

# China Economy

## Export resilience strengthens China's position in trade war

China's export growth beat expectations as exports to Africa, Latin America and the EU picked up. Exports of integrated circuits and ships remained robust, while personal consumption goods including vehicles, tech products, garments and property-related goods remained subdued. Imports rebounded across the board, especially in processing trade. China's tightening control on rare earth export is a countermeasure to the US's escalation of semiconductor export restrictions. The White House has intensified export curbs and sanctions against China over the past two months, likely aiming to gain bargaining leverage in a potential Trump-Xi meeting during the APEC summit at the end of October. Trade tensions may initially intensify over the next two weeks before potentially easing following the possible Trump-Xi encounter. As China's export has been more resilient than expected, we revise our forecast for the export growth for 2025 from 3% to 4.5%. We maintain our forecast for the 2025 import growth at 1.5%. USD/RMB rates may appreciate from the current 7.13 to 7.1 by year end and 7.05 by end of 2026.

- Exports rebounded as exports to Africa, Latin America and the EU picked up.** Exports bounced up to 8.3% (all on a YoY basis unless specified) in Sep from 4.4% in Aug, beating market expectation of 5.7%. Exports to the US remained in deep contraction at -27% in Sep compared to -33.1% in Aug. Conversely, shipments to Africa notably accelerated to 56.4% in Sep from 25.9%, notably picking up since the tariff war. Exports to ASEAN moderated to 15.6% in Sep from 22.5%, while the EU and Latin America accelerated to 14.2% and 15.2% from 10.4% and -2.3%. Since the tariff shocks, the exports to ASEAN and Africa surged from 7.8% and 10.8% in 1Q25 to 18.2% and 41.4% respectively in 3Q25. The increase of shipments has made up for over 120% of the export losses to the US since Apr, pointing to potential rerouting of exports in reaction to tariffs. Exports to Korea, India and the UK rebounded, while Russia, Japan and Canada declined. Trade surplus narrowed to US\$91bn in Sep from US\$102.3bn.
- Circuits and ships remained robust while personal consumption goods moderated.** The two major drivers in exports, tech products and transport equipment, saw increasing divergence since the tariff shocks. Integrated circuits and ships extended their rally in Sep, rising 32.7% and 42.7% respectively, while personal consumption goods including vehicles, computers and cell phones eased to 10.9%, -0.3% and -1.9%. Low value-added exports including textile yam, travel goods & bags, garment and toys saw the biggest hit from tariff and declined further, as well as the housing-related products including lamps & lighting products and home appliances. Rare earth exports notably rebounded to 97.1% in Sep from 34.7%, even though China has imposed additional export controls.
- Imports rebounded across the board.** China's imports of goods increased to 7.4% in Sep from 1.3% in Aug, beating the market expectations of 1.4%. Imports from the US steadied at -16%. Import value of processing trade accelerated to 22% in Sep from 11.2%. For energy products, import volume of crude oil rose by 3.9% in Sep, while coal and natural gas dropped 3.3% and 7.9%. For raw materials, volume of iron ore surged 11.7% in Sep from 3.8%, while copper ore moderated to 6% from 7.4%. Steel products, plastics and machine tools rebounded in imports volume, possibly indicating the recovering industrial activities in China. Import volume of crops notably picked up as grains and soybeans rose to 12% and 13.2% in Sep, as soybean imports volume from the US rebounded from -11.5% in Aug to 12.3% in Sep. Imports volume of beauty cosmetics remained robust in 2025

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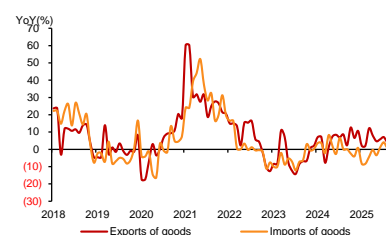
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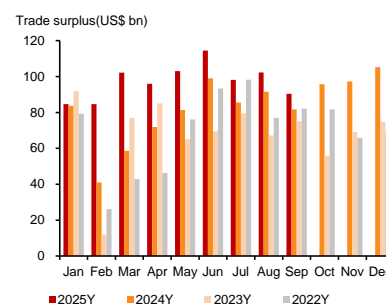
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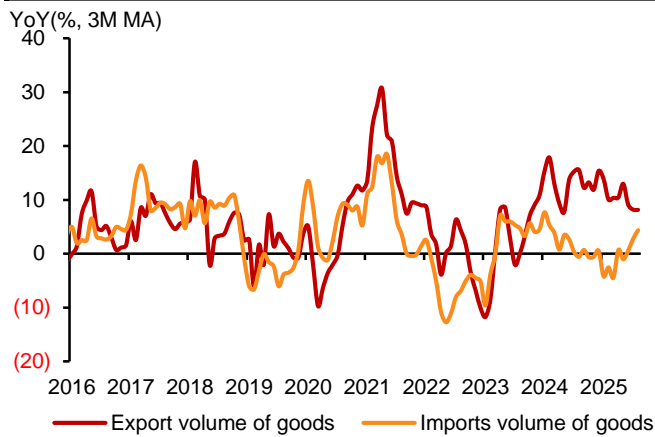
Source: Wind, CMBIGM



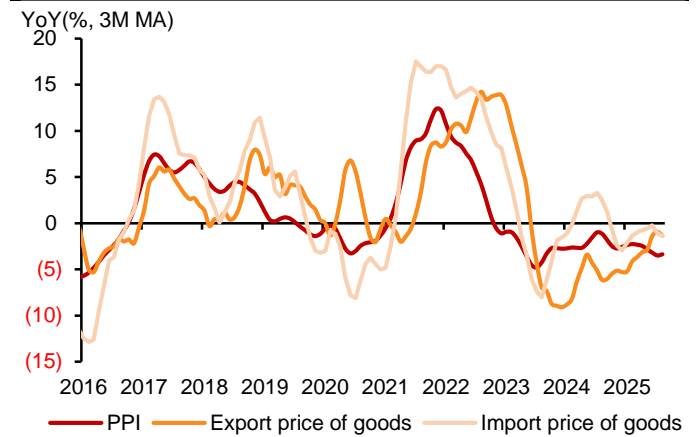
Source: Wind, CMBIGM

after 3 years of contraction, with 10.7% growth in Sep although its import prices dropped notably, reflecting the tepid recovery of consumer demand.

- **Sino-US trade tensions may initially intensify before easing after the possible Trump-Xi meeting.** China's tightening control on rare earth export is a countermeasure to the US's escalation of semiconductor export restrictions. The White House has intensified export curbs and sanctions against China over the past two months, likely aiming to gain bargaining leverage in a potential Trump-Xi meeting during the APEC summit at the end of October. President Trump has threatened 100% tariff on all Chinese goods, yet the effective date-deliberately set for 1 Nov, just one day after a potential Xi-Trump meeting which appears to be strategically timed. We reckon the recent export controls on key sectors as well as Trump's tariff threat were tactical moves aimed at strengthening bargaining leverage ahead of the meeting, which we still expect to take place during the APEC summit. As China's export has been more resilient than expected, we revise our forecast for the 2025 export growth from 3% to 4.5%. We maintain the forecast for the 2025 import growth at 1.5%. 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

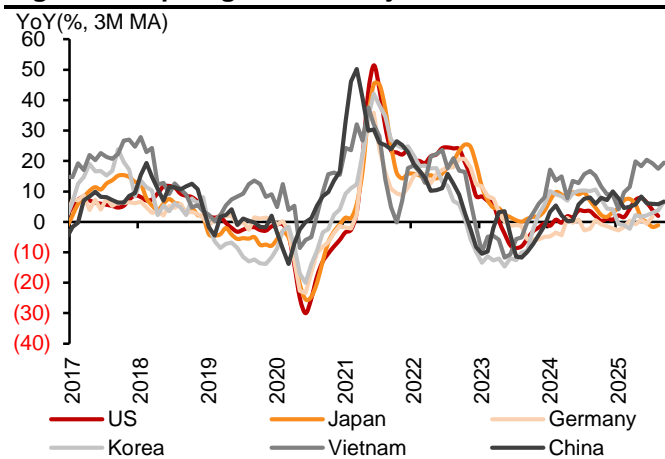
**Figure 2: Growth of export and import prices**

Source: Wind, CMBIGM

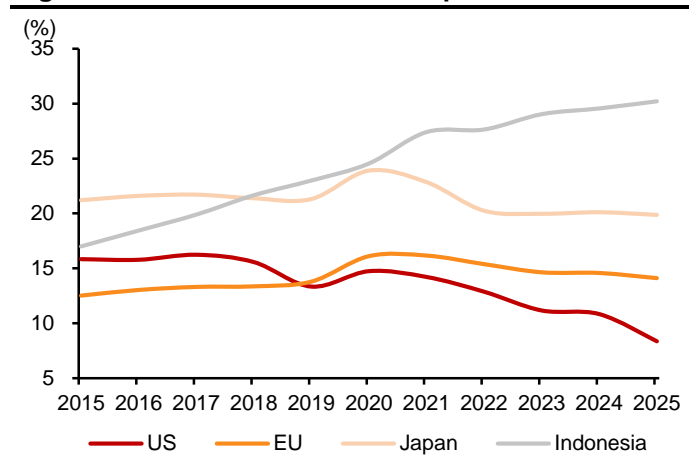
**Figure 3: China exports by destination**

	YoY Growth (%)										Share (%)					
	2020	2021	2022	2023	2024	25Q2	25Q3	Aug	Sep		2020	2021	2022	2023	2024	2025
World	3.6	29.6	5.6	(4.7)	5.8	6.2	6.6	4.4	8.3		100	100	100	100	100	100
ASEAN	6.7	26.1	17.7	(5.0)	12.0	17.5	18.2	22.5	15.6		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)	(33.1)	(27.0)		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	10.4	14.2		15.1	15.4	15.9	14.8	14.4	15.0
Latin America	(0.8)	52.0	10.6	(2.4)	13.0	5.2	6.3	(2.3)	15.2		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	25.9	56.4		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	6.7	1.8		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	(1.4)	7.0		4.3	4.4	4.6	4.4	4.1	3.9
India	(10.8)	46.2	21.7	0.8	2.4	14.3	11.0	9.1	14.4		2.6	2.9	3.3	3.5	3.4	3.7
Russia	1.7	33.8	12.8	46.9	4.1	(10.3)	(15.9)	(16.7)	(21.1)		2.0	2.0	2.1	3.3	3.2	2.6
UK	16.3	19.9	(6.1)	(3.4)	1.2	9.6	9.9	10.2	12.2		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	10.1	10.7		2.1	2.0	2.2	2.2	2.0	1.9
Canada	14.0	22.4	4.5	(14.9)	3.0	12.0	0.9	0.9	(5.6)		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	-	1.3	-		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	17.2	19.4		10.5	10.4	8.4	8.1	8.1	8.6
Chinese Taipei	9.1	30.4	4.2	(16.0)	9.8	8.6	16.0	17.5	11.0		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

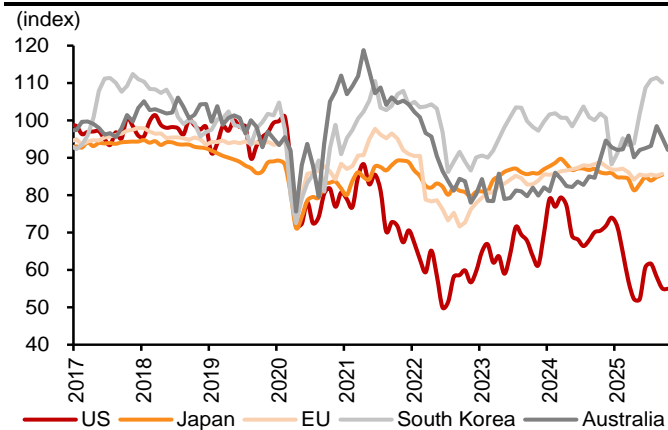
**Figure 5: China's market share in partners' trade**

Source: Wind, CMBIGM

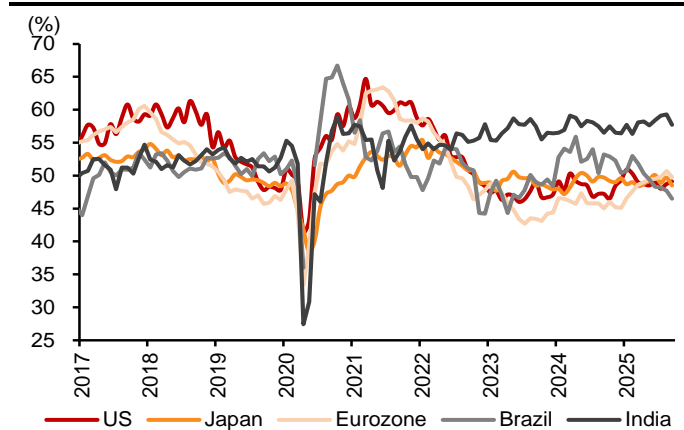
**Figure 6: China's exports by product**

	YoY(%)									Share (%)					
	2020	2021	2022	2023	2024	25Q2	25Q3	Aug	Sep	2020	2021	2022	2023	2024	2025
Textile Yarn & Related Products	29.2	(5.6)	2.0	(8.3)	5.7	(0.2)	2.7	1.4	6.4	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)	(14.9)	(12.3)	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)	(10.1)	(8.0)	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)	(21.0)	(28.0)	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	(3.2)	0.4	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)	(17.0)	(16.7)	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	0.8	3.8	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)	(7.5)	(2.7)	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)	(6.5)	(1.4)	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	32.8	32.7	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	34.9	42.7	0.7	0.6	0.6	0.8	1.2	1.4
Motor Vehicles	(3.6)	119.2	74.7	69.0	15.5	13.1	15.4	17.3	10.9	0.6	1.0	1.7	3.0	3.3	3.5
Vehicles Parts	(6.2)	33.7	7.4	9.0	6.6	4.4	4.6	4.8	5.2	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	4.3	24.8	1.6	1.6	1.6	1.7	1.8	1.9
Automatic Data Processing Equipment	11.6	21.0	(7.5)	(20.4)	9.9	(2.8)	(4.4)	(3.0)	(0.3)	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	68.0	95.4	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	(0.6)	(4.3)	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	34.7	97.1	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)	(18.9)	(1.9)	4.8	4.4	4.0	4.1	3.8	2.8
Home appliance	23.5	22.3	(13.3)	3.8	14.1	(6.9)	(6.7)	(6.6)	(9.7)	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	6.1	8.8	0.7	0.6	0.5	0.5	0.6	0.5

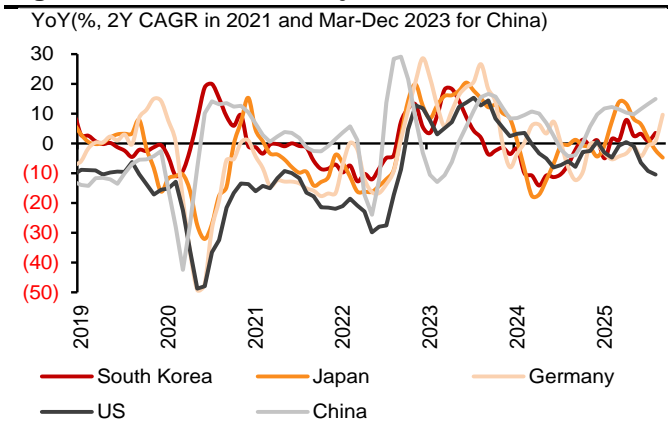
Source: Wind, CMBIGM

**Figure 7: Consumer confidence in major economies**

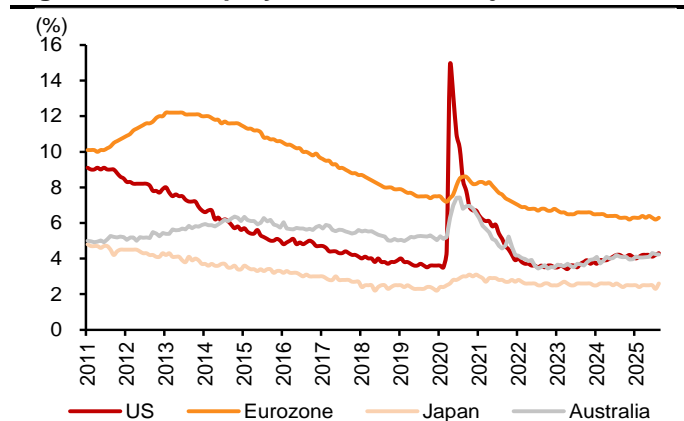
Source: Wind, CMBIGM

**Figure 8: Manufacturing PMI in major economies**

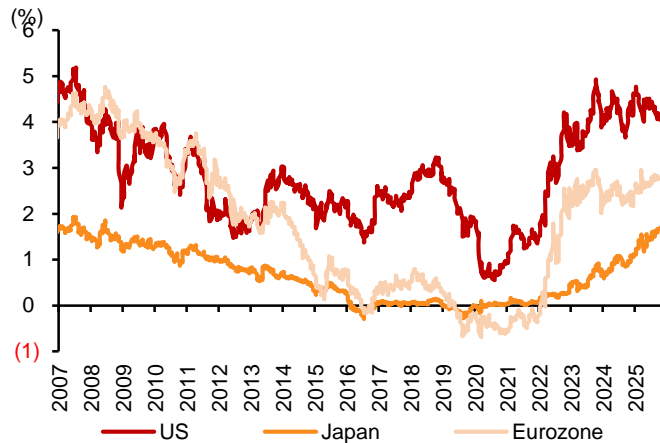
Source: Wind, CMBIGM

**Figure 9: Auto sales in major economies**

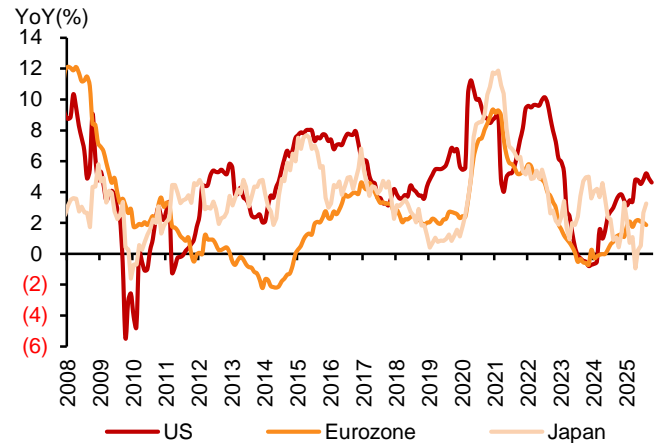
Source: Wind, CMBIGM

**Figure 10: Unemployment rates in major economies**

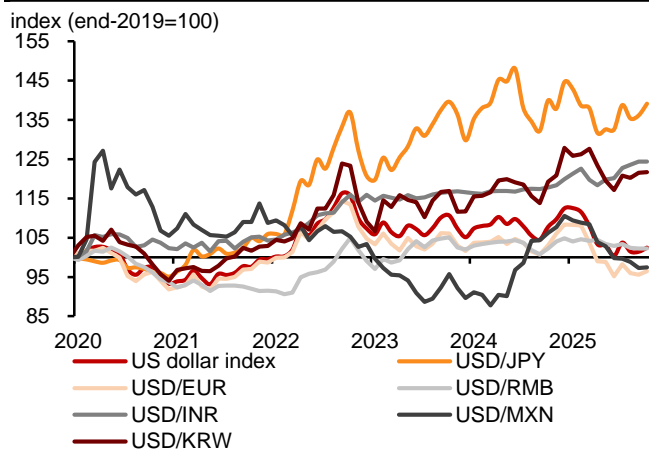
Source: Wind, CMBIGM

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

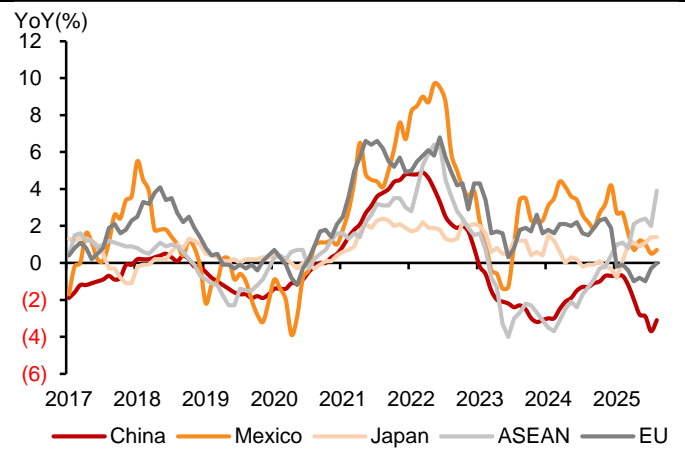
Source: Wind, CMBIGM

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

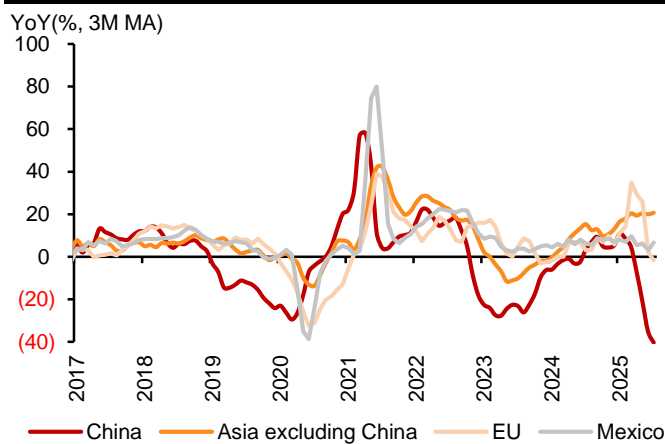
Source: Wind, CMBIGM

**Figure 13: Exchange rates**

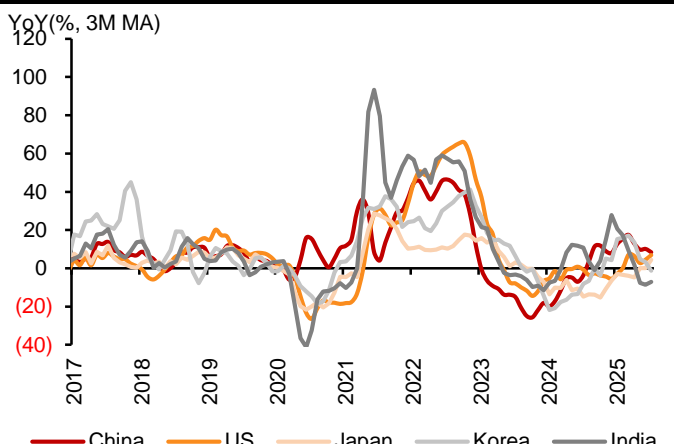
Source: Wind, CMBIGM

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

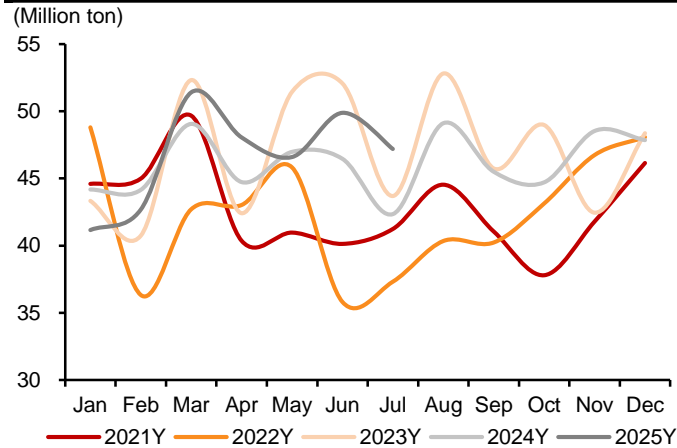
Source: Wind, CMBIGM

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

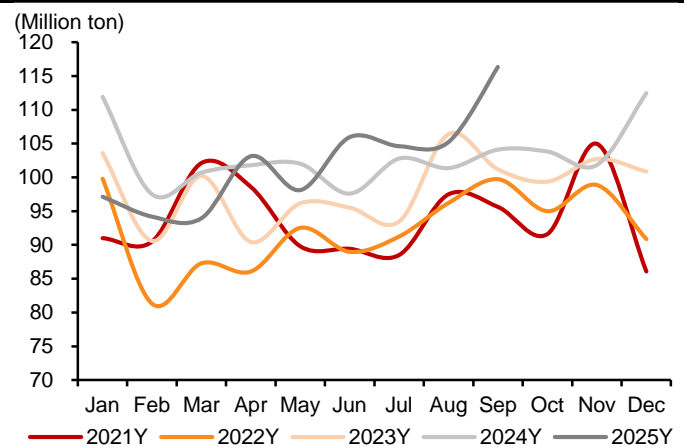
Source: Wind, CMBIGM

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

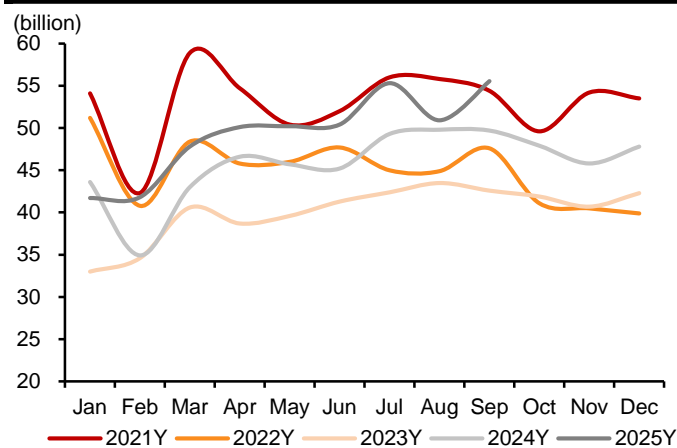
Source: Wind, CMBIGM

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

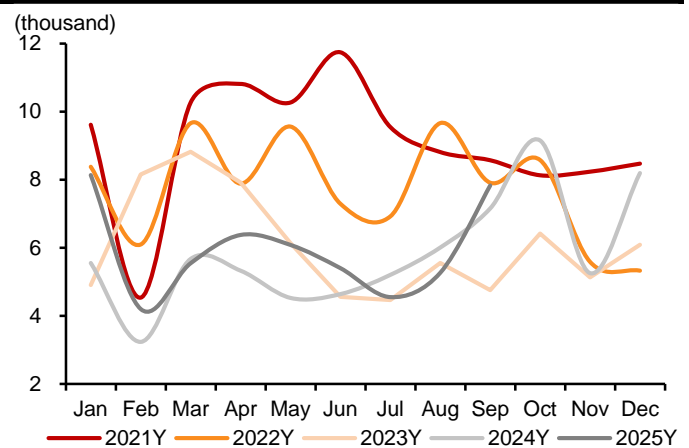
Source: Wind, CMBIGM

**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	Aug	Sep	2020	2021	2022	2023	2024	2025	3Q25	Aug	Sep
Grain	28.0	18.1	(10.7)	11.7	(2.3)	(12.5)	2.2	(5.9)	12.0	(5.4)	26.3	23.7	(9.6)	(13.6)	(3.0)	(5.5)	(5.4)	(8.0)
Soybean	13.3	(3.8)	(5.6)	11.4	6.5	7.9	10.4	1.2	13.2	(1.3)	40.7	21.2	(10.7)	(16.3)	(11.5)	(10.3)	(10.0)	(10.2)
Iron ore	9.5	(3.9)	(1.5)	6.6	4.9	1.9	5.8	3.8	11.7	7.2	55.4	(28.6)	(1.6)	(7.1)	(12.0)	(7.3)	(9.7)	1.5
Copper ore	(1.0)	7.6	8.0	9.1	2.1	10.8	10.1	7.4	6.0	2.1	44.6	(8.5)	(1.6)	10.8	15.8	10.0	6.1	17.4
Coal	1.5	6.6	(9.2)	61.8	14.4	(20.0)	(10.9)	(6.8)	(3.3)	(14.8)	65.9	29.7	(23.3)	(14.2)	(25.9)	(29.7)	(31.3)	(25.6)
Crude oil	7.3	(5.4)	(0.9)	11.0	(1.9)	4.6	5.1	0.8	3.9	(32.2)	52.4	42.7	(16.8)	(2.0)	(19.2)	(14.6)	(15.8)	(10.9)
Natural gas	5.3	19.9	(9.9)	9.9	9.9	(5.4)	(3.1)	0.8	(7.9)	(23.8)	39.8	39.5	(16.4)	(7.9)	(8.6)	(9.9)	(9.1)	(13.7)
Steel products	64.4	(29.5)	(25.9)	(27.6)	(10.9)	(21.4)	(4.0)	(2.0)	(0.4)	(27.5)	57.9	23.1	2.5	1.9	3.7	(2.5)	(4.9)	(3.7)
Copper products	34.1	(17.2)	6.2	(6.3)	3.4	(4.3)	4.1	2.4	1.0	(0.9)	45.5	(2.5)	(6.2)	9.8	1.0	3.9	4.0	7.2
Plastics in primary form	10.1	(16.4)	(10.0)	(3.2)	(2.1)	(5.4)	(13.3)	(18.8)	(7.5)	(10.6)	39.4	2.0	(16.7)	(1.1)	(3.1)	0.1	0.4	(0.7)
Rubber	13.6	(9.4)	8.7	8.0	(8.2)	29.3	10.4	6.5	21.6	(7.2)	26.4	(1.7)	(16.4)	19.8	10.9	(0.3)	0.8	(2.5)
Integrated circuits	22.1	16.9	(15.3)	(10.8)	14.6	9.6	8.7	2.2	11.8	(6.1)	5.7	13.5	(5.2)	(3.7)	0.8	2.9	6.0	2.1
Machine tool	18.8	(0.7)	(14.4)	(20.5)	(4.1)	23.2	(3.9)	(12.4)	9.4	(30.8)	25.8	1.5	14.8	(6.5)	(12.1)	7.7	20.0	(8.0)
Auto	(11.4)	0.6	(6.5)	(8.9)	(11.7)	(23.5)	(32.9)	(37.5)	(31.7)	8.1	14.7	5.7	(3.0)	(5.7)	(10.8)	(16.0)	(20.9)	(6.9)
Airplane	(35.4)	29.4	(27.3)	12.2	8.2	(14.3)	52.5	50.0	92.9	(30.0)	12.3	13.5	(4.0)	3.1	25.0	7.4	(1.0)	56.2
Medicine	(0.6)	3.1	28.8	23.6	4.7	0.6	(19.5)	(24.0)	(23.2)	4.1	16.5	(25.7)	(12.8)	(4.8)	(9.6)	25.9	22.7	37.7
Beauty cosmetics	3.7	5.2	(11.8)	(14.2)	(9.4)	9.4	12.1	11.7	10.7	24.8	17.0	1.8	(6.1)	0.4	(6.7)	(8.9)	(12.6)	(4.7)

Source: Wind, CMBIGM

# Disclosures & Disclaimers

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## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
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