

## China Watch

## Macro data preview: 4Q23 GDP and Dec activity growth to pick up on a low base

## 4Q GDP and Dec IP growth likely picked up on low base

China's real GDP growth likely edged up to 5.2% yoy in 4Q23 (vs. 4.9% in 3Q) against a low year-ago base. In sequential terms, growth momentum likely moderated compared with 3Q, as the holiday travel boom and services demand cooled slightly.

We expect industrial production (IP, real) growth to pick up to 6.8% yoy in Dec from 6.6% in Nov, helped by a low year-ago base. Sequential improvement was likely limited, as suggested by the softer production sub-index (50.2, vs. 50.7 in Nov) underlying the NBS mfg. PMI. High-frequency industrial indicators came in mixed, with the majority staying weak (e.g., rebar apparent consumption). Yet, the high level of coal consumption at major IPPs points to potentially robust utility IP growth due to the recent cold spell.

## FAI growth may pick up slightly; retail sales to soften

We expect fixed-asset investment (FAI) growth to improve slightly to 3.2% yoy in Dec from 2.9% in Nov, likely helped by stronger public support for infrastructure, social housing and urban village revamp project. This implies the year-to-date FAI growth would stay flat at 2.9% yoy.

We expect retail sales growth to moderate to 8.0% yoy in Dec (vs. 10.1% in Nov), mostly due to base effect. Tourism revenue likely improved as the New Year holiday revenue was reportedly above the pre-Covid level, while auto sales (+7% yoy by volume during Dec 1-24, according to the CPCA) may contribute less to the headline retail sales.

## Export growth could edge up while imports may soften

We estimate that export growth (in USD terms) could pick up slightly to 1.5% yoy in Dec (vs. 0.5% in Nov) against a low base. Nonetheless, external demand likely remained subdued, as the PMI sub-index of new export orders weakened further (45.8, vs. 46.3 in Nov). Import growth may weaken to -3.9% in Dec (vs. -0.6% previously). The implied trade surplus would be US\$82.2bn in Dec, vs. US\$68.4bn in Nov.

## CPI and PPI inflation to stay weak for another month

We expect CPI inflation to remain weak at -0.4% yoy in Dec, but slightly higher than in Nov. On a mom basis, CPI likely picked up slightly on sequential improvement in vegetable and fruit prices, despite further moderation in fuel prices. PPI deflation could stay in contraction at -2.6% yoy (vs. -3.0% in Nov), while most of the raw material prices stayed steady.

## TSF growth to pick up; BofA FCI to ease in Dec

We expect new RMB loans and total social financing (TSF) to come in at RMB1,500bn and RMB2,340bn, respectively, in Dec (vs. RMB1,090bn and RMB2,455bn in Nov). These imply a faster outstanding TSF growth (9.7% yoy) but a slower growth rate for outstanding loans (10.7%). The higher TSF growth would mostly be due to higher treasury bond supply in Dec. M2 growth could remain flat at 10.0% yoy. Our BofA China Financial Condition Indicator (FCI) may ease in Dec on higher credit growth proxy and lower CNY NEER vs. a year ago.

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**Table 1: China economics calendar**  
4Q/Dec 2023 macro data

Date	Event	BofAe	Prev
12 Jan	Trade bal, US\$ bn	82.2	68.4
12 Jan	Exports (in US\$)	1.5	0.5
12 Jan	Imports (in US\$)	-3.9	-0.6
12 Jan	CPI	-0.4	-0.5
12 Jan	PPI	-2.6	-3.0
9-15 Jan	M2	10.0	10.0
9-15 Jan	New loans, RMB bn	1,200	1,090
9-15 Jan	TSF, RMB bn	2,340	2,455
17 Jan	GDP (4Q)	5.2	4.9
17 Jan	IP	6.8	6.6
17 Jan	FAI, ytd	2.9	2.9
17 Jan	FAI	3.2	2.9
17 Jan	Retail sales	8.0	10.1

**Note:** Unit is percent year-on-year, unless stated otherwise \*Monthly FAI is BofA Global Research calculation.

**Source:** BofA Global Research estimates, Bloomberg  
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## Abbreviations:

NBS: National Bureau of Statistics

CPCA: China Passenger Car Association

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