

Economic QuickView



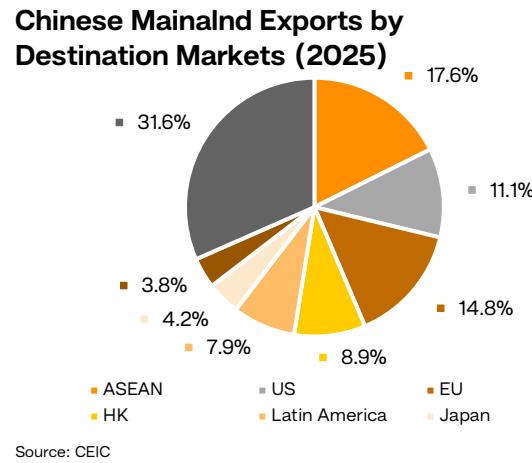
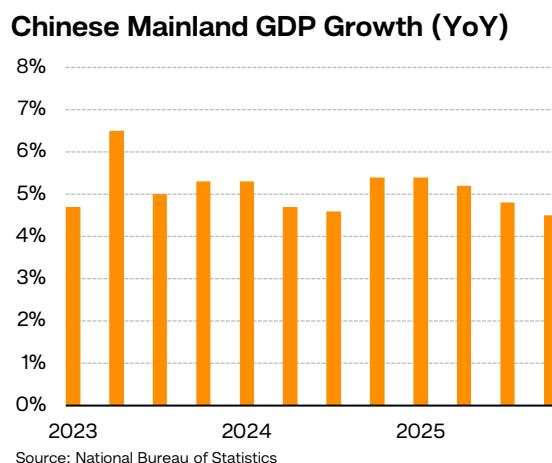
Chinese Mainland Economy: Export Resilience Supported the Economy to Achieve the 5% Growth Target for 2025

- **Annual growth target met:** The Chinese Mainland Economy grew by 5.0% in 2025, meeting the official target with GDP reaching RMB 140.2 trillion.
- **Export performance remained solid:** Despite trade policy uncertainties, exports grew steadily, driven by Chinese Mainland's export competitiveness and market diversification strategy.
- **Policy catalyst intensified:** A series of structural monetary policy instruments and fiscal policy support are poised to provide an impetus for growth momentum in early 2026.

Overview for Chinese Mainland's economic performance for 2025

The Chinese Mainland economy met the Government's 5% growth target for 2025. The economy maintained a 5.0% growth pace in 2025, with GDP reaching RMB 140.2 trillion, up from RMB 134.9 trillion in 2024. Against an increasingly challenging external environment, the quarterly growth trajectory showed a gradual softening trend, moving from 5.4% year-on-year (YoY) in Q1 to 5.2% in Q2, 4.8% in Q3, and 4.5% in Q4. That said, quarter-on-quarter (QoQ) growth readings picked up to 1.2% in Q4 from 1.1% in Q3, indicating some signs of stabilising momentum. It is worth noting that the labour market has improved further, with the surveyed urban unemployment rate ticking up to 5.1% in December 2025, below the market consensus of 5.2%. This reflected firmer underlying economic fundamentals to sustain steady growth by transitioning to a consumption-led driver in 2026.

External trade emerged as an important growth anchor. Despite rising global trade protectionism, Chinese Mainland's total import and export value grew by 3.8% in 2025, reflecting 6.1% growth in exports and 0.5% growth in imports. This resilient export performance led to a trade surplus of RMB 8.5 trillion and solid FX reserves of USD 3.4 trillion. Crucially, net exports acted as a critical buffer, contributing 32.7% of the headline GDP growth for 2025 (up from 30.3% in 2024). The data breakdown highlighted the Chinese Mainland's strengths in maintaining solid export growth through enhancing high-tech competitiveness and adopting a market diversification strategy. Notably, the structure of exports optimized further, with high-tech product exports increasing by 13.2%. Besides, coupled with solid growth in ASEAN and European markets, trade with Belt and Road Initiative countries grew steadily by 6.3%, accounting for 51.9% of the nation's total trade value.



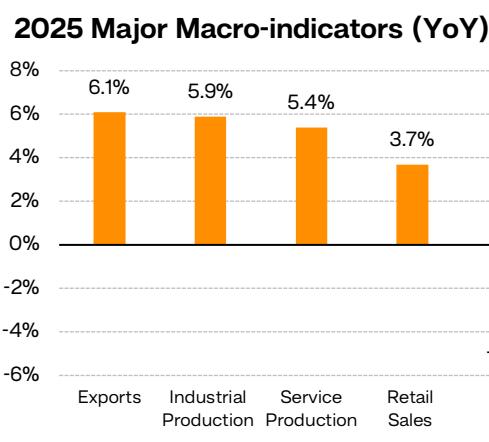
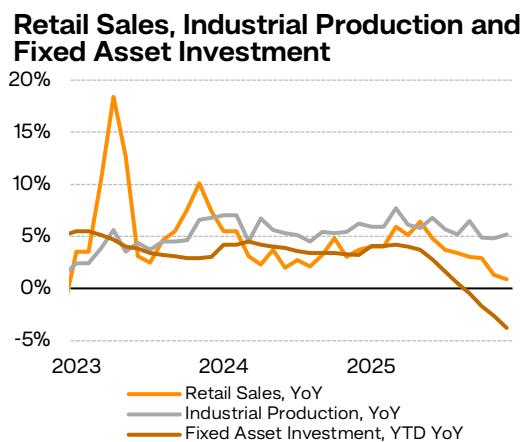
Industrial sector continued to outperform, driven by a shift toward high-tech manufacturing. In 2025, industrial production grew by 5.9%. High-tech manufacturing recorded a strong growth of 9.4%, with its share of total industrial production rising to 17.1%. This reflected the nation's efforts of fostering new productive forces through technological advancements. Particularly, digitalization and the green transition have become primary engines of industrial activity, with stellar growth seen in products like industrial robots, 3D printing equipment and new energy vehicles. In addition, R&D intensity rose further to 2.8% of the national GDP in 2025, up by 0.11 percentage points from 2024. These fiscal investments are poised to support the nation's innovation capability and deliver a stronger boost to breakthroughs in various frontier technologies. In December 2025, growth in industrial sector accelerated to 5.2% YoY, up from 4.8% in November. The official manufacturing PMI for December also returned to expansionary territory at 50.1, suggesting a continued uptrend in early 2026.

Consumption moderated while services demand remained robust. Total retail sales of consumer goods rose by 3.7% to RMB 50.1 trillion in 2025. Monthly readings revealed a gradual slowdown in retail sales, with merely a 0.9% YoY growth in December. It was partly due to high base effects, as the policy of trade-in subsidies was launched in Q4 2024. That said, services demand held up well, with service retail sales growing faster at 5.5% in 2025. Specifically, spending on cultural activities,

tourism, entertainment and sports events remained robust. Furthermore, real per capita personal disposal income and expenditure maintained steady growth in 2025 at 5.0% and 4.4%, respectively.

Fixed asset investment (FAI) contracted further. The contraction of nominal FAI widened to 3.8% through 2025, due to broadening weakness in investment. Real estate development investment reported a deep decline of 17.2%, while infrastructure investment also dropped by 2.2% and manufacturing investment only grew by 0.6%. While contracting FAI is negative to overall economic growth, this underscores a policy pivot toward high-quality development, without reverting to large scale credit-driven growth model. Moving forward, it is likely for diverging FAI performance among sectors to persist, with modern services and high-tech manufacturing continuing to outperform.

The property sector continued its adjustment. Most housing market indicators declined further in December 2025. However, the authorities recently hinted a stronger policy intention to stabilize expectations on the housing market trends in a commentary of the official journal Qiushi. Looking ahead, supply-side reforms and inventory optimization are likely to continue, with an aim to ensure a better balance between market supply and demand. Measures that facilitate local governments in acquiring inventory for conversion into affordable housing and reducing excess stock is likely to remain a potential policy option to intensify. In addition, the growth drags from the property downturn is likely to shrink over time, as the sector's weight in economic activities has declined.



Policy Outlook: A combination of targeted monetary and fiscal stimulus

The economic outlook for 2026 centers on expanding domestic demand. On 15 January 2026, the People's Bank of China announced a new round of targeted easing, with a 25-basis-point rate cut on structural policy tools (effective Jan 19), alongside larger relending quotas for tech innovation and for agriculture/small enterprises, and a consolidated bond risk-sharing framework to ease financing constraints for private and technology firms. Earlier in the end of December 2025, the National Development and Reform Commission front-loaded RMB 62.5 billion funds to support consumer goods trade-in program for 2026. These targeted support policies reflect the authorities' commitment to ensuring steady growth outlook. Anchored by the 2035 objective of reaching a "moderately developed economy" in per-capita terms, the Government's GDP growth target for 2026 may remain unchanged at 5.0%, with additional policy easing ahead.

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