

We expect Chinese trade growth to slow

Import details suggest a sustained export trend



Source: Shutterstock

5.1%

China export growth

Consensus: 6%. Previous: 7.2%

Worse than expected

We expect China's exports will grow slower than last month, due to a higher base last year. On imports, we also expect growth to be slightly lower than last month, again due to a higher base (ING forecast: 10.0%; consensus: 10.0%; prior: 11.0%). That said, fundamentally both exports and imports will remain strong. Exports of mechanical and electrical products, which contribute more than 50% of total exports, will grow faster, based on import data from earlier months.

We believe a strong yuan in a global economic recovery environment would not hurt exports significantly. Statistically, we also don't find a strong relation between 3-month average changes in China exports and the appreciation of the yuan over the past ten years.

On the China-US trade relationship, this is increasingly related to North Korea tension. However, we

believe that if the US imposes any trade sanctions on China to encourage greater isolation of North Korea, this will result in retaliation by China, either in the form of trade or imposing hurdles to US companies operating in China.