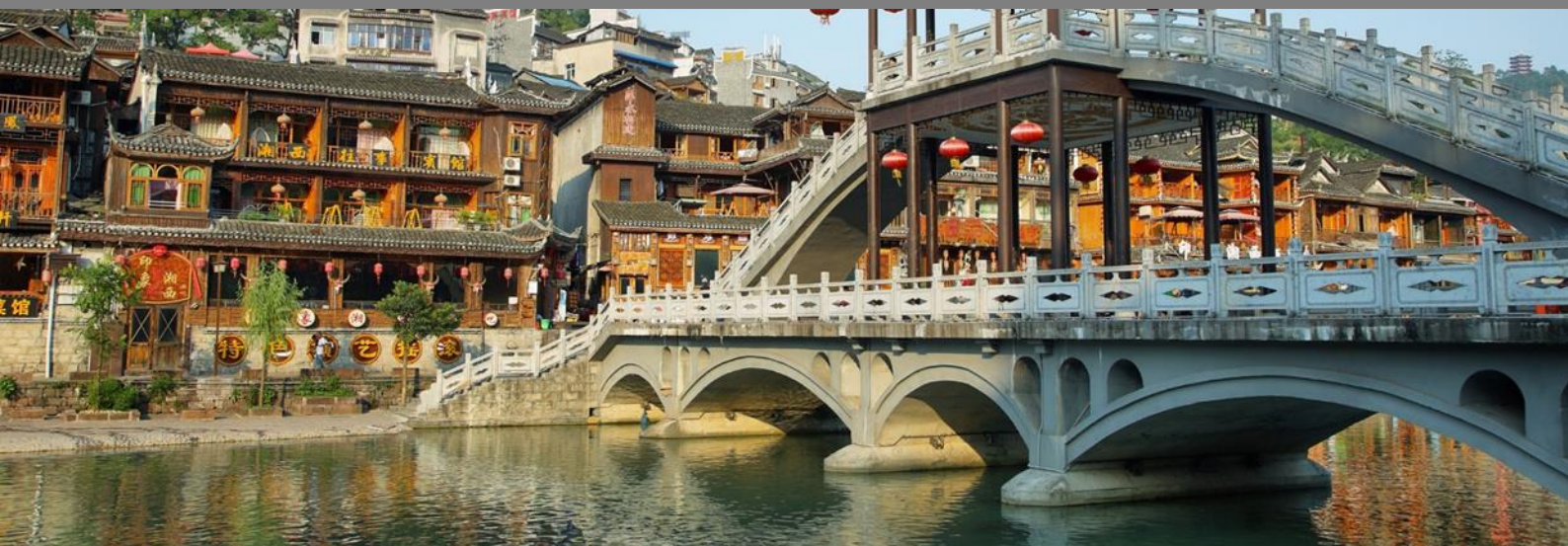


Economic QuickView



Chinese Mainland Economy: The growth target of around 5% for 2024 is expected to be achieved

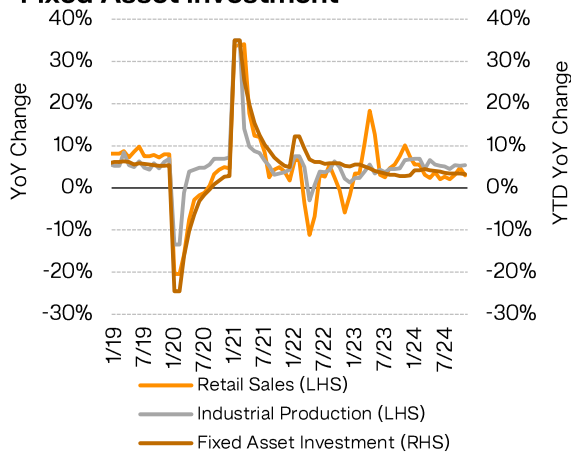
- Economic activities sustained a steady expansion in November, led by faster growth in industrial production, while consumption and investment posted modest growth.
- The property market saw further signs of stabilisation, as sentiment remained uplifted.
- The authorities called for more proactive and forceful macro policies to sustain the economic uptrend, signalling stronger stimulus on the way in 2025.

The Chinese Mainland economy saw a steady expansion in November. Among major economic indicators, industrial production took the lead, while retail sales and fixed asset investment moderated. Meanwhile, trade surplus expanded in November, as exports outpaced imports, possibly making a positive contribution to Q4 GDP growth. Considering the economic performance in October and November, along with emerging policy effects and improved confidence, the spokesperson of the National Bureau of Statistics (NBS) stated that the full-year growth target of around 5% for 2024 should be achievable.

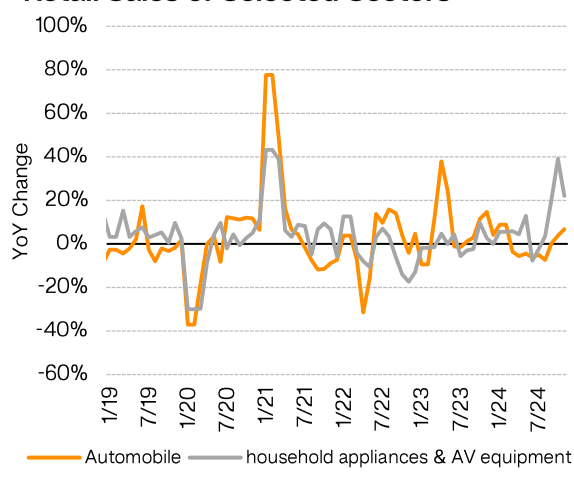
External demand lifted industrial production. The value-added by industrial enterprises picked up from 5.3% year-on-year (YoY) in October to 5.4% in November, continuing to be a major driver for the year. Growth in industrial production was mainly driven by the manufacturing sector, which grew by 6.0% in November, up by 0.6 percentage points (ppts) from October. The boost in exports was significant, as export delivery value rose at a stronger pace, from 3.7% YoY to 7.4% in November.

Retail sales slowed due to high base effects and seasonal factors. Total retail sales growth slowed from 4.8% YoY in October to 3.0% in November. The slowdown was due to a higher base of comparison last year and earlier sales promotion of the Singles' Day festival this year. In spite of this, household spending was estimated to grow faster in Q4. Summing up the data of October and

November together, total retail sales grew by 3.9% YoY, faster than the growth rate in Q3 by 1.2 ppts. Besides, labour market conditions remained stable, with the urban unemployment rate flat at 5.0%. With a strong policy push to promote domestic consumption, retail sales have potential to emerge as a major growth driver ahead.

Retail Sales, Industrial Production and Fixed Asset Investment


Source: CEIC

Retail Sales of Selected Sectors


Source: CEIC

Investment kept steady growth amid undergoing a structural reform. Fixed asset investment growth edged down from 3.4% YoY in January – October to 3.3% in January – November. Policy support for implementing major national strategies and building safety capacity in key areas fuelled stellar investment growth in water conservancy (+40.9% YoY in January – November) and electricity & heat power (+29.6%), while the promotion of large-scale equipment upgrades lifted equipment purchases (+15.8%). These offset the drag of subdued property investment, with its YoY decline at 10.4% in January – November.

The property market saw signs of stabilisation. Since the launch of a slew of supportive measures in September, confidence in the property market has improved further. Sales of new commercial buildings recorded narrower contractions in January – November. Specifically, monthly sales of commercial buildings in November attained positive growth in terms of both floor space (+10.2%) and sales amount (+6.8%) after an extended period of decline. The price indices for new homes reported narrower month-on-month declines in November. Absorbing housing inventory remained the major policy focus to rebalance the supply and demand of the property market. Recent measures included an extension of redevelopment programme to 300 cities (from 35 major cities) with stronger funding support to expedite the renovation of urban villages and dilapidated housing.

More proactive and forceful macro policies to spur consumption are expected in 2025. The statements from the Politburo meeting and Central Economic Work Conference in December suggested that stronger stimulus measures are on the way to support economic growth in 2025. Notably, the top leadership called for "more proactive" fiscal policy with a higher deficit-to-GDP ratio going forward, reflecting an upgrade from the "proactive" fiscal stance held before. On the monetary front, the policy stance is also shifted from "prudent" to "moderately loose", which was last adopted in the aftermath of the global financial crisis during 2008 to 2010. Moreover, efforts to vigorously boost consumption are highlighted. All in all, macro policies are expected to focus on boosting consumption to be a major growth driver for 2025.

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