Chartbook

NBK Economic Research Department I 31 October 2021

China

> Mohammad Al-Shehri
Research Assistant
+965 2259 5373
Mohammadalshehri@nbk.com

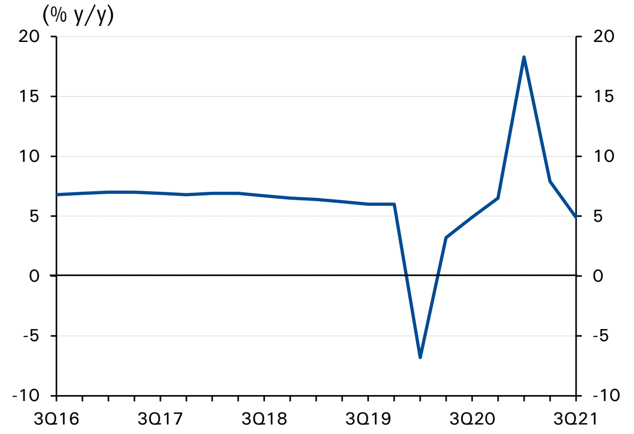
> Assil El-Mahmah
Senior Economist
+965 2259 5360,
Assilelmahmah@nbk.com

Economic growth slows amid energy shortage and property market struggles

- GDP growth slowed in 3Q21 on energy shortages and a property market slowdown.
- Manufacturing activity softened as energy rationing restricted production; but service activity recovered.
- Retail sales rose in September, outperforming expectations as restaurant and catering activity increased.
- Producer price inflation continued to accelerate as firms face higher energy, raw material costs.
- The central bank kept its policy rates unchanged in September and is unlikely to cut given current conditions.
- The yuan appreciated against the US dollar in October, despite dollar firmness as Fed tapering nears.

Chart 1: Real GDP growth

(% y/y)

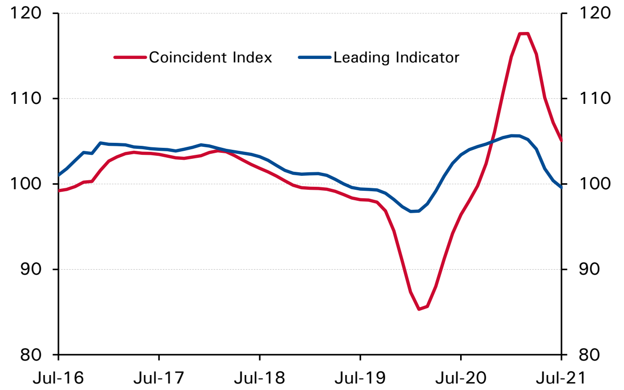


Growth (4.9% y/y) slowed to its lowest rate in a year in 3Q21 as energy shortages and a property slowdown impeded recovery.

Source: Refinitiv

Chart 2: Macroeconomic climate

(index, 100 = 2015)

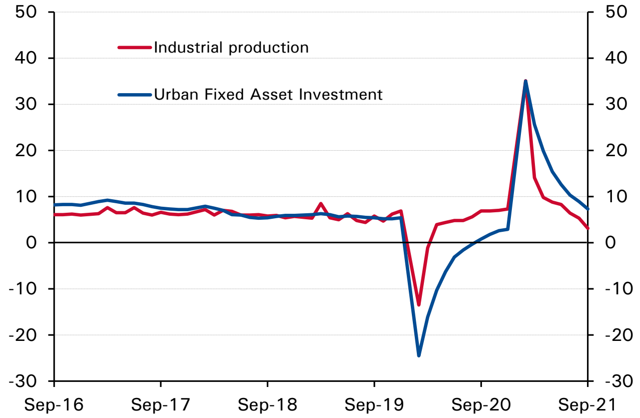


Macroeconomic climate indicators continued to edge down in July as economic activity softened.

Source: Refinitiv

Chart 3: Industrial prod. and urban investment

(% y/y)

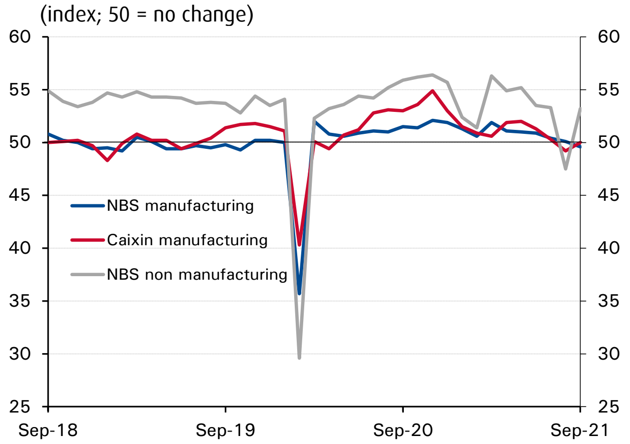


Fixed asset investment (7.3%) and industrial production (3.1%) have slowed on energy shortages, higher input costs, and supply chain disruptions.

Source: Refinitiv

Chart 4: Purchasing Managers' Index surveys

(index; 50 = no change)

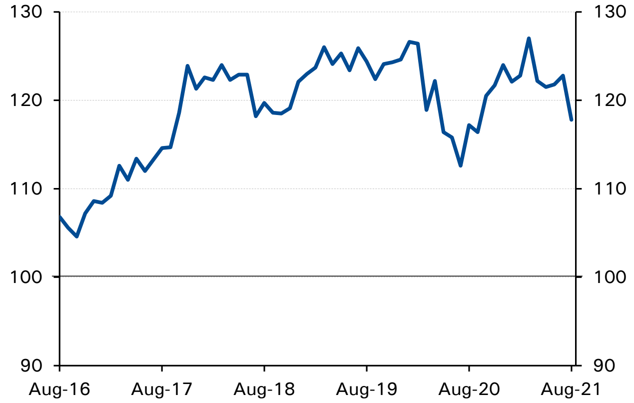


Energy rationing weighed on manufacturing activity amidst the ongoing energy crunch. The service sector, however, expanded, outperforming expectations.

Source: Refinitiv

Chart 5: Consumer confidence

(index, 100 = no change)

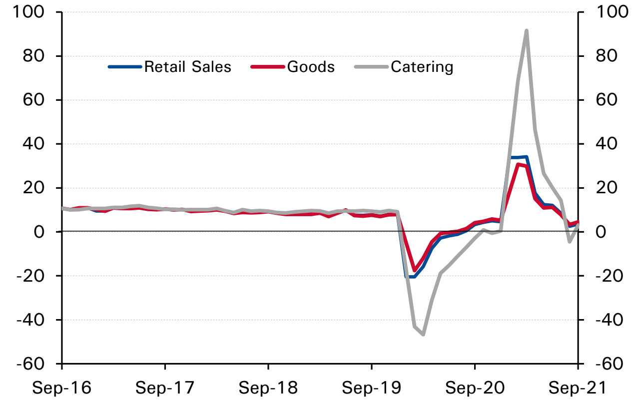


Confidence edged lower in August on virus outbreaks, travel restrictions, and strict Covid-19 measures.

Source: Refinitiv

Chart 6: Retail sales

(% y/y)

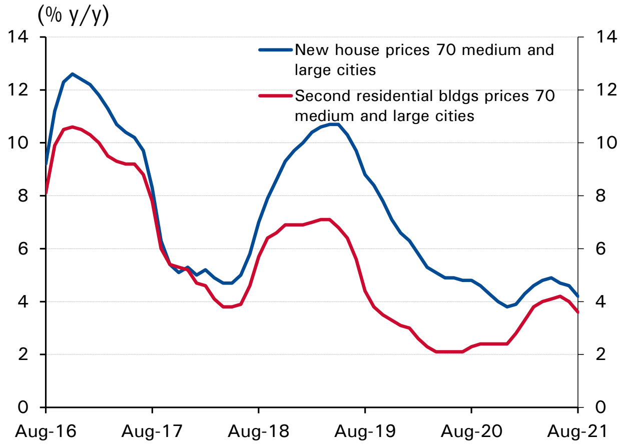


Retail sales growth (4.4%) recovered in September as spending on restaurants and catering services picked up.

Source: Refinitiv

Chart 7: House prices in 70 medium & large cities

(% y/y)

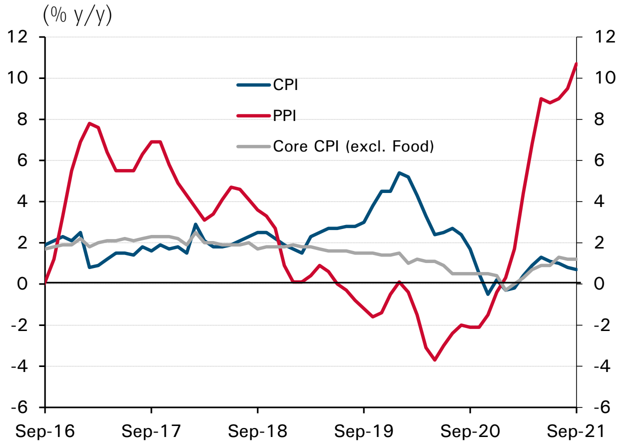


New and old house price growth declined as government efforts to curb housing speculation slow the property market.

Source: Refinitiv

Chart 8: Inflation

(% y/y)

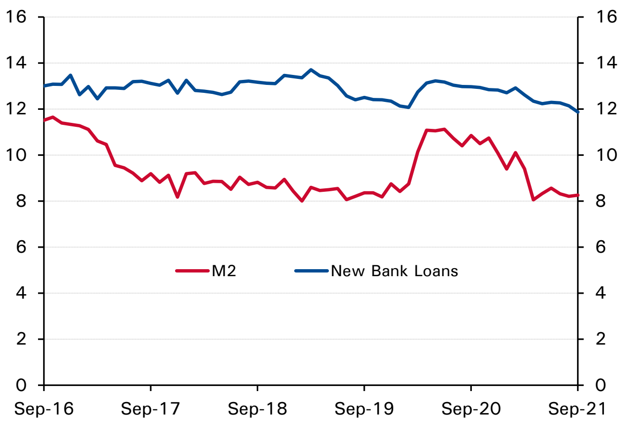


Producer price inflation increased for the 9th straight month, beating market expectations amid surging raw material costs.

Source: Refinitiv

Chart 9: Broad money supply & credit lending

(% y/y)

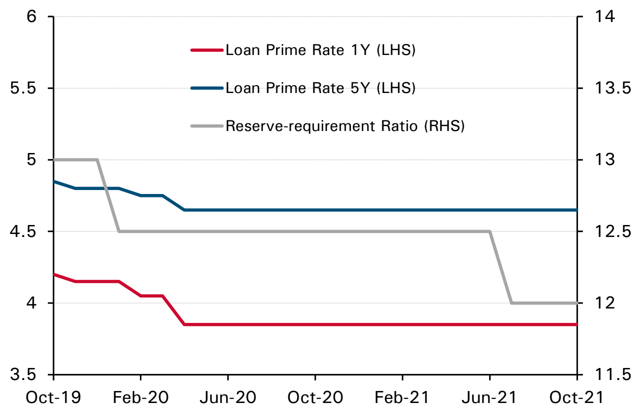


Growth in M2 and new bank loans remained largely unchanged from the previous month.

Source: Refinitiv

Chart 10: Nominal interest rates

(%)

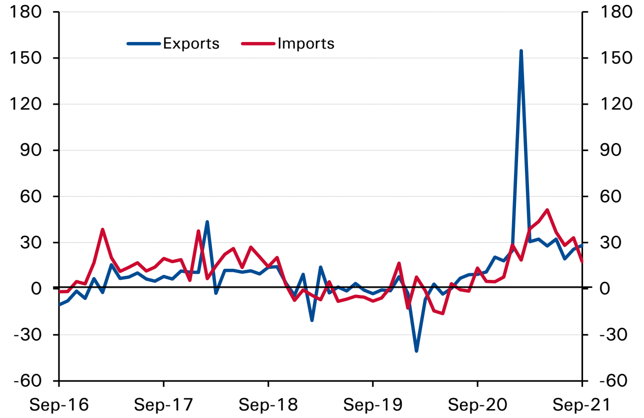


The PBoC left its benchmark interest rates unchanged in October. The bank is unlikely to change monetary policy if growth remains between 5% and 6%, according to the governor.

Source: Refinitiv

Chart 11: International trade

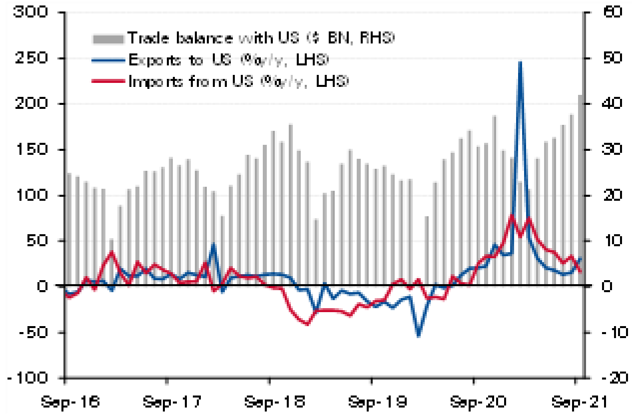
(% y/y)



Exports outperformed market forecasts, rising by 28.1% y/y in September while import growth slowed to 17.6% on cooling construction activity and environmental curbs.

Source: Refinitiv

Chart 12: Trade with the US



Trade surplus with the US widened to $42 bn in September as exports surged by 30.6% y/y while import growth slowed to 16.6% from a year earlier.

Source: Refinitiv

Chart 13: Stock Market

(CSI 300)

The Shanghai stock index recovered slightly in early October as Chinese stocks followed US stocks higher after debt ceiling pressures eased and amid solid corporate earnings.

Source: Refinitiv

Chart 14: Exchange rate

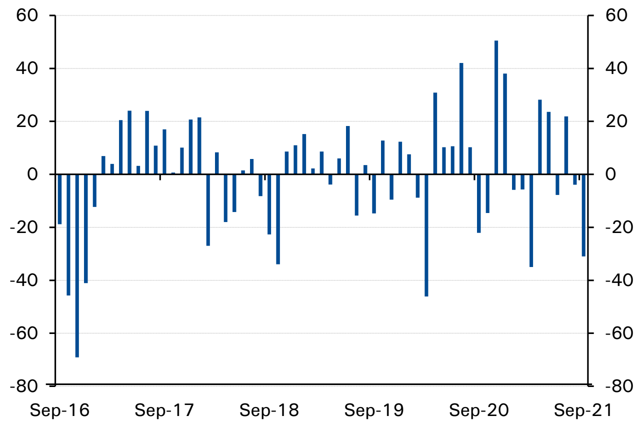
(CNY/USD)

The yuan appreciated against the dollar in October, despite greenback firmness as Fed tapering approaches.

Source: Refinitiv

Chart 15: Monthly FX reserve change

(USD bn)

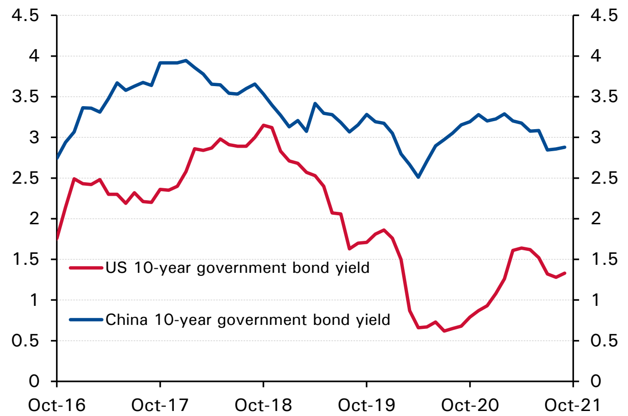


Official foreign reserves decreased to $3.201 trn in September as the dollar index gained 1.7%.

Source: Refinitiv

Chart 16: China and US government bond yields

(%)



Chinese government bond yields edged up, tracking their US counterparts as treasury yields rose amid taper expectations.

Source: Refinitiv

Head Office

Kuwait
National Bank of Kuwait SAKP
Shuhada Street,
Sharq Area, NBK Tower
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2242 2011
Fax: +965 2259 5804
Telex: 22043-22451 NATBANK
www.nbk.com

International Network

Bahrain
National Bank of Kuwait SAKP
Zain Branch
Zain Tower, Building 401, Road 2806
Seef Area 428, P. O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

National Bank of Kuwait SAKP
Bahrain Head Office
GB Corp Tower
Block 346, Road 4626
Building 1411
P.O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

United Arab Emirates
National Bank of Kuwait SAKP
Dubai Branch
Latifa Tower, Sheikh Zayed Road
Next to Crown Plaza
P.O.Box 9293, Dubai, U.A.E
Tel: +971 4 3161600
Fax: +971 4 3888588

National Bank of Kuwait SAKP
Abu Dhabi Branch
Sheikh Rashed Bin Saeed
Al Maktoom, (Old Airport Road)
P.O.Box 113567,Abu Dhabi, U.A.E
Tel: +971 2 4199 555
Fax: +971 2 2222 477

Saudi Arabia
National Bank of Kuwait SAKP
Jeddah Branch
Al Khalidiah District,
Al Mukmal Tower, Jeddah
P.O Box: 15385 Jeddah 21444
Kingdom of Saudi Arabia
Tel: +966 2 603 6300
Fax: +966 2 603 6318

Jordan
National Bank of Kuwait SAKP
Amman Branch
Shareef Abdul Hamid Sharaf St
P.O. Box 941297, Shmeisani,
Amman 11194, Jordan
Tel: +962 6 580 0400
Fax: +962 6 580 0441

Lebanon
National Bank of Kuwait
(Lebanon) SAL
BAC Building, Justinien Street, Sanayeh
P.O. Box 11-5727, Riad El-Solh
Beirut 1107 2200, Lebanon
Tel: +961 1 759700
Fax: +961 1 747866

Iraq
Credit Bank of Iraq
Street 9, Building 187
Sadoon Street, District 102
P.O. Box 3420, Baghdad, Iraq
Tel: +964 1 7182198/7191944
+964 1 7188406/7171673
Fax: +964 1 7170156

Egypt
National Bank of Kuwait - Egypt
Plot 155, City Center, First Sector
5th Settlement, New Cairo
Egypt
Tel: +20 2 26149300
Fax: +20 2 26133978

United States of America
National Bank of Kuwait SAKP
New York Branch
299 Park Avenue
New York, NY 10171
USA
Tel: +1 212 303 9800
Fax: +1 212 319 8269

United Kingdom
National Bank of Kuwait
(International) Plc
Head Office
13 George Street
London W1U 3QJ
UK
Tel: +44 20 7224 2277
Fax: +44 20 7224 2101

France
National Bank of Kuwait France SA
90 Avenue des Champs-Elysees
75008 Paris
France
Tel: +33 1 5659 8600
Fax: +33 1 5659 8623

Singapore
National Bank of Kuwait SAKP
Singapore Branch
9 Raffles Place # 44-01
Republic Plaza
Singapore 048619
Tel: +65 6222 5348
Fax: +65 6224 5438

China
National Bank of Kuwait SAKP
Shanghai Office
Suite 1003, 10th Floor, Azia Center
1233 Lujiazui Ring Road
Shanghai 200120, China
Tel: +86 21 6888 1092
Fax: +86 21 5047 1011

NBK Capital

Kuwait
NBK Capital
34h Floor, NBK Tower
Shuhada'a street, Sharq Area
PO Box 4950, Safat, 13050
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904 / 5

United Arab Emirates
NBK Capital Limited - UAE
Precinct Building 3, Office 404
Dubai International Financial Center
Sheikh Zayed Road
P.O. Box 506506, Dubai
UAE
Tel: +971 4 365 2800
Fax: +971 4 365 2805

Associates

Turkey
Turkish Bank
Valikonagl CAD. 7
Nisantasi, P.O. Box. 34371
Istanbul, Turkey
Tel: +90 212 373 6373
Fax: +90 212 225 0353