

China

Trade surplus grows in December as exports revive

- Trade surplus jumps to \$31.6bn v \$19.6bn in November
- Export growth picks up to 14.1% y/y
- Data tally with recent survey data showing upturn in China and stronger global demand

A revival of export growth helped drive China's trade surplus sharply higher in December. The trade data signal an encouragingly strong end to 2012, boding well for the Chinese economy as well as indicating that global economic growth has also turned up, corresponding with recent business survey evidence.

China's trade surplus rose from \$19.6bn in November to \$31.6bn in December, falling just short of the post-crisis high of \$32.0bn seen in October.

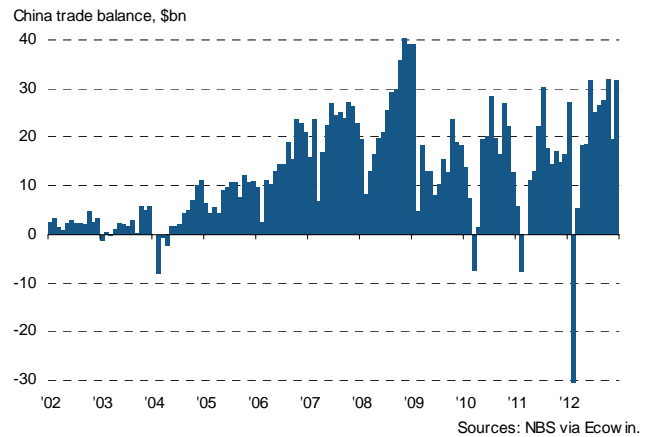
Export growth picked up sharply. Having slumped to show an annual increase of just 2.9% in November, growth revived to 14.1% in December, the strongest rise since May and pushing exports to an all-time high.

Imports meanwhile rose a more modest 6.0% on a year ago. However, the increase was the largest since June and came after a flat year-on-year comparison in November, suggesting that demand in the domestic economy is by no means as weak as the November data had implied.

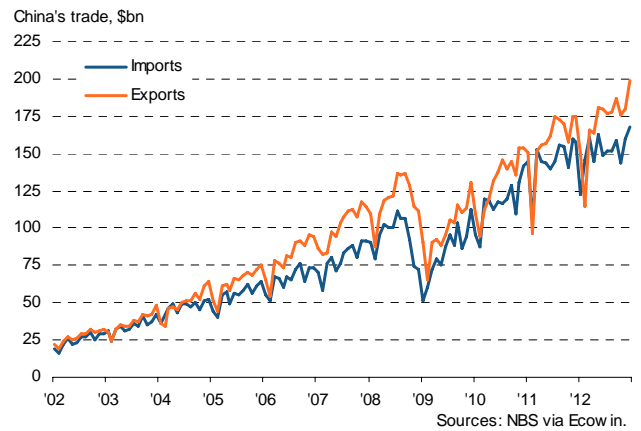
The sustainability of the upturn in exports remains in question, but survey data provide some cause for optimism. An upturn in export performance towards the end of last year had been indicated in advance by the Markit-produced HSBC PMI survey, for which the New Export Orders Index hit a 12-month high back in November. The index fell back slightly in December, but remained historically consistent with robust export growth and suggests that the revival in China's trade will have continued at the start of the new year.

Rising Chinese exports suggest that global demand picked up at the end of last year, which corresponds with the global PMI surveys showing the [strongest pace of economic growth for nine months](#).

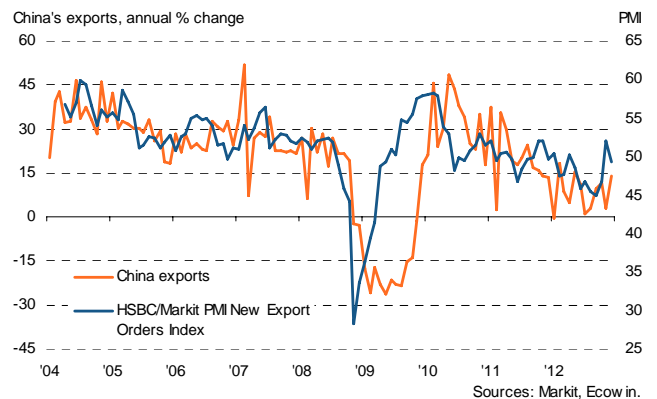
Trade balance



Imports and exports



Exports and the PMI



Chris Williamson

Chief Economist

Markit

Tel: +44 207 260 2329

Email: chris.williamson@markit.com

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