

Macro Roundup Article

Headline: [What Happens to U.S. Activity and Inflation if China's Property Sector Leads to a Crisis?](#)

Article Link: <https://libertystreeteconomics.newyorkfed.org/2024/03/what-happens-to-u-s-activity-and-inflation-if-chinas-property-sector-leads-to-a-crisis/>

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Tweet: A @NewYorkFed analysis argues the prospect of a hard landing in China is high given the ratio of nonfinancial sector debt to GDP is now over 300%. They forecast a further slowdown in China's property sector will materially weaken US growth.

Summary: A Chinese hard landing could result in materially weaker U.S. growth and trade performance and lower U.S. inflation, with the largest impacts occurring over the first four quarters following a crash. Real GDP growth [in their forecast] falls as much as 2pp below baseline before beginning to recover, while export volumes fall as much as 10pp below baseline. The PCE price index, for its part, falls some 3pp below baseline before crisis impacts begin to fade. Related: The Neoclassical Growth of China and Can China Catch Up with Greece? and Why Are China's Households in the Doldrums?

Primary Topic: China

Topics: Business Cycle, China, GDP, Government/NGO

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