

China Watch

December exports and imports both beat expectations

Exhibit 1: Dec export/import growth and trade balance (announced: 12 Jan 2024)

Dec export growth rose by 2.3% yoy; import growth turned positive, beating consensus

Dec, in USD terms	Actual	Previous	Consensus	BofAe
Exports (% yoy)	2.3	0.5	1.5	1.5
Imports (% yoy)	0.2	-0.6	-0.5	-3.9
Trade balance (USD bn)	75.3	68.4	75.6	82.2

Source: BofA Global Research estimates, China Customs, Bloomberg

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Both export and import growth picked up in Dec

Export growth improved slightly to 2.3% yoy in Dec from 0.5% in Nov, better than our forecast and market consensus (both at 1.5%). This points to a continued upward trend after export growth turned positive in Nov. Part of the improvement was helped by a lower base, but a pick-up in electronic products and housing related goods also contributed positively. Meanwhile import growth beat expectations, coming in at +0.2% yoy (vs. -0.6% in Nov). Trade surplus widened to US\$75.3bn from US\$68.4bn in Nov.

Exports of tech & housing-related products improved

Within major categories of exports, mechanical & electrical products saw a 4.1% yoy growth. PC/tablets/servers & parts saw a smaller contraction (-1.9% yoy), electronics ICs continued solid growth (+9.3%), while shipments of mobile phones weakened (-0.1%). Within consumer goods, furniture and lamp & lighting exports both strengthened, up 19.1% and 8.9% yoy, respectively. However, nondurable goods such as footwear exports remained sluggish, contracting by 8.1% yoy in Dec. Clothing exports grew by 2.1% yoy, the first positive reading since April 2023. Auto exports continued to register double-digit growth (+51.6% yoy). By destination, shipment growth was negative across DMs (US -5.4%, EU -0.5%, Japan -6.2%), but export growth to ASEAN turned positive (+0.2%).

Tech imports a mixed bag; iron ore & oil imports improved

Imports of tech products were a mixed bag, with PC/tablets/servers & parts up 29.5% yoy while electronic ICs (-1.8%) and LCD panels (-8.0%) softer. Imports of commodities and raw materials improved across the board, except for copper (-10.3% yoy in volume and -8.1% in value). Import volume of iron ores rose by 11.2% yoy. Crude oil import volume also increased marginally by 0.3% yoy in Dec, reversing the 8.4% drop in Nov.

Likely limited trade impact from Red Sea disruptions

Dec exports continued to show marginal improvement amid the year-end peak season, despite lingering headwinds from tepid external demand. The better-than-expected imports data also indicated early signs of demand stabilization, as the effect of recent policy support kicks in. In the near term, the Red Sea disruptions might lead to a one-off shock to China's export shipments in 2H January and 1H February, as vessels scheduled to return to Asia from Europe for new cargos would be delayed (see [Jan 12 note](#)). However, we believe such impact should fade beyond the LNY, even if Red Sea disruptions persist.

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GEM Economics
Asia | China

Miao Ouyang
China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 6745
miao.ouyang@bofa.com

Anna Zhou
China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 3909
anna.zhou@bofa.com

Helen Qiao
China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 3961
helen.qiao@bofa.com

Abbreviations:

yoy: year-over-year

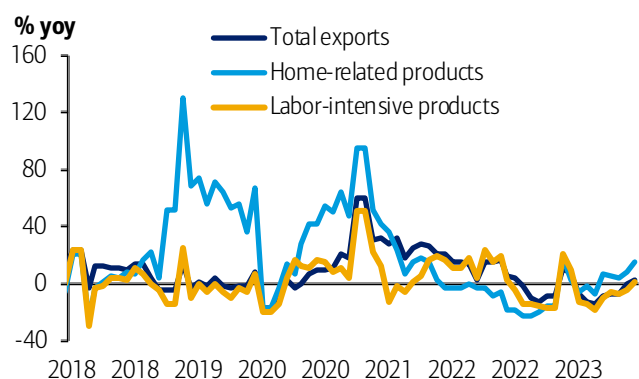
IC: integrated circuit

ADP: automatic data processing

Lunar New Year: LNY

Exhibit 2: Export growth by category

Export growth of labor-intensive products turned positive, while that of home-related products picked up to 15.8% yoy in Dec

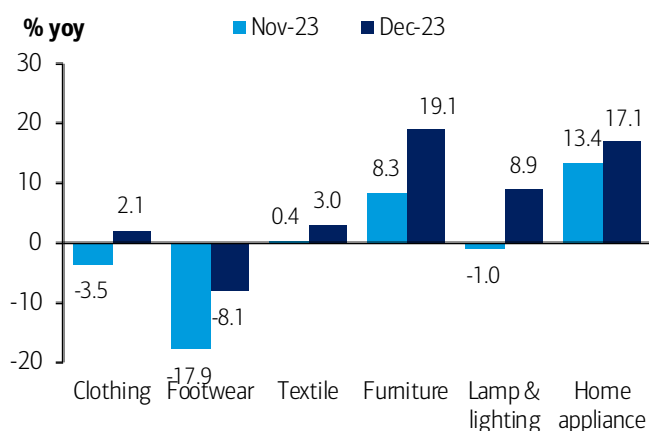


Source: BofA Global Research, CEIC

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Exhibit 4: Exports breakdown: consumer goods

Export growth of consumer goods improved across the board

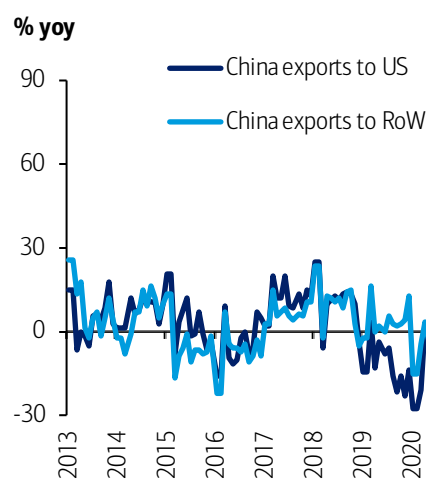


Source: BofA Global Research, CEIC

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Exhibit 6: China's exports to the US vs. the rest of world

Exports to the US fell in Dec, while exports to the RoW picked up

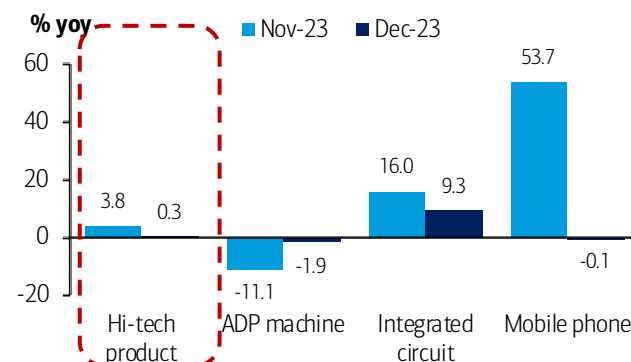


Source: BofA Global Research, CEIC

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Exhibit 3: Exports breakdown: tech products

Exports of ADP machines saw narrowed contraction, while growth of ICs moderated and mobile phones weakened

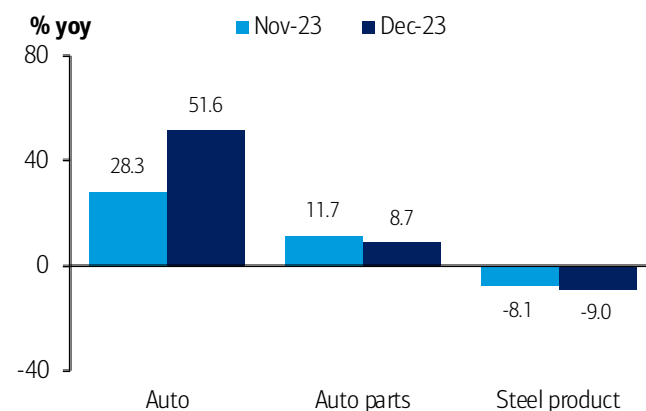


Source: BofA Global Research, CEIC

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Exhibit 5: Exports of auto and steel products

Auto export growth remained strong at 52% yoy in Dec, while export growth of steel products stayed in contraction



Source: BofA Global Research, CEIC

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Exhibit 7: China's imports from the US vs. the rest of world

Imports from the US improved in Dec but remained in contraction

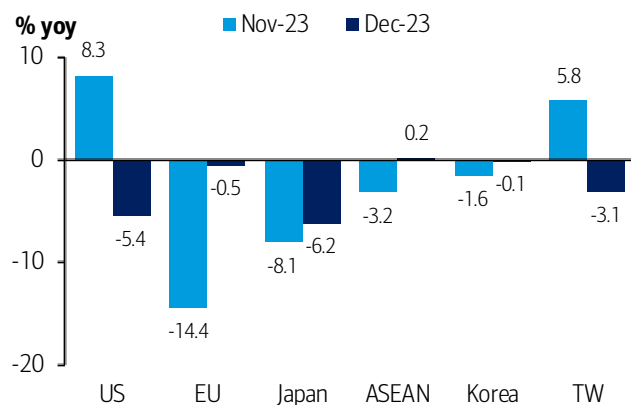


Source: BofA Global Research, CEIC

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Exhibit 8: Exports breakdown by destination

Export growth to ASEAN and EU improved, while that to the US fell in Dec

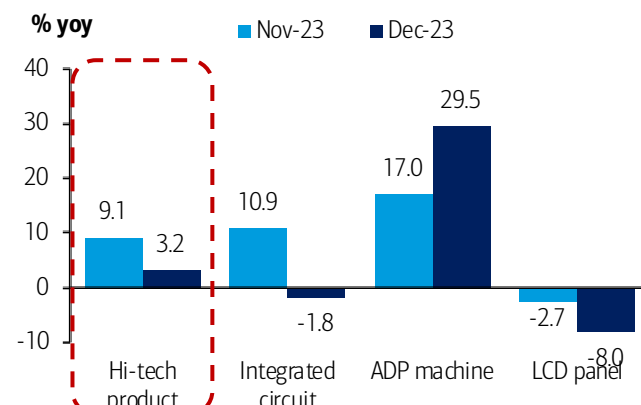


Source: BofA Global Research, CEIC

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Exhibit 9: Imports breakdown: tech products

Import growth of ADP machines rose by 29.5% yoy in Dec

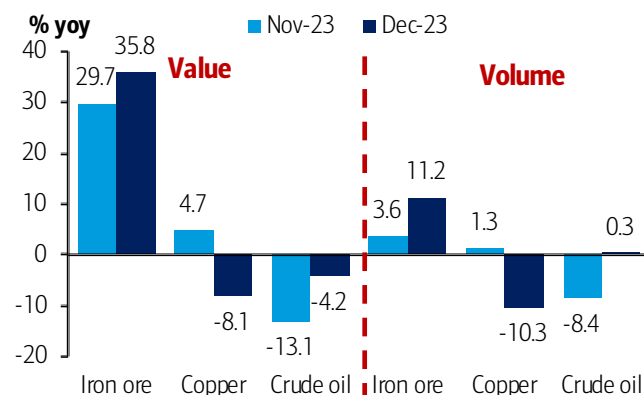


Source: BofA Global Research, CEIC

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Exhibit 10: Imports breakdown: commodities

Imports of crude oil contracted by 4.2% yoy in value term but rose by 0.3% in volume term

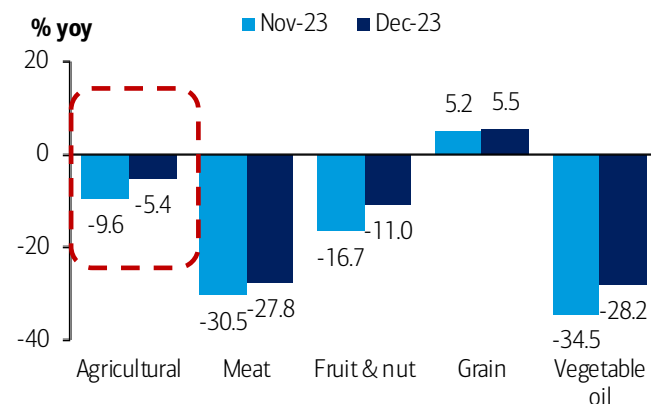


Source: BofA Global Research, CEIC

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Exhibit 11: Imports breakdown: agricultural products

Agricultural imports saw a smaller contraction in Dec

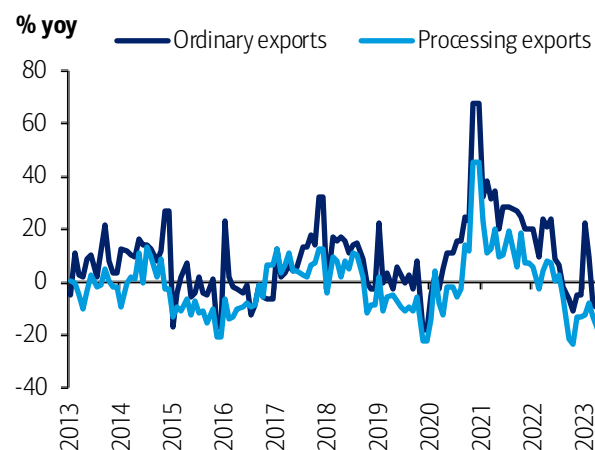


Source: BofA Global Research, CEIC

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Exhibit 12: Exports by type

Ordinary export growth trended up, while processing export growth fell

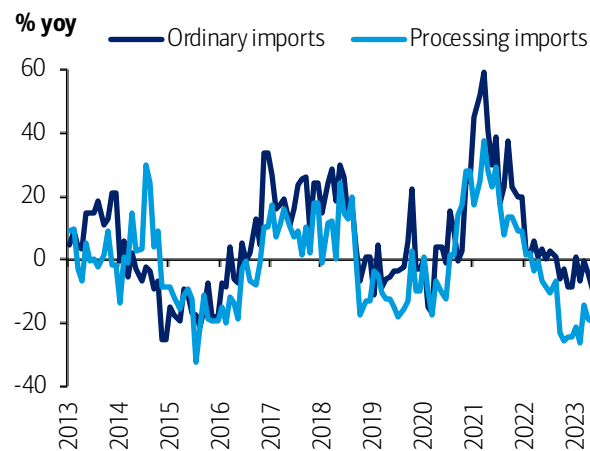


Source: BofA Global Research, CEIC

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Exhibit 13: Imports by type

Ordinary imports rebounded, while processing imports saw a wider contraction



Source: BofA Global Research, CEIC

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