

Economic Outlook of China

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Table of contents

01

Introduction/
Title Slide

02

Table of Contents

03

Table of Contents

04

Current National
Income/Output

05

Future Outlooks:
National
Income/Output

06

Current Labor
Market Conditions

Table of contents

07

Future Outlooks: Labor
Market Conditions

08

Current Price Level and
Inflation

09

Future Outlooks: Price
Level and Inflation

10

Current Money
and Interest
Rates

11

Future
Outlooks:
Money and
Interest Rates

12

Current Financial
Markets

13

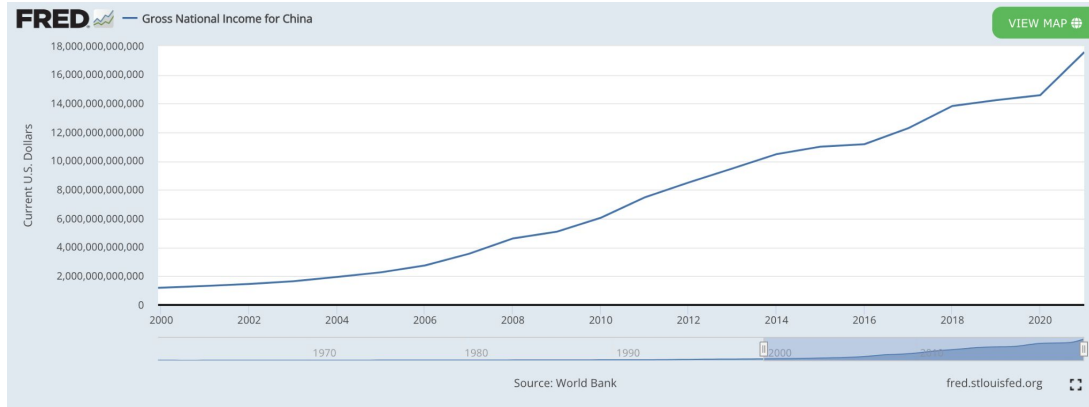
Future Outlooks:
Financial Markets

14

References

National Income/Output - Current Conditions

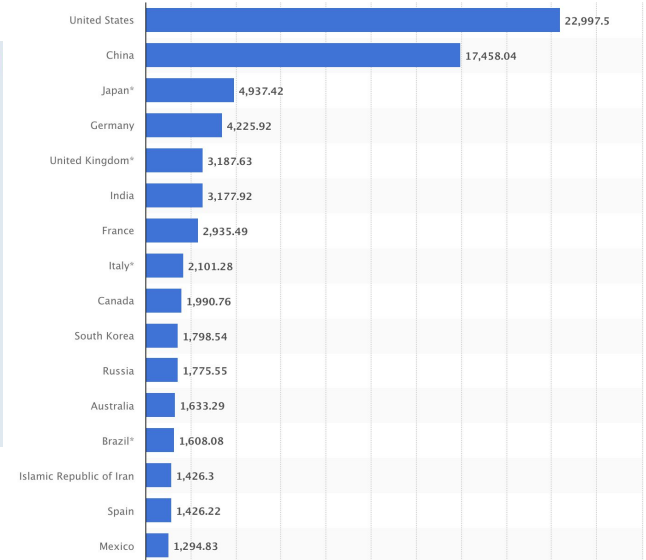
Positive National Income Growth



<https://fred.stlouisfed.org/series/MKTGNICNA646NWDB>

- Steady increase in GNI from 2000 to current
- Dip in 2020 due to pandemic but sharp increase onwards
- 23.39 trillion US dollars in 2021

China in comparison to other countries

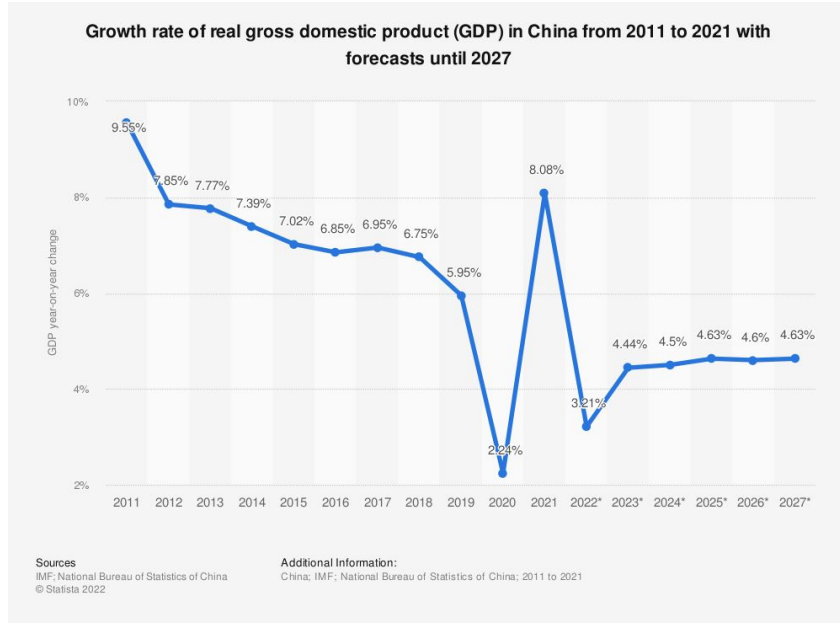


<https://www.statista.com/statistics/268173/countries-with-the-largest-gross-domestic-product-gdp/>

- Has the 2nd largest GDP in the world
- Second to the US
- 17.3 trillion US dollars in 2021

National Income/Output - Future Outlook

GDP Growth Rate



<https://www.statista.com/statistics/263616/gross-domestic-product-gdp-growth-rate-in-china/>

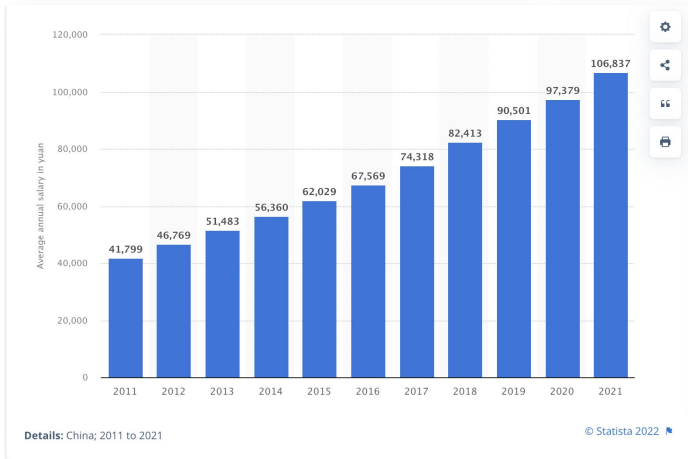
- The GDP growth rate was steadily decreasing from 2011 to 2019
- Very sharp drops and rises in growth rate in 2020, 2021, and 2022 because of the pandemic
- Predicted growth rates appear to be relatively stable, around 4.40% to 4.70%
- Possible drastic changes to GDP growth rate can be caused by the Russia-Ukraine War

Labor Market Conditions - Current Conditions

Salaries

Average annual salary of employees working for urban non-private units in China from 2011 to 2021

(in yuan)

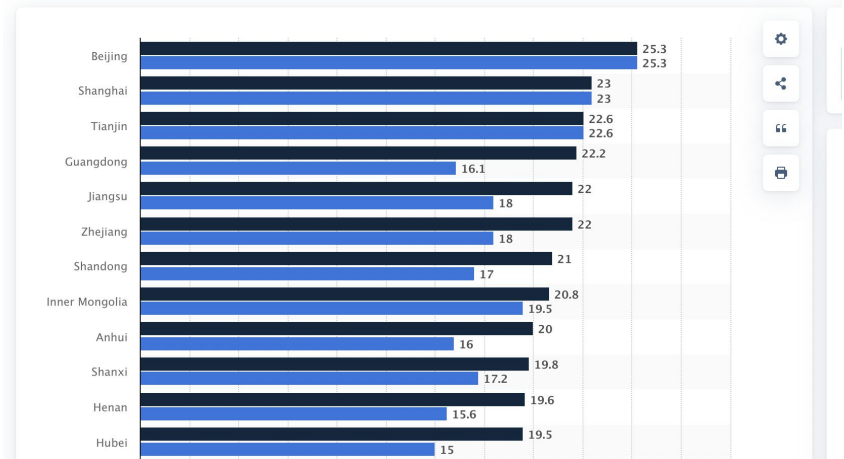


- Average salary has been steadily increasing
- In 2021, the average salary was 14925.95 USD

Minimum Wage

Minimum wage per hour in China as of January 2022, by region

(in yuan per hour)



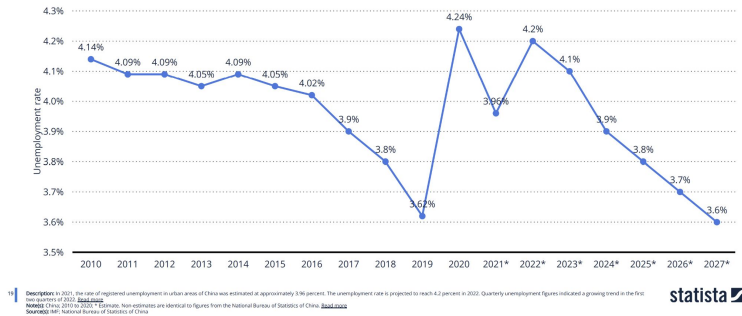
- Minimum wage varies by region
- In Beijing, min wage is 3.53 USD

Labor Market Conditions - Future Outlook

Unemployment Rate

Registered unemployment rate in urban China from 2010 to 2020 with forecasts until 2027

Unemployment rate in China 2010-2027



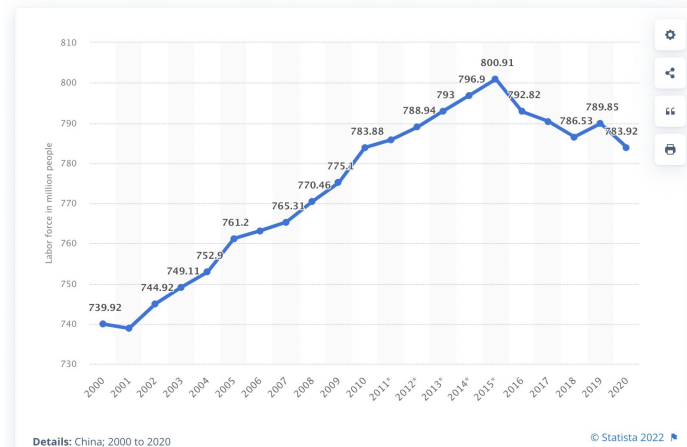
<https://www.statista.com/statistics/270320/unemployment-rate-in-china/>

- Unemployment rate spiked during pandemic peaks
- Forecasted to steadily decrease from 2022 - 2027
- Had a steady decline prior to the pandemic as well

Labor Force Rate

Labor force in China from 2000 to 2020

(in millions)



<https://www.statista.com/statistics/282134/china-labor-force/>

- On a declining trend
- Companies moving to different manufacturing hubs
- Young people no longer want to work in factories and are looking for other opportunities

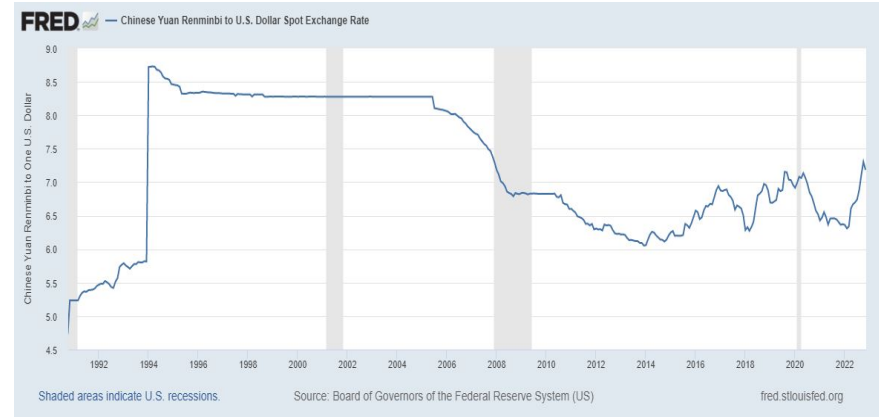
Price Level and Inflation - Current Conditions

CPI

- CPI of 103.5 in October 22
- Overall positive trend in CPI growth in 2022
- Slight fluctuations between 101 to 104



<https://tradingeconomics.com/china/consumer-price-index-cpi>



Yuan vs USD

- Currently 7.16 yuan = 1 usd
- Spike in how much yuan in a dollar in 2022
- The yuan is strengthening but is still losing out to the USD

Price Level and Inflation - Future Outlook

- Inflation is predicted to remain relatively low
- The Yuan is holding value better than the US dollar with lower inflation
- China isn't taking measures against rising inflation
- Inflation even expected to stabilize despite little intervention

Year-on-year change in inflation - China



<https://www.statista.com/statistics/270338/inflation-rate-in-china/>

Money and Interest Rates - Current Conditions

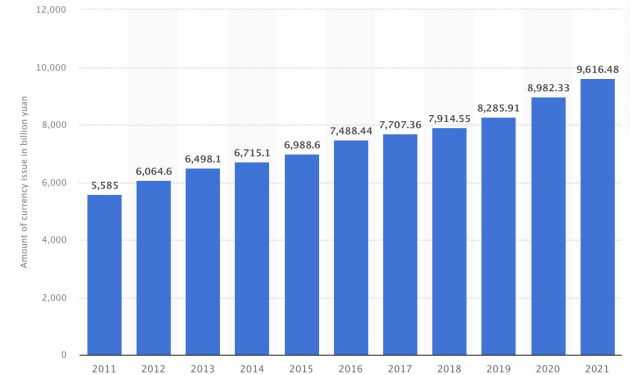
China Historical Interest Rates



<https://tradingeconomics.com/china/interest-rate>

- Historic high in 2014
- At a historically low level following the pandemic
- China is still considered by some to be an emerging market due to its relatively recent monetary advancements

Money Supply



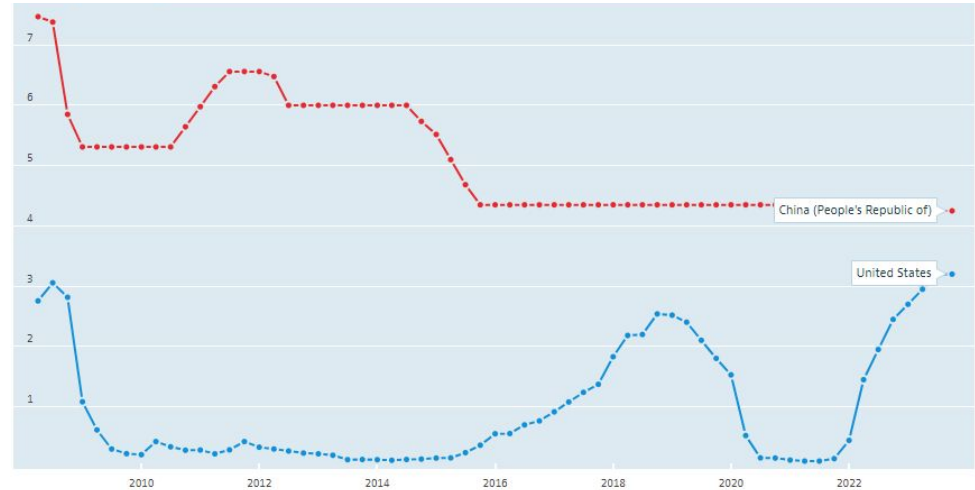
<https://tradingeconomics.com/china/money-supply-m2>

- Measured increase in money supply
- Consistent growth in past few years
- China has tight controls over money creation, leading to less overall inflation

Money and Interest Rates - Future Outlook

- China isn't expected to change interest rates on government issued bonds
- The Yuan isn't as strong long term as the USD and isn't predicted to be able to handle an economic downturn as well as the US
- China's tight control over money is expected to be able to manage inflation without changing rates

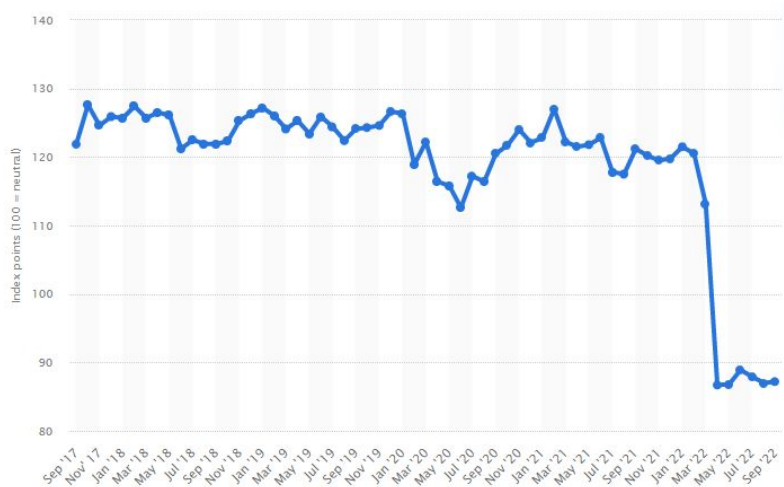
China vs US - Historic and Future Interest Rates



<https://data.oecd.org/interest/short-term-interest-rates-forecast.htm#indicator-chart>

Financial Markets - Current Conditions

Consumer Confidence Index in China



<https://www.statista.com/statistics/271697/consumer-confidence-in-china/>

- Consumer confidence has fallen as supply chain issues weren't solved and tensions flare

Shanghai Stock Exchange Composite Index



<https://tradingeconomics.com/china/stock-market>

- China, like other global markets has seen higher than normal volatility in the months following the pandemic

Financial Markets - Future Outlook

- Expected to dip in the next 12 months
- Expected to rebound over the next 5 years though forecasters are now less optimistic
- China has a very heavy reliance on fossil fuels contributing to severe environmental degradation but leaves growth opportunities open

Economic Survey of China 2022

	2019	2020	2021	2022	2023
Real GDP (%)	6.0	2.3	8.1	5.1	5.1
Exports of goods and services (%)	1.5	1.6	16.7	2.4	5.5
Imports of goods and services (%)	0.4	-0.8	7.8	0.4	5.3
Consumer price index (%)	2.9	2.5	0.8	1.7	2.4
Terms of trade (%)	0.6	7.3	-8.8	-3.8	-0.4
Fiscal balance (% of GDP)					
Overall	-3.7	-6.9	-6.4	-6.0	-6.1
Headline	-2.8	-3.7	-3.1	-3.0	-3.2
Current account balance (% of GDP)	0.7	1.9	1.7	1.5	1.5

<https://www.oecd.org/economy/china-economic-snapshot/>

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