

Strong External Trade Continues to Support the Chinese Mainland's Economic Growth



Summary:

- Significantly stronger-than-expected external trade in September widened the trade surplus and provided important support to Q3 GDP growth.
- Global AI-related investment continued to underpin strong demand for the Chinese Mainland's high-tech exports.
- Export momentum is expected to remain solid through end-2026, supported by resilient external demand and a competitive manufacturing base.

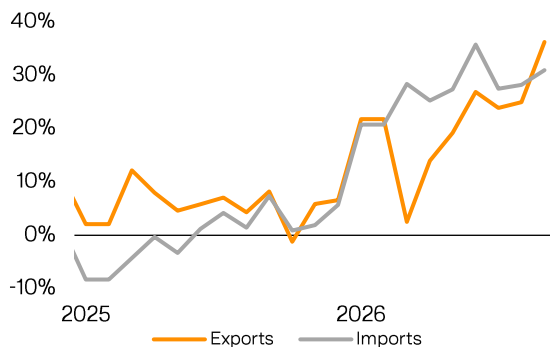
The Chinese Mainland's external trade remained robust in September, with export growth significantly beating expectations. In USD terms, exports rose 36.3% year-on-year (YoY), up from 25.0% in August and above the Bloomberg consensus of 25.7%, while imports grew 31.0%, up from 28.2%. The monthly trade surplus widened to USD 133.5 billion (bn) in September from USD 119.1 bn in August. For January–September, exports rose 21.3% YoY to USD 3.37 trillion (tn), while imports increased 27.5% to USD 2.43 tn, resulting in a cumulative surplus of USD 938.1 bn.

Exports continued to be driven by technology products and motor vehicles. High-tech exports rose 63.6% YoY in September, up from 56.8% in August. Integrated circuit (IC) exports surged 136.0% YoY in September, while exports of automatic data processing equipment and parts rose 92.9%, consistent with demand from the global AI build-out. Motor-vehicle exports were also strong, rising 62.0% YoY in September, while mobile-phone exports increased 14.2%.

Economic Indicators Analysis

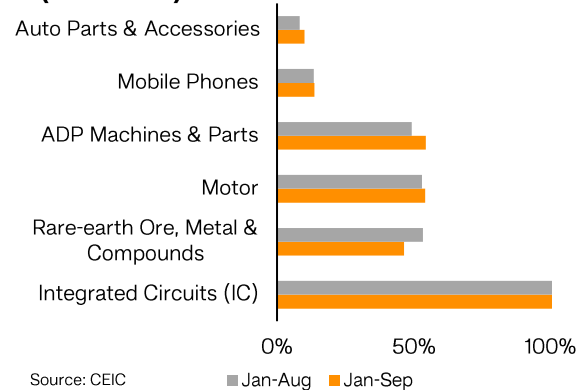
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Chinese Mainland's Exports & Imports (YoY)



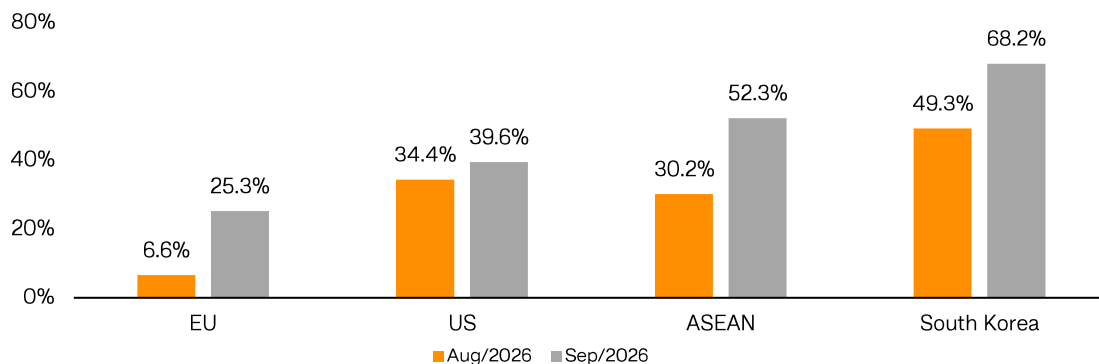
Note: Combined figures for January-February
Source: General Administration of Customs

Chinese Mainland Exports by Products (YTD YoY)



Growth accelerated across major destinations. Exports to ASEAN rose further to 52.3% YoY in September (from 30.2% in August), while export growth to South Korea rose to 68.2% (from 49.3%), underscoring the Chinese Mainland's pivotal role in Asian advanced-technology supply chains. Furthermore, export growth to the US picked up from 34.4% in August to 39.6% in September, with the bilateral trade surplus reaching USD 34.0 bn. Meanwhile, export growth to the EU rebounded sharply from 6.6% to 25.3% in September, ending two months of moderation and yielding a record single-month trade surplus of USD 34.8 bn. This could possibly be driven by some front-loading ahead of China-EU trade negotiations held in September.

Chinese Mainland's Exports by Destinations (YoY)



Import strength continued to reflect demand for technology-related products. High-tech imports rose 48.4% YoY in January–September, while imports of mechanical and electrical products expanded 39.1%. Imports of ICs and automatic data processing equipment and parts increased 63.5% and 124.8%, respectively. Over January–September, crude oil imports increased 0.3% in value despite a 15.3% decline in volume, implying a notable increase in import prices.

Trade diplomacy made constructive progress. In late September, China and the US agreed to extend their trade truce by two months to 10 January 2027 and to implement a USD 30 bn reciprocal tariff reduction. In October, China and the European Union reached a 16-point consensus spanning trade and investment. Key areas of consensus included trade in Chinese-made hybrid

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vehicles and the expedited processing of rare-earth export licenses. These outcomes should help provide policy certainty and stabilise trade relations.

Looking ahead, export momentum is expected to remain solid through end-2026. External demand is likely to stay resilient, underpinned by the ongoing AI-related investment cycle. The International Monetary Fund indicated that strong AI investment has helped cushion downside pressures from supply chain and energy disruptions linked to conflicts in the Middle East. Supported by high-tech manufacturing competitiveness, the Chinese Mainland's exports may grow over 20% for the full year, remaining a crucial growth engine.

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