

China New Year GDP Cheer

With just a little over a week to go until Chinese New Year, 4Q19 GDP gave no reason for concern, coming in at 6.0% in line with the consensus view



6.0%YoY 4Q19 GDP
1.5%QoQ

As expected

4Q19 GDP comes in at 6.0%, same as 3Q19

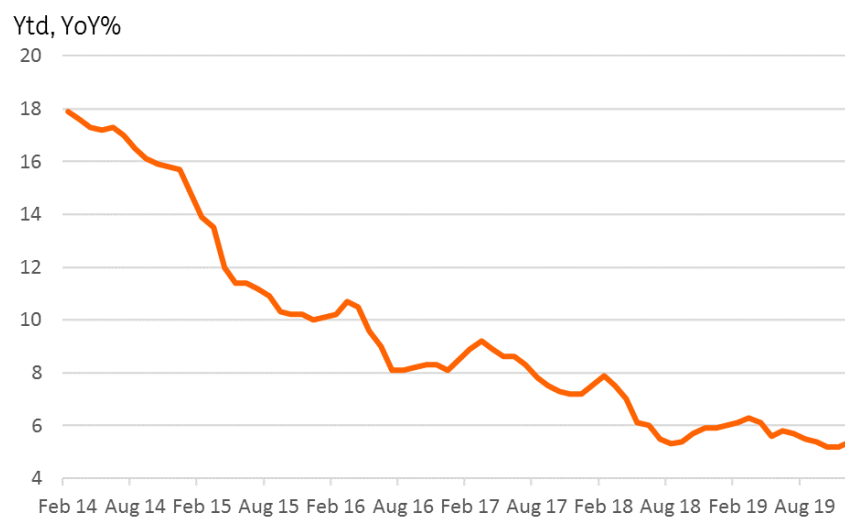
It wasn't a bad haul for China today, with most data coming in either in line with the consensus view, or slightly stronger. GDP for 4Q19 came in at 6.0%YoY, the same as in 3Q19 and as expected. That said, the recent trend has been steadily down. We are hopeful that some of the recent infrastructure spending will provide more of a tangible lift in early 2020, as the net export sector is unlikely to do much following only very modest changes in effective tariff rates after the phase-one trade deal.

It is possible that a period of trade calm will provide some support for business sentiment and

investment. Fixed asset investment for December came in at 5.4% year-to-date, a little bit better than had been pencilled-in and up from 3Q19's 5.2%. That said, the year on year chart doesn't look very appealing. The best we can really say is that it is no longer slowing. Retail sales also steadied at 8.0%YoY, unchanged on the November figure.

Industrial production was the star of the show, growing in December by 6.9%YoY, a full point above the consensus forecast and a solid pick up from 6.2%YoY in November. Infrastructure spending buoyed by stimulus measures seems to be providing the industrial sector with the demand it needs in the absence of a notable pick up in manufacturing production or residential construction.

China Fixed Asset Investment, (Year-to-date, year-on-year %)

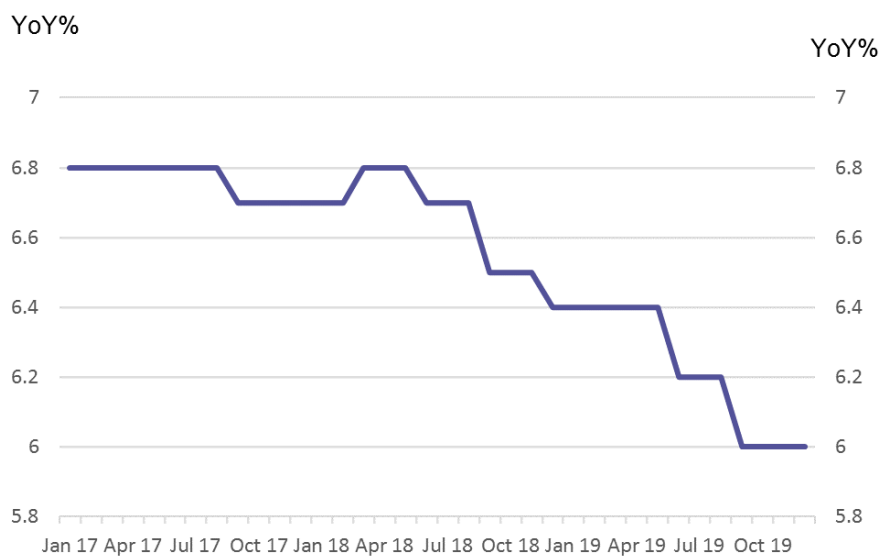


Source: Bloomberg, ING
China FAI

Steady for now

These numbers suggest that China's economy has stabilised following exhaustive efforts by the government and central bank. That job isn't over, and the external backdrop is still very challenging, with average tariff rates on exports to the US much higher still than they were 18 months ago. The negative direction of travel by China's economy may have been abated. But 2020 will likely be about stabilisation, rather than "recovery".

China GDP, YoY%



Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.