

# China Economy

## Exports continued to beat expectations with uncertainty ahead

China's exports of goods continued to beat expectations in April thanks to supply chain resumption, overseas consumer confidence rebounding and release of pent-up orders. However, the exports may face uncertainty ahead as overseas demand and inflation is expected to slow down in future. China's imports of goods further declined in April as domestic demand remained weak and domestic producers gained higher market shares than overseas producers in most sectors. The imports of goods may gradually improve from 2H23 as domestic demand continues to recover and commodity prices see the trough. We revise up our forecast for the exports growth in 2023 from -3.5% to -1% and cut our forecast for the imports growth in 2023 from 0.5% to -2.5%.

- Exports continued to beat expectations in April.** China's exports rose 8.5% YoY in April after rising 14.8% YoY in March. Exports to US and EU improved as they declined 14.3% and 4.3% YoY in 4M23 after dropping 17% and 7.1% in 1Q23. The growth of exports to Japan turned positive from -2.4% YoY in 1Q23 to 0.8% YoY in 4M23. Exports to ASEAN and Africa maintained strong growth at 15% and 26.9% YoY in 4M23 after rising 18.6% and 19.3% YoY in 1Q23. Meanwhile, exports to Latin America rose 3% YoY in 4M23 after rising 0.5% YoY in 1Q23.
- Exports of vehicle, equipment & metal remained strong due to supply chain competitiveness.** Exports of automobile, ship, mobile, electrical equipment, medical equipment and steel product respectively rose 103.6%, 20.5%, 25.2%, 28.9%, 30.3% and 32.8% YoY in 4M23, compared to the increase of 81.6%, 4.9%, 27%, 36.6%, 36.3% and 36.7% YoY in 1Q23. Exports of travel bag & similar articles and garments picked up 31.7% and 2.7% YoY in 4M23 after rising 29.1% and dropping 1.3% YoY in 1Q23. However, exports of automatic data processing equipment and integrated circuits respectively dropped 26.9% and 15.2% YoY in 4M23 after decreasing 29.9% and 17.6% YoY in 1Q23, as overseas demand for computer and electronic equipment remained weak.
- Imports further slipped in April as domestic recovery momentum slowed and commodity prices retreated.** China's imports of goods declined 7.9% YoY in April from dropping 1.4% YoY in March. Imports volume of steel products, auto and integrated circuits respectively declined 40.1%, 28.9% and 21.1% YoY in 4M23. Import volume of coal, airplane and medicine rose 88.8%, 112.5%, and 36.1% YoY in April. Domestic demand for beauty cosmetics declined again as its imports value declined 10.7% YoY in 4M23.
- We expect exports of goods to drop 1% and imports of goods to decline 2.5% in 2023.** China's exports of goods have been stronger than our forecast as overseas economy has been better than expectations and domestic demand & price has been weaker than expected. Chinese enterprises have taken more efforts to expand their customers in global market. The imports of goods have been weaker than our expectations as domestic demand has recovered slowly and domestic producers have gained higher market shares than overseas producers.
- China will maintain easing credit policy to boost domestic demand.** China will not tighten its credit policy as overseas economy faces high

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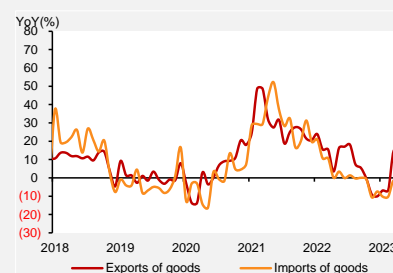
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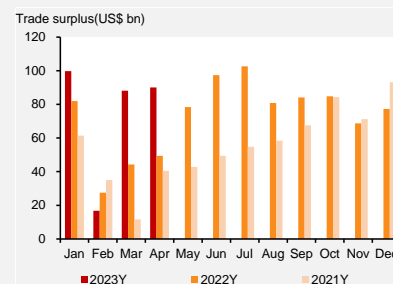
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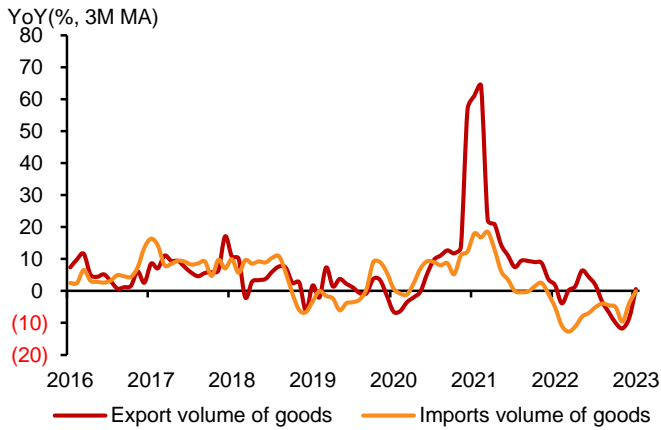
Source: Wind, CMBIGM



Source: Wind, CMBIGM

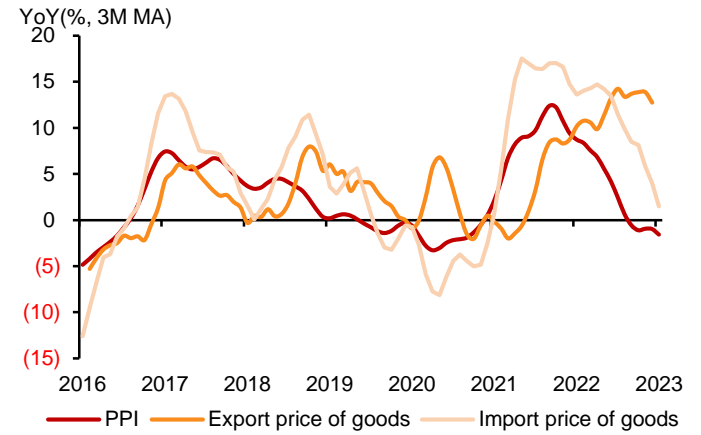
uncertainty while domestic demand recovery is gradual and slowly. The deflation risk is low as the GDP growth is far below the potential growth. China will maintain easing credit policy to boost business confidence and growth momentum.

**Figure 1: Growth of Export and Import Volume**



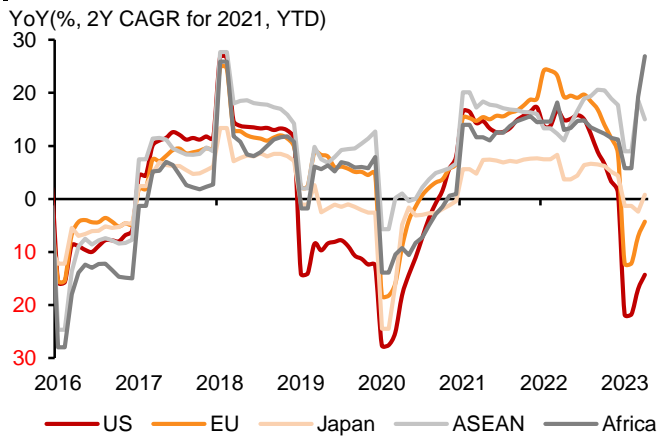
Source: Wind, CMBIGM

**Figure 2: Growth of Export and Import Prices**



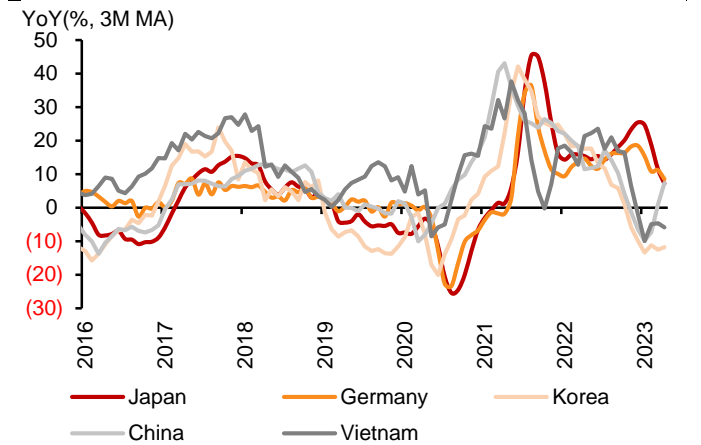
Source: Wind, CMBIGM

**Figure 3: China Exports to Main Partners**



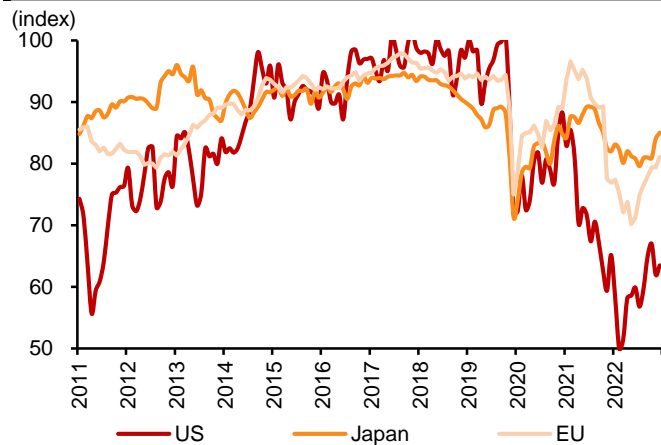
Source: Wind, CMBIGM

**Figure 4: Exports Growth in Major Economies**



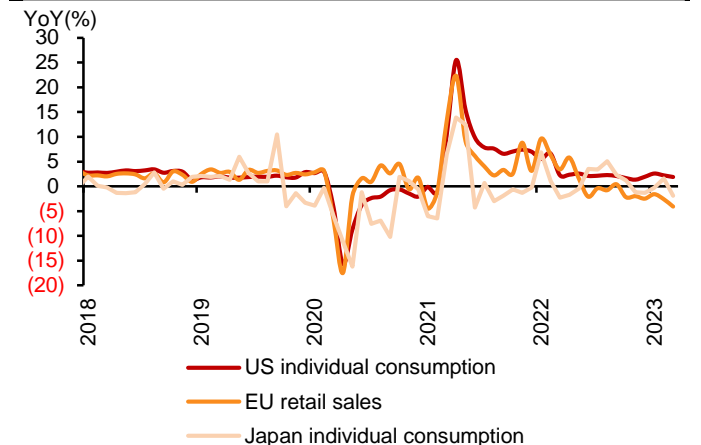
Source: Wind, CMBIGM

**Figure 5: Consumer Confidence in Major Economies**



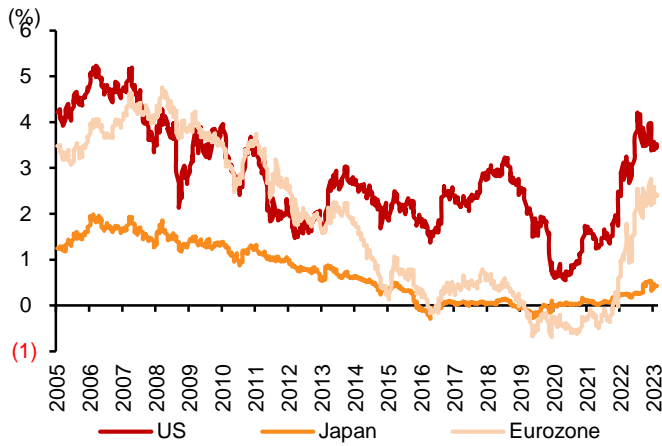
Source: Wind, CMBIGM

**Figure 6: Consumption Growth in Major Economies**



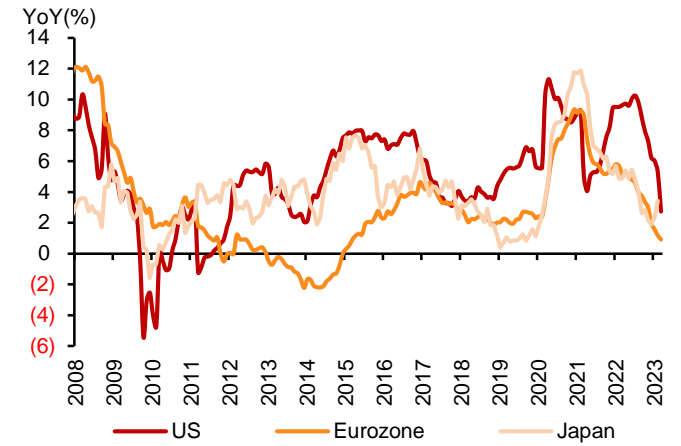
Source: Wind, CMBIGM

**Figure 7: 10Y T-Bond Rates in Major Economies**



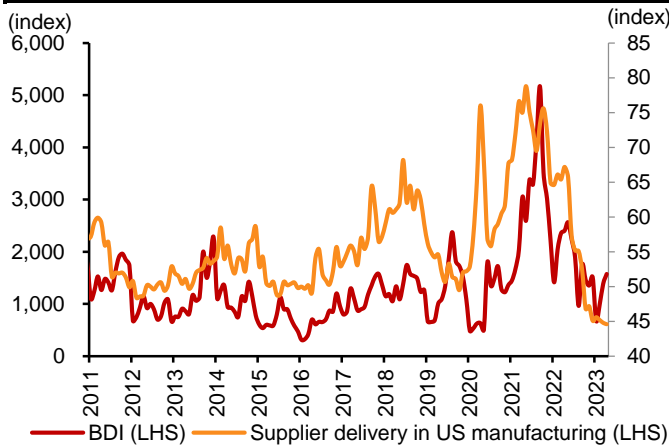
Source: Wind, CMBIGM

**Figure 8: Banks' Credit Growth in Major Economies**



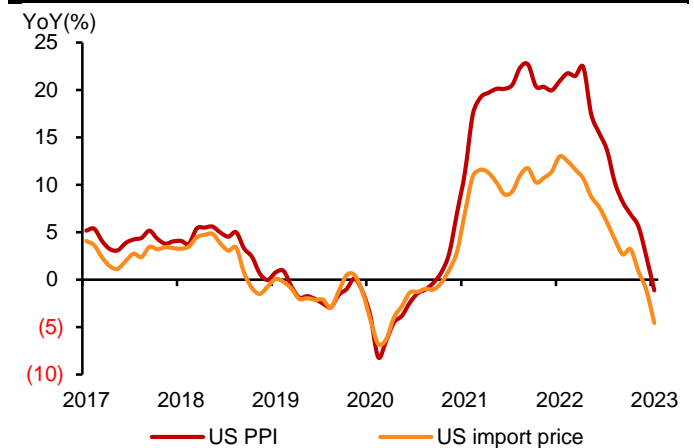
Source: Wind, CMBIGM

**Figure 9: Global Supply Chain Pressure**



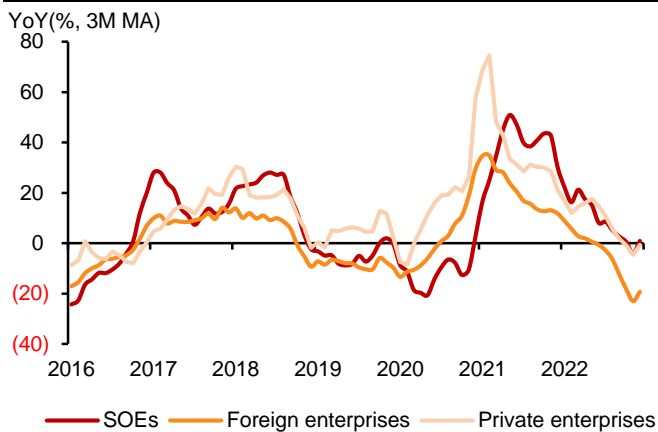
Source: Wind, CMBIGM

**Figure 10: Growth of US PPI & Import Price**



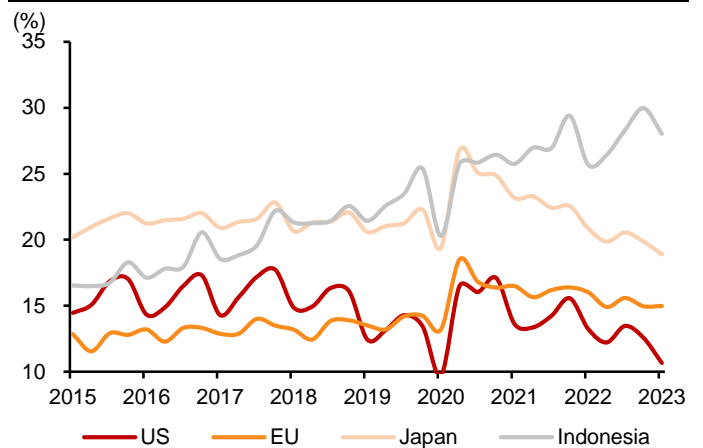
Source: Wind, CMBIGM

**Figure 11: China Exports by Enterprise**



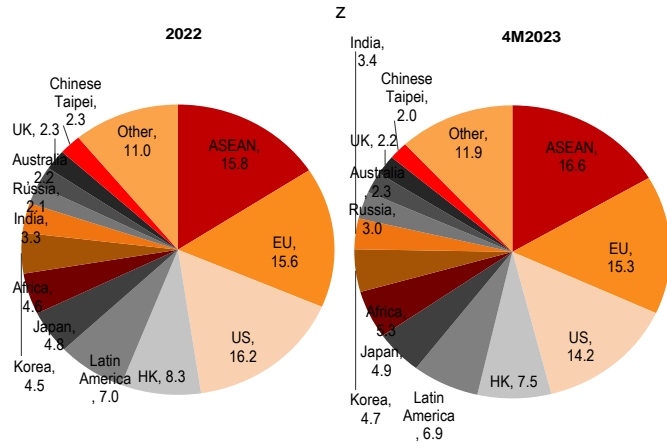
Source: Wind, CMBIGM

**Figure 12: China's Market Shares in Partners' Imports**



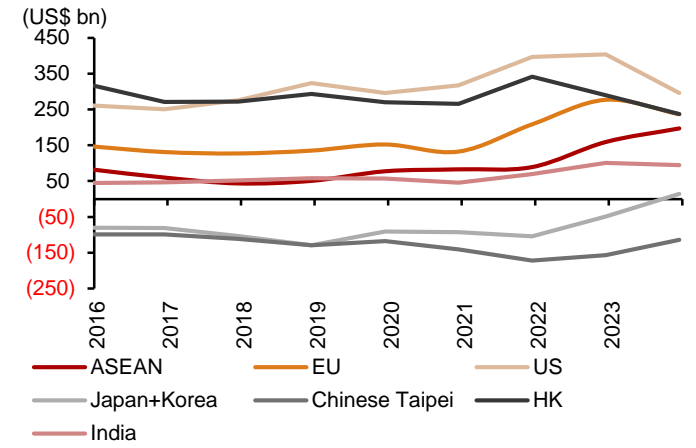
Source: Wind, CMBIGM

**Figure 13: Mix of China's Exports by Destination**



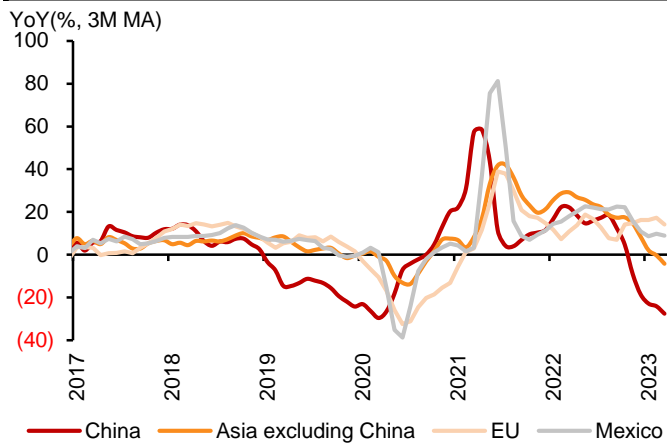
Source: Wind, CMBIGM

**Figure 14: China's Trade Surplus with Main Partners**



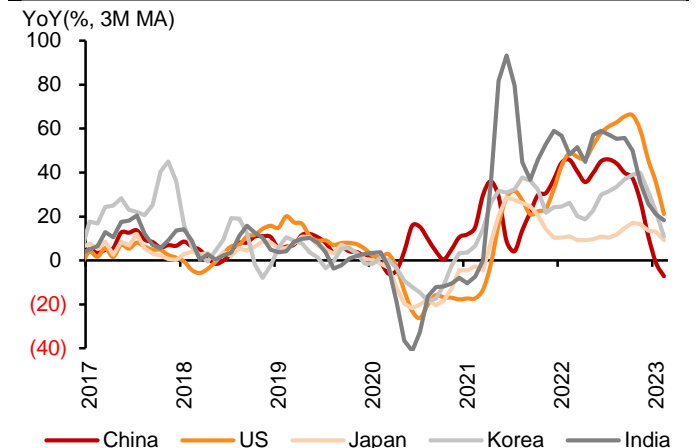
Note: Data for 4M2023 is simply annualized  
Source: Wind, CMBIGM

**Figure 15: Growth of US Imports by Source**



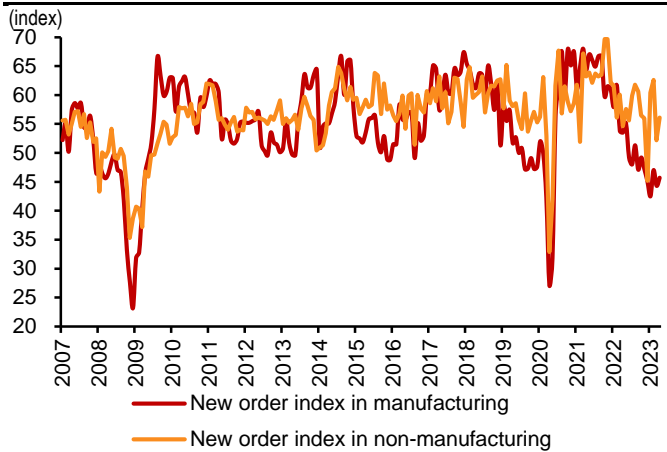
Source: Wind, CMBIGM

**Figure 16: Growth of EU Imports by Source**



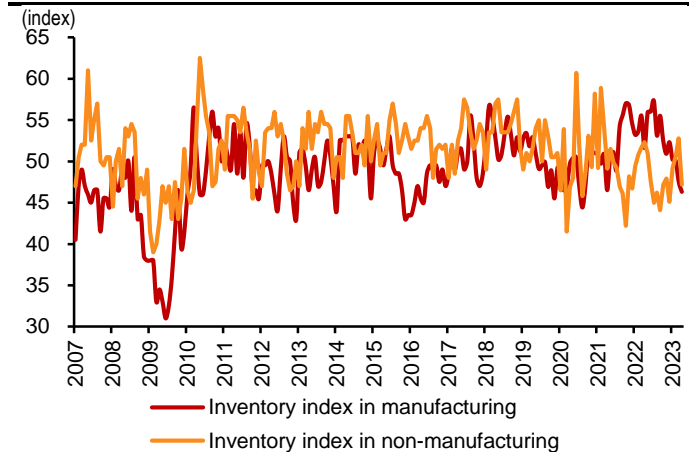
Source: Wind, CMBIGM

**Figure 17: US PMI: New Order Index**



Source: Wind, CMBIGM

**Figure 18: US PMI: Inventory Index**



Source: Wind, CMBIGM

**Figure 19: Growth of China Exports by Product**

	YoY(%)					2/3 Y CAGR(%)			
	2019	2020	2021	2022	4M23	2021	1Q22	1H22	2022
Textile Yarn, Fabrics & Related Products	0.9	29.2	(5.6)	2.0	(8.0)	10.4	11.3	9.6	7.6
Travel Goods, Hand bags & Similar Article	0.5	(24.2)	35.1	28.2	31.7	1.2	7.5	8.0	9.5
Garment & Accessories	(4.0)	(6.4)	24.0	3.2	2.5	7.7	8.0	8.2	6.2
Shoes & Boots	0.0	(21.2)	35.3	20.4	3.2	3.3	8.2	8.8	8.7
Toy	24.2	7.5	37.7	5.6	3.1	21.7	19.1	21.5	16.1
Furniture & Parts Thereof	0.8	11.8	26.4	(5.3)	(4.8)	18.9	12.6	11.8	10.2
Lamps, Lighting Fixtures & Similar Product	9.6	14.3	31.2	(6.1)	1.1	22.5	15.7	14.2	12.1
Plastic Products	11.2	19.6	29.1	9.3	4.4	24.3	19.7	20.2	19.1
Steel Products	(11.3)	(15.4)	80.2	18.7	32.8	23.5	11.4	19.8	21.9
Unwrought Aluminum	(7.4)	(14.1)	48.7	33.7	(27.1)	13.0	19.3	22.2	19.5
Integrated Circuits	20.0	14.8	32.0	0.3	(15.2)	23.1	21.1	19.6	15.0
Shipping	(6.3)	(15.3)	26.2	(0.4)	20.5	3.4	(2.5)	2.6	2.1
Motor Vehicles	4.1	(3.6)	119.2	74.7	103.6	45.4	50.5	43.0	54.6
Auto Parts & Accessories	(3.6)	(6.2)	33.7	7.4	15.8	12.0	10.2	9.7	10.4
General Machinery		7.5	26.4	6.1	6.8	16.6	15.8	13.8	13.0
Automatic Data Processing Equipment		11.6	21.0	(7.5)	(26.9)	16.2	12.1	9.6	7.7

Source: Wind, CMBIGM

**Figure 20: Growth of China Import Volume & Price by Product**

	YoY(%)					2/3 Y CAGR(%)			
	2019	2020	2021	2022	4M23	2021	1Q22	1H22	2022
Grain	(3.6)	28.0	18.1	(10.7)	0.5	23.0	19.1	10.6	4.6
Soybean	0.0	13.3	(3.8)	(5.6)	6.8	4.4	6.6	0.9	2.3
Iron ore	0.5	9.5	(3.9)	(1.5)	8.6	2.6	1.2	(0.6)	2.6
Copper ore	11.6	(1.0)	7.6	8.0	6.7	3.2	4.6	4.9	2.3
Coal	6.3	1.5	6.6	(9.2)	88.8	4.0	(11.4)	(12.8)	(2.7)
Crude oil	9.5	7.3	(5.4)	(0.9)	4.6	0.8	1.9	(2.0)	2.1
Natural gas	6.9	5.3	19.9	(9.9)	(0.3)	12.4	4.9	3.7	(1.7)
Steel products	(6.5)	64.4	(29.5)	(25.9)	(40.1)	7.7	3.6	(7.7)	6.8
Copper products	(6.0)	34.1	(17.2)	6.2	(12.6)	5.4	7.7	1.2	12.5
Plastics in primary forms	12.4	10.1	(16.4)	(10.0)	(7.6)	(4.1)	(2.8)	(7.3)	(0.3)
Rubber	(6.2)	13.6	(9.4)	8.7	15.2	1.5	5.8	2.7	7.3
Integrated circuits	6.6	22.1	16.9	(15.3)	(21.1)	19.5	17.0	4.9	1.1
Machine tool	0.0	18.8	(0.7)	(14.4)	(4.4)	8.6	6.7	9.7	0.6
Auto	(6.6)	(11.4)	0.6	(6.5)	(28.9)	(5.6)	(1.6)	7.3	(6.1)
Airplane	(48.6)	(35.4)	29.4	(27.3)	112.5	(8.6)	(30.3)	7.5	(22.3)
Medicine		(0.6)	3.1	28.8	36.1	1.2	10.4	9.4	8.6
Beauty cosmetics		3.7	5.2	(11.8)	(8.1)	4.4	2.3	(1.7)	(2.9)

Source: Wind, CMBIGM

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