MERICS ECONOMIC INDICATORS

Quarterly analysis of economic trends in China

Q3/2018:

Growth comes under pressure even before trade war strikes

Max J. Zenglein, Senior Economist

max.zenglein@merics.de

Maximilian Kärnfelt, Economic Analyst

maximilian.kaernfelt@merics.de

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MERICS Q3 analysis

Chinese government launches stimulus to counteract slowing growth

China's growth continued to decline in the third quarter, due to a mix of domestic and external factors. It fell to 6.5% in the third quarter 2018, from 6.7% in the second quarter and 6.8% in the first. The government has started to counteract this trend with a cautious loosening of monetary policy and with targeted stimulus measures to support consumers and struggling regions.

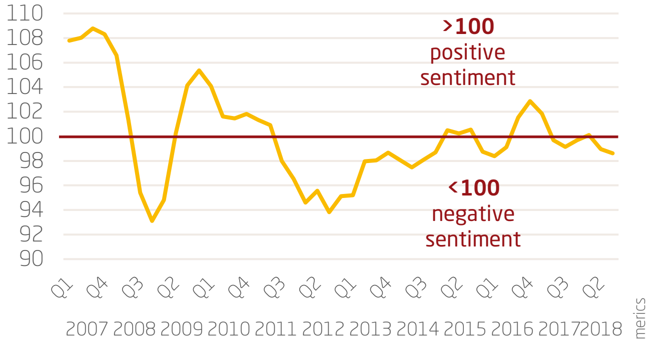
Confidence in the economy has deteriorated in the past three months. Key macroeconomic indicators including consumer spending, investment, and manufacturing output are all at lower levels than in 2017. Losses in the stock market, the Chinese Yuan's depreciation against the US Dollar, and foreign exchange reserves falling to a 14-month low reinforce the negative sentiment. The MERICS China Confidence Index (MCCI) has remained below 100, indicating a negative sentiment in the economy for two quarters.

The MERICS China Confidence Index (MCCI)

The MERICS China Confidence Index measures households' and businesses' confidence in future income and revenues.

The index is weighted between household and business indicators. It includes the following indicators: stock market turnover, future income confidence, international air travel, new manufacturing orders, new business in the service sector, urban households' house purchase plans, venture capital investments, private fixed asset investments and households' consumption share of disposable income. All components have been tested for trends and seasonality.

MCCI indicates negative sentiment for second quarter in a row MERICS China Confidence Index



Note: Q2 2018 index was calculated with one missing data point.

The decline in domestic demand partially stems from tighter economic policies intended to reduce the build-up of debt in the economy. At the same time the external environment is deteriorating: the US Fed's recent interest rate hikes have put pressure on emerging markets including China, and oil prices are elevated. China will have to brace for the impact of the US-China trade war, which escalated dramatically in the third quarter. Many companies are likely to re-evaluate their supply chains and investment decisions before the tariffs – currently at 10% - are set to increase to 25 percent in 2019 for 200 billion USD worth of Chinese exports.

These challenges are forcing the government to rethink its economic policies. Efforts to reduce inefficiencies and the reliance on credit are being relaxed as growth takes precedence. The People's Bank of China has already shifted to towards a looser monetary policy by reducing the required reserves ratio and freeing up funds for lending.

However, the biggest policy change is coming in the form of a more active fiscal policy. The government announced plans to revitalize the struggling north-eastern region, and it released a five-year plan to boost development in rural areas. Individual income tax reductions meant to stimulate consumer spending are being introduced. Infrastructure spending is also expected to pick up again. the has government announced new massive projects, particularly in transportation.

Compared to the large-scale stimulus amid the financial crisis in 2009, the current package is so far modest. It does however indicate the government's willingness to return to investment-driven policies of the past in response to an increasingly insecure economic environment. Careful not to raise doubts about its commitment to deleveraging and structural reforms, government officials have been avoiding the term stimulus in public communications. But as the saying goes: if it walks like a duck, swims like a duck, and quacks like a duck, then it probably is a duck.

Focus topic

China's battery industry is powering up for global competition

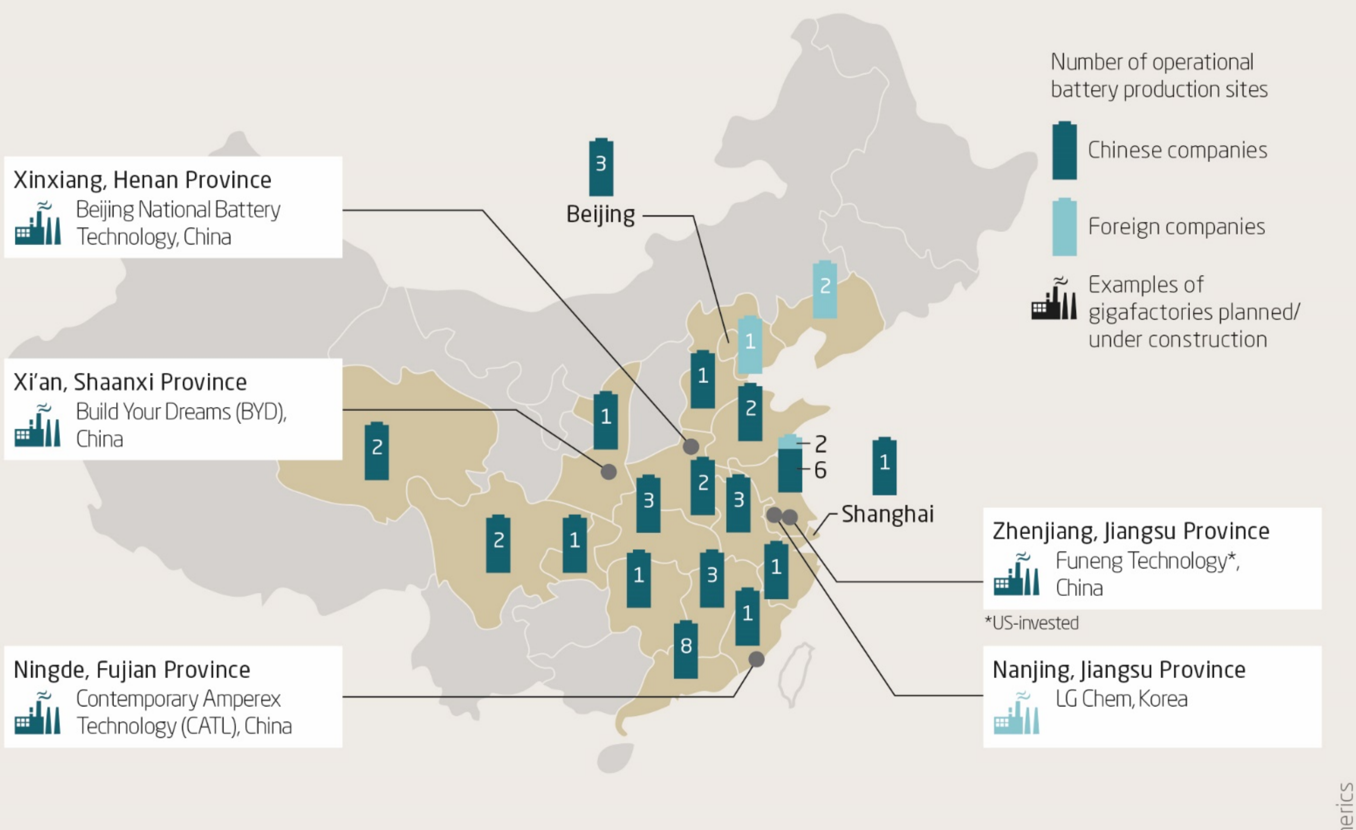
By Anna Holzmann

China's energy vehicle (EV) battery industry is well positioned to lead the global competition. The industry's strong performance results from state support for domestic manufacturers. As China's EV battery manufacturers expand abroad, free market economies are up against China's state-led industrial policy.

Until recently, Tesla's and Panasonic's joint gigafactory in Nevada was the global benchmark for producers of lithium-ion batteries – the most common type of battery for electric vehicles (EVs). The US plant is currently capable of producing 20 gigawatt-hours (GWh) per year. In June, Tesla announced to further ramp up production by setting-up a combined automobile-and-battery factory in Shanghai.

Chinese competitors, however, are rapidly catching up. China's leading battery producers, Contemporary Amperex Technology (CATL) and Build Your Dreams (BYD), are eager to set new standards with their own gigafactories. If China's expansion plans materialize, its battery manufacturing capacity would be more than triple than that of the rest of the world.

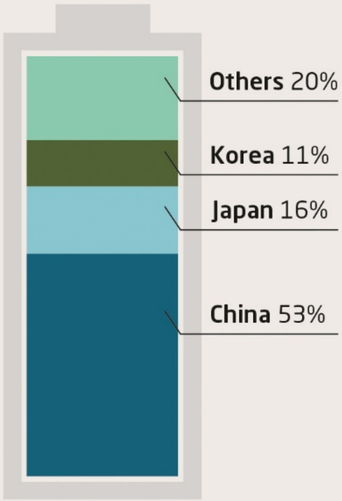
China is building up a massive battery manufacturing capacity
The local production base clearly is in Chinese hands



Source: Company websites, MERICS research (based on China's 2017 top ten and foreign global top four manufacturers).

The development of the battery market is closely linked to the booming EV industry. Global sales reached a peak last year and are expected to further increase in the next decade. The race is on: for car makers to secure preferential supply with batteries, and for battery manufacturers to assume global leadership. With the aid of state support, Chinese companies have made a head start.

The global EV battery market is dominated by Chinese companies
Seven out of the global top ten battery manufacturers are Chinese



	Company	Global Market Share, 2017 (%)*	Country
1	Contemporary Amperex Technology (CATL)	19	China
2	Panasonic	16	Japan
3	Build Your Dreams (BYD)	12	China
4	OptimumNano	9	China
5	LG Chem	7	Korea
6	Guoxuan High-Tech	5	China
7	Samsung SDI	4	Korea
8	Beijing National Battery Technology	3	China
9	BAK	3	China
10	Funeng Technology**	2	China
	Others	20	

* Based on EV lithium-ion battery shipments (GWh)
** US-invested

Sources: China EV 100.

China has the top position in the global EV battery industry because of its strong domestic base. The country has accounted for the world's largest EV market since 2015 and is expected to further grow to meet the state-set goal of five million EVs by 2020.

State intervention benefits Chinese manufacturers

Given the market size, a strong foothold in the Chinese battery industry translates into a front-row position in the global field. State intervention, however, has worked to the advantage of Chinese manufacturers. The market is increasingly concentrated in the hands of a few Chinese players. By June, the combined market share of the two EV battery behemoths CATL and BYD reached 64 percent – a considerable portion, given that China's top ten battery manufacturers together hold a domestic market share of about 87 percent.

Last year, only six out of 98 battery (component) companies operating in China were from abroad. A main reason for this is China's certification scheme. Since 2015, the Ministry of Industry and Information Technology has cleared 57 general EV battery manufacturers for business in China. They are virtually all Chinese. It is reported that foreign companies were denied inclusion in the official list of certified battery producers on dubious grounds, suggesting that some sort of double standard was applied

Admittedly, foreign battery producers have started to break into the Chinese market a while ago – often in form of joint ventures – and ownership restrictions were abolished last year. Yet, industry regulations and governmental support have long shielded the domestic industry from foreign competition.

In 2016, for example, Beijing issued draft regulations that did not explicitly discriminate against foreign companies but nevertheless created a competitive advantage for Chinese producers. The regulations call for an annual capacity of eight Gigawatt hours (GWh) for lithium-ion battery manufacturers active in China. At first, only CATL and BYD met this criterion. Demand for their products was further artificially boosted, since EV subsidies would only be granted for cars using batteries from companies that met the stipulated requirements.

Changes in the regulatory scheme also drained demand for batteries from LG Chem. The Korean company was put in a predicament that allegedly led to the sale of the company's Nanjing battery plant – including the rights to use its manufacturing technology – to Chinese auto manufacturer Geely in April last year. LG Chem, however, has already announced plans to establish a new factory in Nanjing.

Plans for battery industry are in line with Made in China 2025

Allegations of preferential treatment are substantiated by the state-set goals for China's battery industry. Already back in 2012, the Chinese government stated that two to three leading battery companies with a capacity of ten Gigawatt hours should be brought about by 2020. These ambitions were revised upward to 40 GWh for "leading companies of international competitiveness" in the EV battery industry action plan released last year. These ambitions tie in neatly with the Made in China 2025 industrial policy, which seeks to boost domestic capabilities at the expense of foreign actors and lists EVs as a core industry. The strategy also regards batteries as a key domain for accelerated development. A minimum of 18 EV battery-related smart manufacturing pilot projects were set up since the release of the policy three years ago. Unsurprisingly, they are almost exclusively carried out by Chinese companies.

To cement their supremacy, Chinese battery manufacturers also count on fellow Chinese companies' support. Last year, for instance, CATL formed two joint ventures with automobile company SAIC Motor. It also entertains strategic relations with other firms such as Dongfeng Motor. The Optimum Nano Innovation Alliance represents another type of initiative that ties together key domestic (read "Chinese") players across the value chain of EV battery production. Acquisitions of foreign companies and inbound transfer of technology to build up a strong Chinese industry have become relatively scarce. The recent business activities of China's top five battery manufacturers conform to an expansionist strategy of self-confident actors that started out to conquer the world.

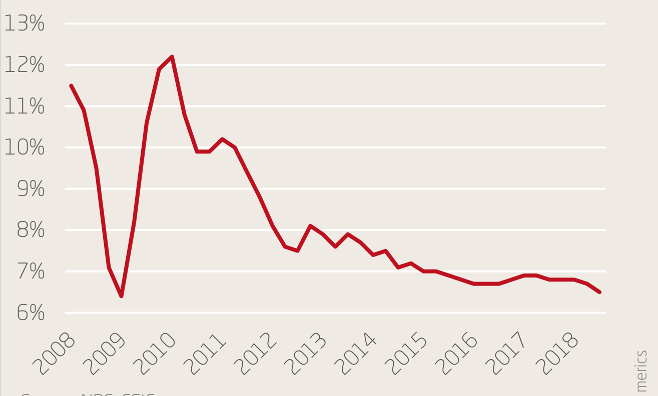
The case of China's battery industry shows how government-steered demand for EVs and protectionist policies led to a thriving domestic market that has produced national and increasingly global champions. It serves as a model case of China's state-led approach to emerging industries that puts free market economies to the test. CATL's plan to open its first battery plant overseas in Germany in 2022 is a case in point. This time it is a Chinese company introducing key technology to Europe, and not the other way around. And more Chinese battery manufacturers are set to follow suit with their own plans to venture into Europe.

Economy

Domestic factors pull GDP growth down to lowest level since 2009

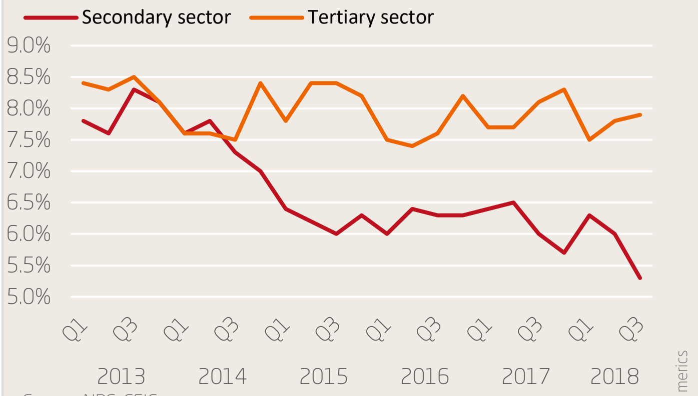
- Chinese government resorts to stimulus to brace for impact of trade war with United States
- Growth target for 2018 will be met, but concerns for 2019 are mounting

Economic growth falls to lowest since financial crisis as deleveraging bites
Real GDP growth, 2008 – 2018



Source: NBS, CEIC

Growth in secondary and tertiary sectors continues diverging
Real GDP growth sector growth, 2013 – 2018



Source: NBS, CEIC

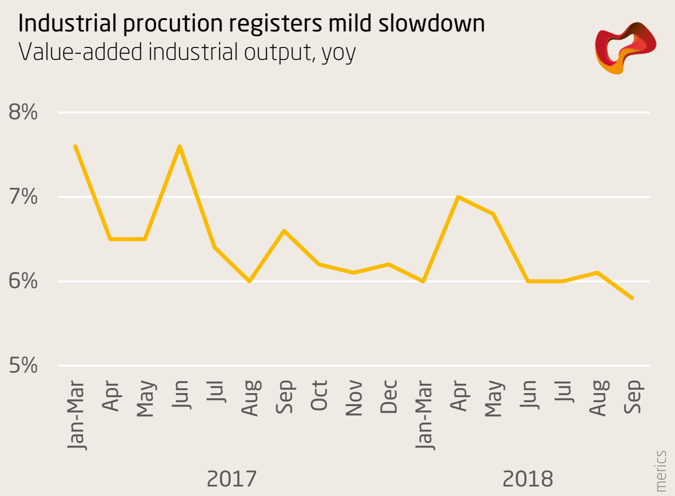
- Deleveraging, environmental protection programs, and external pressure like the trade conflict with the United States have put pressure on the Chinese economy. The economy grew at 6.5% in real terms in the third quarter, the lowest rate since the global financial crisis in 2009. Nominal GDP grew by 9.4%, below credit growth, indicating that overall debt levels are still rising. Despite the pressure, China is on track to reach the government's economic growth target of around 6.5% for the full year.
- Because some of the downward pressure on the economy was self-imposed, the government has ample room to relax some of its policies and thereby generate more growth. This has already begun and is set to continue in the last quarter. Fiscal policy is to become more active, and monetary policy is gradually becoming looser.
- Growing at 5.3% and 7.9% respectively, the manufacturing and service sectors continued to diverge. The biggest driver of the service sector was the IT industry which grew robustly at 31.7%.
- Consumption expenditure growth (5.2%) made up the largest share of economic growth; investments remained stable (2.1%). However, a decline in net exports (-0.66%) led to a slight reduction of overall growth. The deteriorating trade balance was not caused by the trade war however, as China's trade surplus with the United States hit a new record in the quarter.
- There will be more pressure on the economy in the last quarter. 2019 is set to become a difficult year for China's economy. Direct and indirect effects of the trade war are set to hit all parts of the Chinese economy. Lower growth will threaten the government's 2020 development targets. The leadership's likely response will be to invest in infrastructure and state-favored industries to maintain current growth levels.
- The government is however not in a good position to repeat the large-scale stimulus program with which it shielded China from the global financial crisis in 2009. The risks of such a program would be much greater today as the country's financial system is much more severely leveraged. Any stimulus program would represent a step towards the development model of the past in which investment had a greater share of the economic composition.

Related MERICS analysis: Policy in China still puts growth before deleveraging

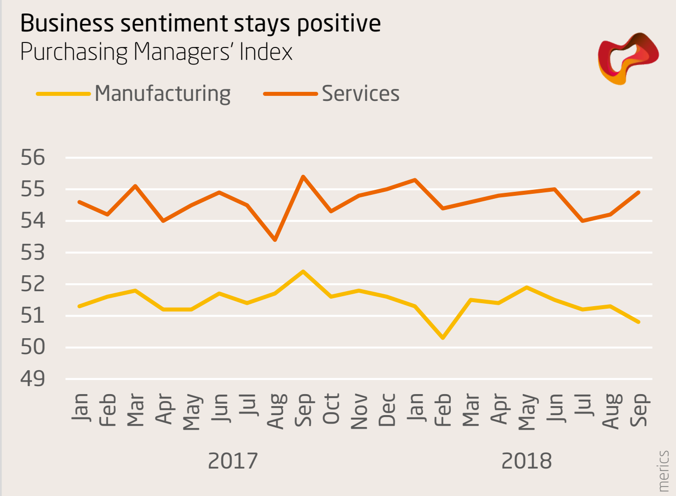
Business

New regulations could increase cost of doing business in China

- External and internal headwinds have little impact on industrial output
- Government introduces measures to minimize negative effects of trade war



Source: NBS



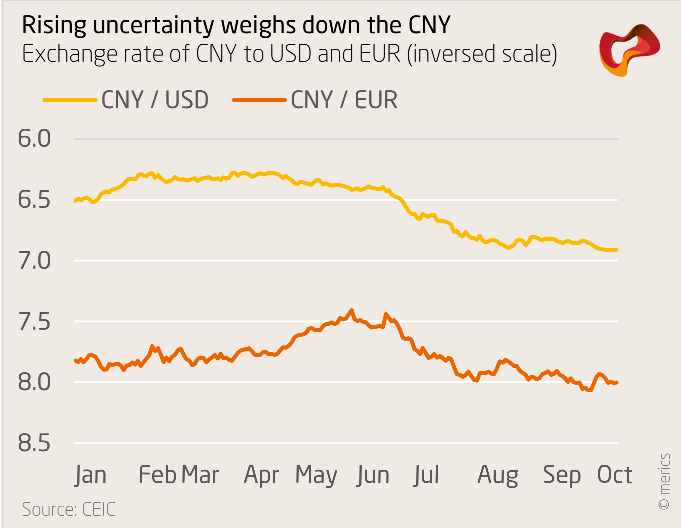
Source: NBS

- Industrial production continued growing at a relatively stable pace of around 6% in the third quarter. Manufacturers' and service providers' business sentiment did not change significantly since the beginning of the year.
- Output growth of industrial robots contracted by 16.4% in September, pushing down growth for the year to 9.3%. SUV and car production also contracted over the third quarter, primarily due to stalling demand. Production of new-energy vehicles maintained rapid growth of over 50% in 2018.
- A number of new regulations and tax adjustments could increase the cost of doing business in China. Companies have to deal with stricter enforcement of the employers' share in social security tax and with a number of environmental protection laws including on soil pollution prevention and emission standards. The introduction of the e-commerce law is another example of the government's attempt to improve regulatory oversight.
- The Ministry of Public Security has also increased its grip on businesses. The new Cybersecurity Law, which will be effective on November 1, gives authorities extended rights to access company data. This has become a major concern for foreign companies operating in China.
- The government has sought to limit the negative effects of the trade war with the United States. Taxes on exports and a variety of imported products (primarily industrial inputs) have been reduced. The State Council also announced several measures that are estimated to reduce the corporate tax burden by 45 billion CNY (5.65 bn EUR) in 2018.
- Xi Jinping underlined the continued importance of strong state-owned enterprises in China's economic development. Although the government has vowed to support private companies and entrepreneurship, concerns about the business environment for private companies have deepened just as private investment has started recovering.

International trade and investment

Trade war with United States likely to affect China's economy in 2019

- Foreign trade resilient as effect of US tariffs has yet to affect trade flows
- Exchange rate under pressure but above psychological line of 7 CNY/USD



- Tensions between China and the United States deepened in the third quarter. Since the latest escalation in September, efforts to resolve the trade war have stalled. Both sides seem to have hardened their positions significantly, reducing the likelihood of a solution over the coming quarter.
- The United States has threatened to increase tariffs on 200 billion USD worth of Chinese exports from the current level of 10% to 25% in January 2019. At this level the tariffs will hit China's export manufacturing sector and begin to suppress economic growth.
- The trade war's impact on global supply chains will require many foreign and Chinese companies to assess their operations in China. To minimize the negative consequences of further escalation, they might need to explore alternative suppliers and investment destinations.
- Falling overseas demand is indicated in the new export orders category of the Purchasing Managers' Index, a survey of business sentiment. This indicates that industrial production will be negatively affected over the coming months.
- China's government has taken steps to cushion the impact on businesses and consumers. The State Council announced adjustments to the export tax rebate policy, the reduction of customs clearing times, as well as financing support for companies engaged in export and import. Starting in November, import tariffs for around 1,500 products will be lowered (including US goods). The average tariff level will fall to 7.5%, down from 9.8% in 2017.
- For now, however, the trade war has not yet affected foreign trade. In the first nine months both imports and exports have grown at higher levels compared to the same period in 2017. Exports expanded by 12.2% in USD terms in the quarter as a whole, with growth accelerating to 14.5% in September. Import growth slowed to 14.3% in September but has increased by 20% so far in 2018.
- China's trade surplus with the United States hit a new record of 34.1 bn USD in September. Over the first nine months, exports to China's main trading partners the United States, the European Union and ASEAN expanded by 13%, 11.6% and 17.3%, respectively. Growth of imports from both the EU and ASEAN outpaced growth of exports while the opposite was the case for trade with the United States.
- The effects of the increasing US tariffs are in part offset by the weakening Chinese currency. Faced with rising US interest rates, an expected slowdown in China's economy, and uncertainty about the trade war, the CNY has depreciated by more than 6% against the USD since January. The Chinese central bank has since introduced measures allowing it more control over the daily reference rate. Should the CNY/USD exchange rate fall below 7, this could trigger market expectations of further devaluation and capital outflow pressure.

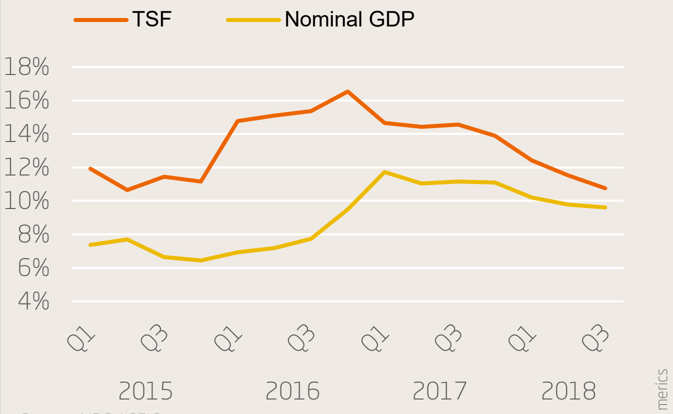
Related MERICS analysis: China-US Trade War: No end in sight?
Sino-US trade tensions – the next round

Financial Markets

Monetary easing casts doubt on deleveraging campaign

- Downward pressure on the economy stalls deleveraging campaign
- Lack of confidence causes stock markets to fall

Rising uncertainty weighs down CNY
Exhange rate of CNY to USD and EUR (inversed scale)



Source: NBS / CEIC

Stock market falls in 2018
Shanghai Composite Index, 2017 – 2018

Source: Shanghai Stock Exchange, CEIC

- Mounting pressure on the economy from the ongoing trade war with the United States has caused the government to prioritize supporting growth over the deleveraging campaign.
- The People's Bank of China (PBOC) has responded to the pressure on the economy through easing monetary policy. China's central bank cut the reserve requirements for banks several times this year. It also injected large amounts of cash into the banking system through direct market operations and left interest rates unchanged despite several rate hikes by the US Federal Reserve. As a result of the easing, interbank rates (SHIBOR) have fallen by an average of more than one percentage point since July.
- The deleveraging campaign has slowed credit growth but has not reversed it. The average monthly growth of total credit (TSF) continued to slow in Q3, falling from 11.5 to 10.8%. While broad money growth (M2), which captures less shadow financing picked up, expanding 8.3%. However, nominal GDP growth fell from 9.8% in Q2 to 9.6% in Q3. This means the country is still taking on debt at a higher rate than it is able to repay it. Easing in the coming quarters will likely cause both nominal GDP and credit to grow at faster rates, making a reversal in credit growth very unlikely.
- As TSF captures more shadow financing elements than M2, the opposing directions of the growth of the two monetary aggregates capture the economy's reduced reliance on shadow financing. The reduced reliance on shadow financing can be further seen in the fall of the growth rates of three major credit aggregates that all capture shadow financing. Banker's Acceptance Bills (-11.23%) and Entrusted Loans (- 6.41%) both kept shrinking, while the growth of Trust Loans fell from 15.5 to 3.8% in the quarter.
- Average monthly loan growth (13.2%) picked up slightly and consumer loan growth (20%) fell slightly in the quarter. However, both still increased significantly faster than the economy, indicating that bank leverage, particularly that of households, is still increasing at a fast pace.
- Financial markets have reacted negatively to the pressure on the economy. This has been the most pronounced in stock markets which have fallen significantly. The Shanghai Composite Index continued its downward trend and registers almost 26% lower today than at the beginning of the year. The shares of smaller enterprises are the most affected as investors purchase shares of large conglomerates, particularly state banks, which are perceived as more reliable.

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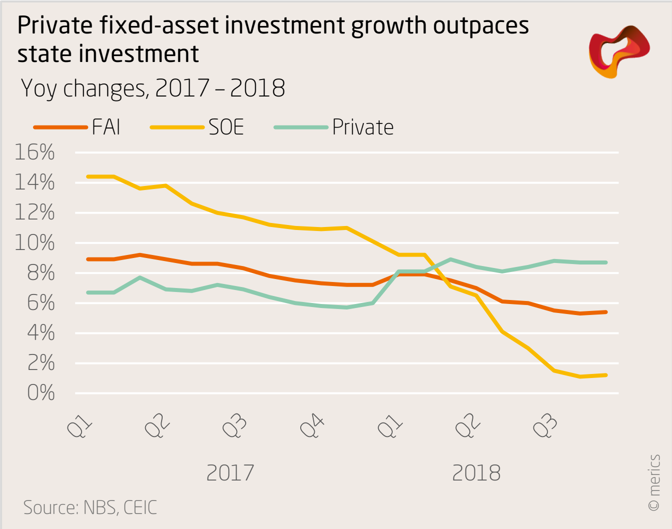
Investment

Investment growth hits record low, but is set to pick up

- Fixed-asset investment growth hits all-time low in August, but picks up in September
- Private sector lifts investment growth

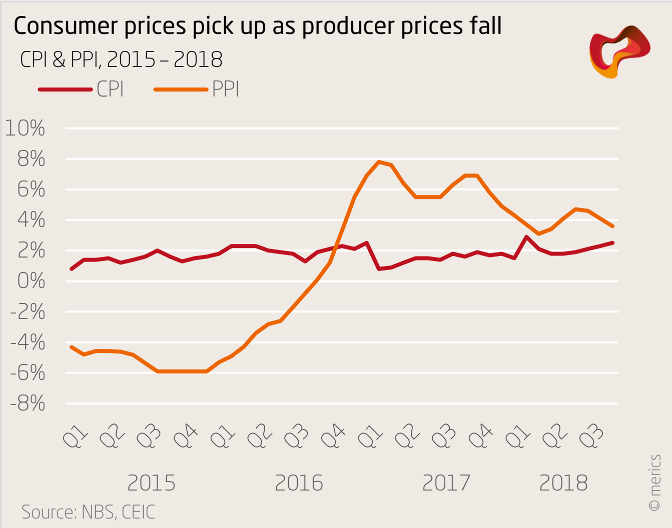


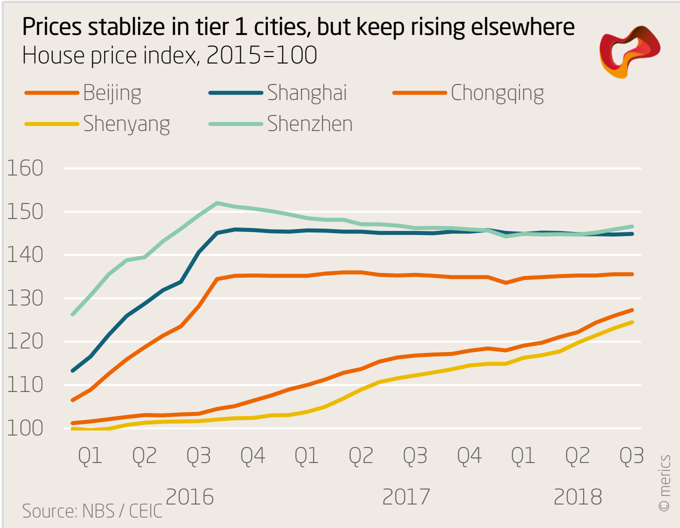
- Investment growth has slowed in 2018 but is set to pick up in the last quarter. Fixed-asset investment grew at 5.3% yoy in August, the lowest growth rate on record. Investment growth picked up slightly from September, growing at 5.4%.
- Both the central bank and the ministry of finance have begun easing through more active fiscal and monetary policy. They hinted at further growth-supporting measures in the last quarter of the year. The government has already announced several infrastructure projects such as highspeed railway lines and airports.
- Fixed-asset investment has largely been carried by the private sector. The private sector's investments grew by 8.3% in Q2; in Q3 growth accelerated to 8.7%. A large portion of private investments were in real estate; these investments grew at 10 % in Q3, unchanged from the previous quarter.
- Investments by state-owned companies grew at only 1.2%, the lowest levels on record. Infrastructure investments grew at 4.4%, also the lowest levels on record. But as stimulus increases in Q4 this is set to change.
- Policies restricting mining activity have been relaxed. After contracting every quarter since the beginning of 2015 mining investment activities once again expanded in Q3, growing at an average 5.3% yoy in the quarter. The private sector's mining investments began expanding in June and have increased every month since then, growing at 13.1% yoy in August (the latest available data).
- Land purchases, one of the primary sources of income for local governments, picked up significantly, growing at 14.2% yoy. The ability of local governments to borrow through financing vehicles has been curtailed as part of the campaign to reduce risk in the financial system. This forces local governments to finance their investment activities through land sales. This will free up land for private investments, much of which will be used for real estate developments.
- Investment activity has been very uneven across the country. In the past, investment growth typically contracted in somewhere between 1 to 3 provinces each quarter. In Q3 growth contracted in 11 out of 31 provinces. Investment grew the fastest in Guizhou (16.8%) and contracted the most in Xinjiang (- 43.8%).

Price levels

Inflationary pressure remains muted

- Consumer price inflation pricks up slightly as producer prices inch downward
- Real estate prices continue to rise across most of the country



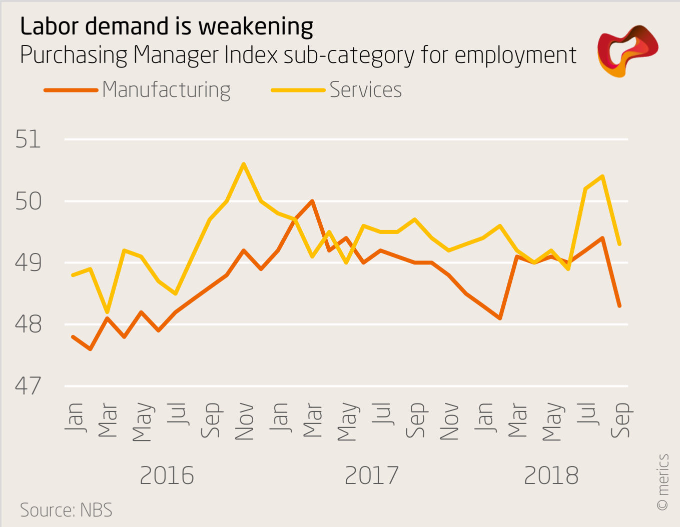


- Consumer price inflation picked up in Q3, growing at a monthly average of 2.3%, below the People's Bank of China's 3% target. Inflation was mainly driven by food prices, which grew by 3% in September. Core inflation, which does not include fuel and food prices, grew at 1.9% in the quarter.
- The increase in food prices has three primary causes: Chinese retaliatory tariffs on US agricultural goods; African Swine Flu; and reduced harvests due to extreme weather.
- Producer prices grew at an average of 4.1% in Q3, but fell to 3.6% in September, reflecting falling demand. The central bank wants to avoid producer prices entering deflationary territory, which could result in falling output.
- While most factory gate prices fell, both the price of mining goods and fuels grew above average, at 9 % and 25% respectively. The increasing price of mining goods can be attributed to import restrictions, which were introduced to protect revenues of domestic coal mining companies. The increasing oil prices are linked to increasing world oil prices. The weaker CNY also contributed as oil is mainly priced in USD.
- The central bank has responded to the slow price growth through easing in the form of reserve requirement cuts and cash injections meant to stimulate the economy in response to the ongoing trade war.
- Average input prices picked up slightly in the quarter, growing at 4.7%. However, growth cooled to 4.2% in September. Fuels (7.1%), ferrous (6.7%), non-ferrous metals (6.1%), chemicals (5.2%), timber products (6.7%), and building materials (11%) all grew above average. However, inputs such as semi-finished products (1.4%), agricultural products (- 0.5%) and textiles (- 2.1%) all grew below average in the quarter.
- Selling restrictions and attempts to develop rental markets have stabilized real estate prices at elevated levels (35% to 45% higher than in 2015) in tier 1 cities. But prices are growing quickly elsewhere. House prices increased in 69 out of 70 cities monitored by the NBS. In 60 of these prices grew faster than consumer price inflation. House prices in the 70 cities grew at an average of 8%.
- The People's Bank of China's and Ministry of Finance's respective monetary and fiscal easing campaigns have only just begun. Consumer price inflation below target gives ample room for easing to continue. Unless demand cools further, the easing will cause prices to pick up in the last quarter and next year.

Labor market

Labor market conditions shows first signs of worsening

- Despite record numbers of new urban employment, demand seems to have peaked
- Export-oriented small and medium-sized companies most likely to feel impact of higher tariffs



- Following another strong quarter, the government surpassed its target of 10 million new urban jobs ahead of schedule. According to Premier Li Keqiang, over 11 million urban jobs were added by the end of the third quarter, the highest figure in five years. Despite lower GDP growth China's economy is still creating many new jobs, and official unemployment remains low. The labor market however seems to have reached a turning point.

- In the first half of the year demand for labor had outstripped supply at an increasing rate. The demand-supply of jobs ratio compiled by the NBS, which counts the number of job applicants for each vacancy, has peaked at 1.23 in the first half of the year and is expected to begin to fall. This means it will now be easier for companies to fill vacancies.

- At present weakening demand for labor is reflected mostly within the Purchasing Managers' Index sub-category for employment. The sub-indices for manufacturing and services both fell significantly, indicating the most pronounced fall in business expectations in the last five years. This development might be an indicator of a further drop in demand for labor over the coming months.

- Export-oriented small- and medium-sized companies are particularly vulnerable to the direct and indirect effects of increased US tariffs. Companies with significant exposure to the US market will struggle to remain profitable as their margins are squeezed. They may need to find alternative markets or reduce costs to stay competitive.

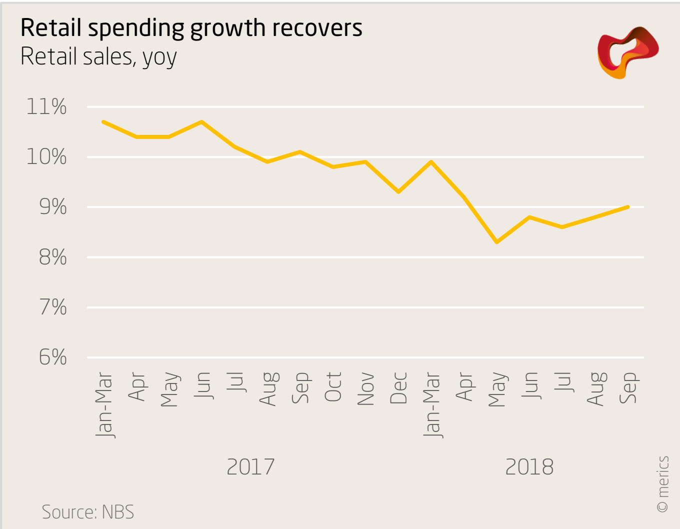
- Decades of rapidly expanding wages have led China to lose its comparative cost advantage to other Asian economies. In response some labor-intensive industries have begun relocating outside of China in the past years. To reduce exposure to US exports from China, foreign as well as Chinese companies might accelerate this trend.

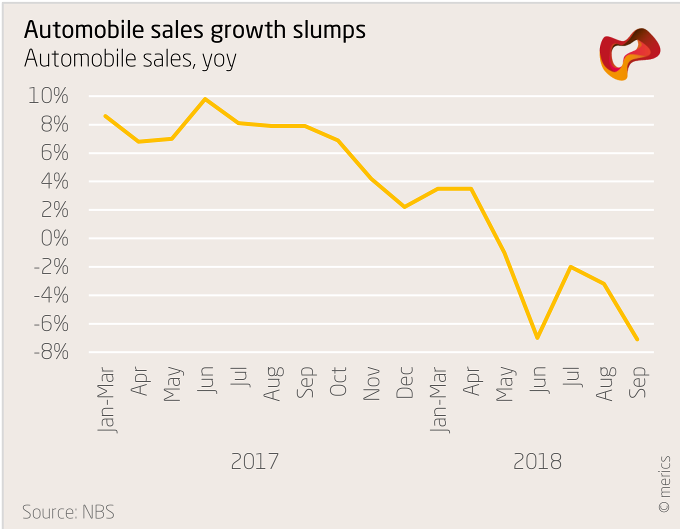
- Companies are facing further cost pressure since an announcement by the State Administration of Taxation in July to enforce stricter fiscal income collection. Effective January 1, 2019, social security taxes will be collected by the National Tax Bureau rather than local authorities. As a result, companies will struggle to evade paying the legally required share of their employees' social security tax and face higher labor costs.

Retail

Retail spending picks up despite slowing economy

- Consumer confidence remains at high levels
- Stricter environmental and financial regulation hits automobile sales





- Consumer spending growth recovered slightly in the third quarter, accelerating to 9% in September. However, spending for the year as a whole is likely to grow by less than 10% for the first time since 2003.
- Slowing GDP growth, the unfolding trade war with the United States, as well as a tumbling stock market have not had any impact on retail spending. Overall retail spending remains robust and continues to grow at fairly high levels.
- The high level of consumer confidence in part explains the resilience of retail spending. Although the official consumer confidence index has come down slightly from an all-time high during the first half of the year, households remain optimistic in their outlook.
- A higher minimum threshold for taxable personal income effective October 1 as well as lower tariffs on many foreign consumer goods are likely to have a positive effect on retail in the last quarter.
- Most categories of goods grew robustly with the notable exception of automobile sales. According to National Bureau of Statistic data, sales contracted by 7.1% in September, the lowest monthly figure since November 2001. The slump is confirmed by data compiled by the China Association of Automobile Manufactures, which indicate a drop in vehicle sales by 11.6% to 2.39 million in September. Tighter credit conditions for households as well as stricter environmental regulations for combustion engines contributed to the fall.
- Online sales continued the gradual slowdown in growth since the beginning of the year, but are still expanding by 27%. Online sales of food related items are outpacing overall growth, expanding by 43.8% in the first nine months.
- The National People's Congress passed the country's first law to regulate China's booming e-commerce sector. The law, which places a strong focus on consumer protection, introduces rules for operators, contracts, liabilities and dispute settlement. This might result in e-commerce sales growth stalling in the future.