Macro Roundup Artcile

Headline: No Quick Fixes: China's Long-Term Consumption Growth

Article Link: https://rhg.com/research/no-quick-fixes-chinas-long-term-consumption-growth/

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Tweet: The @rhodium_group forecasts Chinese real household consumption growth of 3-4% over the next 5-10 years, consistent with GDP growth of around 3%. Chinese household income including transfers is ~ 60% of GDP vs. ~80% in the US.

Summary: The most probable range of China's real household consumption growth over the next five to ten years is around 3 to 4%. This reflects headwinds, along with the probability of a continued slowdown in urban per capita spending growth, from 6% in nominal terms over the past decade (and therefore around 5% in real terms). If the economy remains imbalanced and household consumption stays around 39% of China's GDP, that means that consumption will contribute only around 1.2 to 1.6 percentage points of GDP growth per year for most of the next decade, a much lower contribution to growth than in the 2010s. Nothing in economic development is certain, but if the future looks roughly like the recent past, this is the most probable trajectory for household consumption growth.

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