

Chinese economy

China's economic growth slows in second quarter

Weaker data release comes as Communist party leadership launches economic policy meeting



China's economy has grappled with weak consumer demand and a prolonged property slowdown © Vincent Thian/AP

Thomas Hale in Shanghai JULY 15 2024

China's economy grew 4.7 per cent year on year in the second quarter, official data showed on Monday, missing forecasts and marking a slower rate of expansion compared with the previous three months.

GDP, which added 5.3 per cent in the first quarter on the year before, had been expected to rise 5.1 per cent in the second quarter based on economists polled by Reuters.

The world's second-largest economy has grappled with weak consumer demand and a prolonged property slowdown, prompting greater intervention from policymakers in recent months to shore up confidence.

The data release came as the Chinese Communist party's Central Committee on Monday [launched its third plenum](#), a four-day meeting in which the country's leadership is expected to set the direction of economic policy. The last such event was held in 2018.

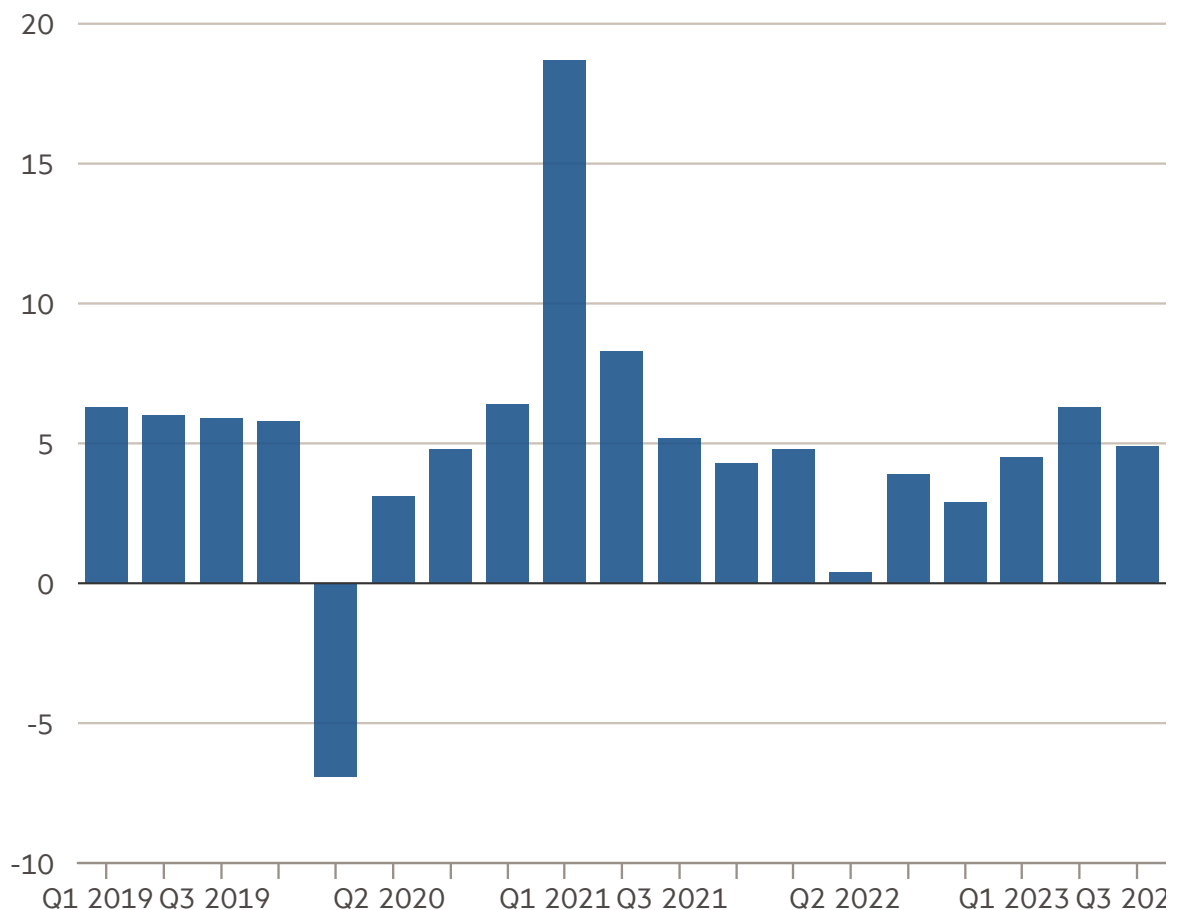
Beijing has pushed to upgrade its manufacturing sector as part of a long-term shift towards emphasising “high-quality development” in areas such as electric vehicles and artificial intelligence.

Industrial production beat expectations, growing 5.3 per cent in June, the National Bureau of Statistics reported on Monday, while retail sales rose just 2 per cent in the same month, missing expectations by a wide margin. Fixed-asset investment was up 3.9 per cent in the first half of 2024.

“Recent activity data still pointed to a stronger growth on the production side than on the demand side,” said Junyu Tan, economist for north Asia at credit insurer Coface, who pointed to slowing growth momentum. “Softening domestic demand conditions have more than offset the boost from export recovery.”

China's GDP growth slowed to 4.7% in the second quarter of 2024

Quarterly GDP, year-on-year change (%)



[China's economy](#) has benefited from stronger exports, which rose 8.6 per cent in dollar terms in June compared with a year earlier, according to figures released on Friday, though imports declined 2.3 per cent in a further sign of weak demand.

Consumer prices [rose just 0.2 per cent](#) year on year in June, with growth stuck in low or negative territory over the past year.

New home prices fell 4.5 per cent year on year last month, the fastest pace of decline in nine years, according to Reuters calculations, while new construction starts and property investment were down 23.7 per cent and 10.1 per cent respectively in the first half of the year.

Beijing has set a full-year economic growth target of about 5 per cent, following full-year growth of 5.2 per cent in 2023.

Observers are closely watching the third plenum for signs of further stimulus, especially in the struggling housing sector, after authorities in May said state-owned enterprises would be [able to purchase unsold housing](#).

Louise Loo, lead China economist at Oxford Economics, said data for credit, retail sales, investment and inflation “all underscored a genuine cooling in demand onshore” but suggested that China’s “persistently divergent economy” implied no major stimulus in the second half.

[Eswar Prasad, professor of economics at Cornell University, said the latest data release would “add force to the rising clamour for stimulus measures, such as fiscal support for households, as well as broader reforms to foster a more favourable business environment for private enterprises”.](#)

[“The reliance on exports to power growth will inevitably result in rising trade tensions with China’s major trading partners,” he said.](#)

The EU last month followed the US in announcing higher tariffs on Chinese electric cars.

Several banks lowered their full-year forecasts for China’s economic growth after the data was released on Monday.

Goldman cut its 2024 GDP growth estimate from 5 per cent to 4.9 per cent, while JPMorgan slashed its forecast from 5.2 per cent to 4.7 per cent. Oxford Economics said its full-year target had been lowered to 4.8 per cent, “a mild undershoot of the official growth target”.

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