

## Economic QuickView



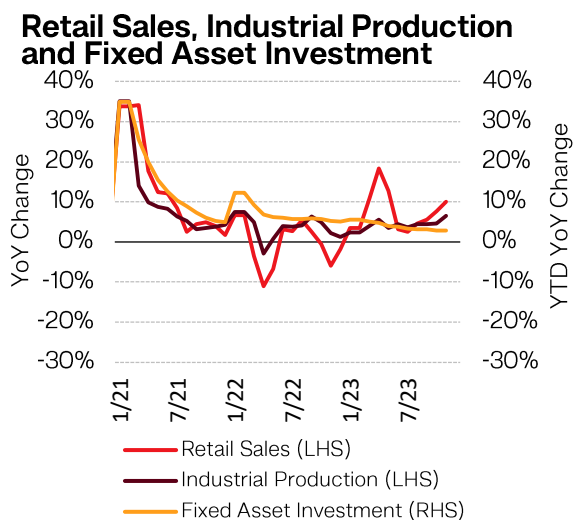
### Chinese Mainland Economy: Recovery remained steady with more support policies to be implemented in 2024

- The Chinese Mainland economy continued to recover in November, with consumer spending and manufacturing activity serving as the primary growth engines.
- Domestic demand and the industrial sector remained resilient, while investment maintained steady growth.
- The Central Economic Work Conference hinted more support policies to be implemented in 2024, with an aim to further pursue high quality development.

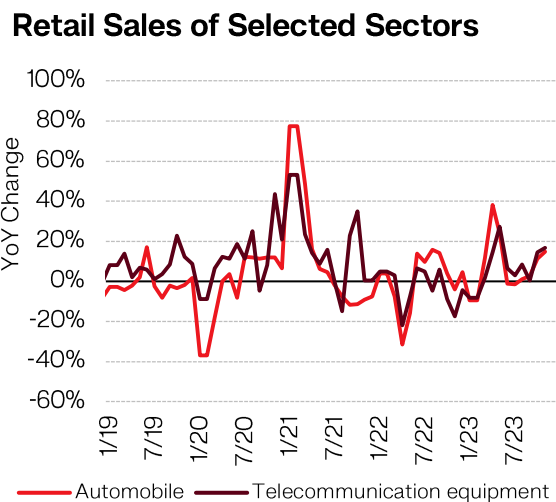
**The Chinese Mainland economy continued to recover in November.** Major economic indicators in November showed a pick-up in year-on-year (YoY) growth on the back of a lower base in last year when the economy was temporarily disrupted by the pandemic. Growth of retail sales and industrial production continued to outpace that of fixed asset investment (FAI). Labour market remained stable with the urban surveyed unemployment rate staying at 5.0% in November 2023 (near the pre-pandemic low of 4.8%). Growth momentum in industrial production and fixed asset investment (FAI) gathered steam somewhat, with their month-on-month (MoM) growth rates accelerating from 0.39% and 0.12% in October to 0.87% and 0.26% in November, respectively. Meanwhile, the MoM growth of retail sales stayed roughly flat at -0.06% in November. These data confirmed that economic growth for 2023 is likely to exceed to the Government's growth target of around 5%.

**Domestic consumption remained a major growth stabiliser.** Driven by a lower base of comparison, the growth of retail sales of consumer goods accelerated from 7.6% YoY in October to 10.1% in November. Among consumption goods, automobiles and telecommunication equipment picked up from 11.4% YoY to 14.7% and from 14.6% to 16.8%, respectively. Stronger growth in these big-ticket items was likely boosted by the Singles' Day sales promotion in November. Retail sales of services expanded by 19.5% YoY in the first 11 months of 2023, accelerating from 19.0% in the first 10 months.

Meanwhile, the growth of services production also accelerated from 7.7% YoY in October to 9.3% in November. Across different services sectors, catering & accommodation, transportation, information technology, etc., maintained a double-digit YoY growth in November. This reflected a continued boost from the post-pandemic normalisation of economic activity.



Source: CEIC



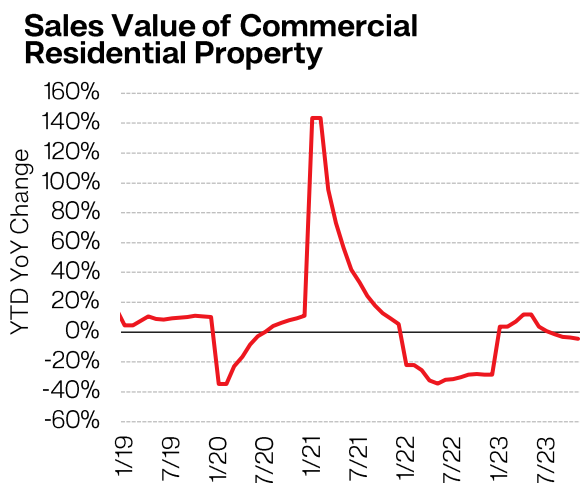
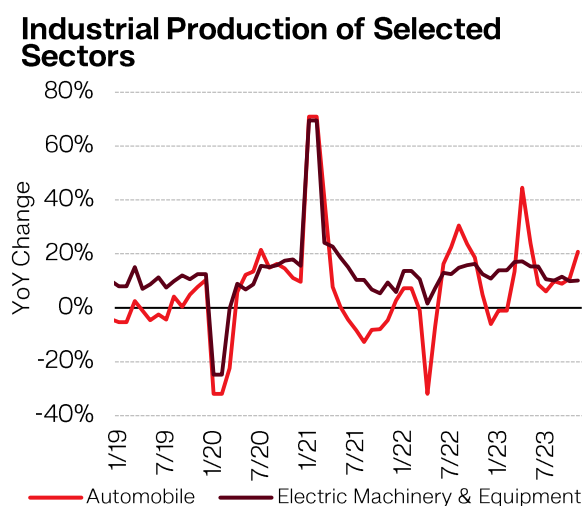
Source: CEIC

**The industrial sector expanded strongly, led by equipment and high-tech manufacturing.** The value added of industrial enterprises accelerated from 4.6% YoY in October to 6.6% in November, beating market expectations. The acceleration was powered by equipment and high-tech sectors. Equipment manufacturing rose by 9.8% YoY in November, up by 3.6 percentage points (ppts) from October. Particularly, the production of railway, ship, aerospace & other transport equipment and electrical machinery and apparatus grew strongly by 12.7% YoY and 10.2%, respectively. High-tech manufacturing also went up by 6.2% YoY in November, up by 4.4 ppts from October. Most notably, the manufacture of advanced technology products grew at a faster pace. For instance, the production of automobiles accelerated from a growth 10.8% YoY in October to 20.7% in November. It is also worth noting that the production of computers, communication equipment & other electronic equipment expanded at a faster pace of 10.6% YoY in November, up from 4.8% in October, possibly related to a stabilisation and gradual recovery of the global tech cycle. Overall, the industrial sector is likely to maintain faster growth ahead, driven by solid domestic consumption, strengthening infrastructure investment and resilient demand for Chinese's high-tech products. In November, Chinese Mainland's exports posted a YoY growth of 1.7%.

**Investment maintained a moderate growth.** Overall FAI growth remained flat at 2.9% YoY in January – November, marking a pause in its decelerating trend since early 2023. Investment activity continued to show better performance in targeted sectors, with manufacturing and infrastructure FAI expanding faster than headline FAI at 6.3% YoY and 5.8% in January – November, respectively, while property development FAI contracted by 9.4%. Specifically, investment for electrical machinery & apparatus, electricity, production and supply of electricity, thermal power, gas & water, railway transportation and automobiles sustained a strong growth at 34.6%, 24.4%, 21.5% and 17.9% in January – November, respectively.

**The property market remained in consolidation with a stabilising outlook amid enhanced support.**

In January – November 2023, the sales of residential buildings decreased by 4.3% YoY (down from -3.7% in January – October 2023). During the same period, residential investment declined by 9.0% YoY (down from -8.4% in January – October 2023). That said, several indicators showed some signs of stabilisation. The funds for investment for real estate development enterprises declined by 13.4% YoY in January – November 2023, narrowing from -13.8% in January – October 2023. The national real estate climate index stayed at 93.42, the first monthly increase after six months of declines from April and October. In mid-November, the People's Bank of China, the National Administration of Financial Regulation and the Chinese Securities Regulatory Commission jointly declared their continuous credit support to quality developers. Moreover, local governments continued to relax their housing policies from different aspects to incentivise homebuying activity. For example, Beijing and Shanghai just eased their housing policies to lower downpayment requirements and ease the criteria for standing housing, sending a positive signal that the authorities have stepped up its policy support.


**More policies are expected to sustain growth and pursue high quality development in 2024.**

In the Central Economic Work Conference held on 11<sup>th</sup>-12<sup>th</sup> December, the Mainland authorities pledged to ramp up macro policies to stabilise expectations, growth and employment, with a 9-point plan to pursue high-quality development. In particular, the construction of a modern industrial system through innovation technology is listed as a top focus. In the meantime, fiscal and monetary policies are to remain supportive and focus on policy efficiency, with the People's Bank of China provided a record amount of net injection via medium-term lending facility (MLF) today. Furthermore, the meeting revealed that 'three major projects': building affordable housing, renovating urban villages and constructing emergency public facilities are poised to become a major housing policy in 2024. These policies are expected to address the issues of high inventories and weak confidence in the property market. Overall, the Chinese Mainland economy is set to extend a stable recovery momentum in 2024.



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