

China's economic situation and forecasts

In data

GDP GROWTH 2023*

5.5%

y-o-y, 2.2 pp less than average 2010-19

ANNUAL CPI 2023*

1.4%

6 tenths less than in 2022

EXPORT GROWTH 2020-25*

4.7%

y-o-y, 2.4 lower than 2010-19 decade

WORKING-AGE POPULATION 2020-25*

-0.1%

y-o-y, vs. +1.3% in 2000-09 decade

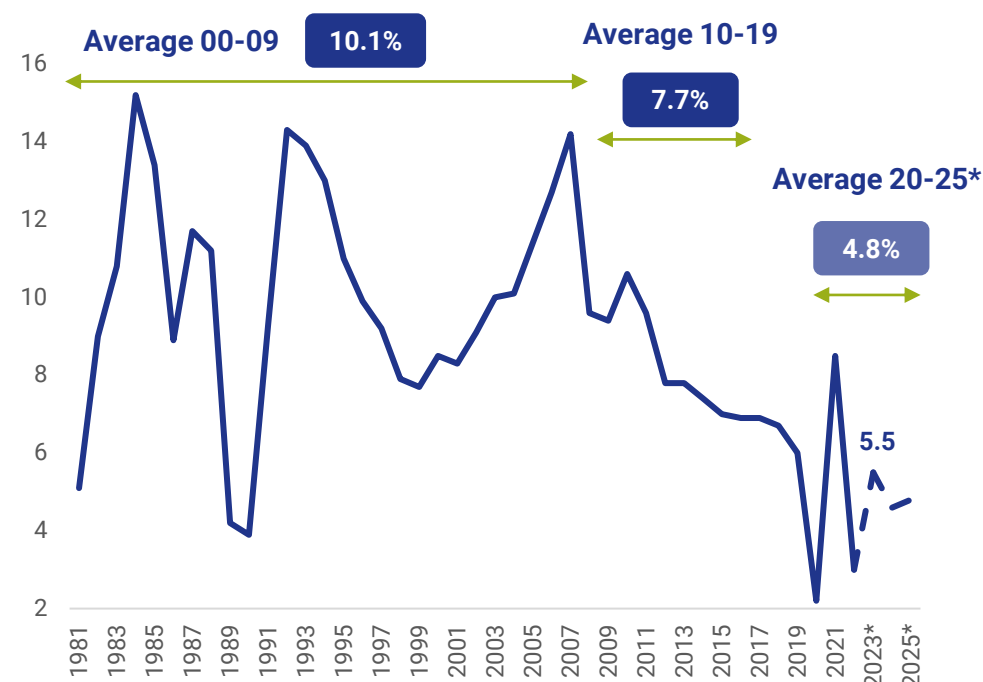
* Forecasts

China faces mild recovery after pandemic

AFTER A STRONG 1st QUARTER IN WHICH CHINA RECORDED A STRONG REBOUND AFTER COVID RESTRICTIONS EASED, ECONOMIC RECOVERY ENTERS A SLOWER 2ND STAGE

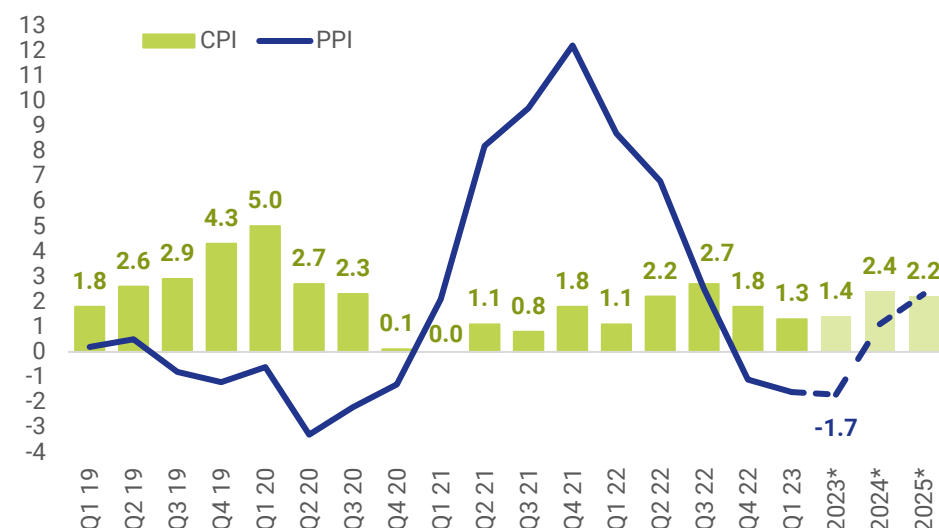
GDP rebounds in 2023* to 5.5% before slowing down by 9 tenths in 2024*

% y-o-y GDP change



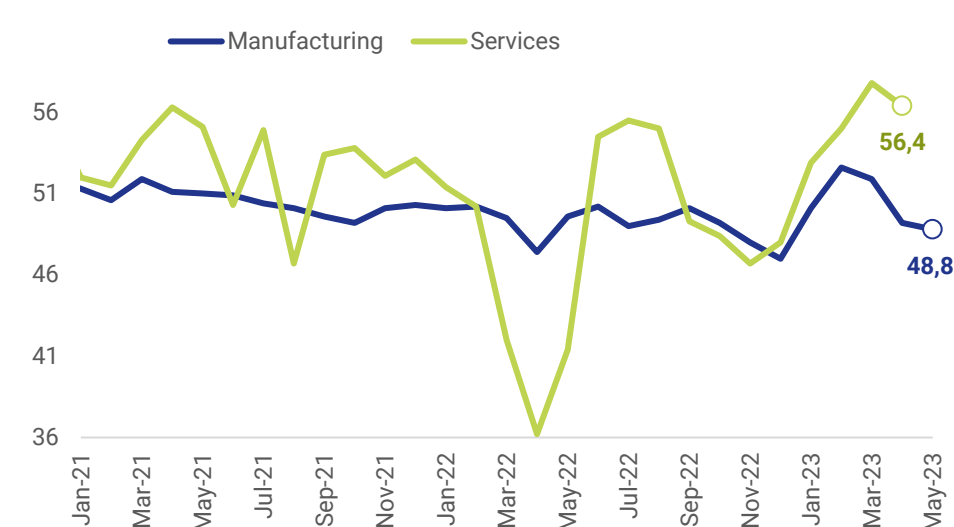
2023* marked by the containment of commodity and food prices and a fall in production prices

% y-o-y change



Weakness in PMIs, mainly in manufacturing

Points (> 50 expansion, <50 contraction)



By components ...

% y-o-y change

	2022	2023*	2024* - 2025*
Private consumption	0.1	9.3	5.0 - 6.2
Investment	3.3	5.9	4.3 - 4.1
Government consumption	9.0	4.3	1.7 - 4.3
Exports	-0.3	1.3	0.3 - 7.3
Imports	-4.7	5.1	8.2 - 6.8

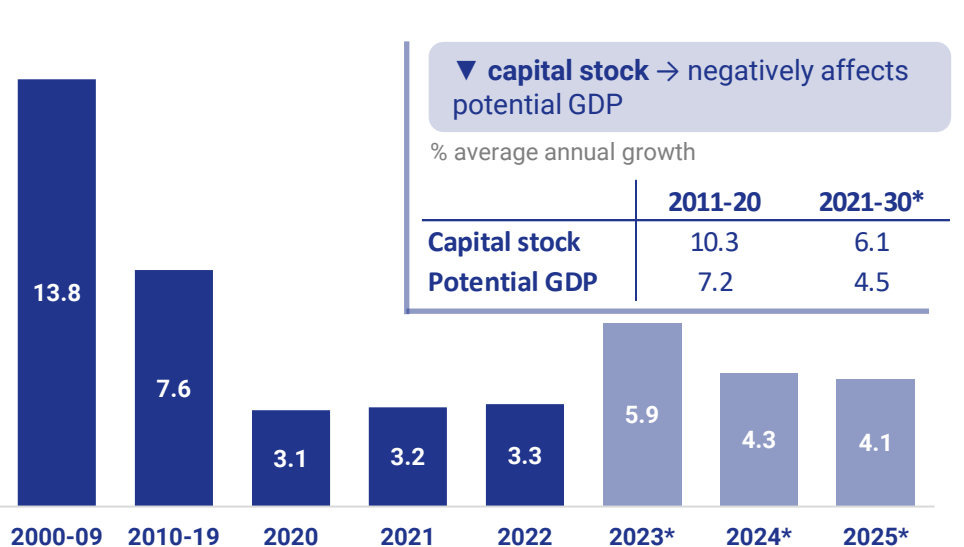
In addition, the household savings rate remains higher than the pre-Covid level → normalization activity not complete

Some of the main risks to growth

SLOWDOWN IN INVESTMENT AND EXPORTS, WORSENING DEMOGRAPHICS AND LABOR PRODUCTIVITY, AND LARGER FINANCIAL IMBALANCES

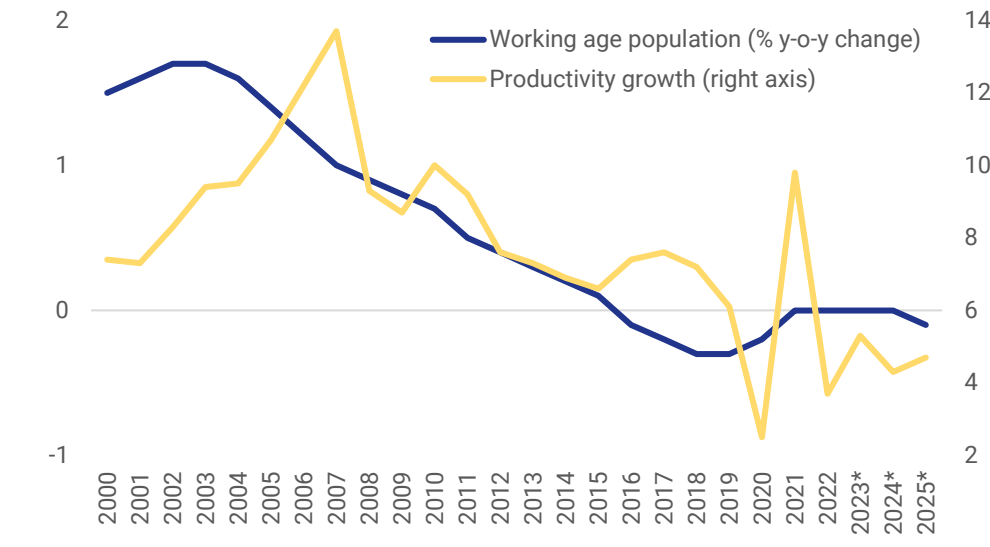
Lower investment growth compared to the high levels of recent decades

% y-o-y fixed investment change



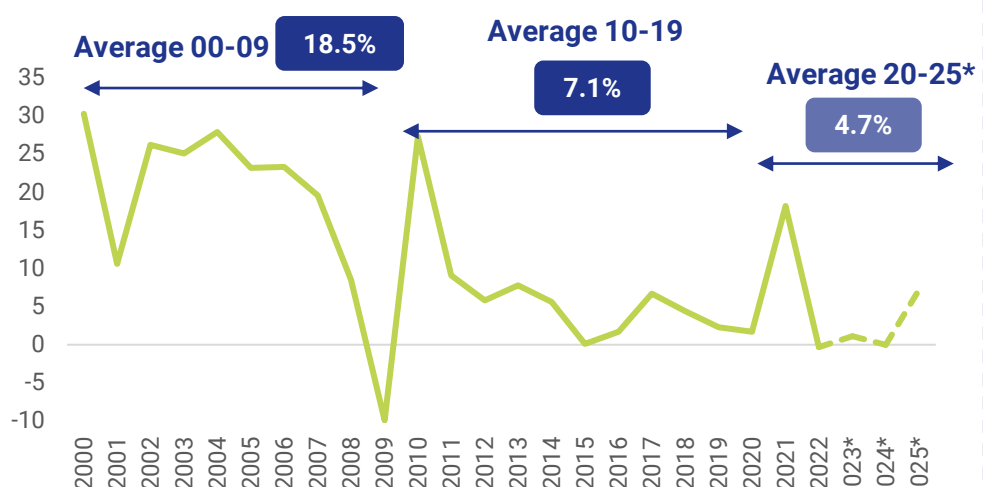
Decline in working age population and labour productivity growth

% y-o-y change



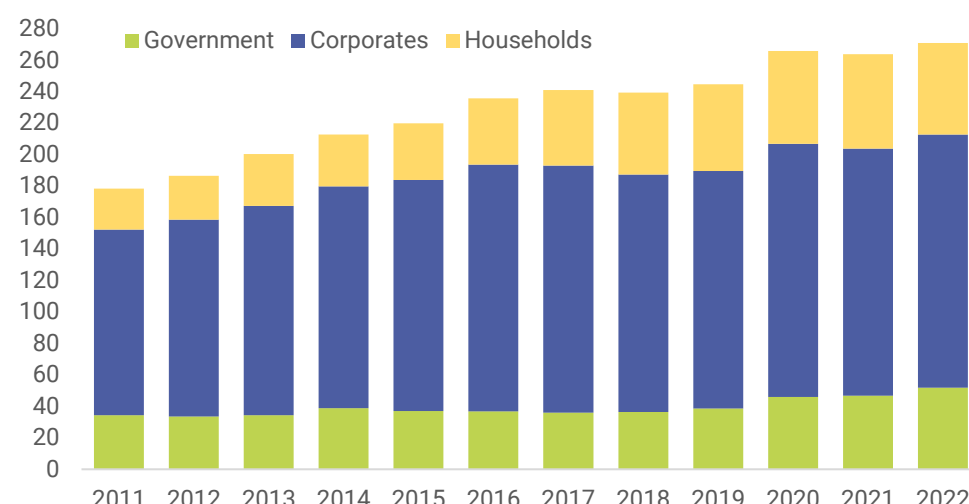
Slowdown in export growth

% y-o-y export growth



High level of non-financial corporate debt (161% of GDP in 2022)

Composition of non-financial debt as % GDP



Some challenges for exports

- Slower growth of trading partners
- Moving away from low-cost manufacturing - Loss of competitiveness
- Shifting demand from goods to services
- Trade frictions with the US