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China Economic Outlook: Rocky Road

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Sarah Tan, Stefan Angrick, Veasna Kong

April 2026

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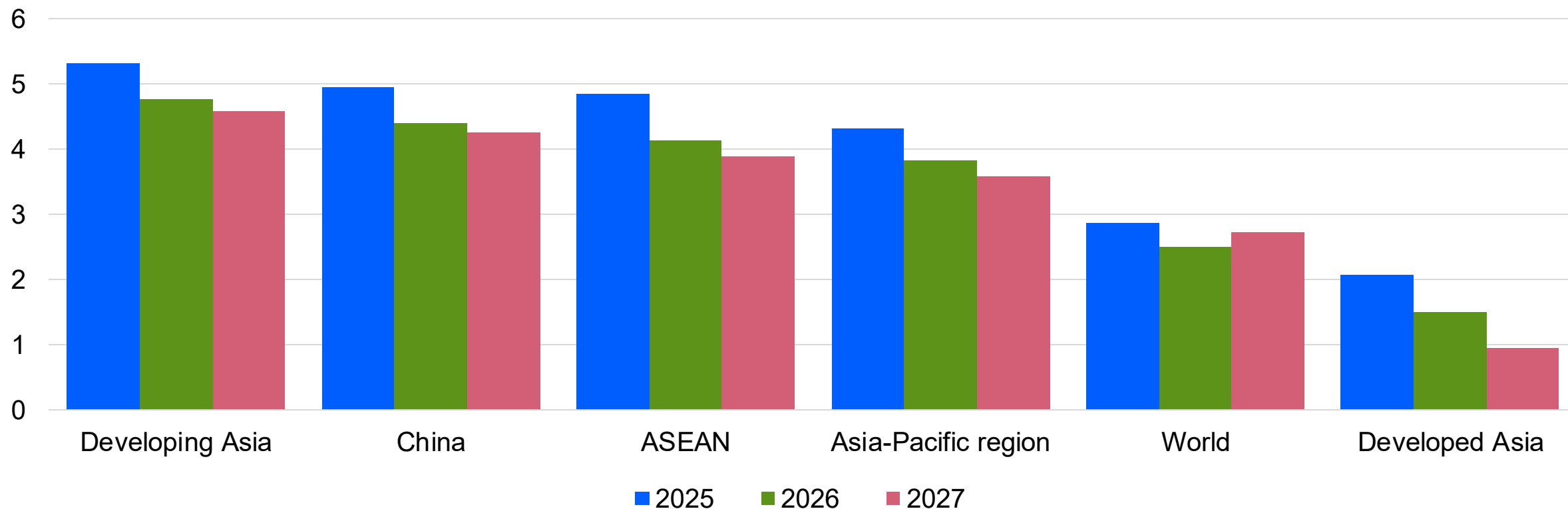
Risks

The background features a dark blue gradient with intricate, glowing blue wavy lines that create a sense of depth and movement, resembling a stylized topographical map or data visualization.

Drivers and Drags at Home

Growth Will Slow in 2026

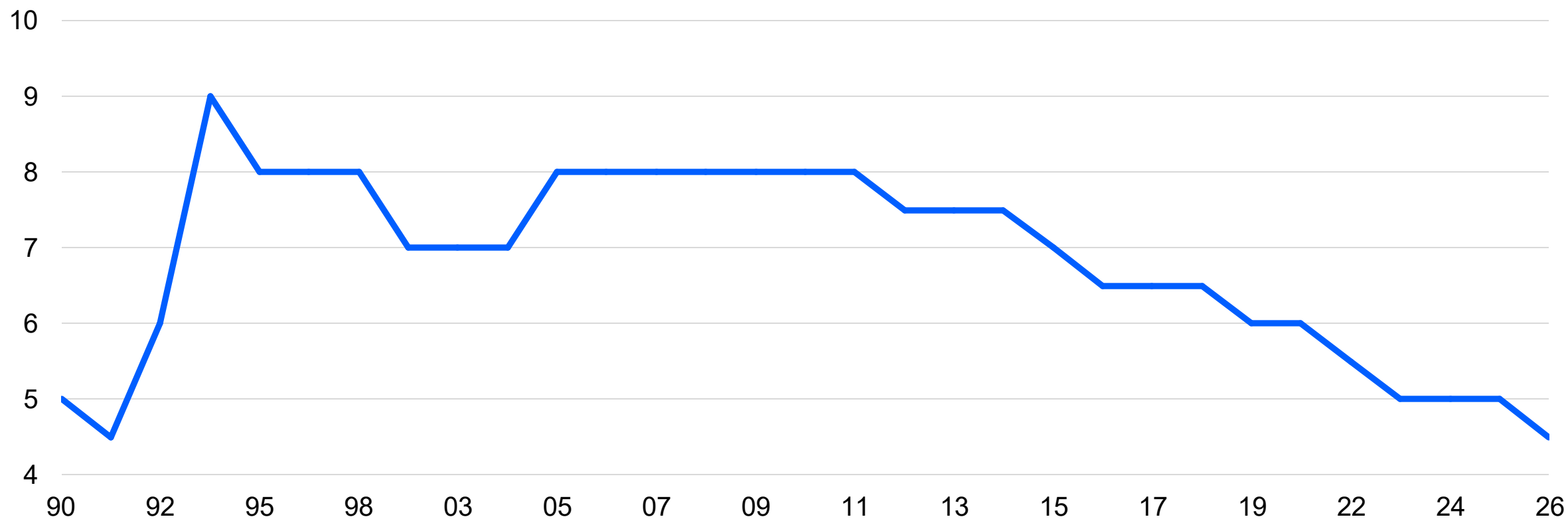
Real GDP, % change, Apr 2026 baseline



Source: Moody's Analytics

China's New Growth Reality

Annual growth target, %

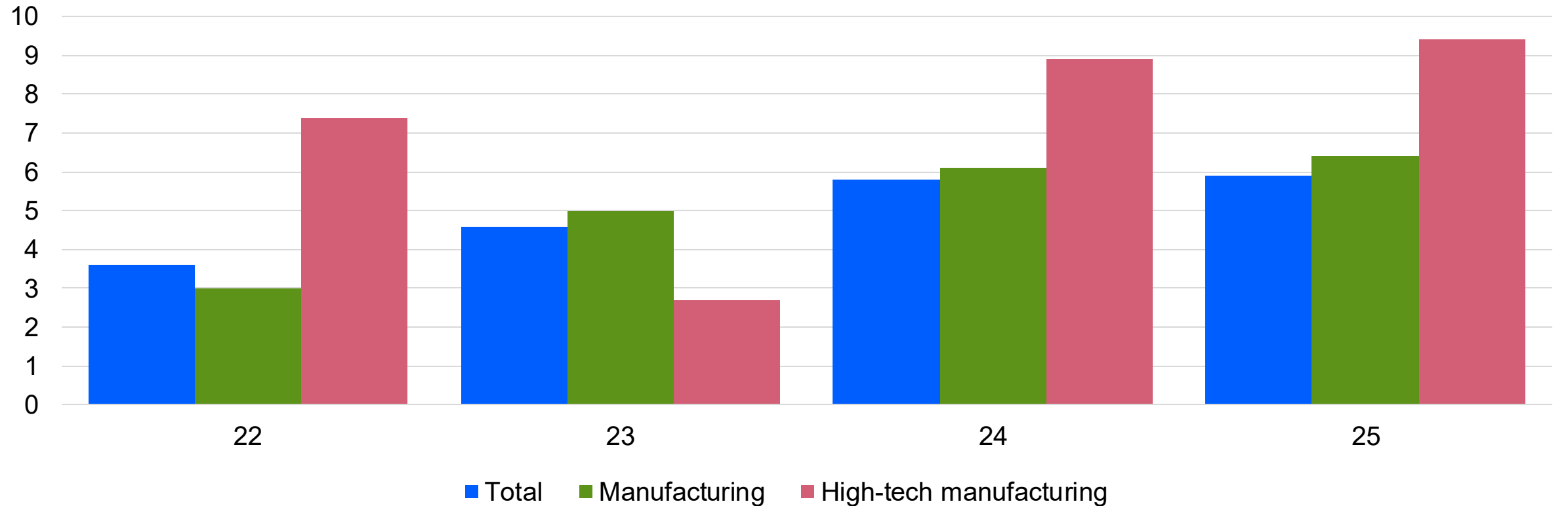


Note: Figures represent the lower bound of the target announced as a range. China did not set an annual growth target for 2020.

Sources: National Bureau of Statistics of China, CEIC, Moody's Analytics

High Ambitions, High Tech

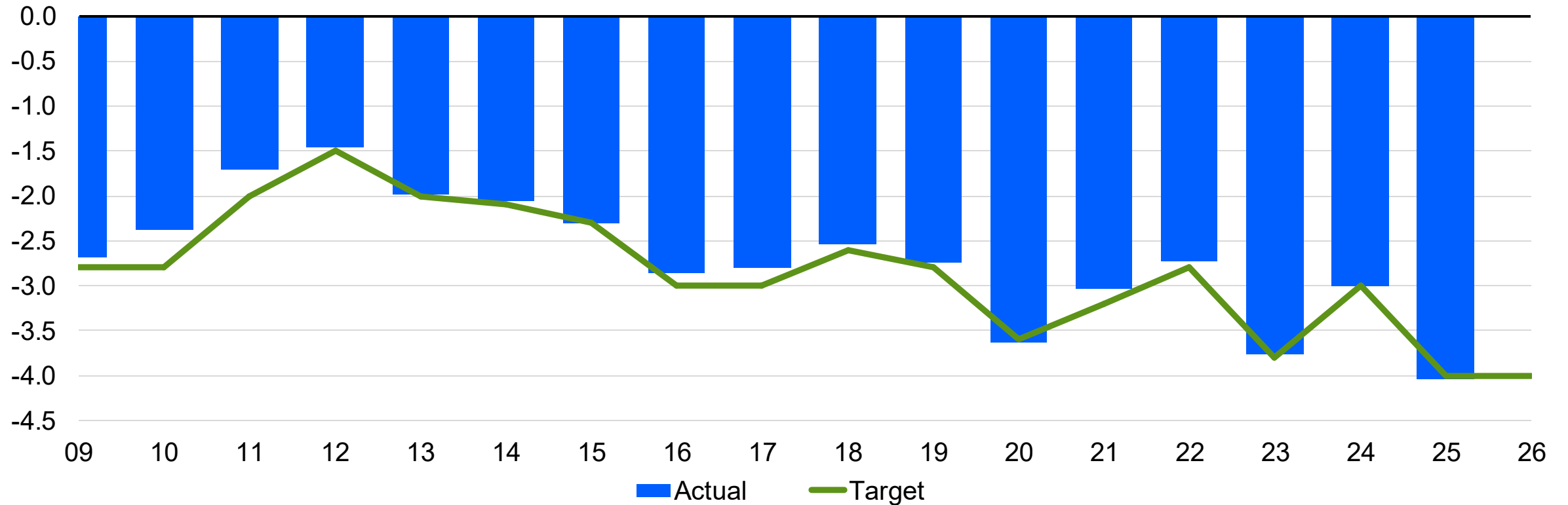
Industrial production, % change yr ago



Sources: National Bureau of Statistics of China, CEIC, Moody's Analytics

Muted Policy Support

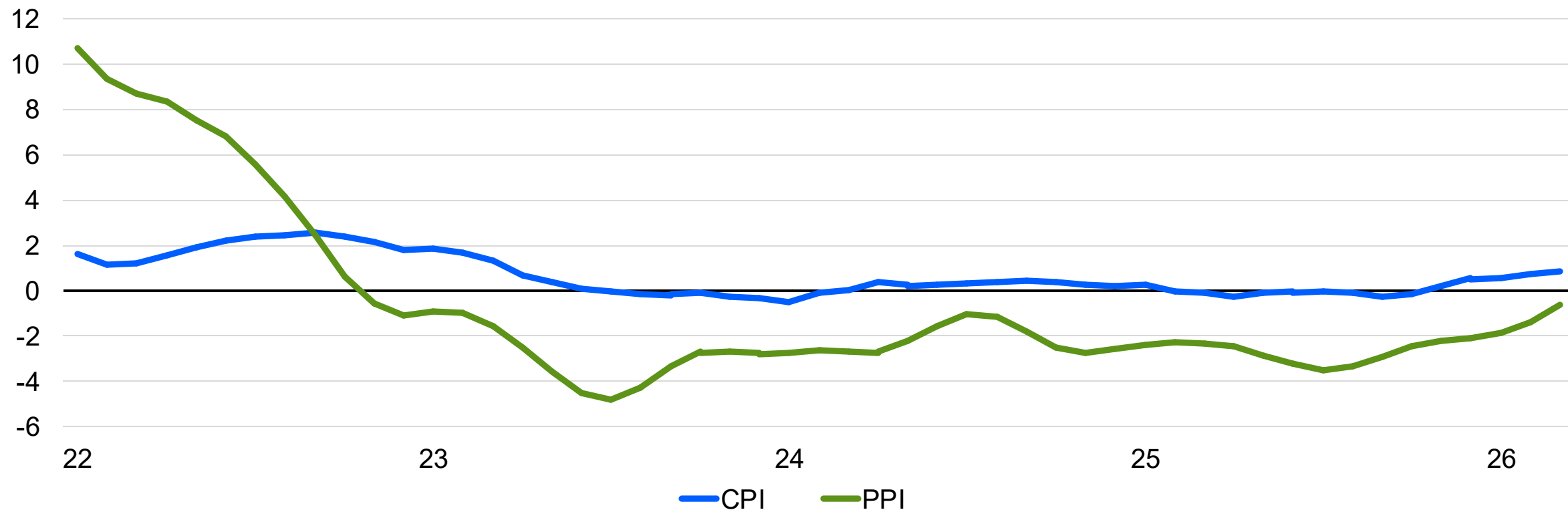
General budget deficit, China, % of GDP



Sources: Ministry of Finance of the PRC, CEIC, Moody's Analytics

Turning Up a Notch

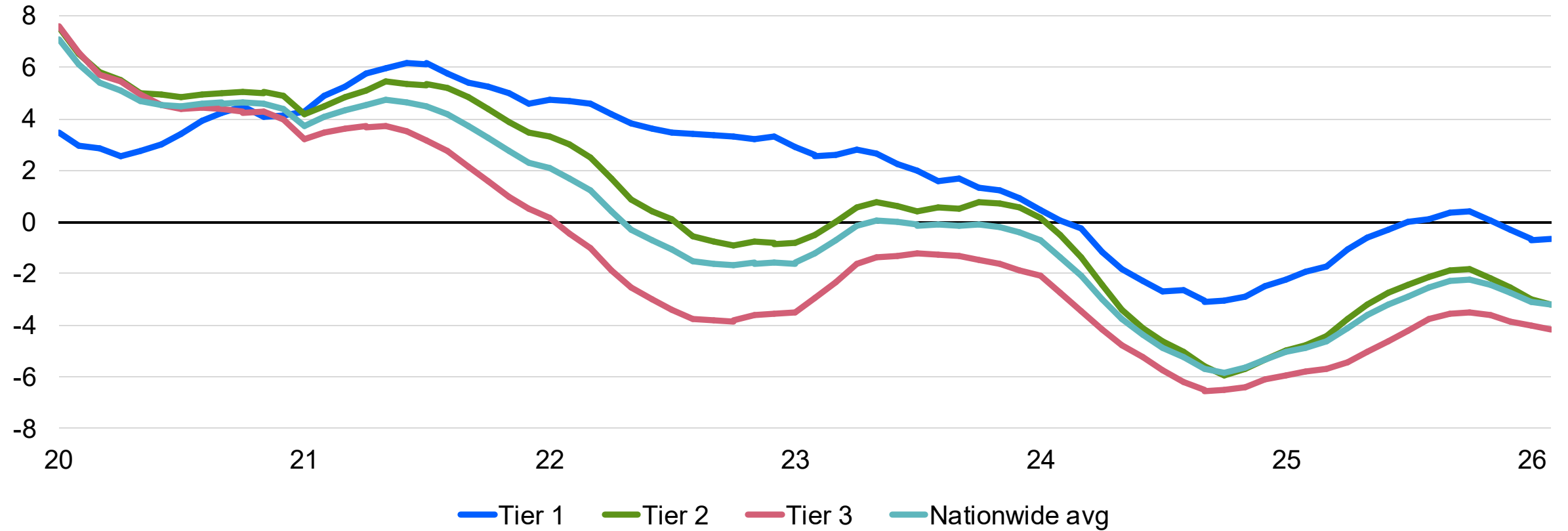
% change yr ago, SA, 3-mo MA



Sources: National Bureau of Statistics of China, Moody's Analytics

Lingering Pain

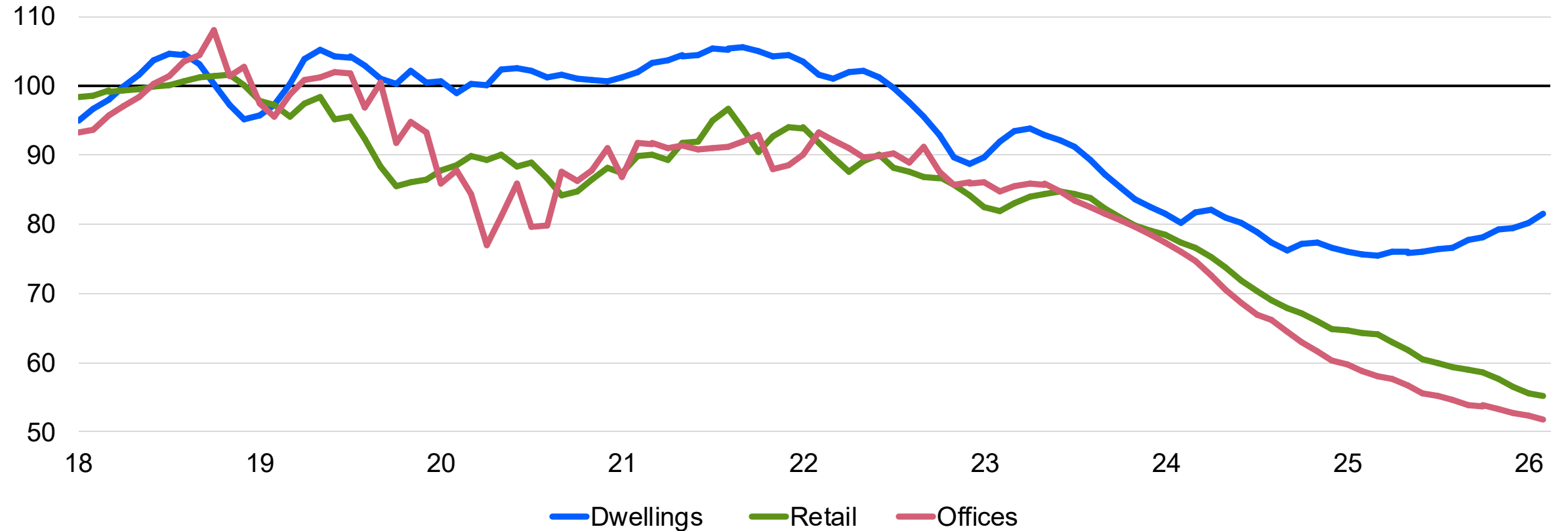
House price index, new builds, % change yr ago, SA



Sources: National Bureau of Statistics of China, Moody's Analytics

Hong Kong's Two-Speed Real Estate Market

Price index, 2018=100



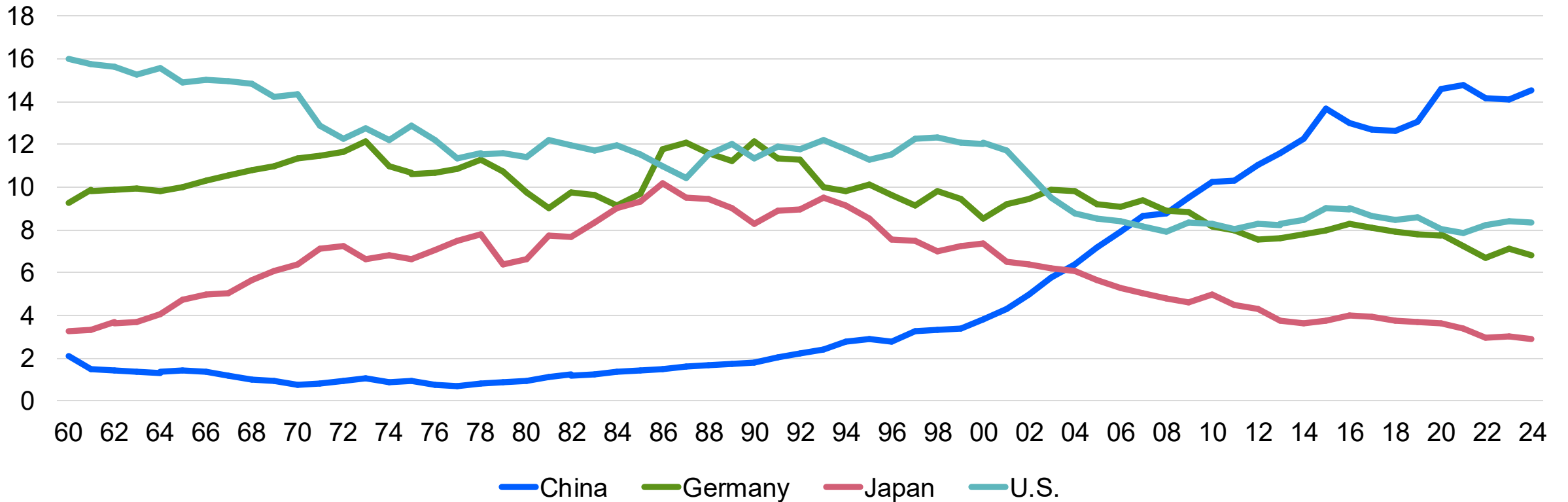
Sources: Hong Kong Rating and Valuation Department, Moody's Analytics

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External Engines

Changing of Guards

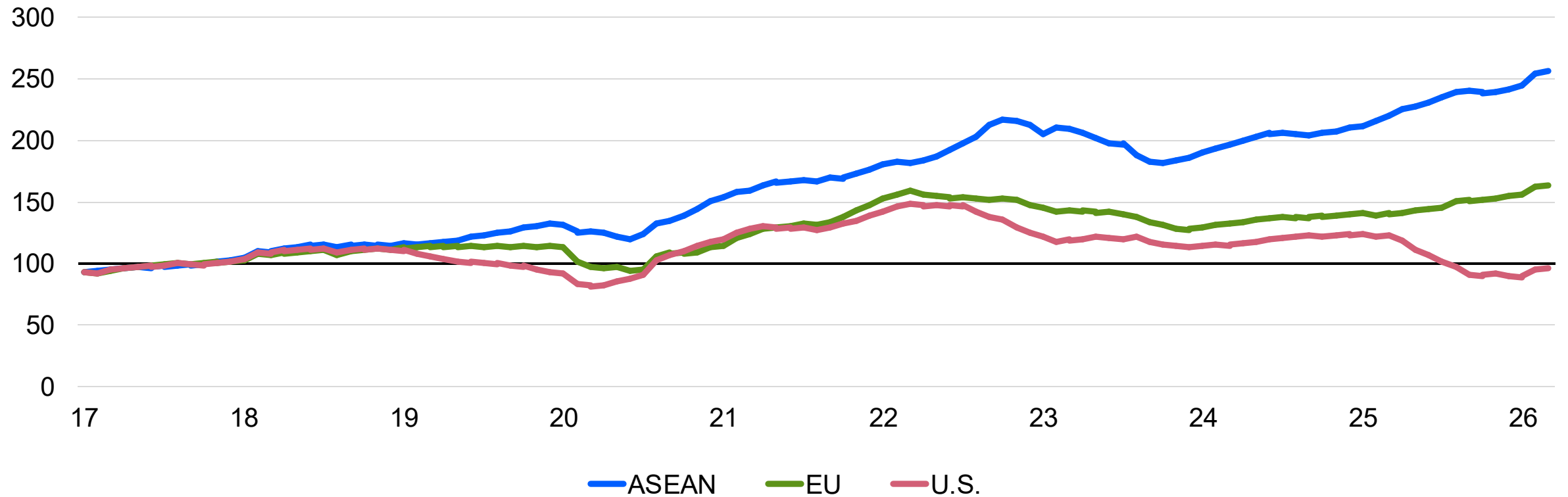
Global share of merchandise exports, %



Sources: World Bank, Moody's Analytics

Diverging Export Destinations

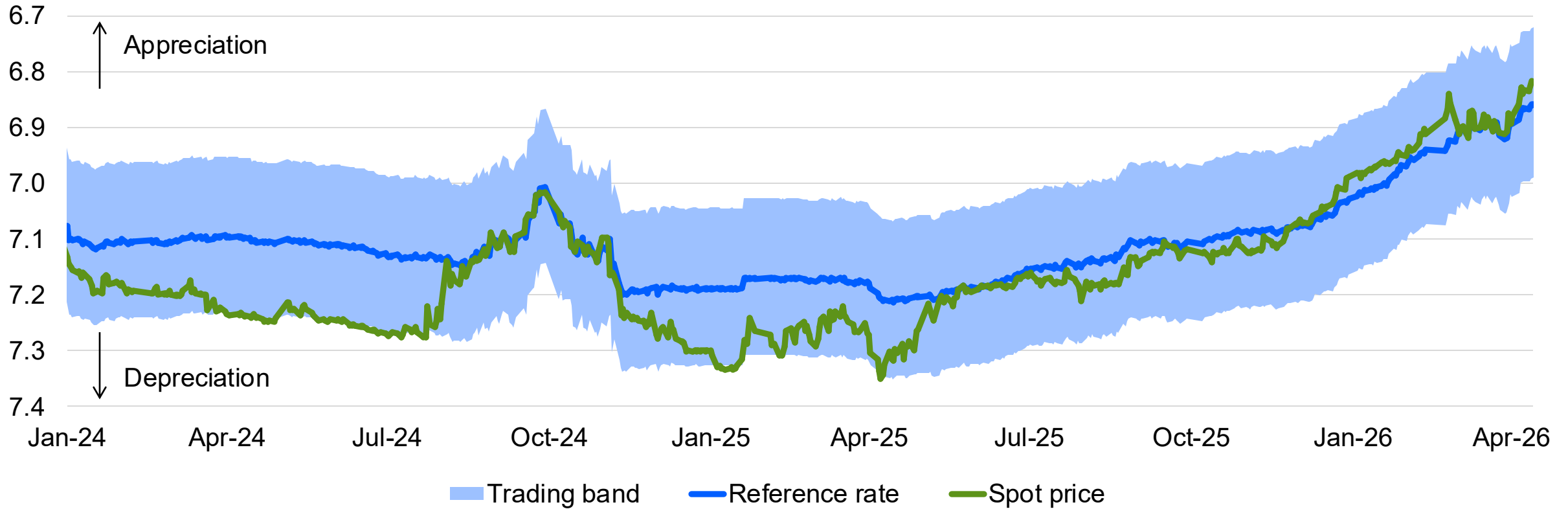
Chinese exports by destination, SA, 6-mo MA, avg 2017=100



Sources: General Administration of Customs of the PRC, CEIC, Moody's Analytics

The Yuan's Slow Climb

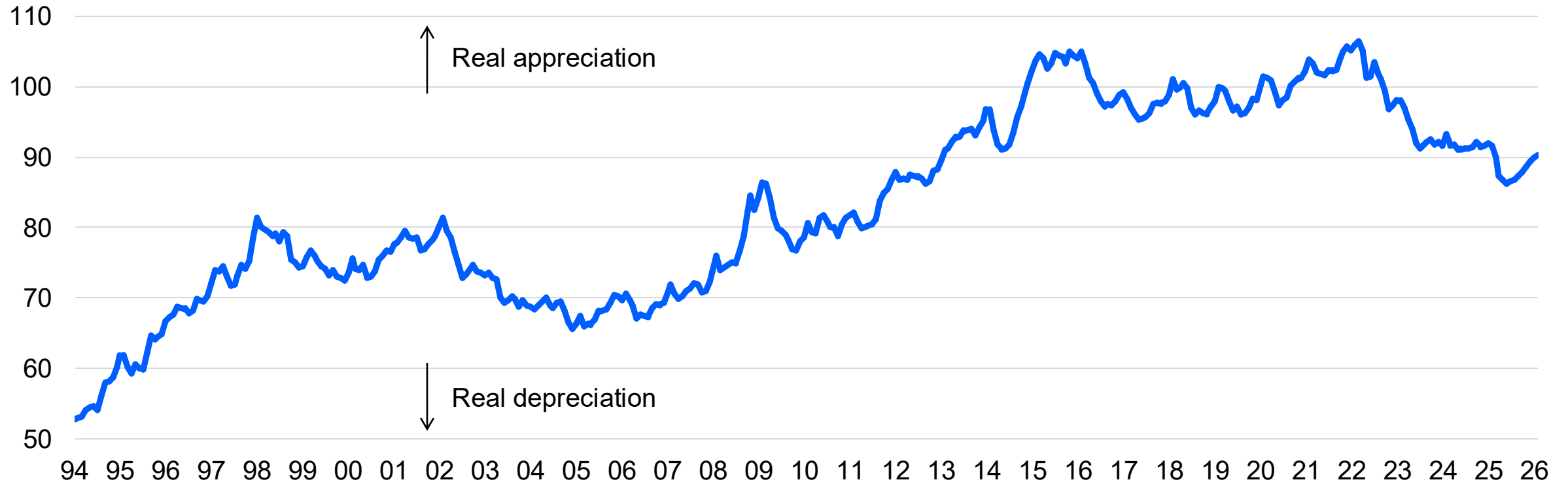
CNY per USD, inversed



Sources: China Foreign Exchange Trade System, CEIC, Moody's Analytics

Rising Export Competitiveness

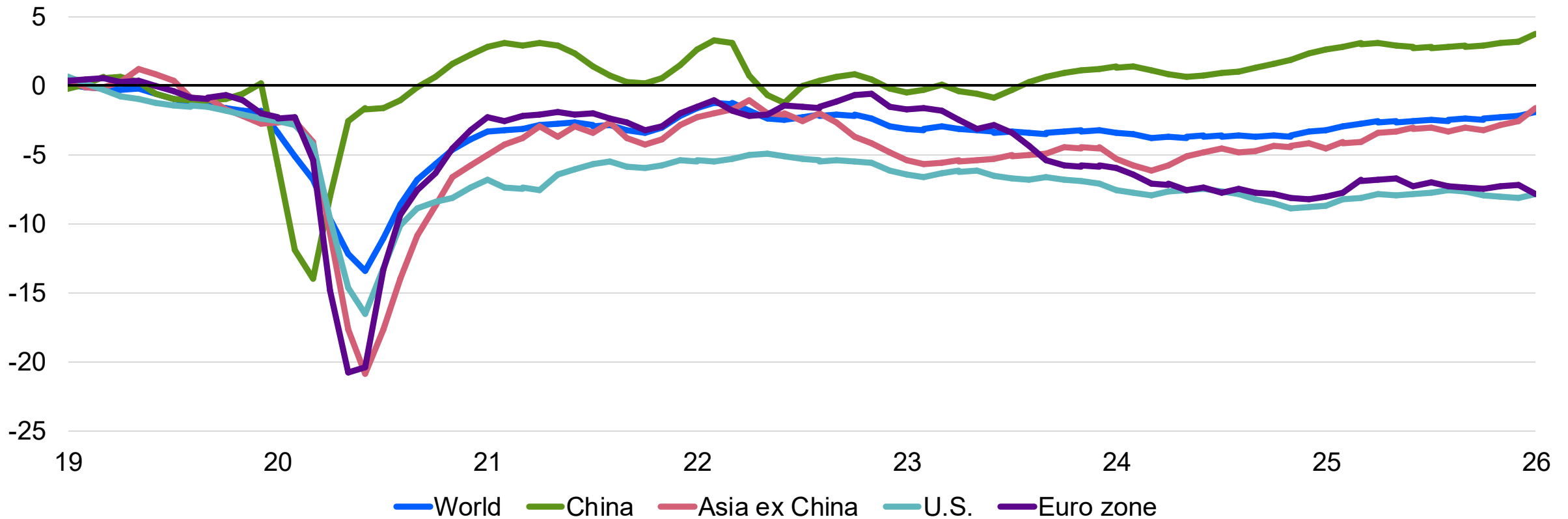
Real effective exchange rate, avg 2020=100



Sources: BIS, Moody's Analytics

Manufacturing in China Thrives, Others Stumble

Industrial production, % deviation from pre-pandemic (2010-2019) trend



Note: The data are smoothed using a 3-mo MA.

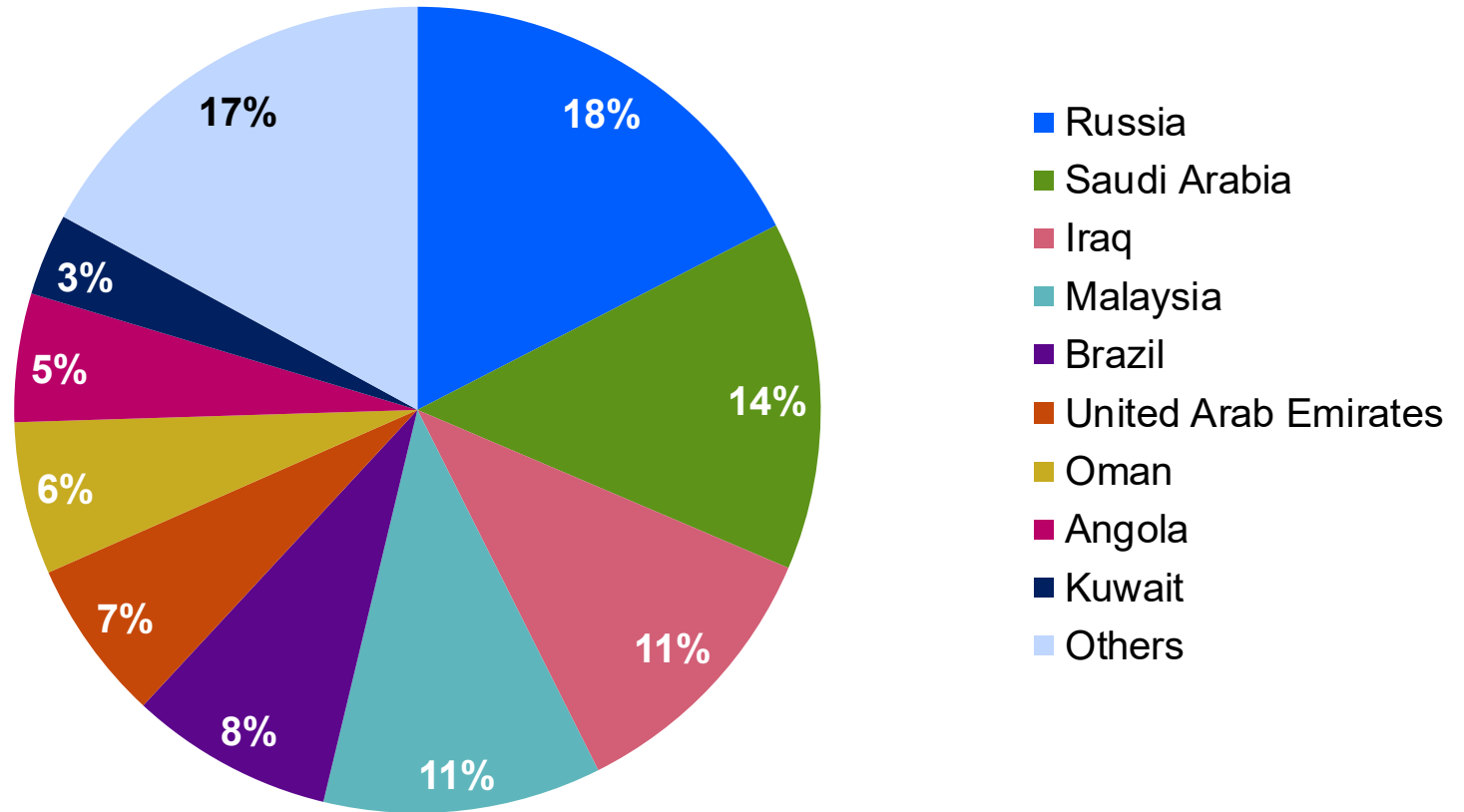
Sources: CPB Netherlands Bureau for Economic Policy Analysis, Moody's Analytics

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Risks

Spreading the Barrels

China crude oil imports by source, 2025

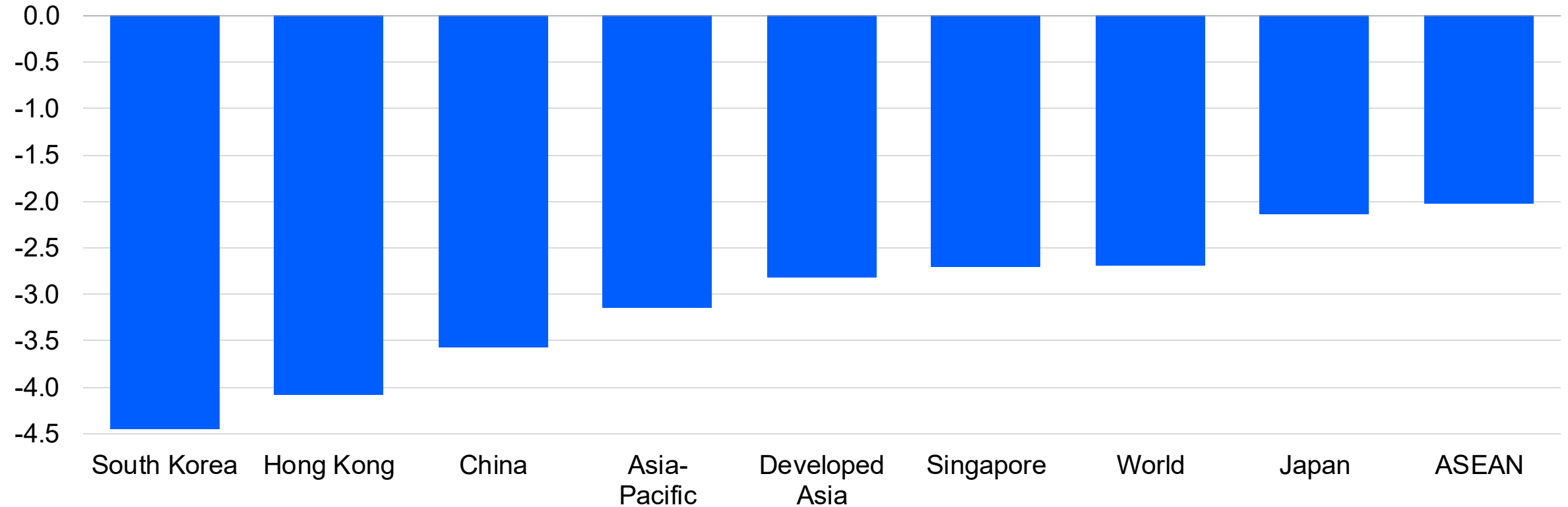


Note: Crude oil is defined as HS code 27090000.

Sources: General Administration of Customs of the PRC, Moody's Analytics

A Prolonged Conflict in the Middle East Will Be Detrimental

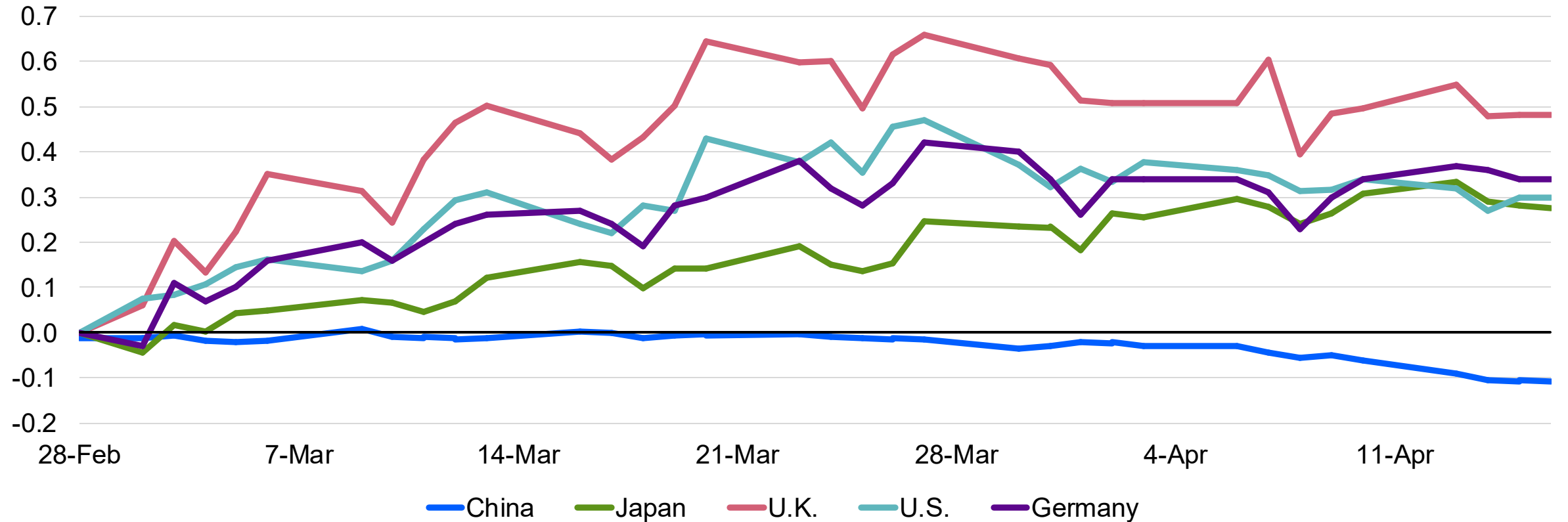
Real GDP, S6 scenario peak % deviation from baseline



Source: Moody's Analytics

Government Bond Yields Have Risen, Except in China

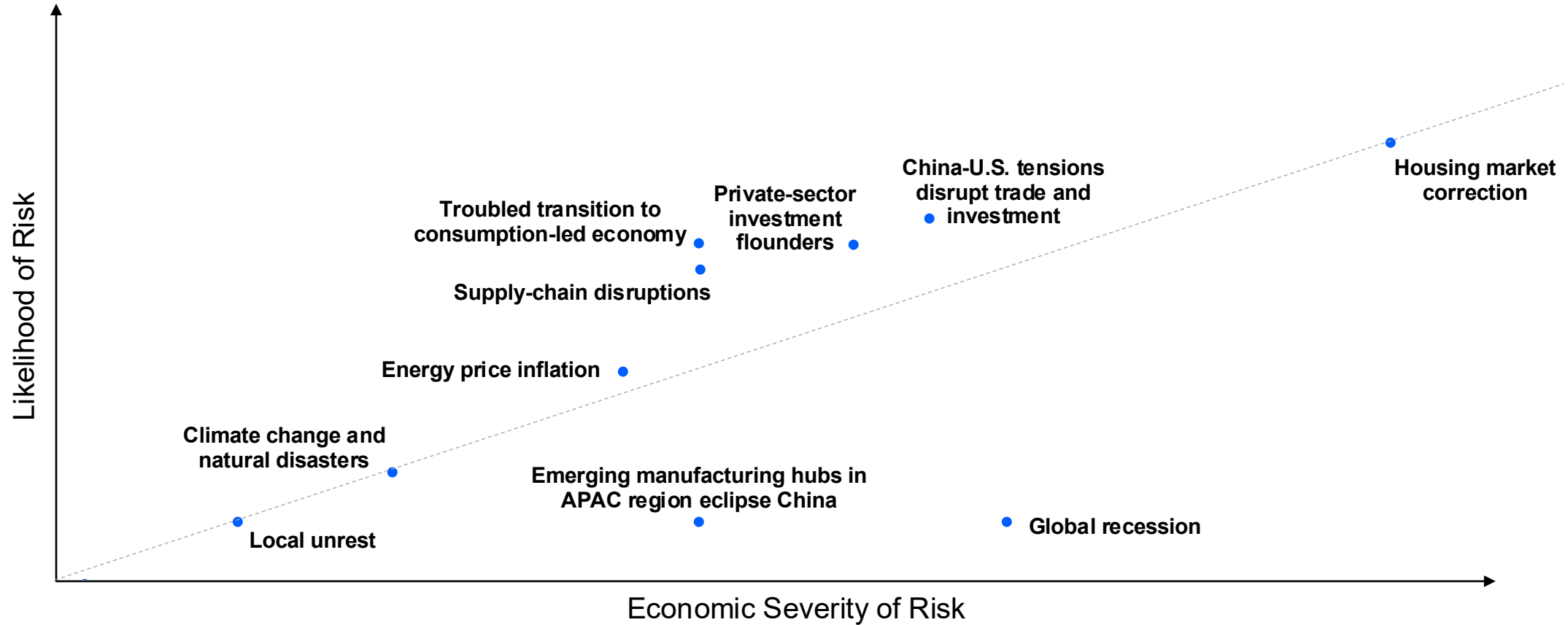
Percentage points change in 10-year govt bond yields since 27 Feb



Sources: CEIC, Moody's Analytics

Challenges Abound

China Risk Matrix



Source: Moody's Analytics

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Thank you

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