

## BofA China Activity Coincident Tracker

## December ACT moderated on normalizing passenger turnover

## China ACT remained elevated against a low base

Our BofA China Activity Coincident Tracker (ACT) moderated to 20.6% yoy in Dec from a revised reading of 30% in Nov. Due to favorable base effects, passenger turnover has been showing three-digit %yoy growth over the last few months but we started to see normalization in December. This helps explain most of the moderation of the headline ACT relative to November. Excluding passenger turnover, the Dec China ACT reading would come in at 6.5% yoy, still positive but down from 7.9% in Nov.

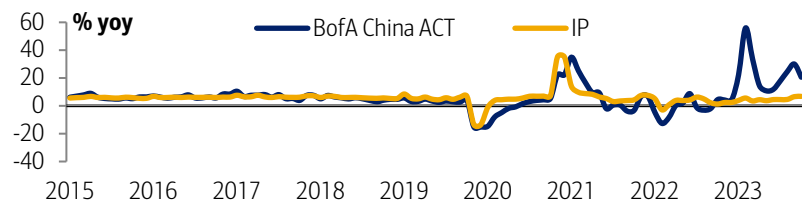
Elsewhere, moderation was seen across a few categories, including retail sales, fiscal revenue, and financial services. On the flip side, the yoy growth of estimated real exports and port throughput improved slightly.

## Further policy support could help lift domestic demand

In our view, ACT remained elevated by historical standards mostly due to favorable base effects and underlying economic momentum continuing to be fairly muted. The good news is that policy makers have recently demonstrated their willingness to provide additional policy support, which could help lift domestic demand later this year.

## Exhibit 1: BofA China Activity Coincident Tracker vs. IP growth

IP growth ticked up; BofA China ACT moderated in Dec



Source: BofA Global Research, CEIC, WIND

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## Exhibit 2: Contribution by component indicator of BofA China ACT

BofA China ACT moderated in Dec mostly on slowed passenger turnover

Contribution in pp	Weight	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23
Electricity production	20%	1.6	1.7	1.1	1.6	0.2	0.7
Fiscal revenue†	11%	0.1	0.5	0.3	-0.1	-0.5	0.2
Real exports	10%	1.3	1.1	0.7	0.8	0.6	-0.4
Port throughput†	11%	0.5	0.4	0.3	0.9	0.7	0.2
Retail sales†	21%	1.0	2.0	1.7	0.9	0.5	-0.1
Financial services proxy	17%	1.3	1.4	1.1	1.3	1.2	2.2
Passenger turnover‡	10%	14.7	23.0	19.5	12.7	9.3	7.8
<b>BofA China ACT</b>		<b>20.6</b>	<b>30.0</b>	<b>24.6</b>	<b>18.0</b>	<b>11.9</b>	<b>10.8</b>

Note: † Dec fiscal revenue and port throughput growth are estimated, as the data are yet to be released. ‡ Passenger turnover is calculated by multiplying the number of passengers carried and the length of distance covered by air, highway and railway.

Source: BofA Global Research, CEIC, WIND

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Abbreviations:

yoy: year-over-year

MLF: Medium-term lending facility

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### Breakdown by component indicator

The BofA China Activity Coincident Tracker reading moderated to 20.6% yoy in Dec 2023. As we highlighted in [the report entitled Revision of BofA China Activity Coincident Tracker, 16 Dec 2016](#), the BofA China Activity Coincident Tracker is our aggregate proprietary indicator designed to gauge coincident growth momentum in aggregate demand, but it is not a substitute for GDP. Compared to existing growth indicators available in the market, the BofA China Activity Coincident Tracker adds in high-frequency service-sector activity data, which should better capture recent changes in the underlying economic structure.

The yoy growth of five (out of seven) component indicators slowed in Dec.

- Electricity production growth moderated to 8.0% yoy in Dec from 8.4% in Nov.
- The estimated real fiscal revenue growth slowed to 0.8% yoy in Dec from 4.8% in Nov.
- The real export growth edged up to 13.3% yoy in Dec from revised 12.0% previously.
- The estimated port throughput growth picked up to 4.9% yoy in Dec (vs. a revised reading of +3.3% in Nov).
- The estimated real retail sales growth at large enterprises softened to 4.9% yoy from 9.3% in Nov.
- The growth of financial services inched down to 7.9% yoy in Dec from revised 8.0% in Nov.
- Passenger turnover growth fell to 146.2% yoy in Dec, vs. 228.3% previously.

### Exhibit 3: BofA China ACT and its component indicators

Passenger turnover and retail sales growth continued to rise in Dec; Electricity production growth edged up

% yoy	Weight	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23
Electricity production	20%	8.0	8.4	5.2	7.7	1.1	3.6
Fiscal revenue†	11%	0.8	4.8	2.8	-1.3	-4.7	2.2
Real exports	10%	13.3	12.0	7.4	7.9	5.9	-4.0
Port throughput‡	11%	4.9	3.3	2.9	7.9	6.1	1.8
Retail sales†	21%	4.9	9.3	7.9	4.5	2.2	-0.4
Financial services proxy	17%	7.9	8.0	6.6	7.7	7.0	13.1
Passenger turnover‡	10%	146.2	228.3	193.4	126.0	92.3	78.0
<b>BofA China ACT</b>		<b>20.6</b>	<b>30.0</b>	<b>24.6</b>	<b>18.0</b>	<b>11.9</b>	<b>10.8</b>

Note: † Dec fiscal revenue and port throughput growth are estimated, as the data are yet to be released. ‡ Passenger turnover is calculated by multiplying the number of passengers carried and the length of distance covered by air, highway and railway.

Source: BofA Global Research, CEIC, WIND

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