

# China

## Export downturn accelerates

- Exports fall at fastest rate since late-2009
- Falling imports point to weak domestic demand
- GDP data likely to signal further Q2 slowdown

Trade data provided further signs that China's economic slowdown gathered pace in June. Official data confirmed signals from the PMI surveys that exports are falling, while a drop in imports also indicated that domestic demand is weakening.

The data add to evidence that economic growth will have slowed further when GDP data for the second quarter are published next week, possibly down to 7.5% from 7.7% in the first quarter.

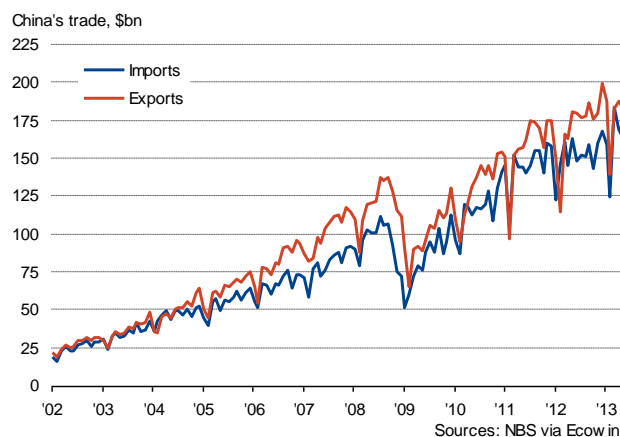
Official trade data showed exports down 3.1% on a year ago in June. That compared with a 1.0% rise in May and was the worst reading since October 2009. The deterioration in the official data comes after Markit's HSBC manufacturing PMI data showed exports to have fallen for a third successive month in June, dropping at the fastest rate since March 2009.

The trade data also showed imports down 0.7% on a year ago in June after a 0.3% decline in May. These were the first back-to-back declines since October 2009. Falling imports are an indication that demand has weakened in the domestic economy of mainland China. This corresponds with PMI data which showed the domestic-oriented services economy going through a soft-patch, with new business growth more or less stalling, registering the weakest growth since the services PMI survey was started in late-2005.

### Weakening global market

The downturn in export performance is little surprise, give the recent signs that global economic growth is going through one of the slowest phases seen since the World pulled out of the 2008-9 recession, according to global PMI data. At the same time that global trade flows have slowed, there are signs that weaker currencies in countries such as the UK and Japan have given their countries a competitive advantage on international markets.

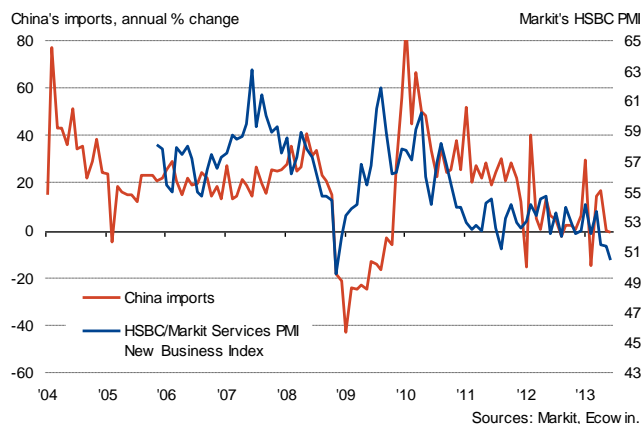
### China trade



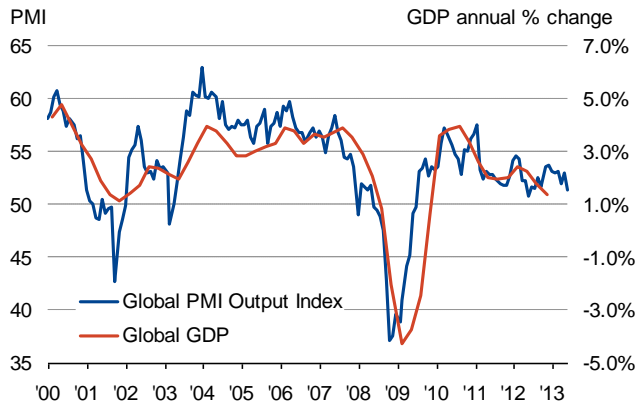
### Export indicators



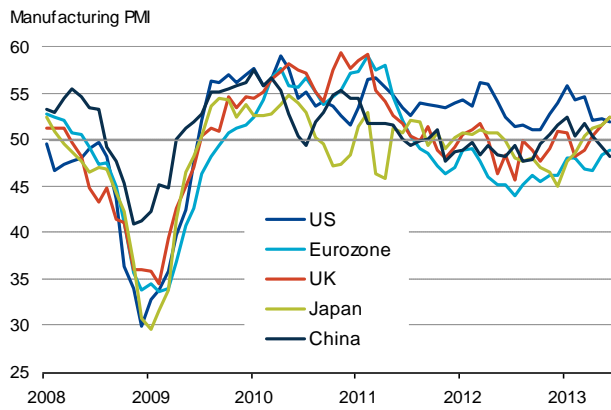
### Domestic demand indicators



**Global growth has slowed**



**Manufacturing comparisons**



**Chris Williamson**

**Chief Economist**

Markit

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

[Click here](#) for more PMI and economic commentary.

For further information, please visit [www.markit.com](http://www.markit.com)