

China Economy

Exports expanded amid price advantage

China's exports of goods reversed its contraction in Mar and gained 1.5% YoY in Apr with the high base effect fading. The improvement was broad-based across major trading partners and products. Items of high-end manufacturing continued their rapid growth as a sign of elevation of China within the global industrial chain. Imports of goods notably rebounded, especially in energy goods and raw materials. Looking forward, China's exports are poised to enter an upward trajectory thanks to the low base effect, price advantage and overseas demand improvement, in our view. We expect exports and imports of goods to rise from -4.6% and -5.5% in 2023 to 3.6% and 3.3% in 2024. The RMB may mildly rebound during 2H24-1H25 as China's economic growth and price gradually rebound while the US's growth and inflation gradually cool down.

■ **Exports improved with major trading partners, especially ASEAN & Latin America.** China's exports of goods bounced back to positive at 1.5% YoY (all on a YoY basis unless specified) in Apr after dropping 7.5% in Mar as the high base faded. Exports to ASEAN, China's largest trading partner since 2023, accelerated to 8.1% growth in Apr from -6.3% in Mar. Exports to Latin America also reversed their decline from -11.8% in Mar to 2.2%, while exports to India, Africa and Russia narrowed their decline. Contraction in exports with major developed countries including the US, EU, South Korea and Australia significantly moderated from -15.9%, -14.9%, -12.1%, -19.4% in Mar to -2.8%, -3.6%, -6.1% and -6.2% in Apr, while exports to Japan further plunged. We believe China's exports are poised to enter an upward trajectory, with the low base effect from last year fading and buoyed by competitive pricing, thus providing robust support for a moderate recovery of the Chinese economy.

■ **Exports recovered across major products while some high-end manufactured products continued their rapid growth.** Following the upswing of the global tech cycle, exports of cellphones, computers and integrated circuits extended their rally by growing 7.3%, 8.2% and 17.8% in Apr after rising 1.7%, 4.9% and 11.5%. Rapid growth in ship and auto vehicle exports persisted, surging 91.3% and 28.8% in Apr following 34% and 28.4% growth in Mar. Home-related products including furniture and home appliances moderated to 3.5% and 10.9% in Apr after rising 19.6% and 12.2% in 1Q24. Other major items including textile, garment and plastic products also saw contraction narrowing. Items of new productive forces with higher value-added such as integrated circuits, motor vehicles and ships expanded their share in total exports while labor-intensive industries such as textile and garment continued to shrink, a sign of China's elevation within the global industrial chain.

■ **Imports of goods substantially rebounded amid lower base.** China's imports of goods rose 8.4% in Apr after dropping 1.9% in Mar, above market expectations. Intermediate goods for further processing and manufacturing equipment including steel products, copper products and machine tool improved to 13.4%, 7.5% and -32.7% from -8.8%, -15.1% and -35.7% in Mar, signalling reviving manufacturing activities. Import volume of energy goods including coal, crude oil and natural gas notably rebounded to 11.2%, 5.4% and 14.7% from 0.5%, -6.2%, and 21.3% in Mar. Import price of crude oil continued to rebound while price of natural gas and coal declined. Imports of raw materials including iron ore improved in terms of volume from 0.5% in Mar to 12.6% while that of copper ore mildly eased from 15.3% to 11.8%.

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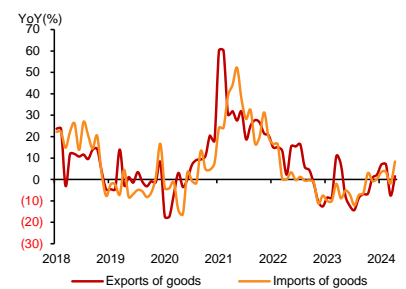
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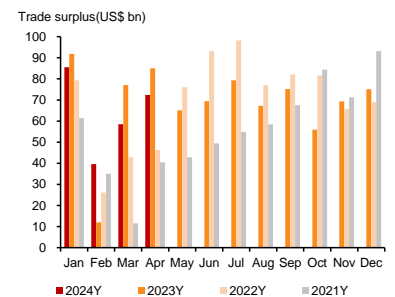
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Source: Wind, CMBIGM

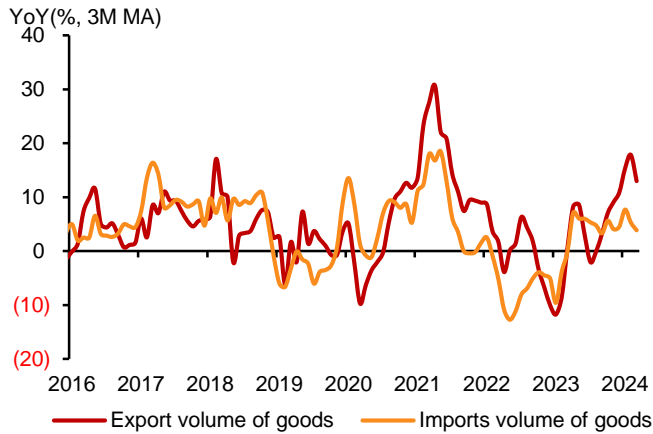


Source: Wind, CMBIGM

For agriculture products, the import volume of grain and soybean bounced back to 20.4% and 18.1% while their price dropped 20.5% and 20.3%. For integrated circuits, the import volume registered 20.3% growth from 5.9% in Mar.

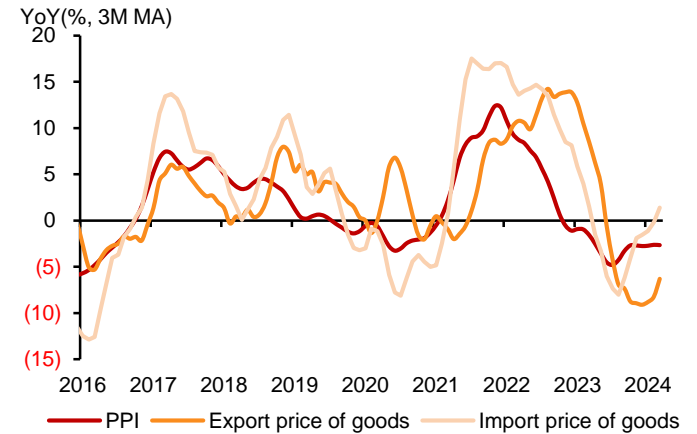
- **Exports are expected to recover this year.** Exports data in Apr has exhibited some encouraging signs, as the improvement was broad-based across trading partners and products. We expect exports to further recover in the upcoming months thanks to the low base effect, external demand improvement and China's increasing price advantage in most manufacturing products. Global trade of goods may moderately improve in 2024 thanks to the base effect, restocking cycle as well as resurgence of commodity prices. The WTO expects global trade volume to increase by 3.2% in 2024. We might see a mild rebound of RMB during 2H24-1H25 as China's economic 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



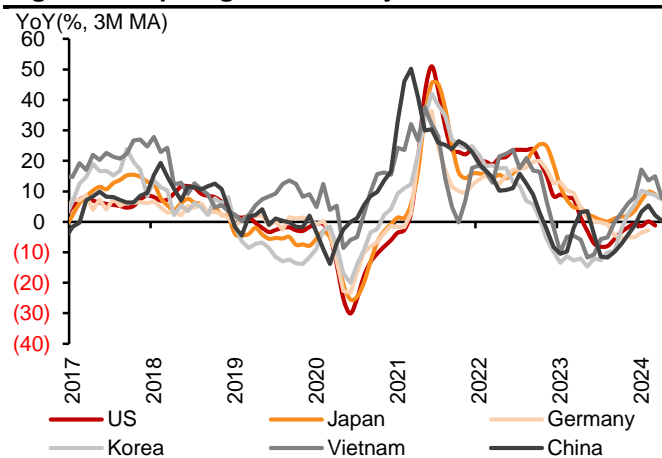
Source: Wind, CMBIGM

Figure 3: China exports by destination

	YoY Growth (%)										Share (%)					
	2018	2019	2020	2021	2022	2023	1Q24	Mar	Apr	2018	2019	2020	2021	2022	2023	2024
World	9.9	0.5	3.6	29.6	5.6	(4.7)	1.5	(7.5)	1.5	100	100	100	100	100	100	100
US	11.3	(12.5)	7.9	27.5	1.2	(13.1)	(1.3)	(15.9)	(2.8)	19.2	16.8	17.4	17.2	16.4	14.8	13.8
EU	9.8	4.9	6.7	32.6	8.6	(10.2)	(5.7)	(14.9)	(3.6)	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)	(7.8)	(10.9)	5.9	5.7	5.5	4.9	4.9	4.7	4.5
ASEAN	14.2	12.7	6.7	26.1	17.7	(5.0)	4.1	(6.3)	8.1	12.8	14.4	14.8	14.4	16.0	15.5	16.9
India	12.7	(2.4)	(10.8)	46.2	21.7	0.8	1.9	(19.2)	(6.2)	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	(24.8)	(16.0)	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)	9.3	(11.8)	2.2	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	2.6	(15.7)	(13.6)	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)	(8.9)	(19.4)	(6.2)	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)	(1.0)	(14.1)	5.3	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	(13.5)	(4.4)	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)	(12.1)	(6.1)	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	3.1	-	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	(1.4)	8.9	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)	5.2	5.4	4.0	2.0	2.2	2.3	2.3	2.3	2.0	2.1

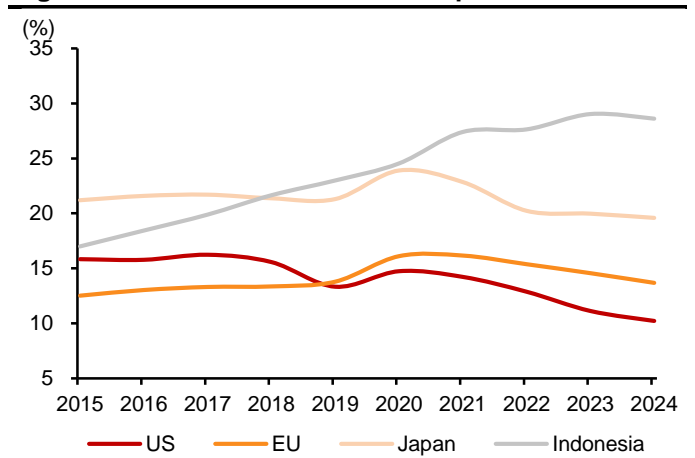
Source: Wind, CMBIGM

Figure 4: Export growth in major economies



Source: Wind, CMBIGM

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



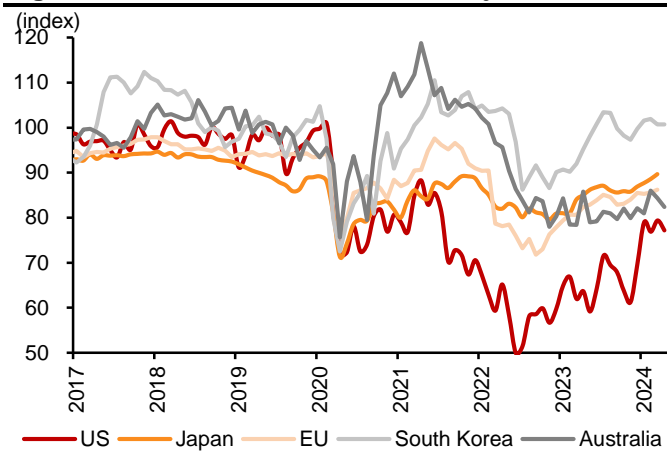
Source: Wind, CMBIGM

Figure 6: China's exports by product

	YoY(%)										Share (%)						
	2018	2019	2020	2021	2022	2023	1Q24	Mar	Apr	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	(19.5)	(4.3)	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	5.6	(27.7)	(13.5)	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)	1.4	(22.6)	(9.1)	6.3	6.1	5.3	5.1	4.9	4.7	4.1	
Toy	4.5	24.2	7.5	37.7	5.6	(12.2)	3.0	(24.7)	(11.1)	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)	19.6	(12.3)	3.5	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)	9.6	(31.7)	(11.7)	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	(15.9)	(2.3)	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)	(24.1)	(17.6)	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)	(4.3)	4.9	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	11.5	17.8	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	34.0	91.3	0.9	0.8	0.7	0.6	0.6	0.8	1.3	
Motor Vehicles	12.3	4.1	(3.6)	119.2	74.7	69.0	18.2	28.4	28.8	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	(6.8)	(2.5)	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	(13.2)	(1.1)			1.6	1.6	1.6	1.7	1.9	
Automatic Data Processing Equipment			11.6	21.0	(7.5)	(20.4)	4.8	4.9	8.2			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)	(47.3)	(0.9)	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)	3.8	(36.8)	(33.5)	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)	(31.3)	(60.0)	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)	1.7	7.3			4.8	4.4	4.0	4.1	3.4	
Home appliance			23.5	22.3	(13.3)	3.8	12.2	(4.6)	10.9			2.6	2.9	2.4	2.6	2.8	
Medical equipment	13.3	13.3	40.5	11.9	(5.8)	(2.9)	3.6	(11.4)	(1.7)	0.5	0.5	0.7	0.6	0.5	0.5	0.5	

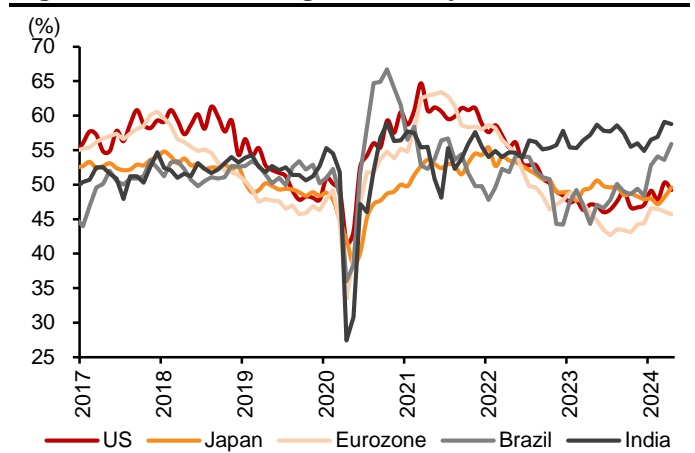
Source: Wind, CMBIGM

Figure 7: Consumer confidence in major economies



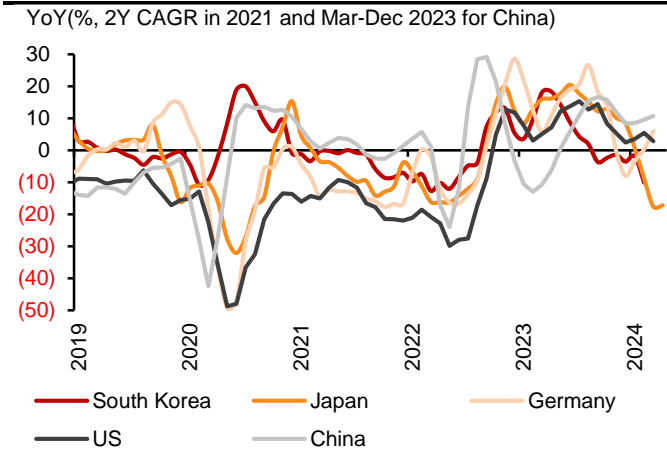
Source: Wind, CMBIGM

Figure 8: Manufacturing PMI in major economies



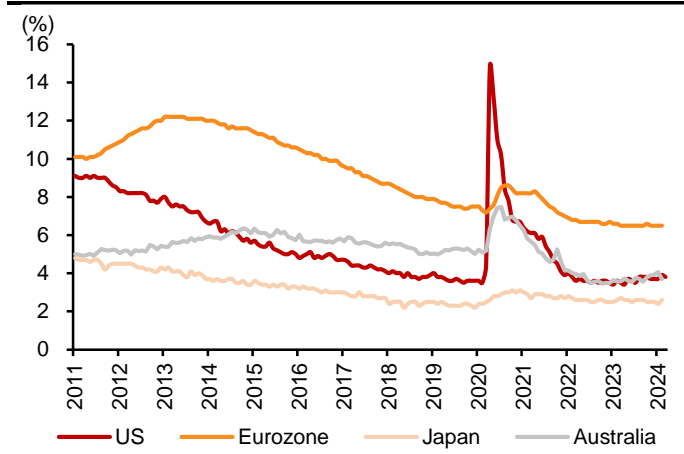
Source: Wind, CMBIGM

Figure 9: Auto sales in major economies



Source: Wind, CMBIGM

Figure 10: Unemployment rates in major economies



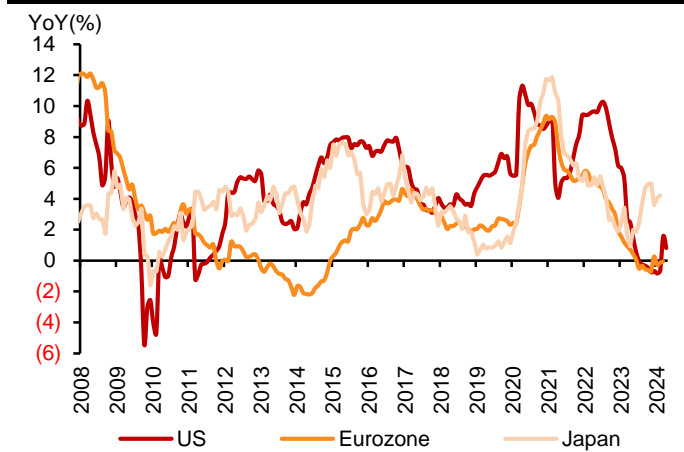
Source: Wind, CMBIGM

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



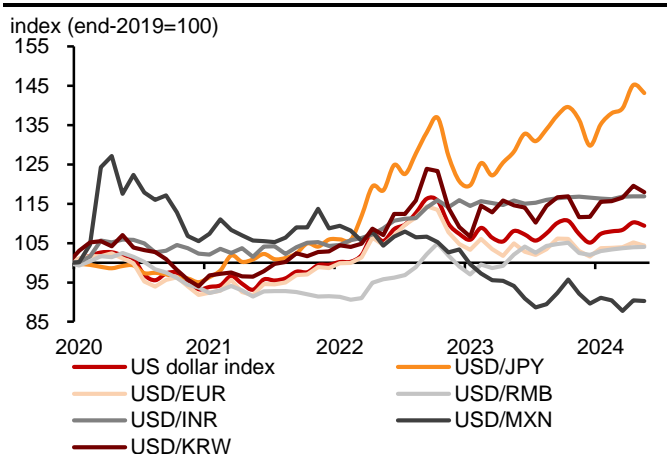
Source: Wind, CMBIGM

Figure 12: Banks' credit growth in major economies



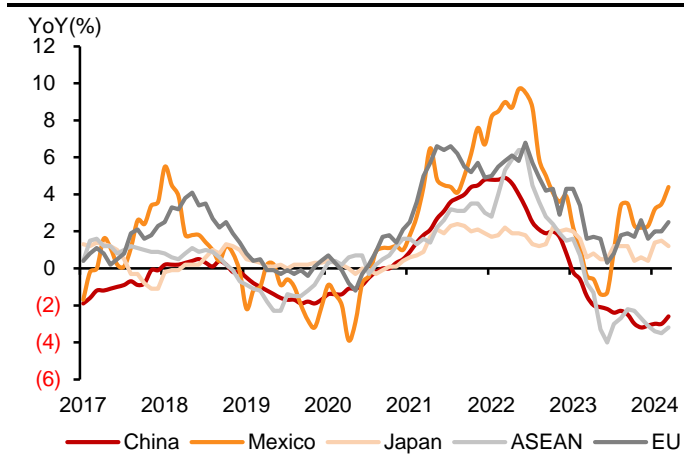
Source: Wind, CMBIGM

Figure 13: Exchange rates



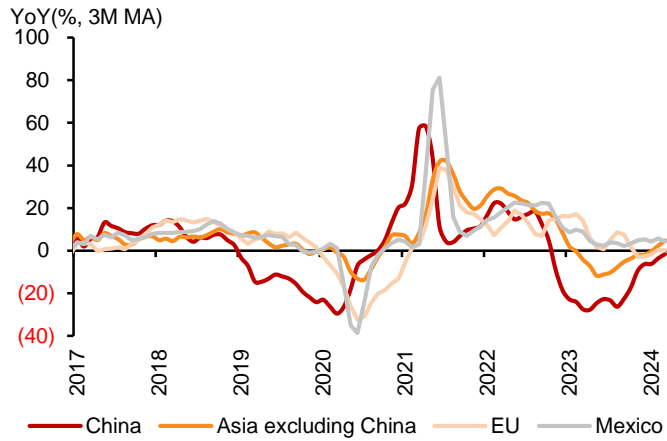
Source: Wind, CMBIGM

Figure 14: US import price growth by source



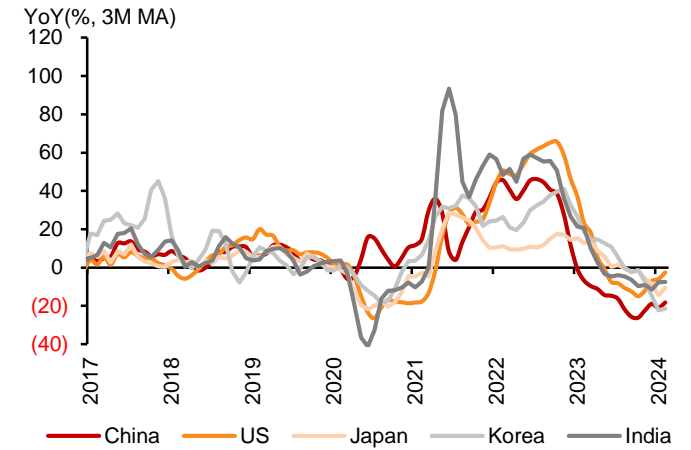
Source: Wind, CMBIGM

Figure 15: Growth of US imports by source



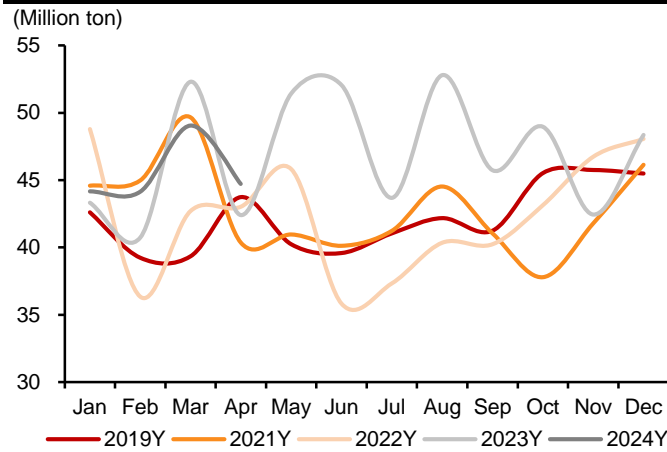
Source: Wind, CMBIGM

Figure 16: Growth of EU imports by source



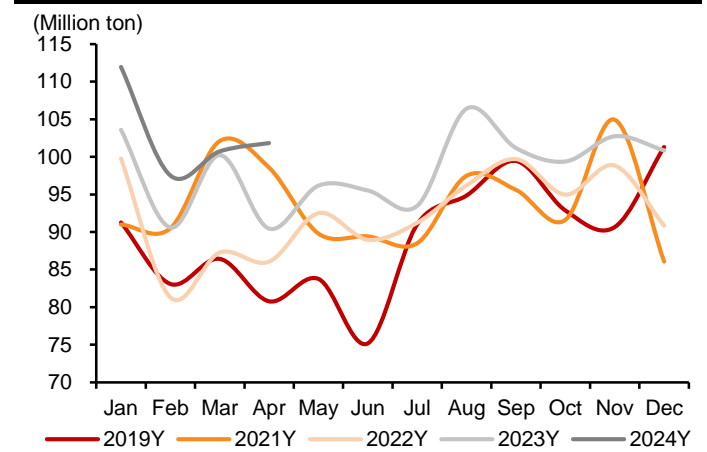
Source: Wind, CMBIGM

Figure 17: Import volume of crude oil



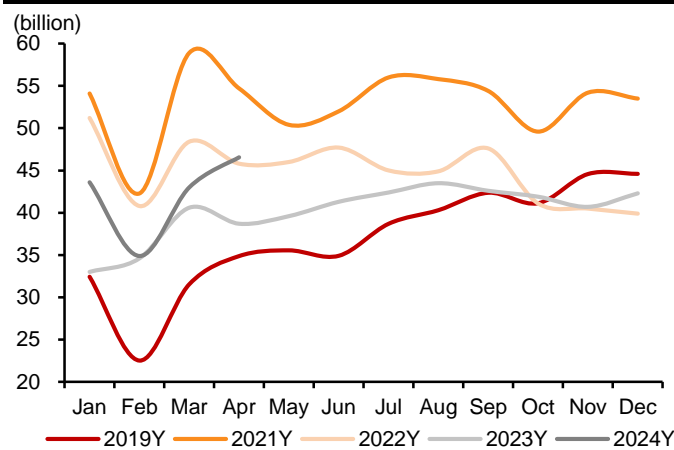
Source: Wind, CMBIGM

Figure 18: Import volume of iron ore



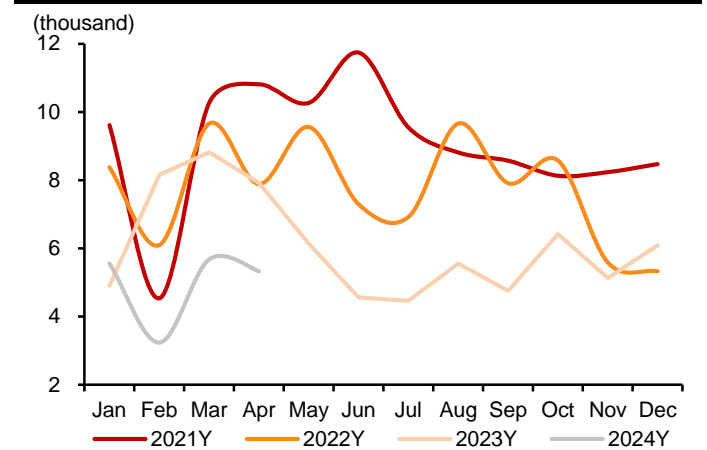
Source: Wind, CMBIGM

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	Mar	Apr	2019	2020	2021	2022	2023	1Q24	Mar	Apr
Grain	(3.6)	28.0	18.1	(10.7)	11.7	5.1	(2.9)	20.4	(5.1)	(5.4)	26.3	23.7	(9.6)	(21.3)	(22.9)	(20.5)
Soybean	0.0	13.3	(3.8)	(5.6)	11.4	(10.8)	(19.1)	18.1	(7.2)	(1.3)	40.7	21.2	(10.7)	(15.7)	(18.0)	(20.3)
Iron ore	0.5	9.5	(3.9)	(1.5)	6.6	5.5	0.5	12.6	32.9	7.2	55.4	(28.6)	(1.6)	10.7	7.0	(6.2)
Copper ore	11.6	(1.0)	7.6	8.0	9.1	5.1	15.3	11.8	(4.8)	2.1	44.6	(8.5)	(1.6)	(2.3)	(1.5)	(4.2)
Coal	6.3	1.5	6.6	(9.2)	61.8	13.9	0.5	11.2	(11.1)	(14.8)	65.9	29.7	(23.3)	(22.6)	(22.6)	(17.6)
Crude oil	9.5	7.3	(5.4)	(0.9)	11.0	0.7	(6.2)	5.4	(8.3)	(32.2)	52.4	42.7	(16.8)	(0.1)	3.0	8.2
Natural gas	6.9	5.3	19.9	(9.9)	9.9	22.8	21.3	14.7	1.5	(23.8)	39.8	39.5	(16.4)	(20.1)	(12.1)	(10.7)
Steel products	(6.5)	64.4	(29.5)	(25.9)	(27.6)	(8.6)	(8.8)	13.4	(8.1)	(27.5)	57.9	23.1	2.5	(4.2)	(2.8)	(4.3)
Copper products	(6.0)	34.1	(17.2)	6.2	(6.3)	6.9	15.1	7.5	(7.8)	(0.9)	45.5	(2.5)	(6.2)	(1.8)	(0.7)	2.1
Plastics in primary form	12.4	10.1	(16.4)	(10.0)	(3.2)	(2.2)	0.8	13.0	(15.9)	(10.6)	39.4	2.0	(16.7)	(5.5)	(5.5)	(4.7)
Rubber	(6.2)	13.6	(9.4)	8.7	8.0	(12.3)	(12.2)	(25.3)	(4.5)	(7.2)	26.4	(1.7)	(16.4)	6.4	10.2	14.6
Integrated circuits	6.6	22.1	16.9	(15.3)	(10.8)	12.7	5.9	20.3	(8.2)	(6.1)	5.7	13.5	(5.2)	(2.1)	(3.7)	(3.8)
Machine tool	0.0	18.8	(0.7)	(14.4)	(20.5)	(33.8)	(35.7)	(32.7)	0.0	(30.8)	25.8	1.5	14.8	42.1	19.7	21.9
Auto	(6.6)	(11.4)	0.6	(6.5)	(8.9)	(4.1)	(16.7)	(13.3)	3.6	8.1	14.7	5.7	(3.0)	(14.2)	(9.0)	(10.8)
Airplane	(48.6)	(35.4)	29.4	(27.3)	12.2	12.5	0.0	(29.6)	12.5	(30.0)	12.3	13.5	(4.0)	(19.7)	(23.1)	(24.3)
Medicine	0.0	(0.6)	3.1	28.8	23.6	(7.4)	(16.7)	21.1	0.0	4.1	16.5	(25.7)	(12.8)	(7.3)	4.7	(16.7)
Beauty cosmetics	0.0	3.7	5.2	(11.8)	(14.2)	(17.1)	(20.3)	(13.9)	0.0	24.8	17.0	1.8	(6.1)	(3.4)	(0.1)	14.4

Source: Wind, CMBIGM

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