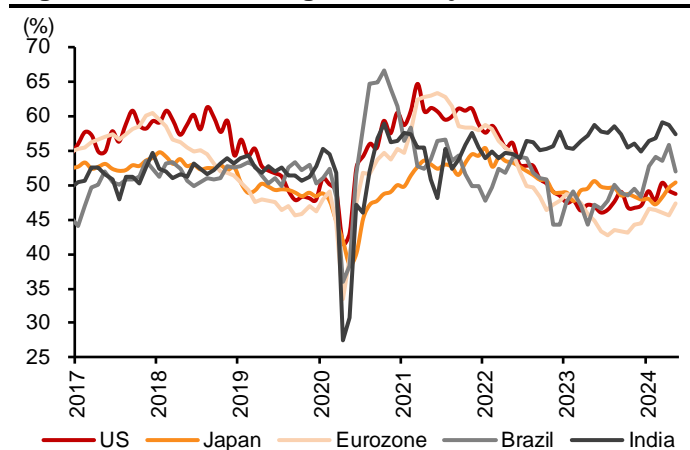
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies



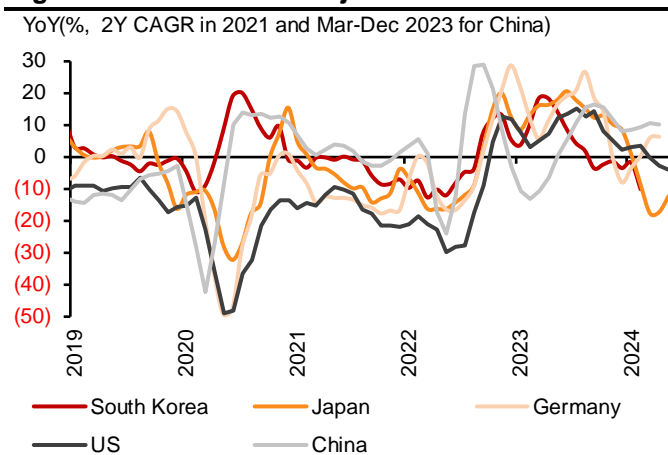
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies



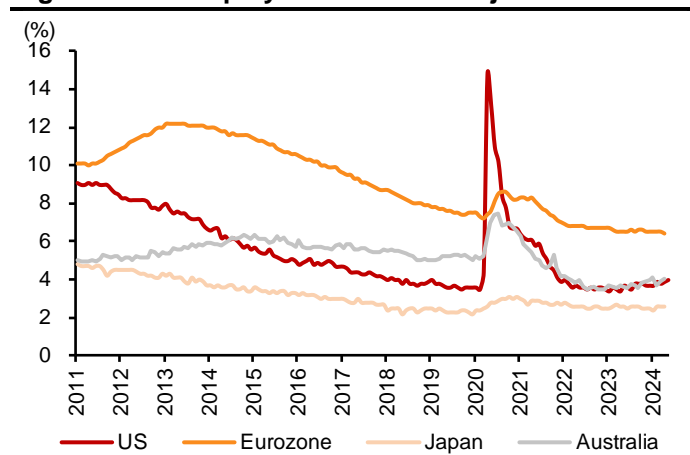
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies



Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies



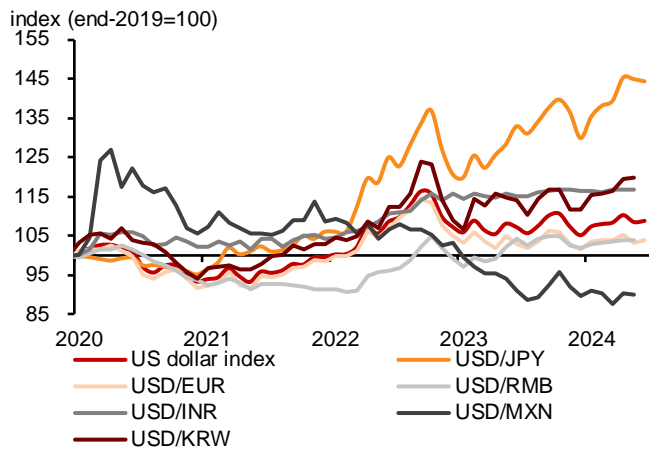
Source: Wind, CMBIGM

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

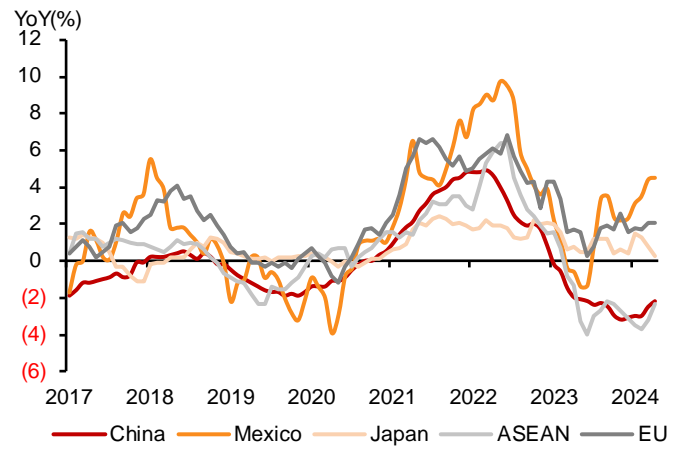
Source: Wind, CMBIGM

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

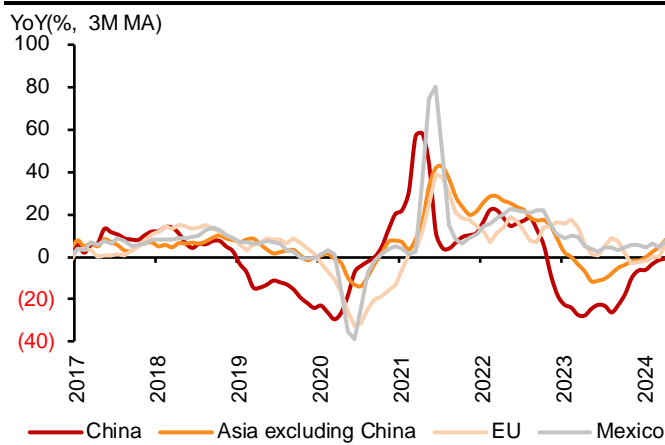
Source: Wind, CMBIGM

**Figure 13: Exchange rates**

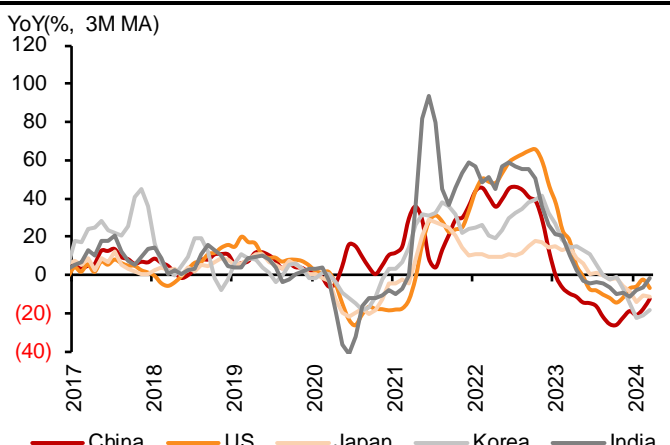
Source: Wind, CMBIGM

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

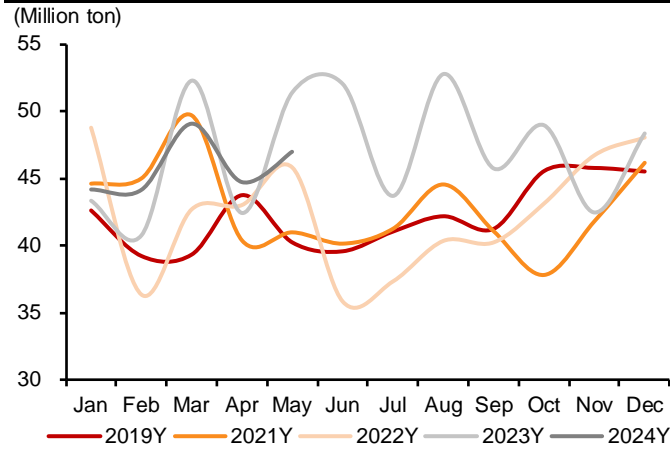
Source: Wind, CMBIGM

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

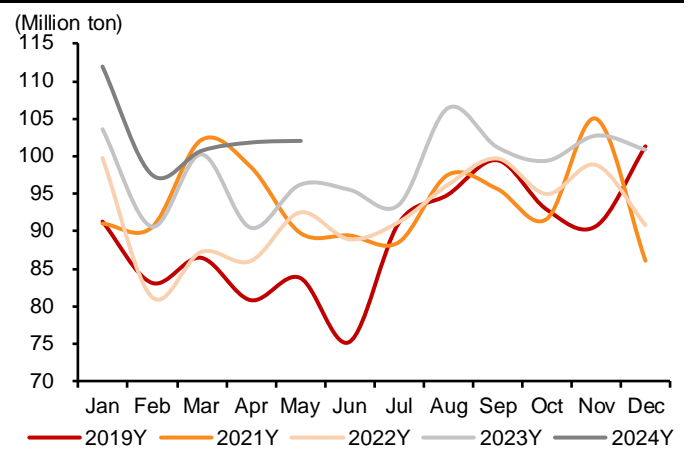
Source: Wind, CMBIGM

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

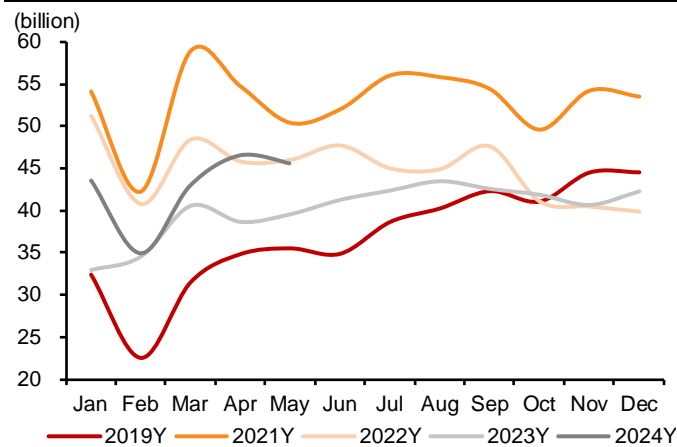
Source: Wind, CMBIGM

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

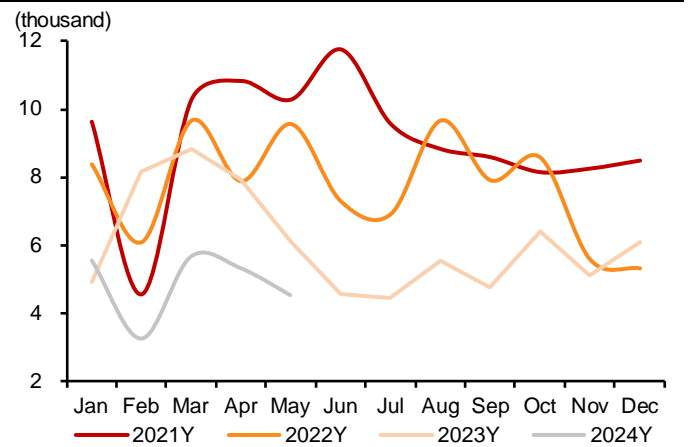
Source: Wind, CMBIGM

**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	1Q24	Apr	May	2019	2020	2021	2022	2023	1Q24	Apr	May
Grain	(3.6)	28.0	18.1	(10.7)	11.7	5.1	20.4	(8.6)	(5.1)	(5.4)	26.3	23.7	(9.6)	(21.3)	(20.5)	(22.0)
Soybean	0.0	13.3	(3.8)	(5.6)	11.4	(10.8)	18.0	(15.0)	(7.2)	(1.3)	40.7	21.2	(10.7)	(15.7)	(20.3)	(21.0)
Iron ore	0.5	9.5	(3.9)	(1.5)	6.6	5.5	12.6	6.1	32.9	7.2	55.4	(28.6)	(1.6)	10.7	(6.2)	(9.5)
Copper ore	11.6	(1.0)	7.6	8.0	9.1	5.1	11.9	(11.6)	(4.8)	2.1	44.6	(8.5)	(1.6)	(2.3)	(4.3)	1.6
Coal	6.3	1.5	6.6	(9.2)	61.8	13.9	11.2	10.7	(11.1)	(14.8)	65.9	29.7	(23.3)	(22.6)	(17.6)	(17.3)
Crude oil	9.5	7.3	(5.4)	(0.9)	11.0	0.7	5.4	(8.7)	(8.3)	(32.2)	52.4	42.7	(16.8)	(0.1)	8.2	7.4
Natural gas	6.9	5.3	19.9	(9.9)	9.9	22.8	14.7	6.5	1.5	(23.8)	39.8	39.5	(16.4)	(20.1)	(10.8)	(6.2)
Steel products	(6.5)	64.4	(29.5)	(25.9)	(27.6)	(8.6)	13.8	1.1	(8.1)	(27.5)	57.9	23.1	2.5	(4.2)	(4.6)	(5.1)
Copper products	(6.0)	34.1	(17.2)	6.2	(6.3)	6.9	8.0	15.8	(7.8)	(0.9)	45.5	(2.5)	(6.2)	(1.8)	1.6	11.6
Plastics in primary form	12.4	10.1	(16.4)	(10.0)	(3.2)	(2.2)	13.0	1.1	(15.9)	(10.6)	39.4	2.0	(16.7)	(5.5)	(4.7)	(2.2)
Rubber	(6.2)	13.6	(9.4)	8.7	8.0	(12.3)	(25.7)	(20.5)	(4.5)	(7.2)	26.4	(1.7)	(16.4)	6.4	15.3	13.5
Integrated circuits	6.6	22.1	16.9	(15.3)	(10.8)	12.7	20.4	15.3	(8.2)	(6.1)	5.7	13.5	(5.2)	(2.1)	(3.9)	1.8
Machine tool	0.0	18.8	(0.7)	(14.4)	(20.5)	(33.8)	(32.7)	(26.2)	0.0	(30.8)	25.8	1.5	14.8	42.1	21.9	7.1
Auto	(6.6)	(11.4)	0.6	(6.5)	(8.9)	(4.1)	(16.7)	5.0	3.6	8.1	14.7	5.7	(3.0)	(14.2)	(7.2)	(5.5)
Airplane	(48.6)	(35.4)	29.4	(27.3)	12.2	12.5	(29.6)	(50.0)	12.5	(30.0)	12.3	13.5	(4.0)	(19.7)	(24.3)	(29.3)
Medicine	0.0	(0.6)	3.1	28.8	23.6	(7.4)	21.1	1.3	0.0	4.1	16.5	(25.7)	(12.8)	(7.3)	(16.7)	(8.5)
Beauty cosmetics	0.0	3.7	5.2	(11.8)	(14.2)	(17.1)	(13.9)	(3.6)	0.0	24.8	17.0	1.8	(6.1)	(3.4)	14.4	(1.3)

Source: Wind, CMBIGM



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