

## China Watch

## Jan-Feb exports and imports both beat expectations

**Exhibit 1: Jan-Feb export/import growth and trade balance (announced: 7 Mar 2024)**

Jan-Feb export and import growth rose to 7.1% yoy and 3.5% yoy respectively, beating consensus

Jan-Feb, in USD terms	Actual	Previous	Consensus	BofAe
Exports (% yoy)	7.1	2.3	1.9	3.5
Imports (% yoy)	3.5	0.2	2.0	1.8
Trade balance (USD bn)	125.2	75.3	106.8	79

Source: BofA Global Research estimates, China Customs, Bloomberg

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**Better than expected export & import growth in Jan-Feb**

Jan-Feb trade data suggests exports grew by 7.1% yoy, beating market expectations of a 1.9% increase. Meanwhile imports increased by 3.5% yoy for the two-month period, also stronger than consensus at 2.0%. Bigger upside surprise in the exports data left trade surplus higher at \$125.16bn USD (vs. consensus at \$106.8bn USD). The better-than-expected data reflected a low base from a year ago as well as marginally better external demand at the start of the year.

**Exports picked up across the board**

Looking at details, exports for mechanical & electrical products increased by 8.5% yoy. PC/tablets/servers & parts were up 3.9% yoy while electronics ICs continued solid growth of 24.3% yoy. For labor intensive products, clothing and footwear exports were up by a solid 13.1% and 14.4% yoy, respectively.

Exports for home related products were also resilient, up 28% yoy, supported by favorable base effects. This was led by particular strength for the furniture component (+36.1% yoy) and lamp and lighting sector (+30.5% yoy). Lastly, auto exports continued to register double-digit growth (+12.6% yoy). By destination, shipment growth was the strongest for ASEAN (+6.0%), and the US (+5.0%) but negative for the EU (-1.3%) and Japan (-9.7%).

**Major commodity and tech imports both improved**

Import growth of tech products picked up notably, partly helped by a very low year-ago base. Specifically, imports of PC/tablets/servers & parts were up 67.3% yoy, while electronic ICs saw a double-digit growth of 15.3%. Commodity imports improved across major components — in volume terms, iron ores were up 8.1% yoy, copper 2.6% and crude oil 5.1%. That said, imports of other raw materials, such as plastics (-9.2%) and steel products (-12.9%), stayed weak. Imports of agricultural products fell by 6.5% yoy.

**Improvement in external demand might be transitory**

In our view, the upbeat Jan-Feb trade data reflects both favorable base effects from a year ago and marginally better external demand at the start of the year. That said, the upward momentum might prove transitory given that major global PMIs, including that of the US and the EU, eased further in February after some improvements in January. The better-than-expected imports data might suggest some improvement in demand though a sustained recovery would still require further policy support.

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**Abbreviations:**

yoy: year-over-year

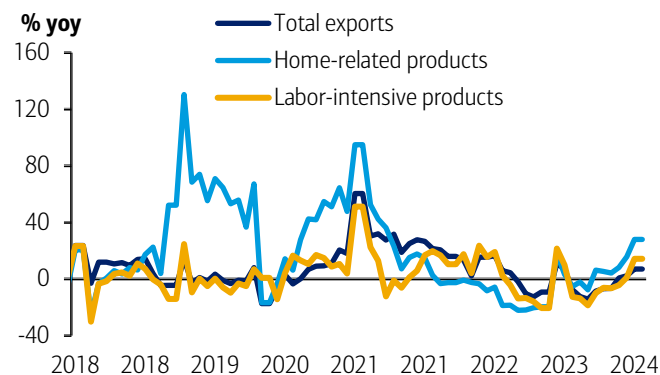
IC: integrated circuit

ADP: automatic data processing

Lunar New Year: LNY

**Exhibit 2: Export growth by category**

Export growth of both labor-intensive products and home-related products picked up to 14% and 28% yoy in Jan-Feb

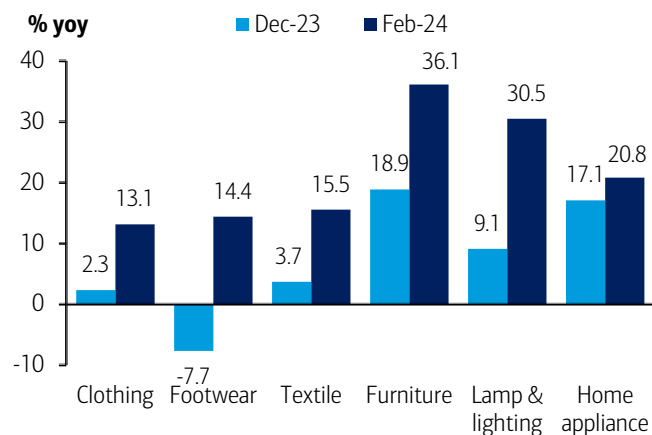


Source: BofA Global Research, CEIC

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**Exhibit 3: Exports breakdown: tech products**

Export growth of consumer goods improved across the board



Source: BofA Global Research, CEIC

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**Exhibit 4: Exports breakdown: consumer goods**

Exports to the both US and RoW improved in Jan-Feb

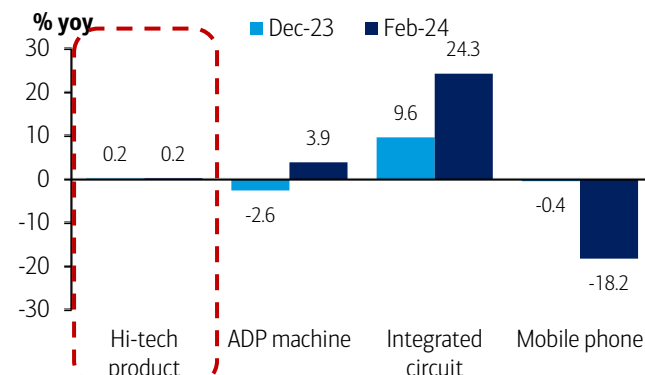


Source: BofA Global Research, CEIC

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**Exhibit 5: Exports breakdown: auto and steel products**

Auto export growth remained moderated 13% yoy in Jan-Feb, while export growth of steel products stayed in contraction

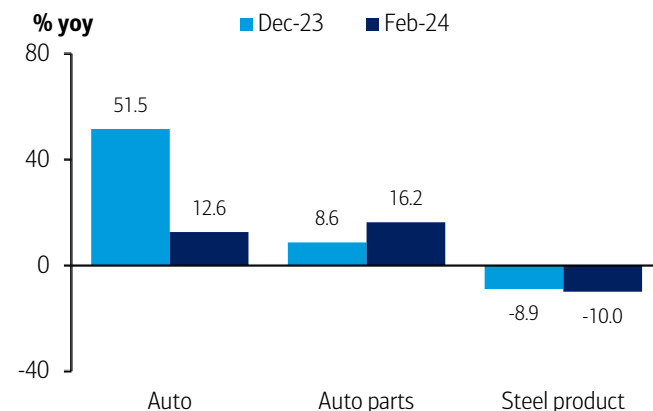


Source: BofA Global Research, CEIC

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

Auto export growth remained moderated 13% yoy in Jan-Feb, while export growth of steel products stayed in contraction

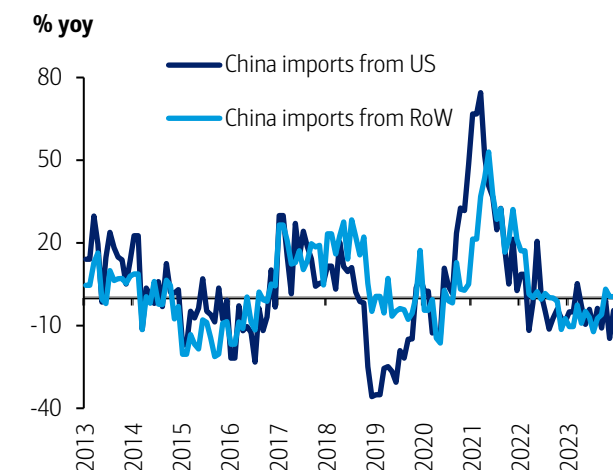


Source: BofA Global Research, CEIC

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

Imports growth from the US was negative in Jan-Feb but positive from RoW

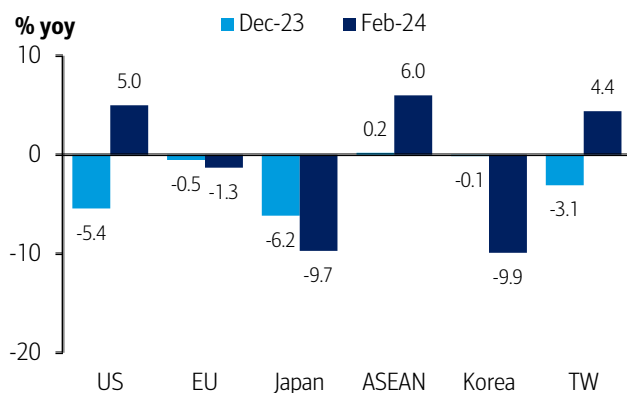


Source: BofA Global Research, CEIC

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**Exhibit 8: Exports breakdown by destination**

Export growth to Japan and EU dropped further, while that to the US and ASEAN improved in Jan-Feb

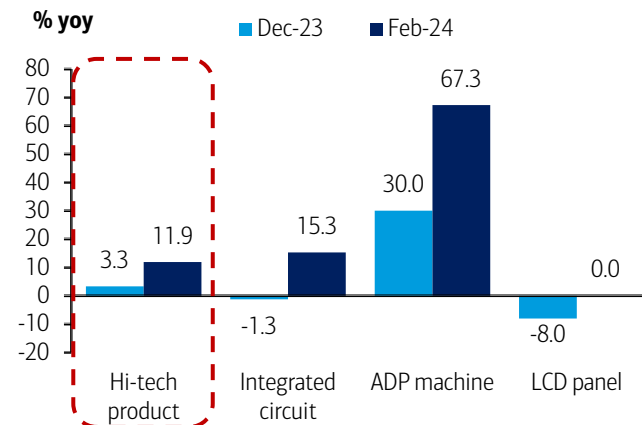


Source: BofA Global Research, CEIC

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**Exhibit 9: Imports breakdown: tech products**

Import growth of ADP machines jumped in Jan-Feb

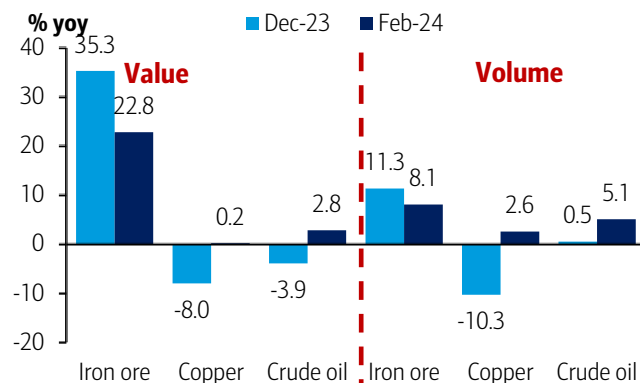


Source: BofA Global Research, CEIC

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**Exhibit 10: Imports breakdown: commodities**

Imports of crude oil rose by 2.8% yoy in value term and by 5.1% in volume term

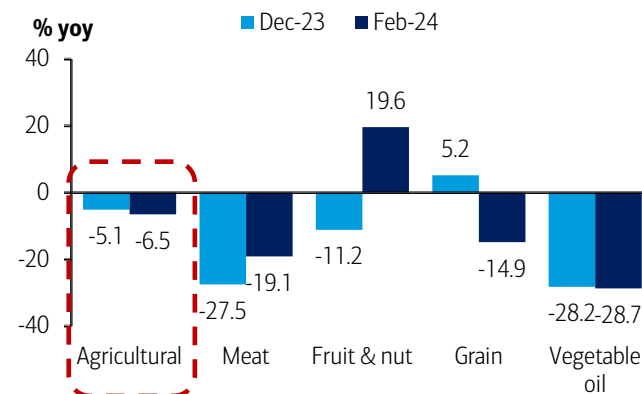


Source: BofA Global Research, CEIC

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**Exhibit 11: Imports breakdown: agricultural products**

Agricultural imports saw a widened contraction in Jan-Feb

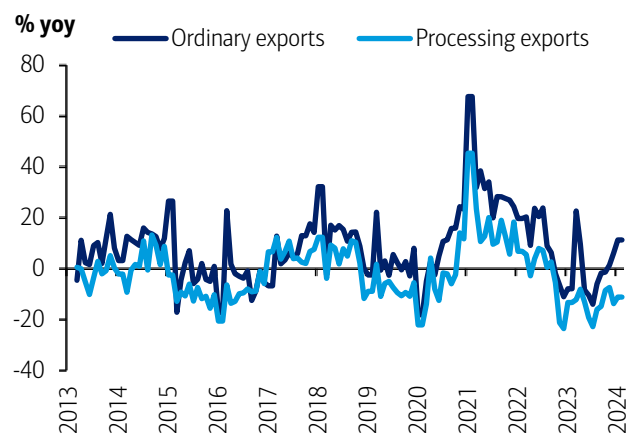


Source: BofA Global Research, CEIC

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**Exhibit 12: Exports by type**

Ordinary export growth trended up, while processing export stayed contracted

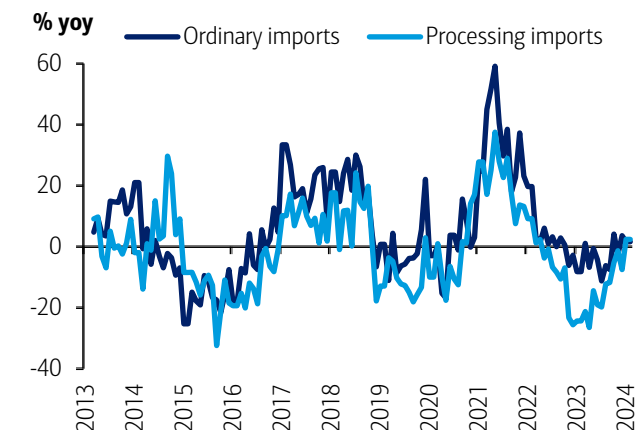


Source: BofA Global Research, CEIC

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**Exhibit 13: Imports by type**

Ordinary imports moderated, while processing imports improved notably



Source: BofA Global Research, CEIC

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