

Chinese economy**China's GDP growth hits 5% target for 2024**

Analysts and officials warn of threat from tariffs and weak consumer demand



Beijing is grappling with a two-speed economy, with strong exports and manufacturing offsetting weak consumer sentiment © AFP via Getty Images

Joe Leahy and **Wenjie Ding** in Beijing, **William Sandlund** and **Haohsiang Ko** in Hong Kong and **William Langley** in Guangzhou 17 HOURS AGO

China's economy grew 5 per cent last year on the back of surging manufacturing, official data showed, as companies front-loaded exports in anticipation of higher US tariffs and as Beijing stepped up stimulus efforts.

The [economy](#) "recovered remarkably" in the fourth quarter of 2024, said the National Bureau of Statistics, growing 5.4 per cent year on year and rebounding from slower growth in the third quarter.

"With a package of incremental [stimulus] policies . . . confidence was effectively bolstered and the economy recovered remarkably," the NBS said in its 2024 GDP data release on Friday.

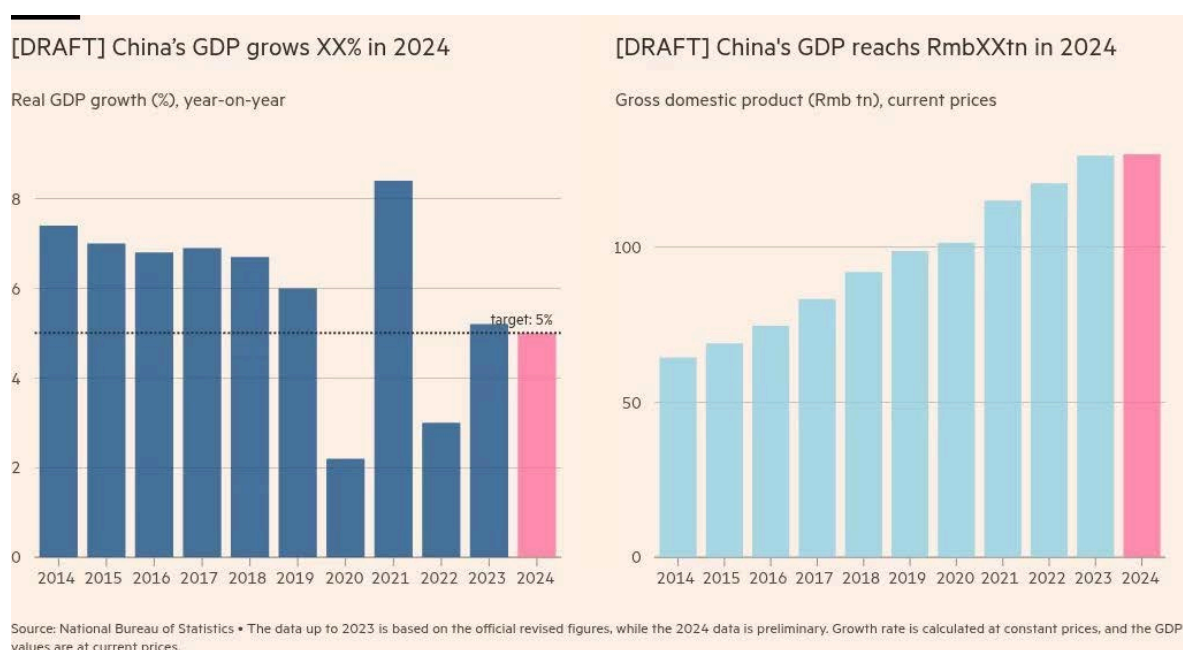
The annual figure, which slightly exceeded economists' forecasts of 4.9 per cent, trailed last year's growth of 5.2 per cent and was the lowest since 1990, excluding years distorted by the coronavirus pandemic.

The data comes as Beijing is trying to revive strong growth in a two-speed economy, in which strong exports and manufacturing are offsetting weak household sentiment.

In September, the central bank announced monetary easing and support for the stock market. Beijing has also [launched a programme](#) to refinance local government debt and speed up stimulus spending targeting infrastructure and other areas.

But economists worry that China is at risk of entrenched deflation. Producer prices have been in negative territory for more than two years, and consumer prices managed growth of just 0.1 per cent in December.

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NBS director Kang Yi told a press conference that 2024 could be “described as highly turbulent, marked by intensified geopolitical conflicts and escalating trade protectionism”.

Analysts expect Beijing to set its official growth target for 2025 at about 5 per cent for the third year in a row when its rubber-stamp parliament meets in March, though trade is [expected to face challenges](#) given incoming US president Donald Trump’s threats of higher tariffs.

“The adverse effects of the external environment are deepening. Domestically, insufficient demand persists,” said Kang, adding that “employment and income growth” were under pressure.

Retail sales grew 3.5 per cent last year as consumer confidence remained weak amid a prolonged housing downturn, while industrial output rose 5.8 per cent thanks to strong growth in manufacturing.

Residential property prices slid across China’s largest cities, but new home prices rose in Shanghai.

In another sign of the country’s long-term structural challenges, China’s population shrank by almost 1.4mn in 2024, the third consecutive year of decline, as a slight rise in births from the previous year to 9.54mn was outstripped by 10.93mn deaths.

While China’s economic growth beat expectations, the headline figure “masks some underlying vulnerabilities”, said Frederic Neumann, chief Asia economist at HSBC.

“The surge in growth was really driven by industrial production, which hints at the support from frontal loading of exports in anticipation of US import restrictions,” said Neumann. “That will inevitably lead to a payback as US import restrictions begin to bite.”

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China's trade surplus with the rest of the world reached a [record of almost \\$1tn](#) in 2024, customs figures showed last week, thanks to strong export growth as Chinese manufacturers stoked output to make up for sluggish domestic demand. Import growth has remained more modest.

“The current Achilles heel in the Chinese economy is really the hesitant consumer,” Neumann added. “All this points to the need for more stimulus, particularly the need to support consumer spending power.”

The release also underlined doubts about China's official data, which some analysts increasingly worry does not reflect underlying weakness in the economy.

“The Chinese government’s ostensible attainment of its growth target is a Pyrrhic victory that further erodes credibility in official data and, at best, reflects an economy still beset by underlying fragilities and loss of confidence in government policymaking,” said Eswar Prasad, professor at Cornell University and senior fellow at the Brookings Institution.

Analysts at Morgan Stanley said the better than expected growth in the fourth quarter “could be shortlived”, and could soften from the second quarter due to export front-loading and insufficient stimulus measures.

“We think better data has likely reduced Beijing’s sense of urgency, and policy may continue to undershoot on the housing and social welfare front,” they wrote in a note.

China’s CSI 300 index of mainland-listed blue-chip companies rose 0.5 per cent in morning trading following the data release, after opening lower earlier in the day.

The benchmark is still down about 14 per cent from its October 8 peak, when stimulus policy announcements stoked a stock rally.

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