



Asia Insights

Economics - Asia ex-Japan

The weekly China chartbook: Reality kicks in

The Hong Kong stock market rally since late January was driven by rounds of calls for a “China’s Sputnik moment” and a re-evaluation of China’s strength in manufacturing and tech. While we agree that part of the euphoria is justified, as China has been making steady progress, and occasional breakthroughs, in some key sectors, markets should not forget that China’s property collapse is not yet over, the damaged fiscal system needs an urgent revamp, [US-China tensions will most likely escalate under Trump 2.0](#), and some of the green shoots might be short-lived, due to the tapering impact of the trade-in scheme and payback from export frontloading.

The 2.3% y-o-y export growth reading in January–February, down from 9.9% in Q4 2024, might mark one of the first wake-up calls. The drop of passenger car sales growth (by volume) to 1.3% y-o-y in January–February from 13.3% in Q4 last year is another case. Average CPI inflation in January–February, at -0.1% y-o-y, also points to still-weak domestic demand. From the high-frequency data, the property sector appears to be losing some momentum. In sum, growth will most likely decline over the next couple of quarters. The still-ongoing [NPC did announce a fiscal stimulus plan](#), but we believe the stimulus package is not enough to achieve the “around 5.0%” growth target. As concerns over falling growth are rekindled, perhaps at mid-year (or even in Q2), Beijing could be forced to step up its policy support and even consider reforms of its fiscal and social welfare systems.

Governor Pan shunned away from policy rates reductions and trading of CGBs

At the NPC briefing on 6 March, PBoC Governor Pan made a few remarks on monetary policy stance. First, he reiterated the PBoC will lower RRR/policy rates “in a discretionary manner”, which is consistent with the [PBoC's recent tone](#) but slightly different from “at proper time” (mentioned in the government work report). Second, he only mentioned there is still room for RRR cuts and lowering interest rates on structural monetary policy tools, without commenting room for policy rate reductions. Third, he said the PBoC will utilize monetary policy tools such as OMO, MLF, relending/rediscounting and policy rates to help achieve its policy targets, but did not mention the trading of CGBs. Indeed, Governor Pan highlighted the rapid short-term decline in long-term CGB yields in the earlier period, and from a macroprudential perspective, the PBoC quickly responded by alerting the risks to market participants, strengthened regulatory coordination and effectively interrupted the accumulation of risk. Separately, on 10 January, the PBoC announced a temporary suspension of CGB purchases, after it net purchased a total of RMB1.0trn of CGBs in August–December 2024. We maintain our post-Q1 easing outlook, with [a 100bp of total RRR cuts and 30bp of total rate cuts](#), evenly split between Q2 and Q4.

Consumer confidence index recovered slightly in January

China’s consumer confidence index edged up to 87.5 in January, a modest rebound from December’s trough of 86.4, though it remained well below the 100 threshold. This tentative uptick likely drew support from a confluence of tailwinds: a doubling of central government funding for this year’s consumer trade-in program, a wealth effect emanating from the recent stock market rally, and an extended Chinese New Year holiday. The slight uptick in the consumer confidence index was in line with our view of a steady print of 4% y-o-y on retail sales growth in January–February, up slightly from 3.7% in December. Auto sales, which had already been significantly stimulated in the first round of the trade-in scheme last year, might have slowed markedly. According to CPC, growth in passenger car retail sales volumes dropped sharply to 1.3% y-o-y in January–February from 12.0% in December.

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Mobility and movie attendance

- According to China Railway Group, the state-owned railway operator, growth of railway passenger trips increased to 4.7% y-o-y in January–February from 2.6% in December.
- Growth in the 7dma of metro passenger trips in 15 major cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Nanjing, Wuhan, Suzhou and Chongqing, eased to 1.7% y-o-y on 5 March from 3.1% a week earlier.
- Growth in the 7dma of domestic flights rose to -2.9% y-o-y on 9 March from -8.3% in the previous week. On a 7dma basis, it was 103.8% of its pre-pandemic level in 2019 on 9 March, up moderately from 102.9% a week earlier.
- Growth in the 7dma of cross-border flights edged up marginally to 17.8% y-o-y on 9 March from 17.3% a week earlier. On a 7dma basis, it recovered to 78.9% of its pre-pandemic 2019 level on 9 March, up moderately from 77.7% a week earlier.
- Based on data from the China Movie Data Information Network, growth in the 7dma of movie box office revenues retreated to -26.6% y-o-y on 8 March from 25.8% a week ago, suggesting the pent-up demand driven by blockbuster animated film *Ne Zha 2* is fading.

Trade

- Growth in weekly container throughput at major ports dropped to 17.8% y-o-y on 2 March from 32.5% a week earlier, according to the Ministry of Transport.
- Growth in weekly cargo throughput at major ports also fell to 13.3% y-o-y from 28.7% a week earlier.
- On shipping costs, the China Containerized Freight Index (CCFI), which measures the average shipping price of containers from China's 10 major ports to other parts of the world, dropped by 3.2% on 7 March from end-February. Geographically, the CCFI fell by 5.4% and 4.2% to Europe and the US East Coast, respectively, over the same period.
- On international container shipping costs, the Freightos Baltic Index (FBX), which reflects the spot rates for 40-foot containers on 12 trade lanes, dropped by 10.9% on 7 March from end-February.
- The year-over-year change in the China Import Dry Bulk Freight Index (CDFI), which reflects freight rates of dry bulk cargo (including iron ore, coal, grain and nickel ore) imported to China, remained subdued at -24.0% y-o-y in March-to-date from -23.5% in January–February.

Industrial raw materials

- The weekly operating rate of cement factories resumed to 23.1% on 27 February from 15.4% a week earlier. On a lunar calendar year basis, it was 8.1pp below its year-ago level and 17.6pp below its pre-pandemic level in 2019.
- The weekly cement shipment-to-output ratio picked up to 27.4% on 28 February from 20.4% a week earlier. On a lunar calendar year basis, it was 2.0pp below its year-ago level and 13.3pp below its pre-pandemic level in 2019.
- Growth in weekly steel rebar output at major steel mills dropped to 2.2% y-o-y on 7 March from 9.9% in the preceding week on a lunar calendar year basis.
- The operating rate of asphalt factories eased to 26.5% on 5 March from 28.5% a week earlier. On a lunar calendar year basis, it was 3.7pp below its year-ago level and 32.2pp below its pre-pandemic level in 2019.

Property

- Over the past week, year-on-year new home sales volume growth plunged heavily. On a lunar calendar year basis, volume growth in the 7dma of new home sales in the Wind survey of 20 major cities plummeted to -16.6% y-o-y on 9 March from 60.2% a week earlier.
- At the municipal level, the latest set of data showed a slump that was broad-based across city tiers. Sales growth in tier-one, tier-two and lower-tier cities decreased to 0.3%, -22.9% and -20.8%, respectively, on 9 March from 57.2%, 64.7% and 54.0% a week earlier.
- In a sample of 14 major cities, growth in secondary home transaction volumes dropped to 15.7% y-o-y on 8 March from 40.6% a week earlier, on a lunar calendar

basis.

Excavator sales

- Volume growth of excavator domestic sales jumped to 51.4% y-o-y in January-February, its highest January-February reading in three years, from 22.1% in December (2024: 11.7%).
- According to CPCA, growth in passenger car retail sales volume slowed sharply to 1.3% y-o-y in January-February from 12.0% in December.

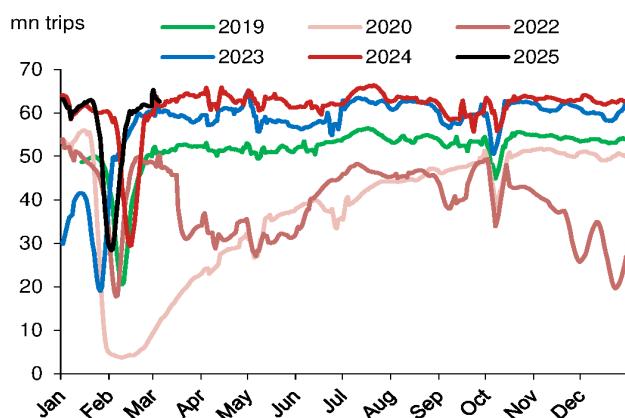
Prices of key products

- Growth in the 7dma of the MARA agricultural product wholesale price index rose slightly to -5.9% y-o-y on 9 March from -6.9% a week earlier, on a lunar calendar year basis. On a Gregorian calendar basis, it rose to -4.8% y-o-y in 1-9 March from -7.6% in February.
- Growth in the 7dma of the Nanhua price index for industrial products fell to -6.4% y-o-y on 7 March from -4.6% a week earlier, on a lunar calendar year basis. On a Gregorian calendar basis, it fell to -2.7% y-o-y in 1-9 March from 0.4% in February.

Chartbook

Mobility and movie box office

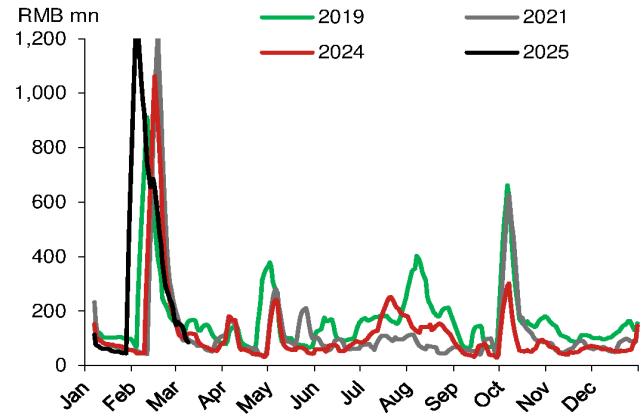
Fig. 1: Metro passenger trips in 15 big cities: 7dma



Note: The 15 big cities include Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Nanjing, Wuhan, Suzhou, Chongqing, Changsha, Kunming, Nanning, Dongguan, Xiamen and Hefei.

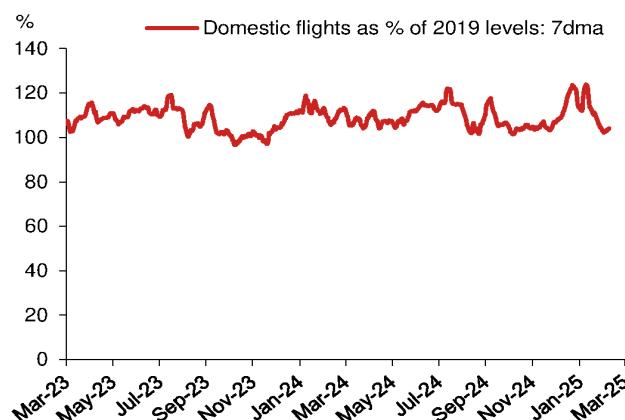
Source: Wind, Nomura Global Economics.

Fig. 2: Movie ticket office revenue: 7dma



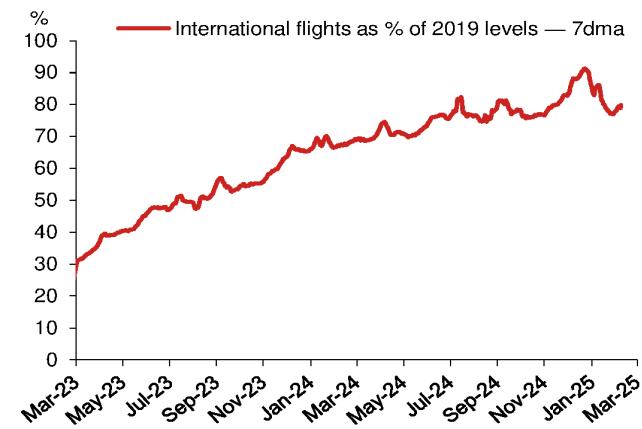
Source: Wind, Nomura Global Economics.

Fig. 3: China's domestic flight schedule recovery



Source: VariFlight, Nomura Global Economics

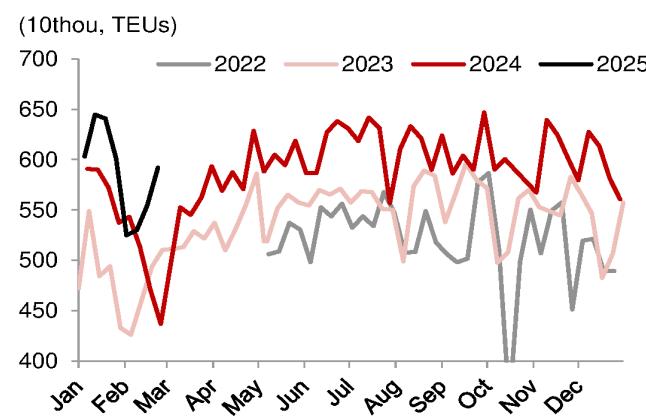
Fig. 4: China's international flight schedule recovery



Note: Including flights to and from Hong Kong, Macau, and Taiwan.
Source: VariFlight, Nomura Global Economics

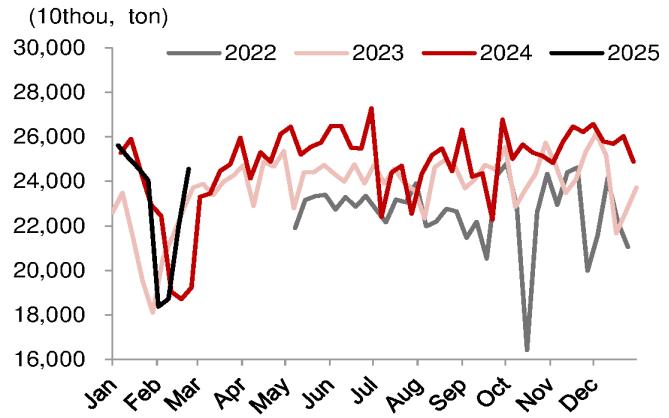
Trade

Fig. 5: Container throughput at major ports



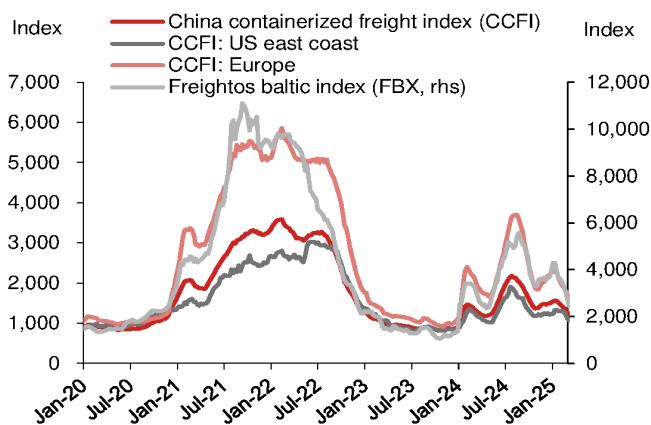
Source: Wind, Nomura Global Economics.

Fig. 6: Cargo throughput at major ports



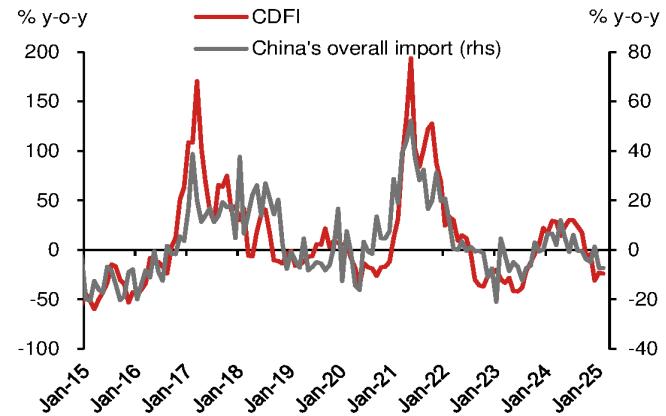
Source: Wind, Nomura Global Economics.

Fig. 7: China containerized freight index and Freightos Baltic Index



Source: Wind, Nomura Global Economics.

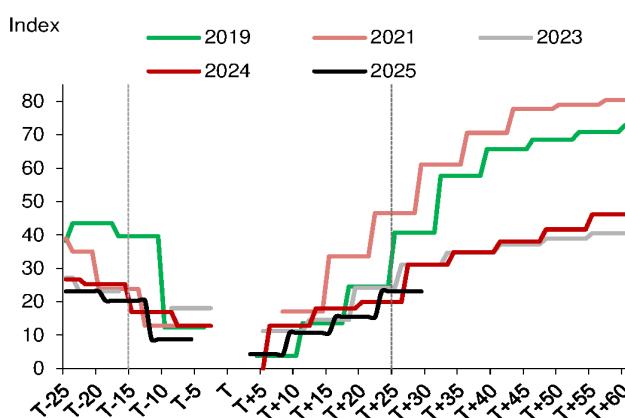
Fig. 8: China's import dry bulk freight index and overall import growth



Source: Wind, Nomura Global Economics.

Industrial raw materials

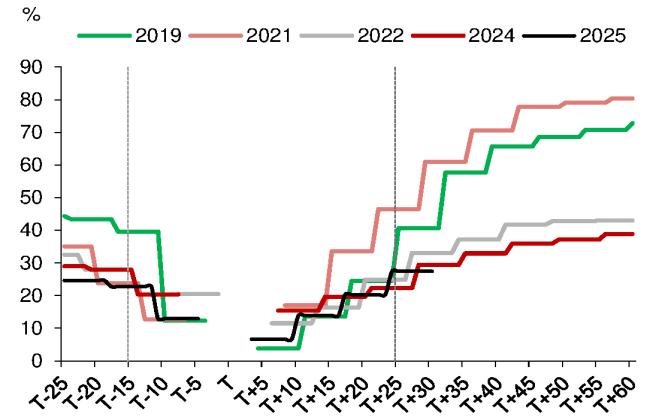
Fig. 9: Cement operating rate



Note: Line break refers to missing data. We define the first day of the Lunar new year (LNY) as Day T. The LNY travel rush period starts 15 day before the first day of LNY, and ends 25 days after the first day of LNY (including the first day of LNY).

Source: Wind, Nomura Global Economics.

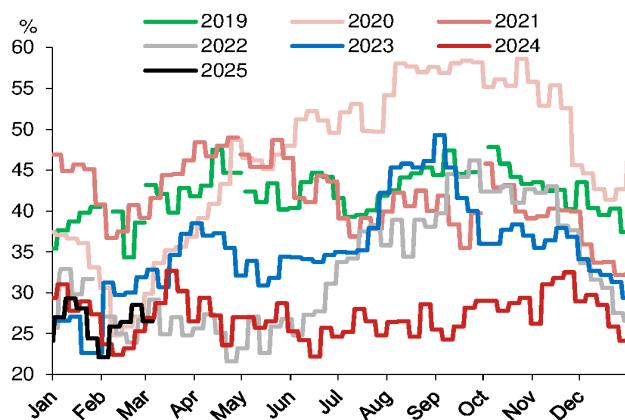
Fig. 10: Cement shipment-to-output ratio



Note: We define the first day of the Lunar new year (LNY) as Day T. The LNY travel rush period starts 15 day before the first day of LNY, and ends 25 days after the first day of LNY.

Source: Wind, Nomura Global Economics.

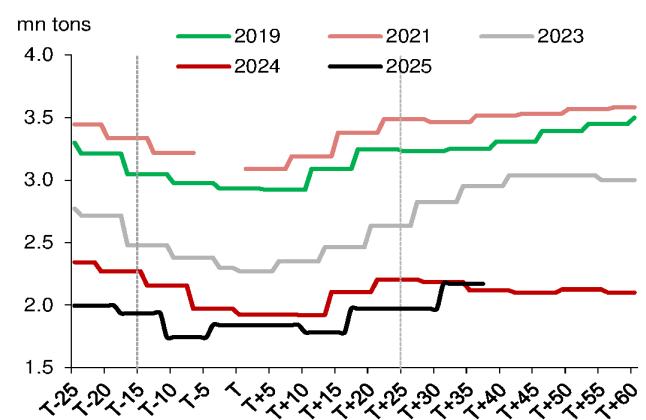
Fig. 11: 10-day average output of crude steel at major manufacturers



Note: Line break refers to missing data. We define the first day of the Lunar new year (LNY) as Day T. The LNY travel rush period starts 15 day before the first day of LNY, and ends 25 days after the first day of LNY (including the first day of LNY).

Source: Wind, Nomura Global Economics.

Fig. 12: Weekly steel rebar output volume at major steel mills

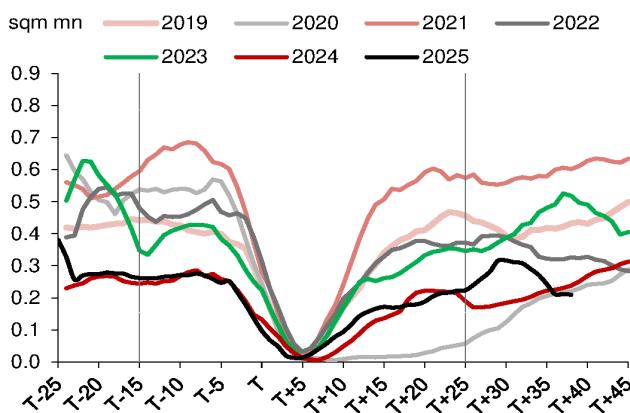


Note: We define the first day of the Lunar new year (LNY) as Day T. The LNY travel rush period starts 15 day before the first day of LNY, and ends 25 days after the first day of LNY (including the first day of LNY).

Source: Wind, Nomura Global Economics.

Property

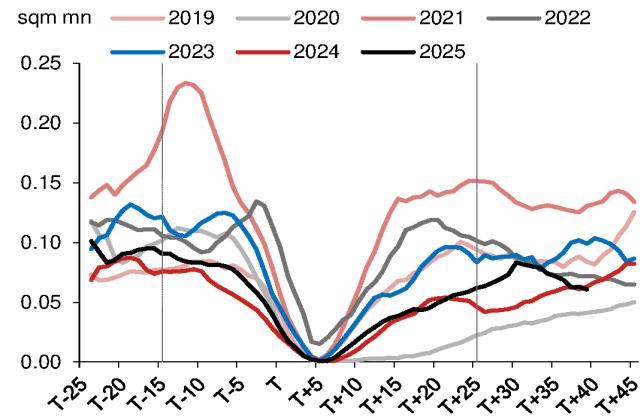
Fig. 13: New home sales volume in 30 major cities: 7dma



Note: We define the first day of the Lunar new year (LNY) as Day T. The LNY travel rush period starts 15 days before the first day of LNY, and ends 25 days after the first day of LNY (including the first day of LNY).

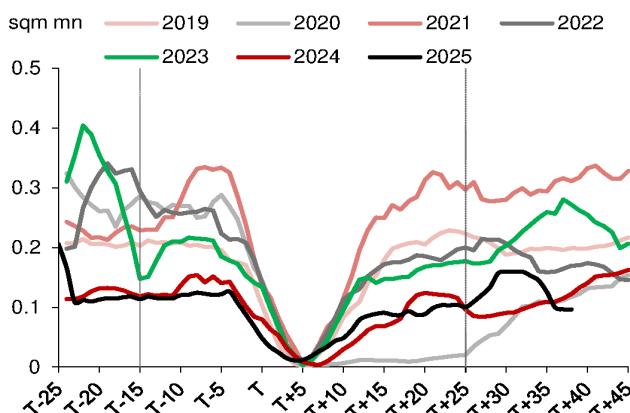
Source: Wind, Nomura Global Economics.

Fig. 14: New home sales volume in Tier-1 cities: 7dma



Source: Wind, Nomura Global Economics.

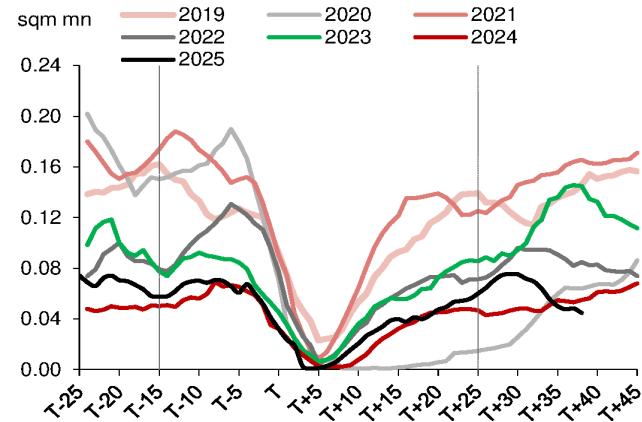
Fig. 15: New home sales volume in major Tier-2 cities: 7dma



Note: Major tier-2 cities include Hangzhou, Qingdao, Suzhou, Xiamen, Dalian, Wuhan, Fuzhou and Chengdu.

Source: Wind, Nomura Global Economics.

Fig. 16: New home sales volume in major Tier-3/4 cities: 7dma

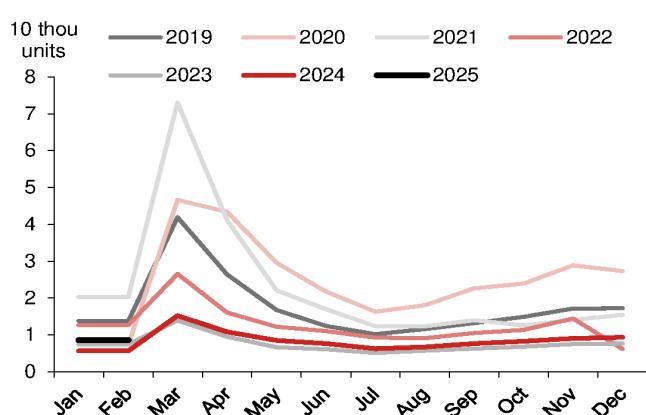


Note: Major tier-3/4 cities include Jiangyin, Wuxi, Dongguan, Huizhou, Yangzhou, Shaoguan, Nanning and Foshan.

Source: Wind, Nomura Global Economics.

Excavator sales and secondary home transactions

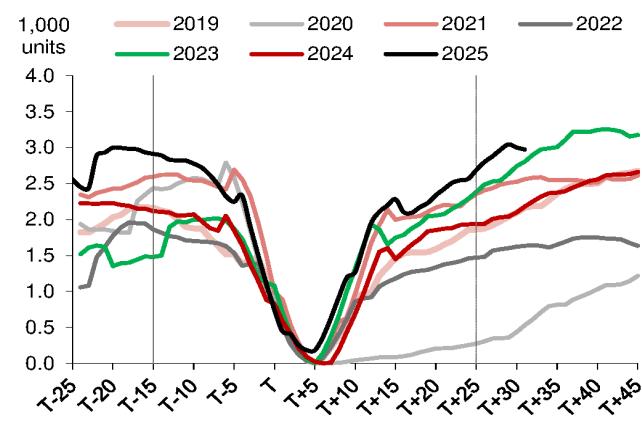
Fig. 17: Domestic sales volume of excavators



Note: We use the average of January–February data to largely smooth out the LNY distortions.

Source: Wind, Nomura Global Economics.

Fig. 18: Secondary home transactions in 14 major cities: 7dma

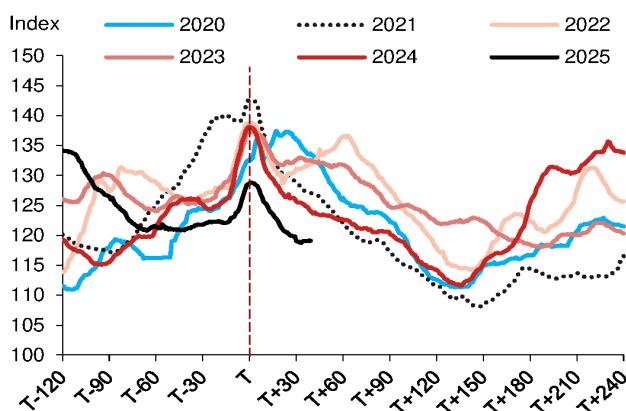


Note: 14 major cities include two tier-1 cities, as well as 12 tier-2 and lower-tier cities. We define the first day of the Lunar new year (LNY) as Day T.

Source: CAICT, Wind, Nomura Global Economics.

Prices of agricultural products and raw materials

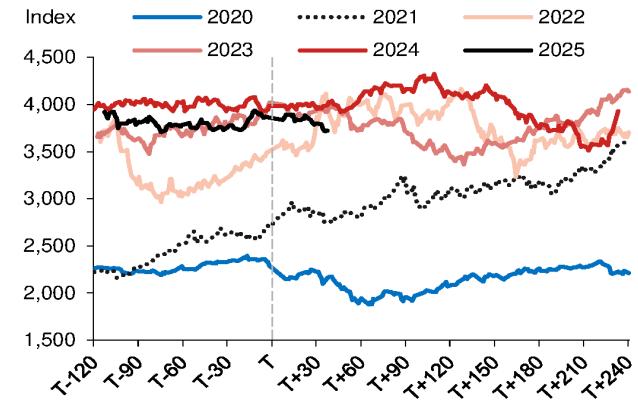
Fig. 19: MARA agricultural product wholesale price index



Note: We define the first day of the Lunar new year (LNY) as Day T.

Source: Wind, Nomura Global Economics.

Fig. 20: Nanhua commodity and raw material price index



Note: We define the first day of the Lunar new year (LNY) as Day T.

Source: Wind, Nomura Global Economics.

Appendix A-1

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