

**Chinese economy****China's economy grows 4.6% in third quarter**

Lowest figure in year and a half comes as Beijing steps up stimulus efforts



A property slump has weighed on consumer sentiment in China © Stringer/AFP/Getty Images

**Joe Leahy** in Beijing, **Thomas Hale** in Shanghai and **William Sandlund** in Hong Kong  
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China's economy expanded 4.6 per cent year on year in the third quarter, official data showed on Friday, slower than in the previous three months, underlining faltering growth as Beijing steps up stimulus efforts.

The figures came as China's central bank gave more details of a scheme to encourage non-bank financial institutions to invest in the stock market, driving mainland China's CSI 300 index of Shanghai- and Shenzhen-listed stocks up 3.6 per cent.

The economic growth figure is the lowest in 18 months, below the government's full-year target of 5 per cent and less than [the 4.7 per cent recorded](#) in the three months to June as sluggish consumption and a property slump weighed on household sentiment.

The softer growth will underscore the need for more support from Beijing, which in late September announced its biggest monetary stimulus since the pandemic and followed up with [promises of heavy fiscal spending](#).

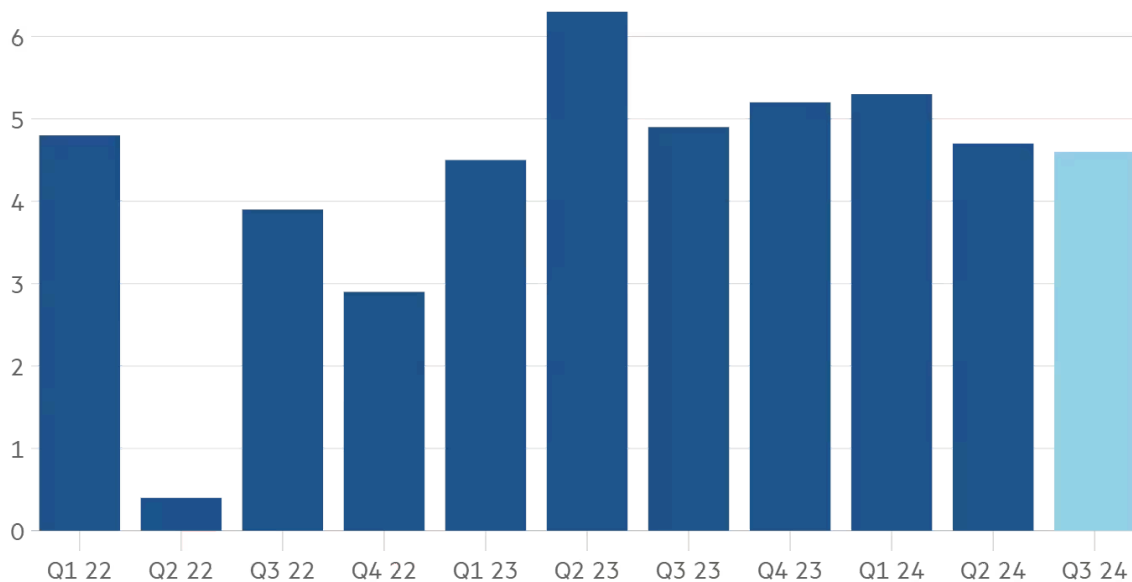
“The Chinese economy is caught in a doom loop, with cyclical and structural problems feeding off and reinforcing each other,” said Eswar Prasad, professor at Cornell University and senior fellow at Brookings.

He said the combination of declining growth, deflation and loss of confidence in the government’s policies, along with the “unravelling property sector and unfavourable demographics”, posed enormous challenges.

“The recently announced stimulus measures are a good start but . . . generating more balanced growth that is driven by household consumption and private business investment represents an even bigger challenge.”

## China's GDP growth slows

% change year on year



Source: National Bureau of Statistics

Larry Hu, Macquarie group head of China economics, anticipated that growth would accelerate in the fourth quarter as “policymakers seem to be determined to achieve this year’s growth target”.

Goldman Sachs economists said the third-quarter data “broadly beat low expectations”, with signs of a slight pick-up especially in September.

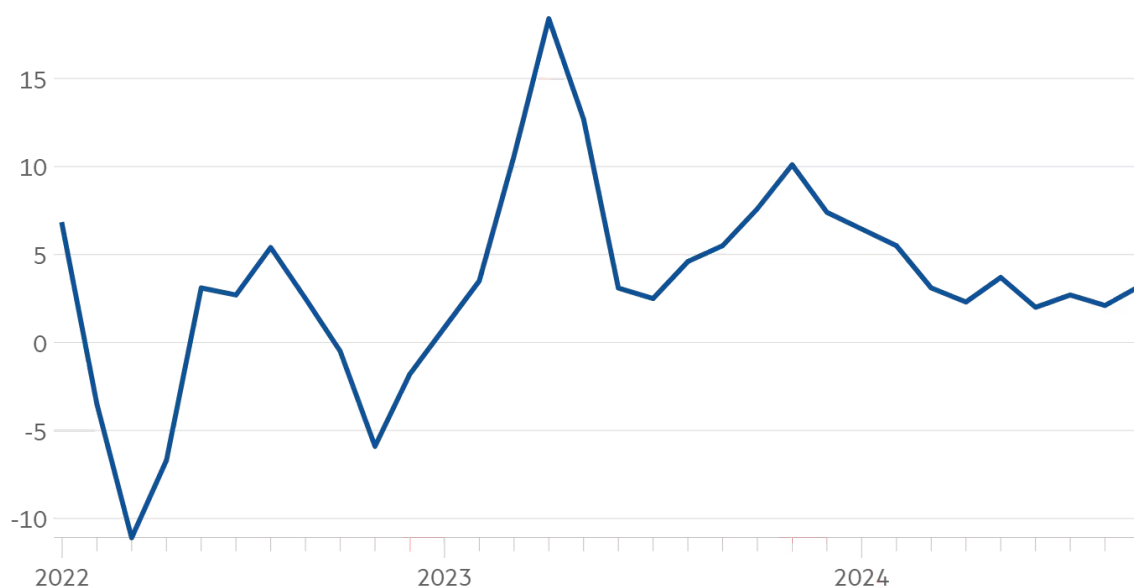
This was reflected in stronger industrial production and fixed-asset investment, which was supported by government bond issuance. Retail sales were stronger after the government initiated an appliance trade-in programme.

Market sentiment was also lifted by comments from the People's Bank of China, which said it had started operations on a facility allowing non-bank financial companies to [borrow from the central bank to buy equities](#). It said it had already received Rmb200bn (\$28bn) of applications to participate in the programme, out of total funds available in the initial phase of Rmb500bn.

Technology stocks rallied strongly, with the Hang Seng Tech index closing 5.8 per cent higher. This followed an article published on state media by President Xi Jinping highlighting the importance of technological development. The “positive progress” on the PBoC tools also boosted sentiment, said Scarlett Liu, Apac equity and derivative strategist at BNP Paribas.

### Retail sales grew in September

Year-on-year growth, %



Source: LSEG

Sheng Laiyun, deputy commissioner of the National Bureau of Statistics, told a media briefing on Friday that the [Chinese economy](#)'s growth was “overall stable”, while acknowledging that growth had fluctuated during the first three quarters of the year.

There were signs the economy was rebounding, he said, but “we are also aware these are preliminary changes, [the economy] is not on a firm enough footing” and more efforts will be made to boost growth.

Efforts by the country's economic planner, finance ministry and housing ministry to boost confidence have [fallen short of expectations](#).

Authorities have yet to quantify the extra fiscal spending, but analysts have said this might be announced at a standing committee meeting of the National People's Congress, China's rubber-stamp parliament, in the coming weeks.

Industrial production grew 5.4 per cent year on year in September, exceeding the expectations of analysts polled by Reuters and the previous month's 4.5 per cent, the NBS said on Friday.

Retail sales rose 3.2 per cent year on year in September, exceeding analysts' expectations of 2.5 per cent. Fixed-asset investment was up 3.4 per cent in the first three quarters of 2024 year on year, slightly exceeding the forecasts of analysts polled by Reuters.

Analysts have expressed concern that significant measures to directly boost household consumption are largely absent from the stimulus measures.

The finance ministry's fiscal plans mainly focus on help for local governments to refinance debt, recapitalise state banks and [aid the purchase of some](#) of China's millions of unsold homes.

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