

## China: Technology trade difficulties

China's export data still looks good. But there are risks of lower growth in the coming months, mainly from the technology war.



### Exports grew 9.5%YoY

China's exports grew faster in August at 9.5%YoY than a month ago (7.2%YoY). One reason for this is because last year's base was very low.

But even with such helpful base effects, not every export item experienced faster growth. Growth was mainly concentrated in integrated circuits, auto-data processors and textiles, smartphones and household appliances. This is quite interesting because, with the technology war between China and the US, one would have expected China's exports of technology-related items to have experienced slower growth or even contraction. Clearly, China still has some trade partners that are willing to import Chinese technology. We will need to monitor this closely to see if it changes in the months ahead.

### Importing fewer goods

in contrast to the export side, China's imports fell 2.1%YoY in August from -1.4%YoY in July.

Most of the fall was seen in imports of energy and integrated circuits. We believe that the US technology war has increased the difficulty for China of importing more advanced semiconductors. In turn, this could affect exports of technological products and services in the coming months.

We see more hurdles looming for China's export growth.