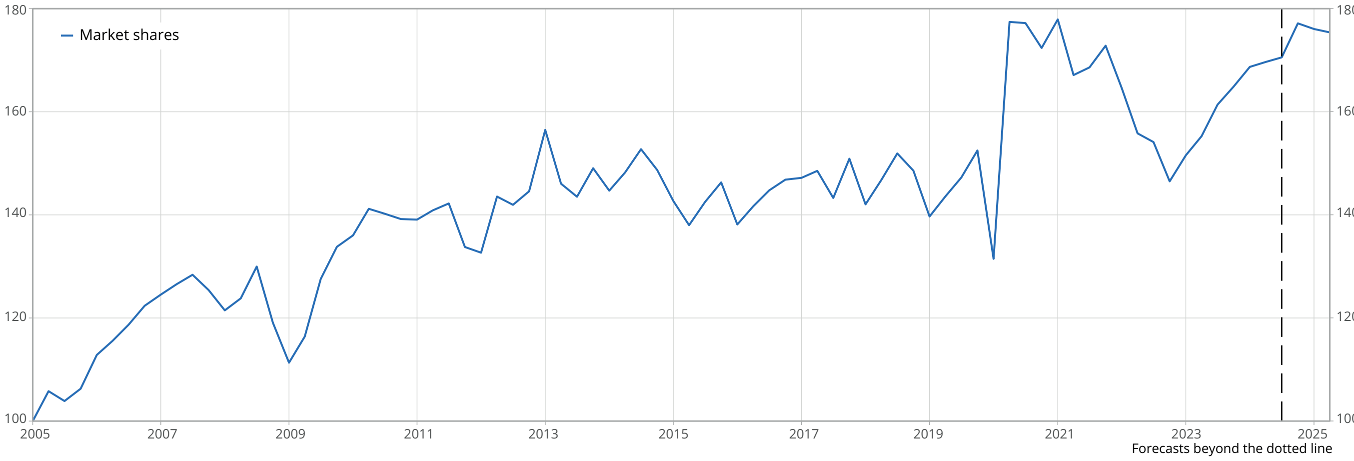
China

According to the Chinese National Bureau of Statistics, activity would appear to have accelerated in China in Q4 2024 (+1.6% after +1.3% in Q3). Growth would thus have averaged +5.0% over the whole of 2024, its lowest since 1990 (excluding the pandemic). Growth was driven largely by foreign trade, with exports being dynamic once again in Q4 (+4.0%): on the one hand, manufacturers continue to gain market shares by lowering their prices (producer prices in industry declined by 2.2% year on year in February); on the other hand, exporters have probably anticipated the imminent increase in customs barriers to the United States. Meanwhile, imports rebounded by 2.0% (►**Figure 1**). Over the whole of 2024, export volumes increased by 12% and imports by 4%, thus ensuring a record trade surplus of nearly $1,000 billion. Chinese exports benefitted in particular from sales of electric vehicles, despite the introduction of measures by partner countries to curb their imports (►**Focus** on imports of electric vehicles).

In contrast, domestic demand remained sluggish: regarding households, the year-on-year increase in retail sales has stayed well below 5% since March 2024 despite a slight acceleration at the end of the year, and the consumer confidence index remains at a low level; on the business side, profit is clearly down (►**Figure 2**) and investment growth stands at +3.2% year on year (compared to an average of +15% in the 2010s), notably due to the crisis in the real estate sector. Faced with this anaemic domestic demand, the Chinese authorities strengthened their support for the domestic economy at the end of 2024, in line with the announcements made in September: financing was released for the renewal of business equipment and to replace consumer goods.

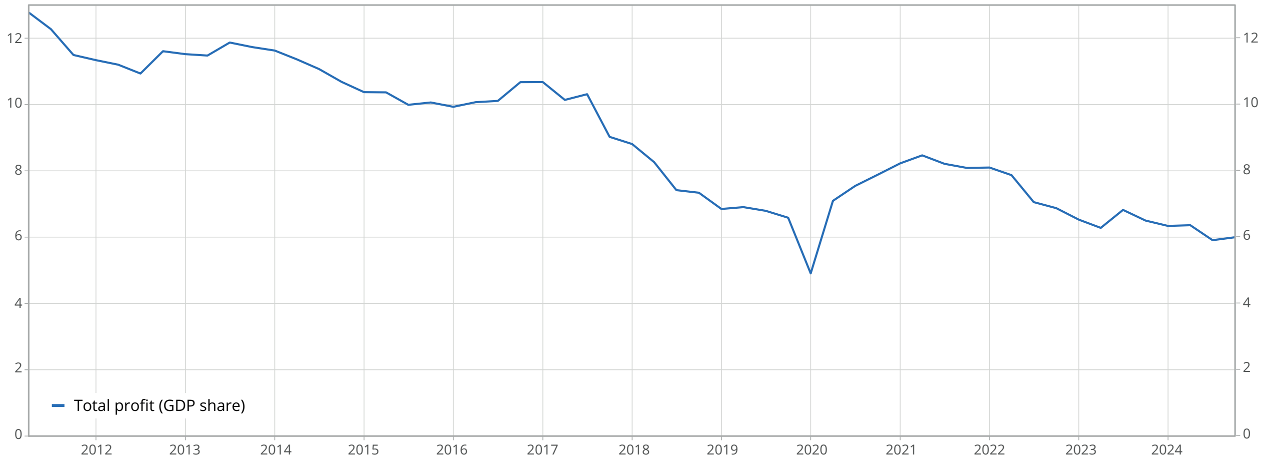
In February 2025, the business tendency surveys, whether from the Chinese National Bureau of Statistics or S&P, reported a slight improvement compared to the declining indicators seen in January for both the non-manufacturing and manufacturing sectors. However, the employment components are not so positive. Thus, in H1 2025, activity is certainly expected to be stimulated somewhat by support measures (+1.0% per quarter) but the stimulus is likely to remain modest and foreign trade looks set to stall. Exports are expected to slow completely in the winter after strong momentum in the autumn, then contract in the spring (-0.2%), hampered by the introduction of customs barriers by the United States, and by additional curbs on exports in the most buoyant sectors, such as electric vehicles.

►1. Market shares expected to stop increasing at the beginning of 2025
(ratio of exports to world demand for Chinese goods, base 100, Q1 2005)



Last point: Q2 2025 (forecast from Q3 2024 based on customs and CPB data).
How to read it: in Q2 2024, the ratio of Chinese exports to world demand for Chinese goods was 70% above the level in Q1 2005.
Source: NBSC, OCDE, CPB, INSEE calculations.

►2. Profits are still on a downward trend
(total profit of industrial businesses in % of GDP by value)



Last point: Q4 2024.
Note: all industrial businesses (private and public).
How to read it: . total profit of industrial businesses represented 6.0% of GDP by value in Q4 2024.
Source: NBSC.