

# THE CURRENT CHINESE ECONOMIC LANDSCAPE



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## China's economic landscape

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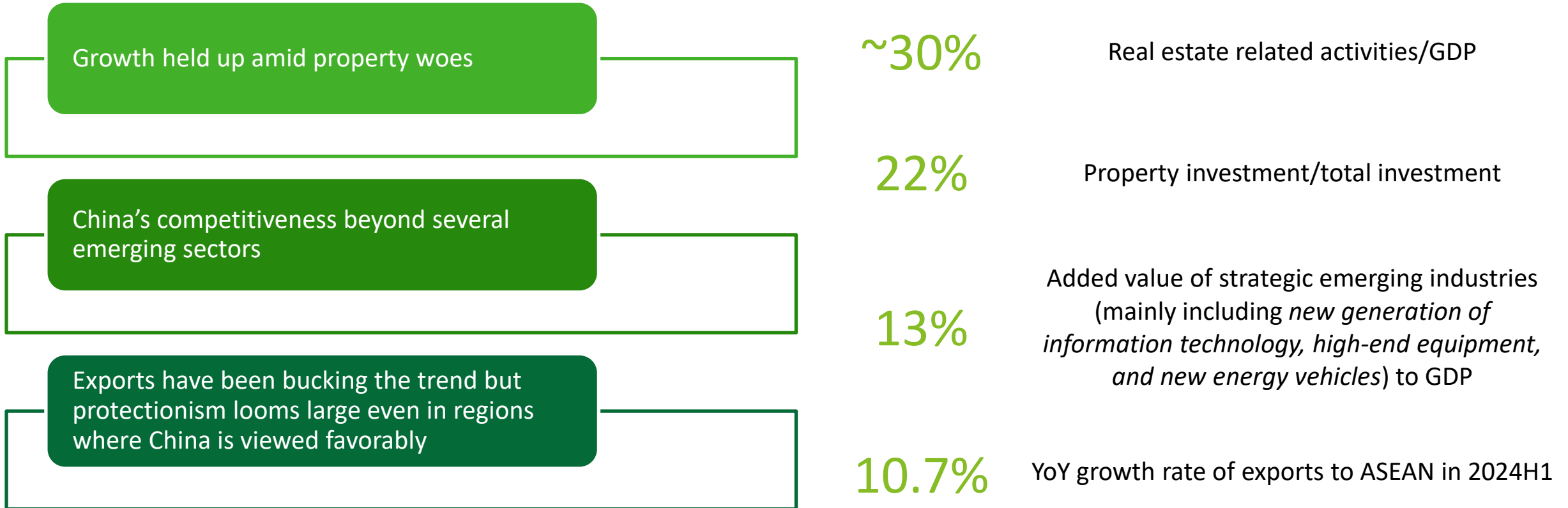


# Taking stock of 2024

## China's economic recovery is losing steam

	2024Q1	Apr 2024	May 2024	Jun 2024	Jul 2024
GDP: YoY (%)	5.3		4.7 (Q2)		
CPI: YoY (%)	0	0.3	0.3	0.2	0.5
PPI: YoY (%)	-2.7	-2.5	-1.4	-0.8	-0.8
Industrial added value: YoY (%)	6.1	6.7	5.6	5.3	5.1
Fixed asset investment: YoY (%)	4.5	4.2	4.0	3.9	3.6
		(cumulative)	(cumulative)	(cumulative)	(cumulative)
Property investment: YoY (%)	-9.5	-9.8	-10.1	-10.1	-10.2
		(cumulative)	(cumulative)	(cumulative)	(cumulative)
Total retail sales: YoY (%)	4.7	2.3	3.7	2.0	2.7
Exports: YoY (% in RMB)	4.9	5.1	11.2	10.7	6.5
Imports: YoY (% in RMB)	5.0	12.2	5.2	-0.6	6.6
M1: YoY	1.1	-1.4	-4.2	-5.0	-6.6
M2: YoY	8.3	7.2	7.0	6.2	6.3

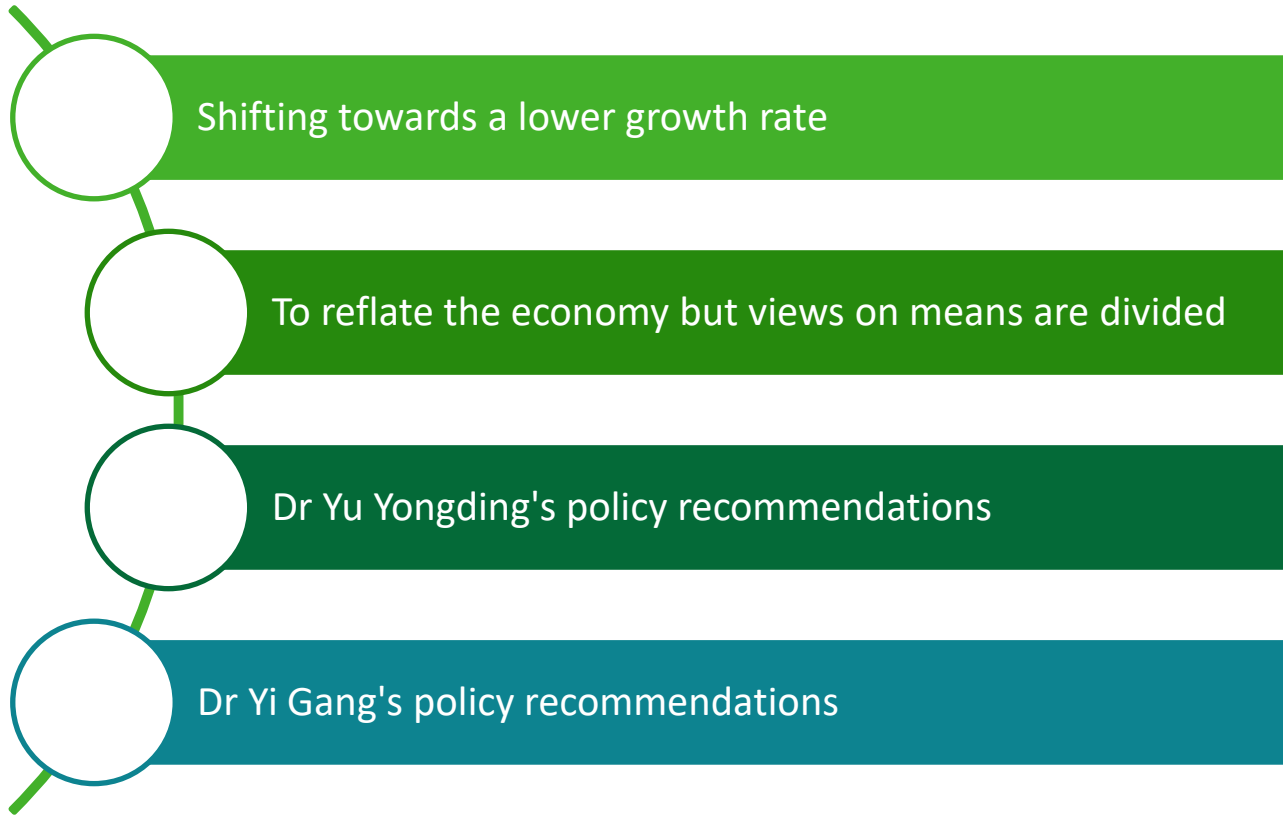
# Assessing China's gingerly recovery



## Unlocking domestic demand to bring down the savings rate is the ultimate policy goal

- Trump 2.0 could bring about external shocks on several fronts
- China and the EU may avoid a trade war but major member states' desire to defend strategic sectors should not be underestimated
- Tariffs are likely to be enacted by more countries
- Property sector's consolidation may take 3-5 years
- If consumers are expected to step up, then overall macro policy will have to shift away from producers to consumers
- Short term consumption boosting measures – lower interest rates and greater fiscal transfers from central Government to local governments
- Long term consumption boosting measures – to demolish the hukou system and to open up service sector

# Policy choices

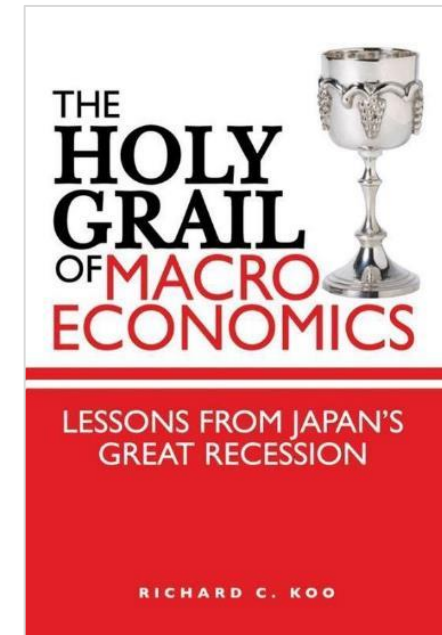
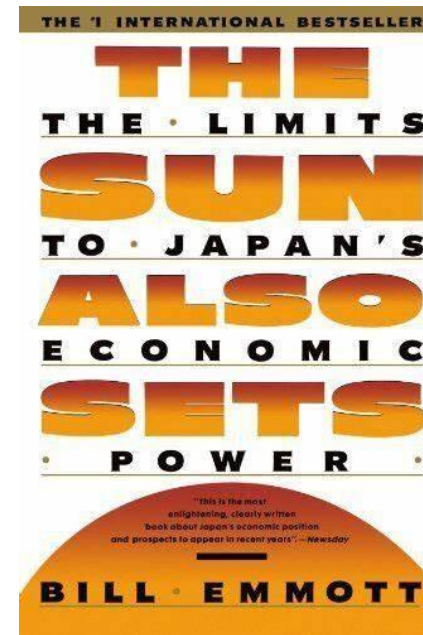




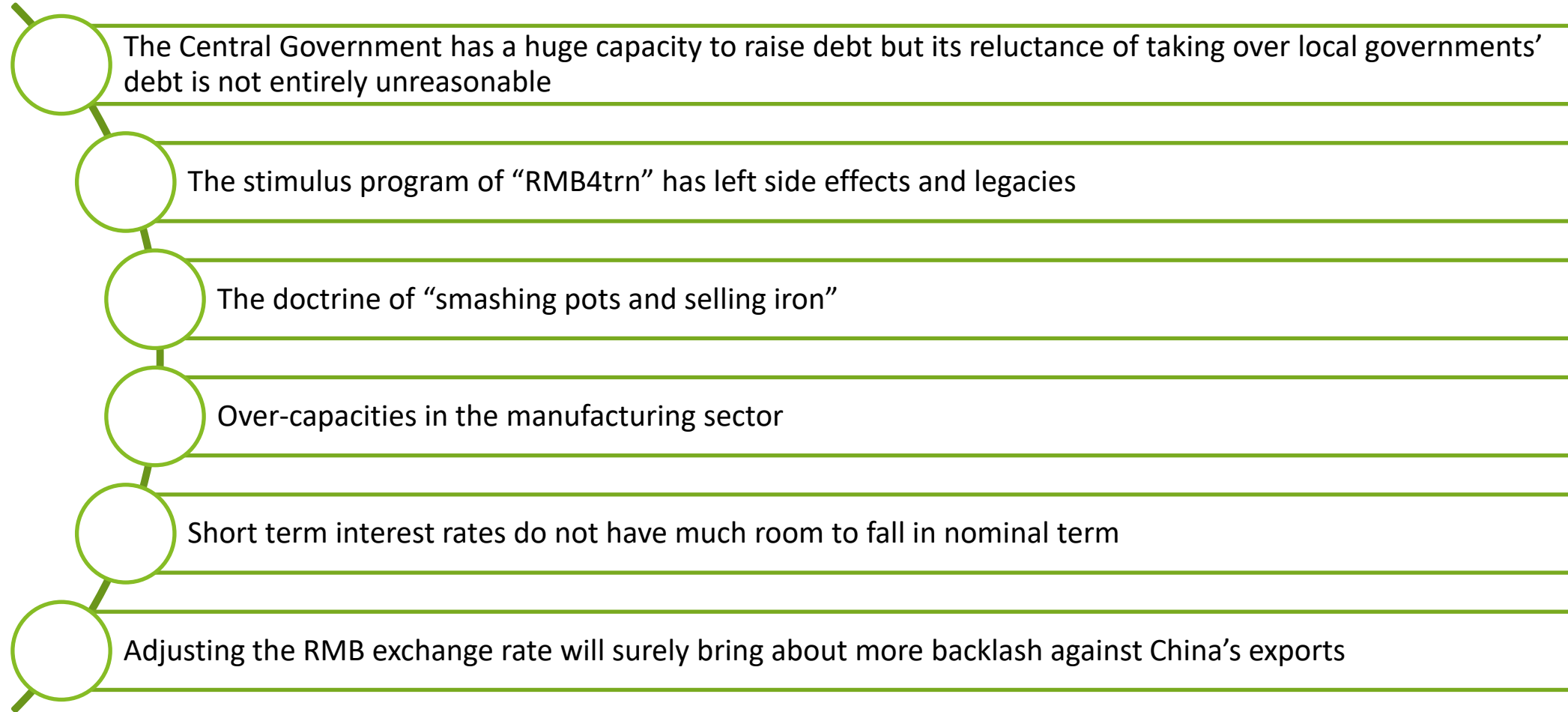
# China today vs. Japan yesterday - Richard Koo's policy prescriptions

- Policy mistakes in dealing with real estate bubbles in Japan
- The role of fiscal stimulus in the context of a balance sheet recession (by firms and consumers)
- The pros and cons of Abenomics
- What can China learn from Japan? China's stance on the notion of balance sheet recessions is mixed

Japan's economic growth



## If not by a large fiscal stimulus? How to make monetary easing more effective?





# Implications for China's auto market

