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China Economy

Exports contraction underscores rising growth pressure in 4Q

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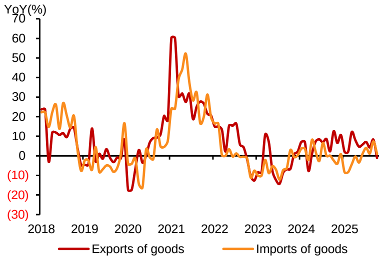
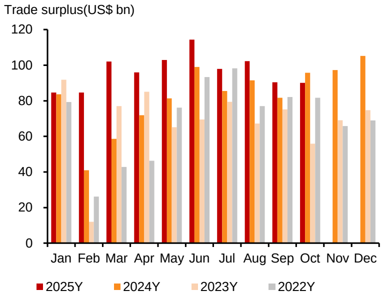


Source: Wind, CMBIGM



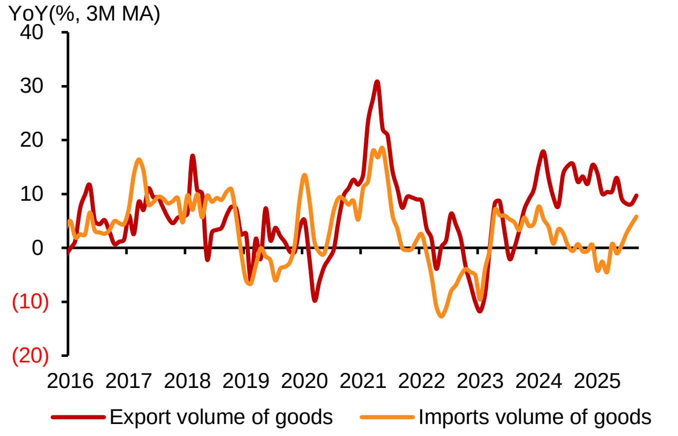
Source: Wind, CMBIGM

China's exports slumped to negative in Oct as exports to developed countries including the US, EU, Japan, Australia and etc saw notable drops. Exports to emerging markets including ASEAN, Africa and Latin America also moderated. Transport equipment and integrated circuits remained robust in exports while other tech products including laptops and cell phones further contracted. Property-related and low value-added products remained subdued. Imports moderated dragged by intermediate goods including steel & copper products, rubber & plastics and machine tools, reflecting softening industrial activities in China. With exports expected to soften due to payback from front-loading and durable consumption to slow down on demand overdraft, China may face mounted growth headwinds in 4Q25. Growth pressure may prompt policymakers to introduce additional easing measures, although the scale is likely to be more moderate than last year. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 3% in 2025 while import growth may mildly slow down from 1.1% to 0.5%. USD/RMB rates may appreciate from the current 7.13 to 7.1 by year end and 7.05 by end of 2026.

- **Exports slumped to negative as goods to developed countries dropped.** Exports dropped to -1.1% (all on a YoY basis unless specified) in Oct from 8.3% in Sep, notably missing market expectation at 3.1%, the first negative reading since Mar 2023 excluding the Chinese New Year distortion. Exports to the US remained in a deep contraction at -25% in Oct compared to -27% in Sep. Exports to other developed countries softened, as the EU, Japan, South Korea, the UK, Australia and Canada saw notable drops. Shipments to major re-routing destinations also moderated, as ASEAN, Latin America and Africa slowed down from 15.6%, 15.2%, 56.4% to 11%, 2.1% and 10.5%. Trade surplus dropped 5.9% to US$90.1bn in Oct, indicating the 4Q25 GDP faces mounting downward pressure.
- **Circuits and ships remained robust while personal consumption goods moderated.** Tech products moderated, as integrated circuits slowed down to 26.9% in Oct from 32.7%, while personal computers and cell phones further dropped to -10% and -16.6% in Oct from -0.3% and -1.9%. Transport equipment, on the other hand, notably surged in Oct as ships and vehicles accelerated to 34% and 68.4% from 10.9% and 42.7%. Low value-added exports including textile yam, travel goods & bags, garments and toys saw the biggest hit from tariff and declined further, as well as the housing-related products including furniture, lamps & lighting products and home appliances. Rare earth exports remained elevated at 42.8% in Oct, reflecting that the additional export controls were never fully imposed.
- **Imports moderated dragged by intermediate products.** China's imports of goods dropped to 1% in Oct from 7.4% in Sep, missing the market expectations of 3.9%. Imports from the US further dipped to -22.8% in Oct from -16%. For energy products, import volume of crude oil further picked up to 8.2% in Oct from 3.9%, while coal and natural gas further contracted by 9.8% and 7.2%. For raw materials, volume of iron and copper ore remained robust at 7.2% and 6.1% in Oct. Intermediate products saw large declines, as steel products, copper products, plastics, rubber and machine tools notably declined in imports volume, reflecting the moderating industrial activities in China. Imports of integrated circuits moderated due to trade disputes. Import volume of soybean accelerated to 17.2% in Oct from 13.2%, as China vowed to import nearly 100mn tons from the US over the next 3 years.

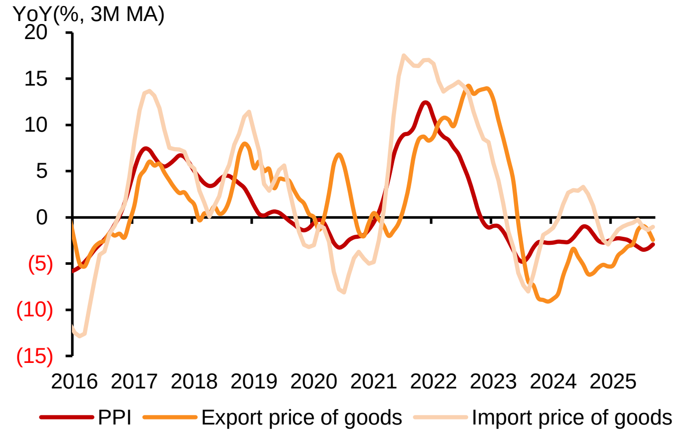
- **Narrowing trade surplus and weaker durable goods consumption weighed on growth.** GDP growth notably moderated in 3Q25 despite record-high of current account surplus at US$196bn. With exports expected to further soften in 4Q due to payback from front-loading and durable consumption to slow down due to demand overdraft, China may face mounted headwinds in economy. Growth pressure may prompt policymakers to introduce additional easing measures, although the scale is likely to be more moderate than last year. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 3% in 2025 while import growth may mildly slow down from 1.1% to 0.5%. USD/RMB rates may appreciate from the current 7.13 to 7.1 by year end and 7.05 by end of 2026.

Figure 1: Growth of export and import volume



Source: Wind, CMBIGM

Figure 2: Growth of export and import prices



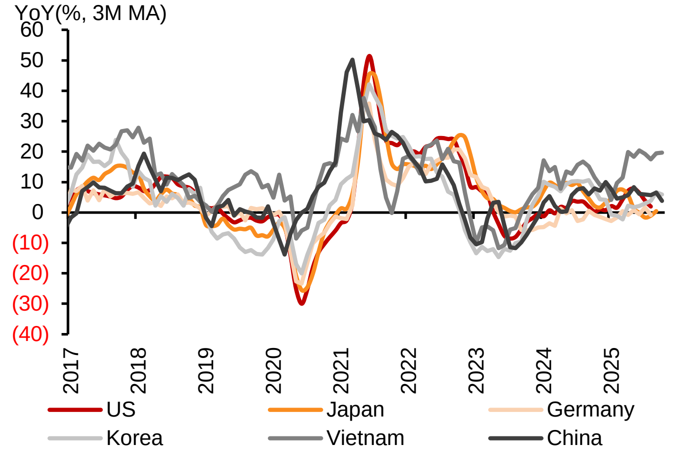
Source: Wind, CMBIGM

Figure 3: China exports by destination

	YoY Growth (%)									Share (%)					
	2020	2021	2022	2023	2024	25Q2	25Q3	Sep	Oct	2020	2021	2022	2023	2024	2025
World	3.6	29.6	5.6	(4.7)	5.8	6.1	6.6	8.3	(1.1)	100	100	100	100	100	100
ASEAN	6.7	26.1	17.7	(5.0)	12.0	17.5	18.2	15.6	11.0	14.8	14.4	16.0	15.5	16.4	17.5
US	7.9	27.5	1.2	(13.1)	4.9	(23.9)	(27.3)	(27.0)	(25.2)	17.4	17.2	16.4	14.8	14.7	11.4
EU	6.7	32.6	8.6	(10.2)	3.0	9.3	11.2	14.2	0.9	15.1	15.4	15.9	14.8	14.4	14.9
Latin America	(0.8)	52.0	10.6	(2.4)	13.0	5.2	6.3	15.2	2.1	5.8	6.8	7.1	7.3	7.7	8.0
Africa	0.9	29.9	11.2	7.5	3.5	31.2	41.4	56.4	10.5	4.4	4.4	4.6	5.1	5.0	5.9
Japan	(0.4)	16.3	4.4	(8.4)	(3.5)	6.8	3.6	1.8	(5.7)	5.5	4.9	4.9	4.7	4.3	4.2
South Korea	1.4	32.4	9.5	(7.2)	(1.8)	(2.7)	3.3	7.0	(13.0)	4.3	4.4	4.6	4.4	4.1	3.8
India	(10.8)	46.2	21.7	0.8	2.4	14.3	11.0	14.4	6.7	2.6	2.9	3.3	3.5	3.4	3.6
Russia	1.7	33.8	12.8	46.9	4.1	(10.3)	(15.9)	(21.1)	(22.7)	2.0	2.0	2.1	3.3	3.2	2.7
UK	16.3	19.9	(6.1)	(3.4)	1.2	9.6	9.9	12.2	(5.2)	2.8	2.6	2.3	2.3	2.2	2.3
Australia	10.9	24.2	19.0	(5.3)	(4.2)	5.5	11.8	10.7	5.8	2.1	2.0	2.2	2.2	2.0	2.0
Canada	14.0	22.4	4.5	(14.9)	3.0	12.0	0.9	(5.6)	(10.1)	1.6	1.5	1.5	1.3	1.3	1.3
Saudi Arabia	17.7	7.9	25.7	14.5	16.8	19.0	12.3	20.5	-	1.1	0.9	1.1	1.3	1.4	1.3
HK China	(2.3)	28.6	(15.0)	(6.3)	6.2	12.3	16.0	19.4	20.9	10.5	10.4	8.4	8.1	8.1	8.7
Chinese Taipei	9.1	30.4	4.2	(16.0)	9.8	8.6	16.0	11.0	9.8	2.3	2.3	2.3	2.0	2.1	2.2

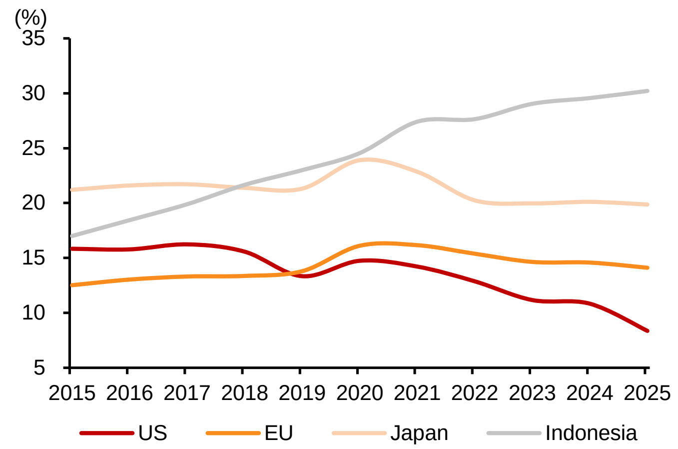
Source: Wind, CMBIGM

Figure 4: Export growth in major economies



Source: Wind, CMBIGM

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



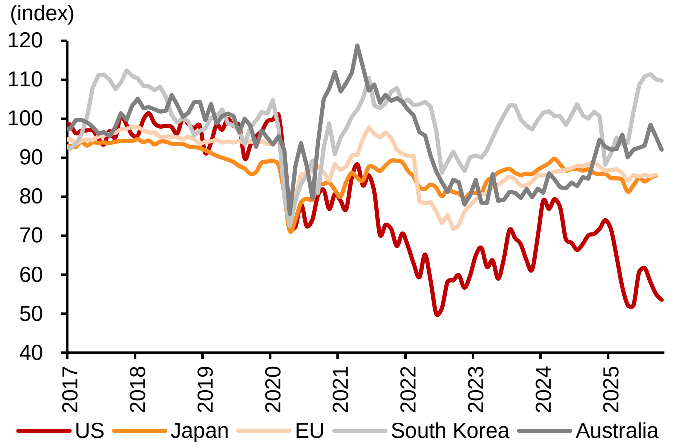
Source: Wind, CMBIGM

Figure 6: China's exports by products

	YoY(%)									Share (%)					
	2020	2021	2022	2023	2024	25Q2	25Q3	Sep	Oct	2020	2021	2022	2023	2024	2025
Textile Yarn & Related Products	29.2	(5.6)	2.0	(8.3)	5.7	(0.2)	2.7	6.4	(9.1)	5.9	4.3	4.2	4.0	4.0	3.8
Travel Goods & Bags	(24.2)	35.1	28.2	3.9	(3.2)	(8.8)	(12.4)	(12.3)	(25.7)	0.8	0.8	1.0	1.1	1.0	0.8
Garment & Accessories	(6.4)	24.0	3.2	(7.8)	0.3	0.8	(6.2)	(8.0)	(16.0)	5.3	5.1	4.9	4.7	4.5	4.1
Toy	7.5	37.7	5.6	(12.2)	(1.7)	0.4	(17.9)	(28.0)	(31.0)	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	(5.9)	0.0	0.4	(12.7)	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)	(3.2)	(12.9)	(16.7)	(31.0)	1.5	1.5	1.3	1.2	1.2	1.0
Plastic Products	19.6	29.1	9.3	(3.9)	5.4	(0.3)	2.6	3.8	(9.8)	3.3	2.9	3.0	3.0	3.0	2.8
Steel Products	(15.4)	80.2	18.7	(8.3)	(1.1)	0.2	(0.1)	(2.7)	(14.4)	1.8	2.4	2.7	2.5	2.3	2.2
Unwrought Aluminum	(14.1)	48.7	33.7	(26.1)	15.2	(4.5)	(4.7)	(1.4)	(7.6)	0.5	0.6	0.7	0.6	0.6	0.6
Integrated Circuits	14.8	32.0	0.3	(10.1)	17.4	25.9	31.6	32.7	26.9	4.5	4.6	4.3	4.0	4.5	5.2
Ship	(15.3)	26.2	(0.4)	28.6	57.3	33.9	26.8	42.7	68.4	0.7	0.6	0.6	0.8	1.2	1.5
Motor Vehicles	(3.6)	119.2	74.7	69.0	15.5	13.1	15.4	10.9	34.0	0.6	1.0	1.7	3.0	3.3	3.6
Vehicles Parts	(6.2)	33.7	7.4	9.0	6.6	4.4	4.6	5.2	(11.6)	2.2	2.3	2.3	2.6	2.6	2.6
General Equipment	7.5	26.4	6.1	1.8	14.3	7.7	11.0	24.8	(9.1)	1.6	1.6	1.6	1.7	1.8	1.8
Automatic Data Processing Equipment	11.6	21.0	(7.5)	(20.4)	9.9	(2.8)	(4.4)	(0.3)	(10.0)	8.1	7.6	6.7	5.5	5.8	5.4
Fertilizer	(8.3)	73.2	(1.6)	(13.9)	(11.5)	18.2	96.8	95.4	101.2	0.3	0.3	0.3	0.3	0.2	0.4
Ceramic products	0.0	22.3	6.4	(15.4)	(15.6)	18.6	4.9	(4.3)	(18.3)	1.0	0.9	0.9	0.8	0.6	0.6
Rare earth	(21.9)	90.0	62.8	(28.3)	(36.0)	(43.7)	31.0	97.1	42.8	0.01	0.02	0.03	0.02	0.01	0.01
Cellphone	0.9	16.6	(2.5)	(2.7)	(3.1)	(18.6)	(12.0)	(1.9)	(16.6)	4.8	4.4	4.0	4.1	3.8	3.1
Home appliance	23.5	22.3	(13.3)	3.8	14.1	(6.9)	(6.7)	(9.7)	(13.6)	2.6	2.9	2.4	2.6	2.8	2.6
Medical equipment	40.5	11.9	(5.8)	(2.9)	7.1	5.2	9.0	8.8	(1.0)	0.7	0.6	0.5	0.5	0.6	0.5

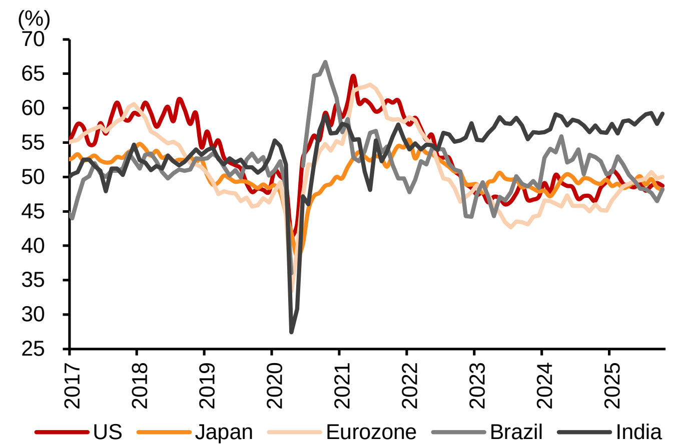
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies



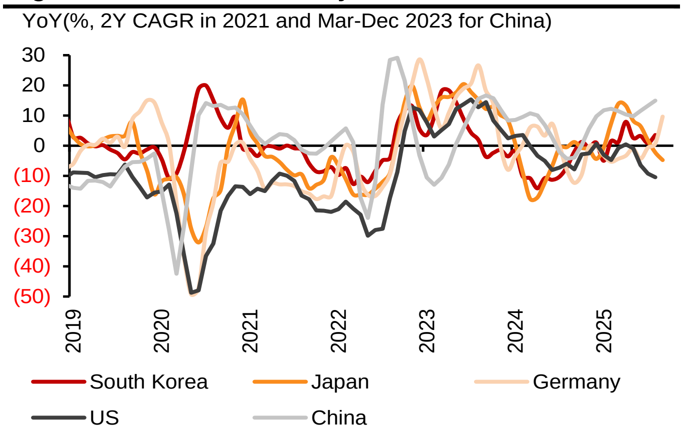
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies



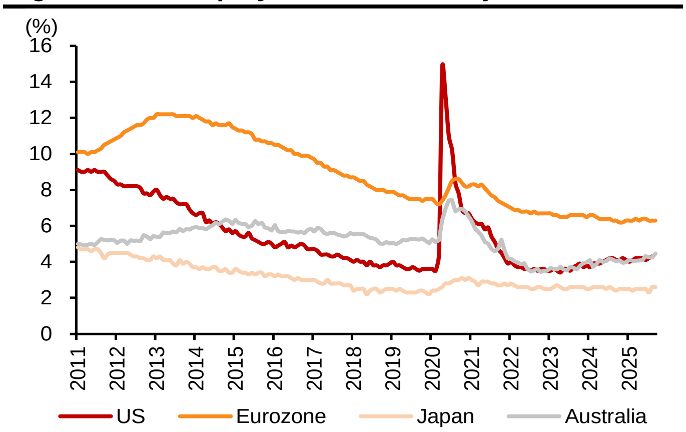
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies



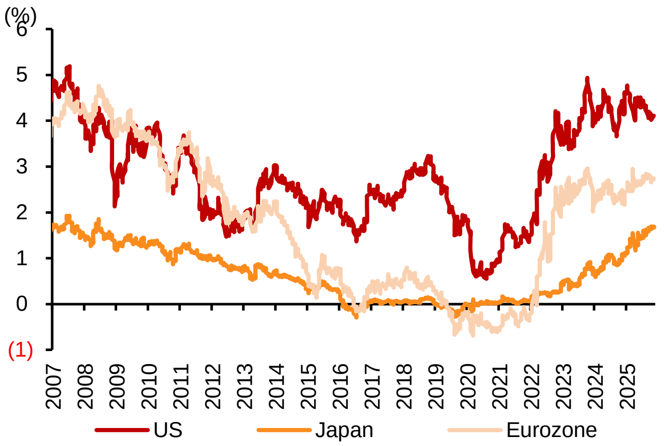
Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies



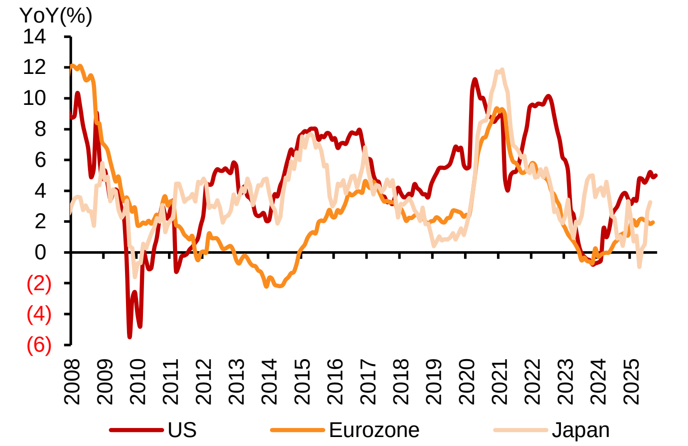
Source: Wind, CMBIGM

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



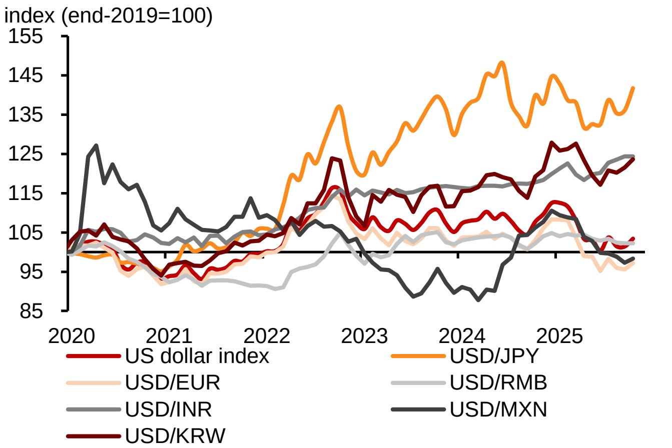
Source: Wind, CMBIGM

Figure 12: Banks' credit growth in major economies



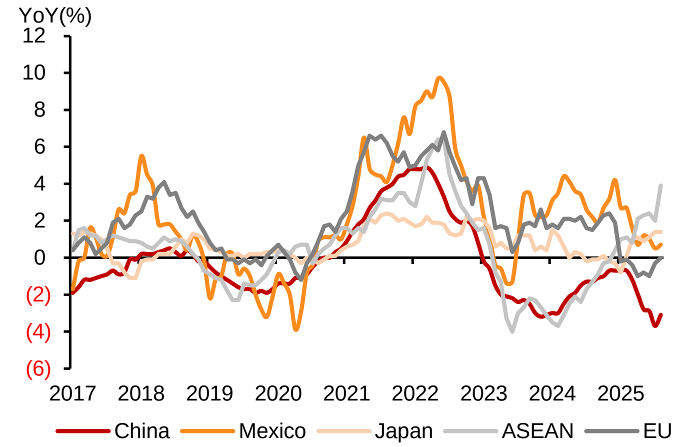
Source: Wind, CMBIGM

Figure 13: Exchange rates



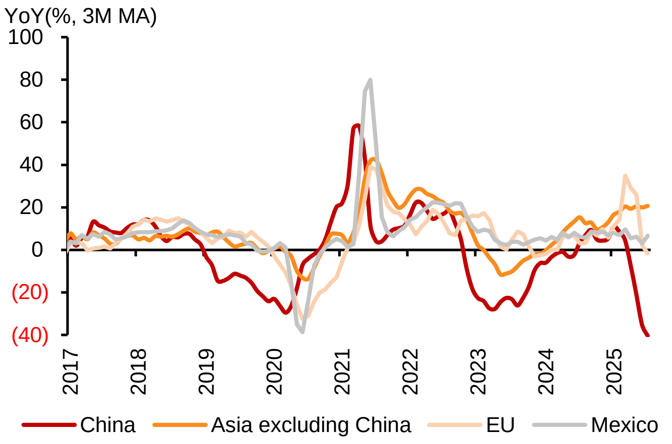
Source: Wind, CMBIGM

Figure 14: US import price growth by source



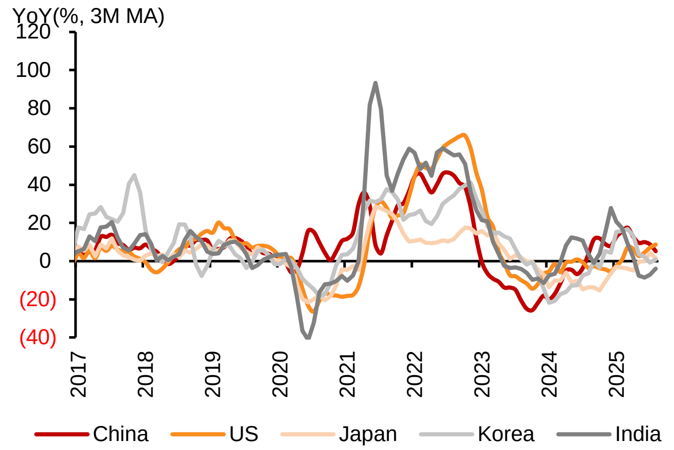
Source: Wind, CMBIGM

Figure 15: Growth of US imports by source



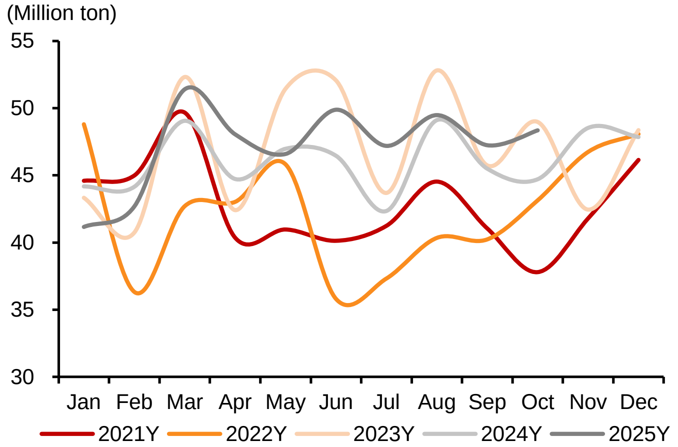
Source: Wind, CMBIGM

Figure 16: Growth of EU imports by source



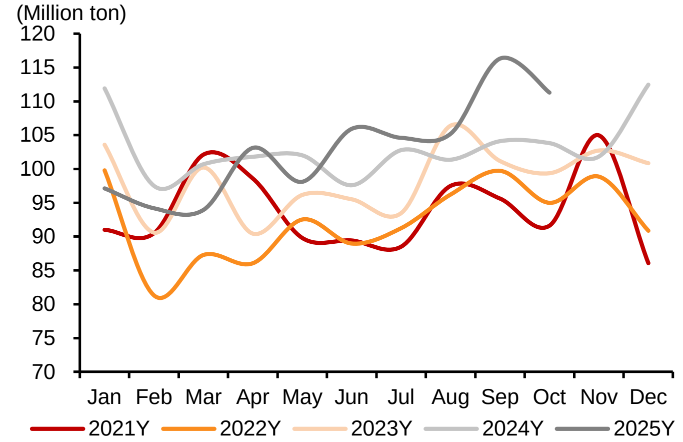
Source: Wind, CMBIGM

Figure 17: Import volume of crude oil



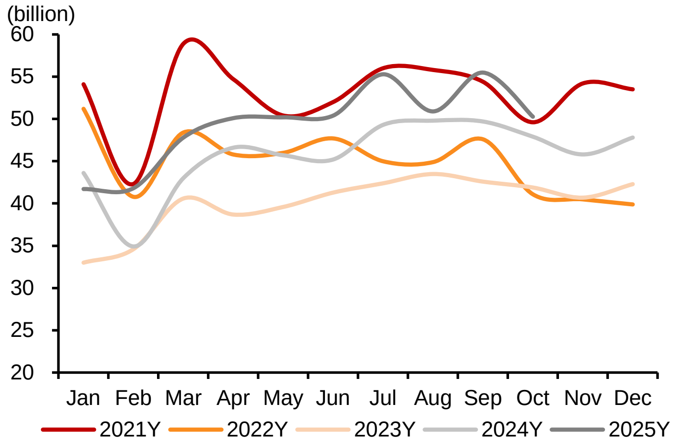
Source: Wind, CMBIGM

Figure 18: Import volume of iron ore



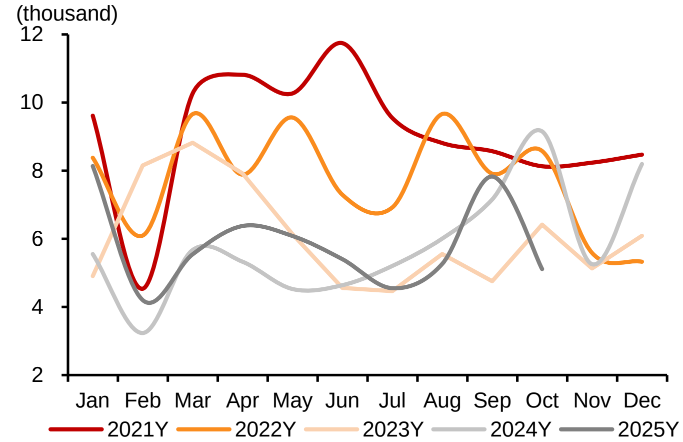
Source: Wind, CMBIGM

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	25Q2	25Q3	Sep	Oct	2020	2021	2022	2023	2024	2Q25	3Q25	Sep	Oct
Grain	28.0	18.1	(10.7)	11.7	(2.3)	(12.5)	2.2	12.0	11.9	(5.4)	26.3	23.7	(9.6)	(13.6)	(3.0)	(5.5)	(8.0)	(3.1)
Soy bean	13.3	(3.8)	(5.6)	11.4	6.5	7.9	10.4	13.2	17.2	(1.3)	40.7	21.2	(10.7)	(16.3)	(11.5)	(10.3)	(10.2)	(5.0)
Iron ore	9.5	(3.9)	(1.5)	6.6	4.9	1.9	5.8	11.7	7.2	7.2	55.4	(28.6)	(1.6)	(7.1)	(12.0)	(7.3)	1.5	8.8
Copper ore	(1.0)	7.6	8.0	9.1	2.1	10.8	10.2	6.1	6.1	2.1	44.6	(8.5)	(1.6)	10.8	15.8	10.0	17.2	22.2
Coal	1.5	6.6	(9.2)	61.8	14.4	(20.0)	(10.9)	(3.3)	(9.8)	(14.8)	65.9	29.7	(23.3)	(14.2)	(25.9)	(29.7)	(25.6)	(19.6)
Crude oil	7.3	(5.4)	(0.9)	11.0	(1.9)	4.6	5.1	3.9	8.2	(32.2)	52.4	42.7	(16.8)	(2.0)	(19.2)	(14.6)	(10.9)	(7.9)
Natual gas	5.3	19.9	(9.9)	9.9	9.9	(5.4)	(3.1)	(7.8)	(7.2)	(23.8)	39.8	39.5	(16.4)	(7.9)	(8.6)	(9.9)	(13.7)	(17.1)
Steel products	64.4	(29.5)	(25.9)	(27.6)	(10.9)	(21.4)	(3.8)	0.0	(6.9)	(27.5)	57.9	23.1	2.5	1.9	3.7	(2.6)	(4.1)	(9.2)
Copper products	34.1	(17.2)	6.2	(6.3)	3.4	(4.3)	4.5	2.1	(14.1)	(0.9)	45.5	(2.5)	(6.2)	9.8	1.0	3.5	6.1	9.3
Plastics in primary form	10.1	(16.4)	(10.0)	(3.2)	(2.1)	(5.4)	(13.2)	(7.3)	(14.6)	(10.6)	39.4	2.0	(16.7)	(1.1)	(3.1)	(0.0)	(0.9)	(2.9)
Rubber	13.6	(9.4)	8.7	8.0	(8.2)	29.3	10.3	21.3	1.1	(7.2)	26.4	(1.7)	(16.4)	19.8	10.9	(0.2)	(2.2)	(4.8)
Integrated circuits	22.1	16.9	(15.3)	(10.8)	14.6	9.6	8.7	11.7	4.9	(6.1)	5.7	13.5	(5.2)	(3.7)	0.8	2.9	2.2	5.0
Machine tool	18.8	(0.7)	(14.4)	(20.5)	(4.1)	23.2	(3.9)	9.4	(44.1)	(30.8)	25.8	1.5	14.8	(6.5)	(12.1)	7.7	(7.9)	71.6
Auto	(11.4)	0.6	(6.5)	(8.9)	(11.7)	(23.5)	(33.3)	(33.3)	7.5	8.1	14.7	5.7	(3.0)	(5.7)	(10.8)	(15.4)	(4.6)	(22.1)
Airplane	(35.4)	29.4	(27.3)	12.2	8.2	(14.3)	52.5	92.9	23.1	(30.0)	12.3	13.5	(4.0)	3.1	25.0	7.4	56.2	(18.6)
Medcine	(0.6)	3.1	28.8	23.6	4.7	0.6	(19.5)	(23.2)	(20.7)	4.1	16.5	(25.7)	(12.8)	(4.8)	(9.6)	25.9	37.7	9.8
Beauty cosmetics	3.7	5.2	(11.8)	(14.2)	(9.4)	9.4	12.1	10.7	(6.2)	24.8	17.0	1.8	(6.1)	0.4	(6.7)	(8.9)	(4.7)	(13.1)

Source: Wind, CMBIGM

Disclosures & Disclaimers

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