

Macro Roundup Article

Headline: Chinese Weakness is the Real "China Shock"

Article Link: <https://theovershoot.co/p/chinese-weakness-is-the-real-china>

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Tweet: Noting the growing gap between demand and supply in China, @M_C_Klein depicts Chinese producers as "increasingly reliant on dumping excess output into world markets."

Summary: China's industrial output has grown by about 23% since December 2019—substantially less than would have been expected based on the pre-pandemic trend—but its real export volumes are up by about 34% even as its real imports have only increased by 6% over the past five years. The weakness in Chinese demand is concentrated among households. Nominal retail spending on consumer goods and meals has grown at an average rate of just 3.5% a year since 2019. That is not just an artifact of the pandemic. Nominal spending in January-July 2024 was just 3.5% higher than in January-July 2023. The current pace of retail spending is about 16% below what might have been expected based on the pre-pandemic trend, and that gap continues to grow.

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Primary Topic: China

Topics: China, Database, GDP, Growth, Op-Ed/Blog Post, Savings Glut/Trade Deficit, Trade (not deficits)

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