

Chinese economy

China's economy boosted by stronger retail sales and industrial activity

Property sector and fixed-asset investment disappoint as data release points to mixed picture for recovery



A driver delivers packages in Beijing ahead of the November 11 Singles' Day online shopping festival. China's retail sales rose 7.6% in October on the previous year © Mark R Cristino/EPA-EFE/Shutterstock

Thomas Hale in Shanghai 6 HOURS AGO

China's consumer and industrial activity expanded faster than expected in October, adding to hopes of improvement as the economy continues to grapple with a property slowdown, weak trade and an incomplete recovery from the coronavirus pandemic.

Retail sales expanded 7.6 per cent year on year last month, according to official statistics released on Wednesday, compared with forecasts of 7 per cent in a Reuters poll of economists and up from a 5.5 per cent increase in September.

Industrial production climbed 4.6 per cent, marginally exceeding expectations of a 4.4 per cent rise and a 4.5 per cent increase in September as it notched its fastest growth since April.

The monthly gauges, which benefited from a comparison with the final stages of [China's](#) restrictive zero-Covid policy last year, were closely watched for signs of a turnaround in the world's second-largest economy.

China has suffered from disappointing data this year, with weakness in trade, manufacturing, [foreign direct investment](#) and a property sector slowdown compounding pessimism despite authorities lifting pandemic restrictions in January. Authorities in August announced they would cease publishing youth unemployment

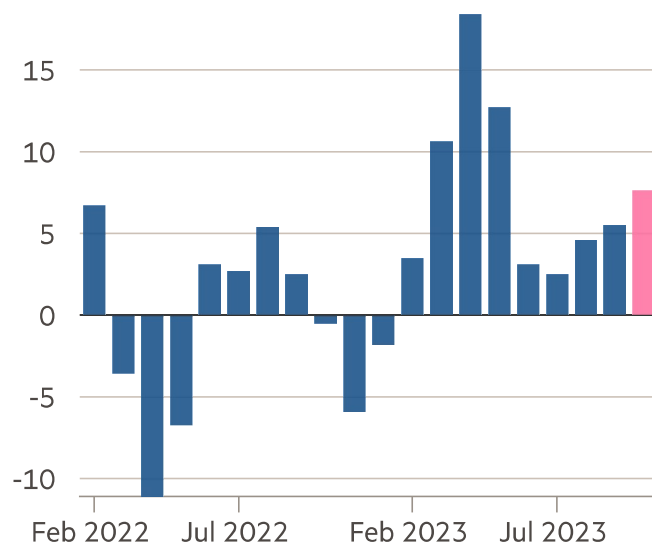
figures, which had hit record levels.

The indicators published on Wednesday also reflected a mixed picture, with fixed-asset investment missing expectations, rising just 2.9 per cent in the year to October, compared with 3.1 per cent in the year to September.

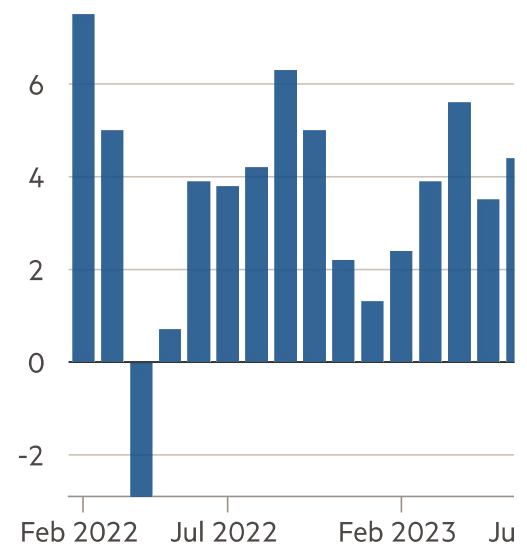
China's consumption and production activity have grown at the fastest rate in months

Year-on-year change (%)

Retail sales



Industrial production



FINANCIAL TIMES

Source: China's National Bureau of Statistics

A spokesperson for China's National Bureau of Statistics said domestic demand was "still not sufficient" and that manufacturers faced low market demand.

The official purchasing managers' index showed factory activity unexpectedly contracted last month, while the economy [edged back into deflation](#) due to falling pork prices.

China's deeply indebted real estate sector, which has for two years endured a wave of developer defaults and construction delays, remained under pressure in October, with property sales by floor area falling 7.8 per cent, compared with a 7.5 per cent decline in the year to September.

"Once again, there was a divergence between general activity, which moved forward,

and anything property related, which continued to flounder,” wrote Robert Carnell, regional head of Asia-Pacific research at ING in a note.

The [drawn-out default of Country Garden](#), once China's largest private developer by sales, has in recent months added to pressure on policymakers, who have already set the annual target for gross domestic product growth at its lowest in decades, at 5 per cent.

Beijing has stopped short of directly bailing out the property sector, though it has cut important borrowing rates and eased restrictions on real estate purchases. Local governments have also come under pressure to provide liquidity to developers for incomplete housing projects.

The IMF last week [raised its annual growth forecast for China](#) to 5.4 per cent, citing policy support for the property market.

In a further signal of China's fragile consumer appetite, a major online shopping festival this month recorded the weakest growth since data collection began in 2010, according to HSBC analysts.

The total merchandise value of sales for the Singles' Day shopping holiday on November 11, when online platforms offer steep discounts, rose just 2.1 per cent to Rmb1.14tn (\$157bn).

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