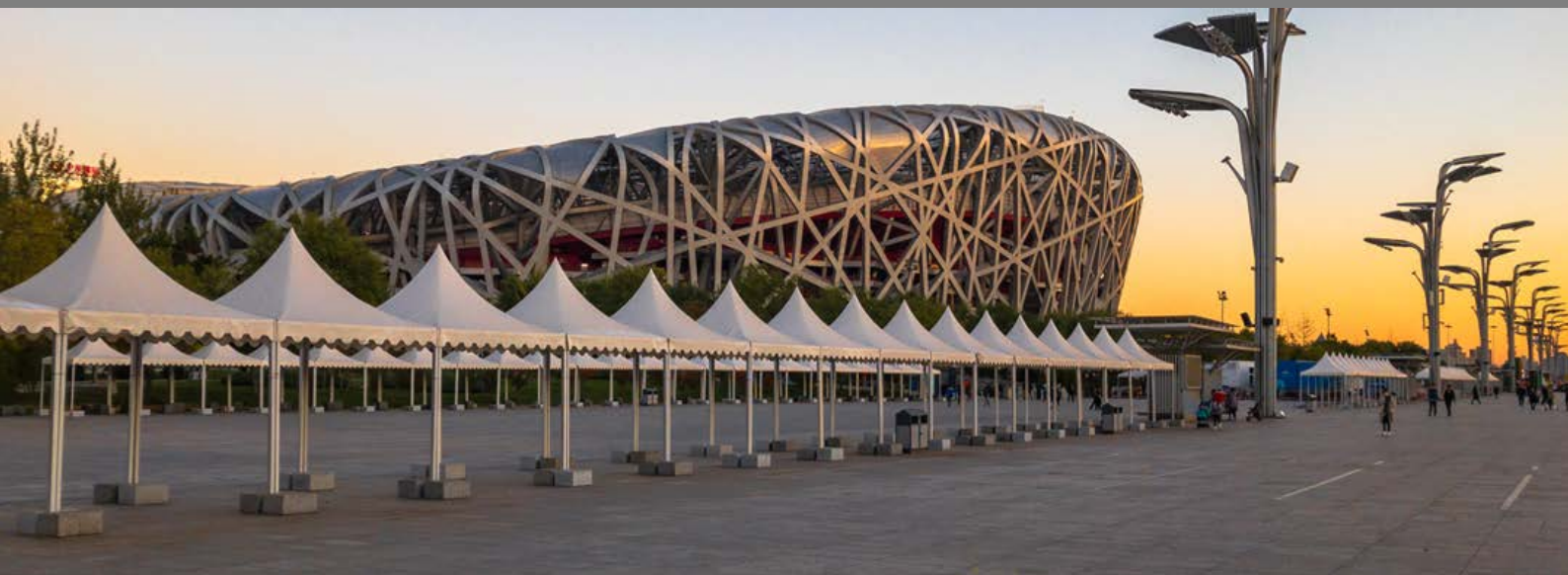


Economic QuickView



Chinese Mainland: Growth momentum moderated in Q3

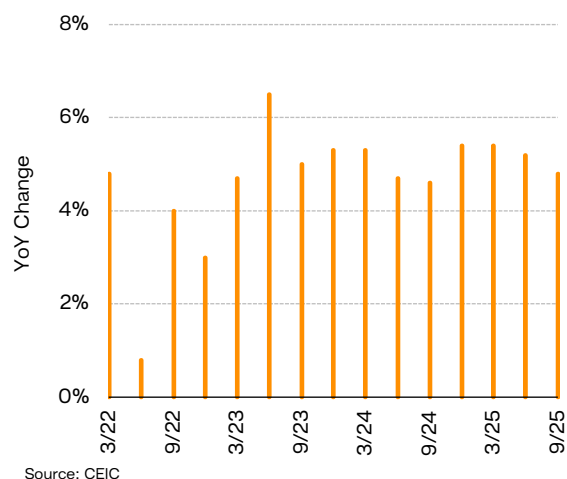
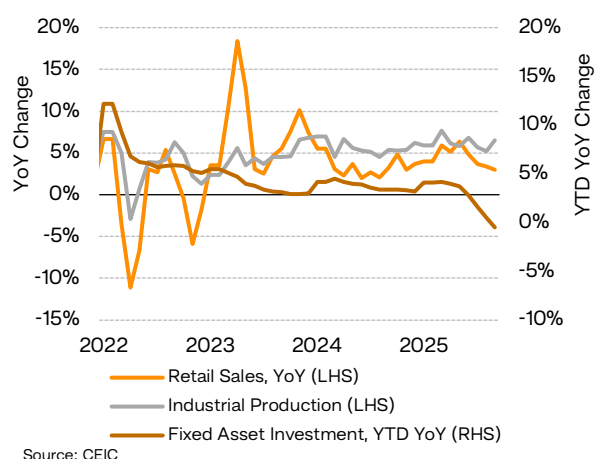
- The Chinese Mainland's economy expanded by 5.2% YoY in the first three quarters of 2025, with Q3 growth at 4.8% YoY.
- Industrial production growth remained solid, while retail sales slowed and investment contracted.
- Supported by a favourable policy backdrop and solid growth in the first three quarters, the economy is positioned to achieve the government's 2025 GDP growth target of around 5%.

The Chinese Mainland economic momentum eased in Q3. Real gross domestic product (GDP) increased by 5.2% year-on-year (YoY) in the first three quarters of 2025. Among the major expenditure components, final consumption remained the largest contributor to GDP growth in the first three quarters (53.5% of GDP growth), followed by net exports (29.0%), and gross capital formation (17.5%). In Q3, GDP growth slowed from 5.2% YoY in Q2 to 4.8%, better than the consensus estimates of 4.7%. On a sequential basis, quarter-on-quarter GDP growth picked up from 1.0% in Q2 to 1.1% in Q3. The labour market remained steady, with the surveyed unemployment rate improving from 5.3% in August to 5.2% in September. Supported by a favourable policy backdrop aimed at stimulating domestic demand and solid growth in the first three quarters, the economy is positioned to achieve the government's 2025 GDP growth target of around 5%.

Industrial production growth remained solid. In the first three quarters of 2025, industrial production expanded by 6.2% YoY. In September, industrial production growth accelerated to 6.5% YoY, up from 5.2% in August. Policies fostering industrial upgrade continued to drive robust growth in high-tech manufacturing production, which rose by 9.6% YoY in the first three quarters, with double-digit growth in various high-tech products such as power generation equipment (51.1% YoY),

new-energy vehicles (29.7%), and industrial robots (29.8%). Meanwhile, foreign trade remained resilient, providing a tailwind to industry production. Merchandise exports in USD terms grew by 6.1% YoY in the first three quarters, with the total trade surplus widening by 26.0% to USD 875.1 billion. This robust export growth reflected stronger trade ties with non-US markets, an integrated industrial value chain, and a retreat from extreme tariff measures.

Retail sales growth softened. In the first three quarters, total retail sales rose by 4.5% YoY. Retail sales of goods grew by 4.6% YoY in the first three quarters, down from 5.1% in 1H, while retail sales of services increased by 5.2% in the first three quarters, down from 5.3% in 1H. In September, retail sales growth softened to 3.0% YoY, down from 3.4% in August. This slowdown was likely due to a higher comparison base and waning boost from consumer goods trade-in subsidy support, as retail sales of household appliances and AV equipment grew more slowly at 3.3% YoY in September, down from 14.3% August. In the meantime, automobile sales improved from 0.8% YoY growth in August to 1.6% in September. To further unleash the potential of household consumption, policymakers have increasingly focused on the services sector, along with enhanced financial support for household such as childcare subsidies and free preschool. Furthermore, real per capita household disposable income growth slowed slightly from 5.4% YoY in 1H to 5.2% in the first three quarters, while real per capita consumption expenditure growth declined from 5.3% to 4.7%. Looking ahead, policymakers are likely to strengthen the social safety net, invest in human development and foster productivity gains, thereby creating more high-valued added employment opportunities and increasing households' propensity to consume.

Chinese Mainland GDP Growth

Retail Sales, Industrial Production and Fixed Asset Investment


Nominal fixed asset investment (FAI) growth dipped into negative territory. Nominal FAI recorded a 0.5% YoY contraction in January-September, compared to a growth of 0.5% in January-August. The slowdown was broad-based, with manufacturing FAI growth slowing from 5.1% to 4.0% YoY, infrastructure FAI growth from 2.0% to 1.1%, and property FAI registering a widened decline from 12.9% to 13.9%. In contrast, purchases of machinery and instruments continued to post strong growth and increased by 14.0% YoY, reflecting policy incentives for equipment upgrades and renewal. Excluding property FAI, FAI registered moderate growth of 3.0% in the first three quarters. In late September, the National Development and Reform Commission announced a new "policy-based financial instrument" worth RMB 500 billion to provide funding for accelerating investment projects in emerging sectors. This measure has the potential to support a steady FAI trend ahead.

The property market remained subdued. Most indicators for the real estate sector declined further. In January-September, the sales value of newly built residential buildings, the floor space of newly started residential buildings, and funds for investment by property developers recorded declines of 7.6%, 18.3%, and 8.4% YoY, respectively. Property prices also extended their downtrends, with new home prices in tier-1 & 2 cities falling by 1.0% month-over-month (MoM) and 0.7% in September, respectively.

Trade tensions re-escalated recently. Since reaching a trade truce until 10th November, China and the US have been working to resolve their trade disputes through negotiations in recent months. However, the Trump administration suddenly threatened to impose a new 100% tariff on all imports from China starting on 1st November and implemented new fees on Chinese ships entering US ports. On the other hand, the Chinese Mainland expanded export controls on rare earth elements and charged special port fees on US ships. These sudden escalations of trade tensions led to heightened trade policy uncertainties, although both sides subsequently eased their tones and expressed a willingness to continue negotiations. These events suggest that the proposed measures were more likely negotiation tactics to demand concessions, rather than a real intention to raise tariffs to extreme levels.

The 15th Five-Year Plan is set to shed light on major economic plans. The Fourth Plenum of the 20th Central Committee of the Communist Party of China, from 20th to 23rd October, 2025, is expected to delineate core strategies for the 15th Five-Year Plan (2026-2030), with an emphasis on high-quality development. Capitalizing on the 14th Plan's accomplishments, including steady GDP growth, a notable increase in R&D investment, and breakthrough in high-tech manufacturing, the forthcoming plan is likely to focus on innovation-centric sectors, like artificial intelligence, advanced semiconductors, quantum technology, robotics, aerospace and medical. Green transformation remains pivotal, featuring expedited rollout of renewables including solar and wind, energy storage solutions, smart grids, and carbon mitigation integrated into industrial frameworks to advance energy autonomy and achieve emissions peaking prior to 2030. These priorities are projected to maintain steady economic traction amid a highly uncertain external environment.

Disclaimer

This material is prepared by The Bank of East Asia, Limited ("BEA") for customers' reference only. The content is based on information available to the public and reasonably believed to be reliable, but has not been independently verified. Any projections and opinions contained herein are expressed solely as general market commentary, and do not constitute an offer of securities or investment, nor a solicitation, suggestion, investment advice, or guaranteed return in respect of such an offer. The information, forecasts, and opinions contained herein are as of the date hereof and are subject to change without prior notification, and should not be regarded as any investment product or market recommendations. This material has not been reviewed by the Securities and Futures Commission of Hong Kong, Hong Kong Monetary Authority, or any regulatory authority in Hong Kong.

BEA will update the published research as needed. In addition to certain reports published on a periodic basis, other reports may be published at irregular intervals as appropriate without prior notice.

No representation or warranty, express or implied, is given by or on behalf of BEA, as to the accuracy or completeness of the information and stated returns contained in this material, and no liability is accepted for any loss arising, directly or indirectly, from any use of such information (whether due to infringements or contracts or other aspects). Investment involves risks. The price of investment products may go up or down, and may become valueless. Past performance is not indicative of future performance. The investments mentioned in this material may not be suitable for all investors, and the specific investment objectives or experience, financial situation, or other needs of each recipient are not considered. Therefore, you should not make any investment decisions based solely on this material. You should make investment decisions based on your own investment objectives, investment experience, financial situation, and specific needs; if necessary, you should seek independent professional advice before making any investment.

This material is the property of BEA and is protected by relevant intellectual property laws. Without the prior written consent of BEA, the information herein is not allowed to be copied, transferred, sold, distributed, published, broadcast, circulated, modified, or developed commercially, in either electronic or printed forms, nor through any media platforms that exist now or are developed later.

For more information, please visit our webpage at <https://www.hkbea.com/html/en/bea-about-bea-economic-research.html>. For any enquiries, please contact the Economic Research Department of BEA (email: lerd@hkbea.com/telephone number: (852) 3609-1504/postal address: GPO Box 31, Hong Kong).