

Unbalanced growth continues in China

Finbarr Bermingham
and Orange Wang

China saw strong growth in its economy in October, as the recovery in consumption kept gathering pace, according to data from the National Bureau of Statistics released yesterday.

But imbalances remained, with the industrial and investment-led parts of the economy outperforming analysts' expectations, while consumption lagged.

Industrial production, a gauge of manufacturing, mining and utilities output in the economy, grew by 6.9 per cent from a year earlier, the same level of growth as in September and faster than expected. A poll of analysts conducted by Bloomberg had predicted 6.7 per cent growth.

Retail sales, a key indicator of consumption trends in the world's most populous nation, rose by 4.3 per cent, marking the third successive month of expansion. This was up from a 3.3 per cent gain in September, but it

missed forecasts of 5 per cent growth.

Fixed asset investment grew by 1.8 per cent over the first 10 months of the year, accelerating from 0.8 per cent in the first nine months. This was ahead of expectations of 1.6 per cent and was powered by a huge uptick in investment in primary industries, such as mining, farming, quarrying, and in hi-tech sectors.

The surveyed jobless rate, an imperfect measurement of unemployment in China that does not include figures for the tens of millions of migrant workers who work across the country, was 5.3 per cent in October, down from 5.4 per cent in September.

At a press conference in Beijing yesterday, Fu Linghui, spokesman for the bureau, said China had created 10.09 million jobs over the first 10 months of the year, "meeting the target for the whole year ahead of schedule".

China had struggled to kick-start the retail economy after the coronavirus lockdown at the start of 2020, with export-led indus-

tries, particularly manufacturing, recovering much more quickly.

The industrial economy continues to expand at a faster pace, but the quickening pace of retail sales growth suggests consumption is gaining momentum. The catering sector reported year-on-year monthly growth for the first time this year in October, the bureau said, expanding slightly by 0.8 per cent.

Within industrial production, manufacturing grew by 7.5 per cent in October while mining output expanded by 3.5 per cent year on year. Within the manufacturing sector, production of new-energy vehicles soared 94.1 per cent, while output of microcomputers and integrated circuits grew by 28 per cent and 20.4 per cent, respectively, as China channelled efforts into its domestic technology sector.

Survey data had signalled an uptick in economic performance, with the Caixin purchasing managers' indices for September better than expected, while the official indices showed manu-

facturing growth for the eighth consecutive month.

But the imbalances in China's economic recovery had also been telegraphed by October's trade data last week, with exports soaring ahead of expectations, growing by 13.2 per cent year on year, but imports disappointing with a 4.7 per cent gain.

October's data provides the first snapshot of the economy since the 14th five-year plan was unveiled on November 3, which prioritises local innovation and improving domestic demand.

The figures suggested China's growth momentum would continue into next year, with the economy growing by 4.9 per cent in the third quarter.

Analysts at Nomura said yesterday's data showed China's economic recovery was "on track".

"We maintain our real growth forecast of 5.7 per cent year on year for the fourth quarter, up from 4.9 per cent in [the third], resulting in annual growth of 2.1 per cent this year," they wrote.