

## Economic QuickView



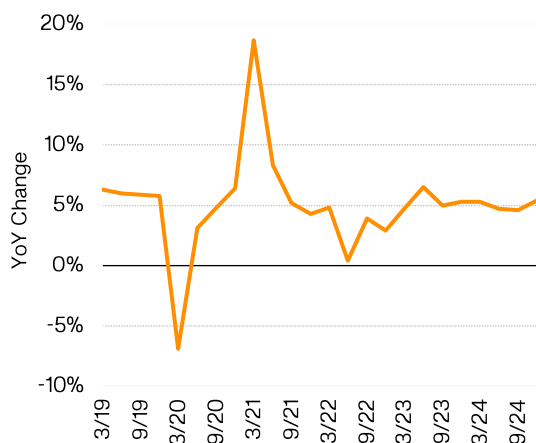
### Chinese Mainland Economy: GDP Growth Target of Around 5% for 2024 Achieved

- Economic growth accelerated to 5.4% YoY in Q4 2024, as a series of intensified stimulus measures reinvigorated the Chinese Mainland economy.
- Strong exports served as the major growth driver in 2024, fueling a buoyant industrial sector, while consumption and investment maintained stable performance.
- Looking ahead, the top leadership's pledge to implement more proactive and forceful macro policies is set to boost domestic demand. We expect stable GDP growth at 4.8% in 2025.

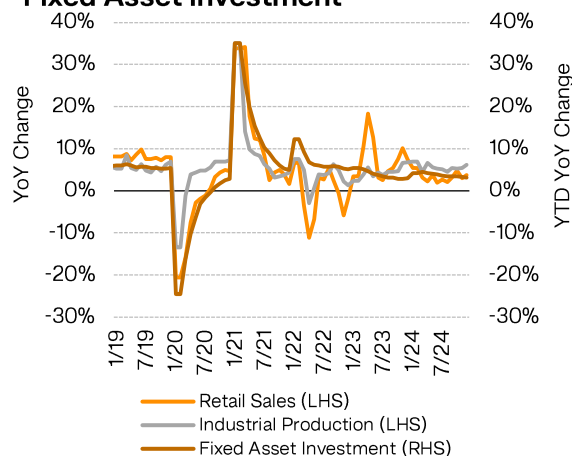
**The Chinese Mainland economy reached the Government's annual growth target for 2024.** In 2024, Chinese Mainland's real gross domestic product (GDP) grew by 5.0%, meeting the Government's annual growth target. In spite of stable annual growth, quarterly readings highlighted a complicated environment faced by the Chinese Mainland economy. During 2024, Chinese Mainland's GDP growth softened from 5.3% year-on-year (YoY) in Q1 to 4.7% in Q2 and 4.6% in Q3, respectively, and regained momentum to 5.4% in Q4, driven by a comprehensive stimulus package implemented since September. Across industries, the primary industry, secondary industry, tertiary industry grew by 3.5%, 5.3%, and 5.0% in 2024, respectively. Furthermore, the labour market remained stable, with the urban unemployment rate at 5.1% in 2024, down by 0.1 percentage points (ppt) from 2023.

**Strong exports and policy support for equipment upgrade lifted industrial production.** Total annual imports and exports soared by 5.0% to RMB 43.8 trillion in 2024. Notably, exports grew by 7.1%, while imports increased by 2.3%. This led to a sharp surge in the trade surplus to around RMB 7 trillion, which made a significant contribution to the headline GDP growth and to the industrial sector. In addition, the promotion of large-scale equipment renewal drove strong growth in equipment manufacturing, which grew by 7.7% in 2024. Overall, industrial production expanded by 5.8% in 2024, with its growth picking up to 6.2% YoY in December from 5.4% in November.

**Household consumption returned to its trend growth rate amid a high base last year.** Nominal per capita household consumption expenditure increased by 5.3% YoY in 2024, compared to a high base of 9.2% growth in 2023 as household spending rebounded in the first year of post-Covid reopening. While goods spending slowed, services spending continued to expand at a solid pace in 2024, with the per capita consumption expenditure on services rising by 7.4% and accounting for 46.1% of the overall household spending (up by 0.9 ppts from 2023). Retail sales were relatively subdued in 2024, with growth slowing to 3.5% in 2024 from 7.2% in 2023. That said, retail sales have gathered steam, with growth accelerating by 1.1 ppts to 3.8% YoY in Q4 2024. This pick-up reflected the policies to encourage spending with trade-in subsidies. In particular, the retail sales of household appliances & AV equipment and telecommunication equipment grew strongly by 39.3% YoY and 14.0% in December, respectively. Moreover, a stabilising property market helped property-related purchases (furniture, building and decoration materials) to stay on an uptrend.

**Chinese Mainland GDP Growth**


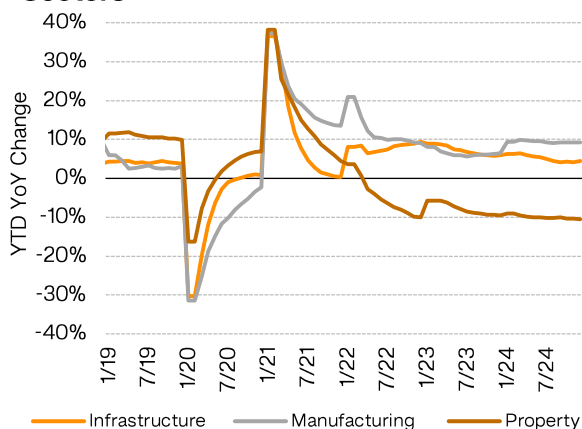
Source: CEIC

**Retail Sales, Industrial Production and Fixed Asset Investment**


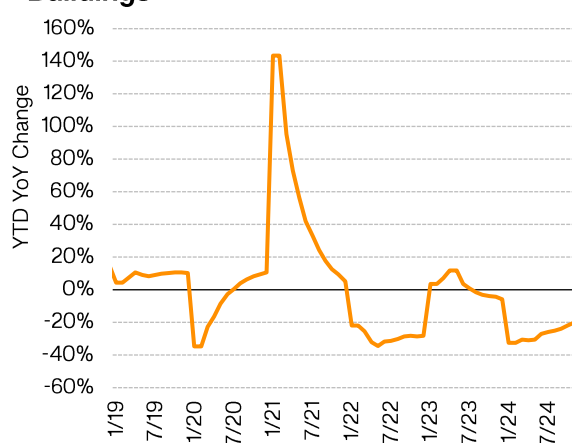
Source: CEIC

**Investment picked up slightly supported by manufacturing and infrastructure investment.** The investment in fixed assets (FAI) increased by 3.2% in 2024, up from 3.0% in 2023. While property investment declined by 10.6% in 2024 and weighed on the total FAI, higher investment growth was seen among other sectors. Indeed, the FAI deducting the real estate investment was up by 7.2% in 2024. Specifically, the policy focus on developing new productive forces has boosted significant investment in the manufacturing sector, with its manufacturing FAI increasing by 9.2% in 2024. Besides, the Government's efforts to increase fiscal resources and sped up the construction of infrastructure projects helped manufacturing FAI to maintain a steady growth of 4.4% in 2024. More specifically, the FAI in the management of water conservancy, air transport, and railway transport rose by 41.7%, 20.7%, and 13.5% in 2024, respectively.

**The property market showed further signs of stabilisation.** For 2024 as a whole, the sales value of newly built residential buildings, the floor space of residential buildings newly started and the funds for investments by property developers dropped by 17.6%, 23.0% and 17%, respectively. All these indicators posted narrower declines compared to the readings for January-November. Quarterly data were also encouraging. In Q4 2024, the floor space and the sales value of newly built residential buildings reversed their preceding downtrend and posted YoY growth of 0.5% and 1.0%, respectively. Looking ahead, the Government is expected to intensify easing measures to boost housing demand, lower inventory, and reduce liquidity pressures on indebted developers. Marginal improvements were also seen in house prices, as those in tier-1 cities posted a monthly growth of 0.2% in December and those in tier-2 cities improved from declining to flat.

**Fixed Asset Investment of Selected Sectors**


Source: CEIC

**Sales Value of Commercial Residential Buildings**


Source: CEIC

**Chinese Mainland's top leadership has pledged to implement more proactive and forceful macro policies in sustaining stable growth in 2025.** The Central Economic Work Conference in December 2024 signalled a clear commitment to maintaining steady economic growth for 2025. While the tailwinds from external demand are not anticipated to persist, Chinese Mainland has significant room for growth from its domestic demand. On the fiscal front, the Central Government is expected to expand the budget deficit, increase the local government special purpose bond quota, and issue more special ultra-long treasury bonds. Stronger fiscal funding will provide an effective boost to household consumption and corporate investment. In early January 2025, the Ministry of Finance announced that RMB 81 billion of subsidies were allocated for consumer goods trade-in program to support consumption in 2025. And the subsidy coverage for equipment upgrade will also be expanded to cover electronic information and protected agriculture. It is expected that additional fiscal policies are likely to be announced in the coming months. On the monetary front, the People's Bank of China is poised to implement further monetary easing under a revised policy stance of "moderately loose" (previously: prudent). Further reductions in interest rates and reserve requirements ratios are likely to be implemented in 2025. With a policy focus on expanding domestic demand, we expect Chinese Mainland's GDP growth to reach 4.8% in 2025.

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