DORIC SHIPBROKERS S.A.

CHINA - BAROMETER

Monthly Update

August 2026

FOCAL POINTS :

Macro Environment

China's economy remained broadly resilient in July, with proactive macro policies helping cushion persistent external and domestic pressures, including geopolitical tensions, energy-market uncertainty and extreme weather, while new growth drivers continued to gain momentum and support ongoing structural improvements.

Energy

China's energy mix continued to shift in July, as a surge in flood-season rainfall lifted hydropower generation by 6.7 percent. The stronger contribution from renewable sources contributed to a 3.5 percent contraction in traditional thermal power generation.

Manufacturing

China's manufacturing sector eased in July, with the Official Manufacturing PMI balancing at a multi-month low of 49.2. The reading remained below the 50-point threshold, pointing to contraction.

Imports

China's inbound commodity flows softened in July, reflecting weaker demand and tighter margins among domestic steelmakers. Iron ore imports fell 4.1 percent month-on-month, while coal imports registered a marginal 0.12 percent monthly decline, pointing to a relatively modest slowdown in raw material intake.

Exports

China's industrial export performance remained mixed in July. Competitive pricing supported a 2.9 percent year-on-year increase in steel exports, while fertilizer shipments fell by approximately 76.8 percent year-on-year, largely reflecting stringent domestic supply mandates and a sharp decline in phosphate shipments.

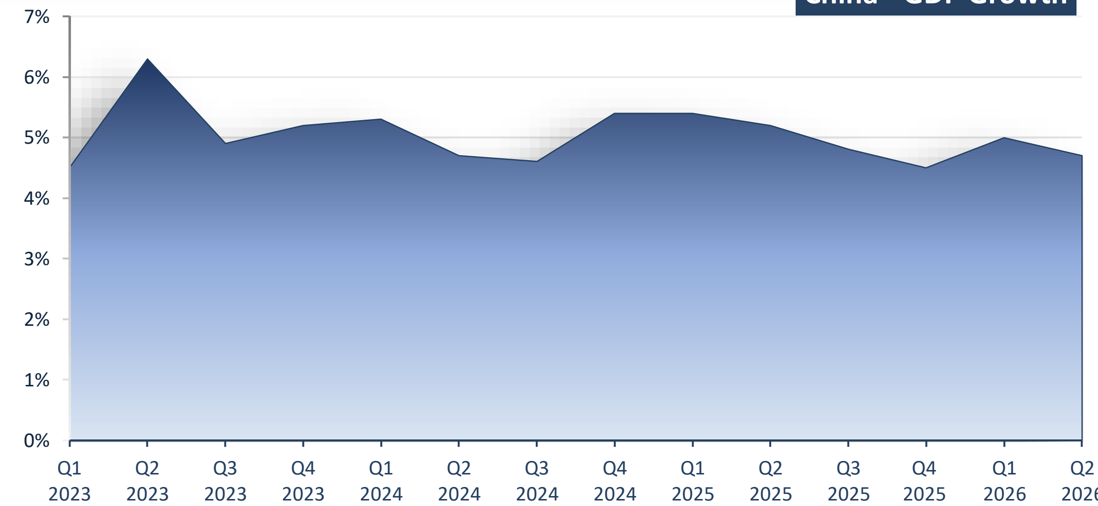
Doric Research Department

Michalis Voutsinas
Helen Vlassi

CONTENT PAGES :

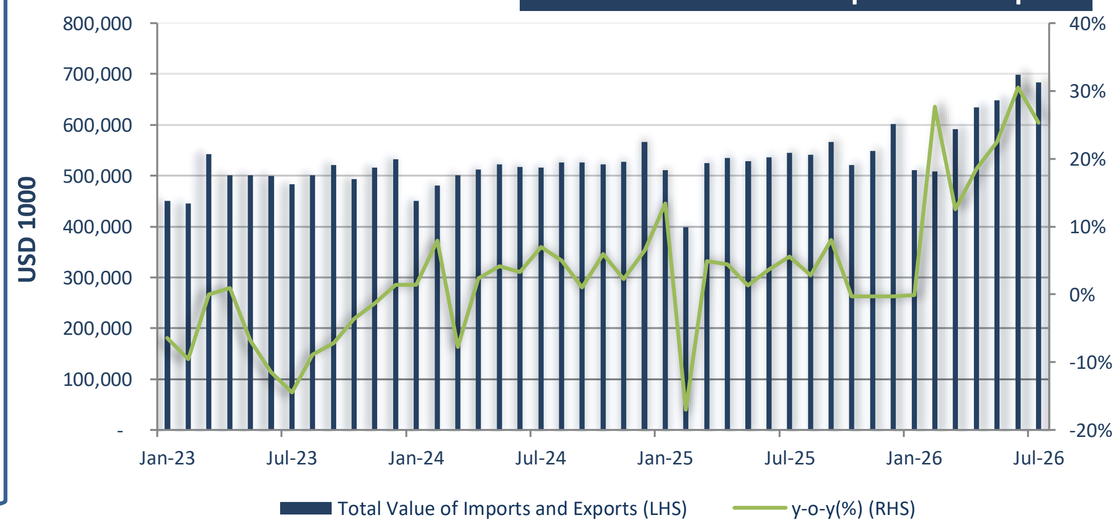
- China's domestic demand remained subdued in July, with retail sales rising just 0.6 percent year-on-year, well below the 1.5 percent market forecast and slowing from 1.0 percent growth in June.
- Industrial momentum also weakened, as industrial output expanded 4.5 percent year-on-year in July, down notably from 5.3 percent in June.
- The PBOC stepped up liquidity support, injecting fresh funds into the financial system, including a 500 billion yuan emergency lending facility, as policymakers moved to shore up banks and cushion an economy facing mounting downside pressures.
- China's exports surged 23.9 percent year-on-year to USD 397.85 billion in July, exceeding forecasts of 22.2 percent, despite easing from 27.0 percent growth in June.
- Inbound flows rose 27.5 percent on year to USD 285.35 billion in July, aligning closely with market consensus. The pace eased from June's 36.0 percent surge, the strongest since June 2021.
- July's trade surplus widened to USD 112.5 billion, beating market expectations of USD 107.0 billion and expanding from the USD 97.70 billion recorded in July of last year.

China - GDP Growth



Source: NBS, Doric Research

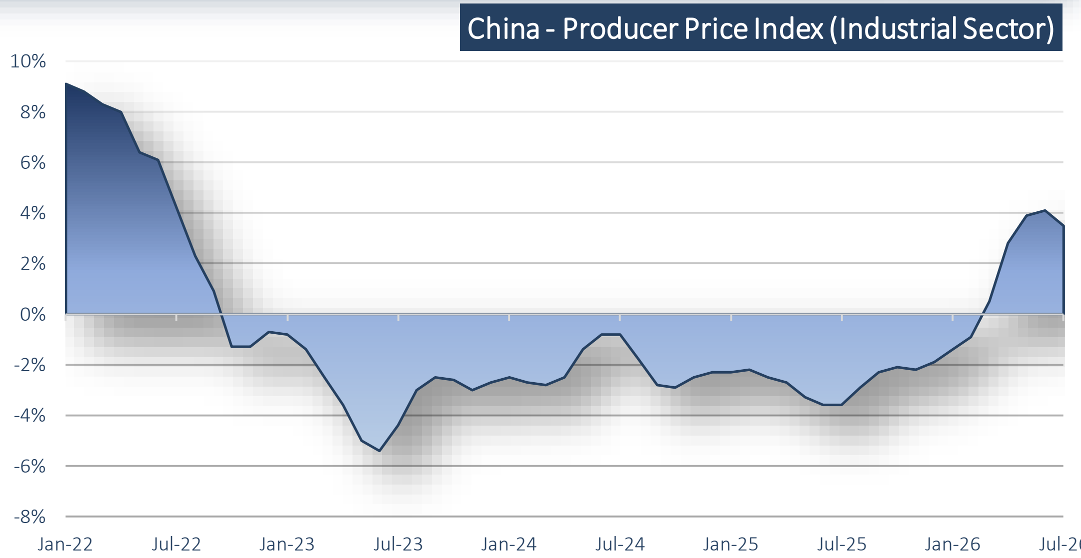
China - Total Value of Imports and Exports



Source: GAC, Doric Research

PRICE ENVIRONMENT AUGUST 2026

- China's producer price inflation cooled to a 3.5 percent annualized pace in July, dropping from the 4.1 percent recorded in June and landing slightly beneath market consensus expectations of 3.8 percent.
- This was also the lowest producer inflation since April, amid weak domestic demand and fading energy cost pressures.
- On a monthly basis, July's producer prices contracted 0.7 percent, faster than a 0.3 percent drop in June.
- Despite the July slowdown, cumulative producer price inflation remained elevated, averaging a 1.8 percent year-on-year increase over January–July, compared with a 1.5 percent rise over the preceding period.
- China's annual inflation eased to 0.5 percent in July, from 1.0 percent in the prior month, falling short of market consensus of 0.8 percent.
- On a month-over-month basis, consumer prices fell 0.1 percent, defying consensus for a 0.2 percent gain and following a 0.3 percent drop in June. That was the lowest print since January, as food prices continued to decline while non-food inflation slowed further.
- Core inflation excluding food and energy rose 0.9 percent on year, after June's 1.0 percent.

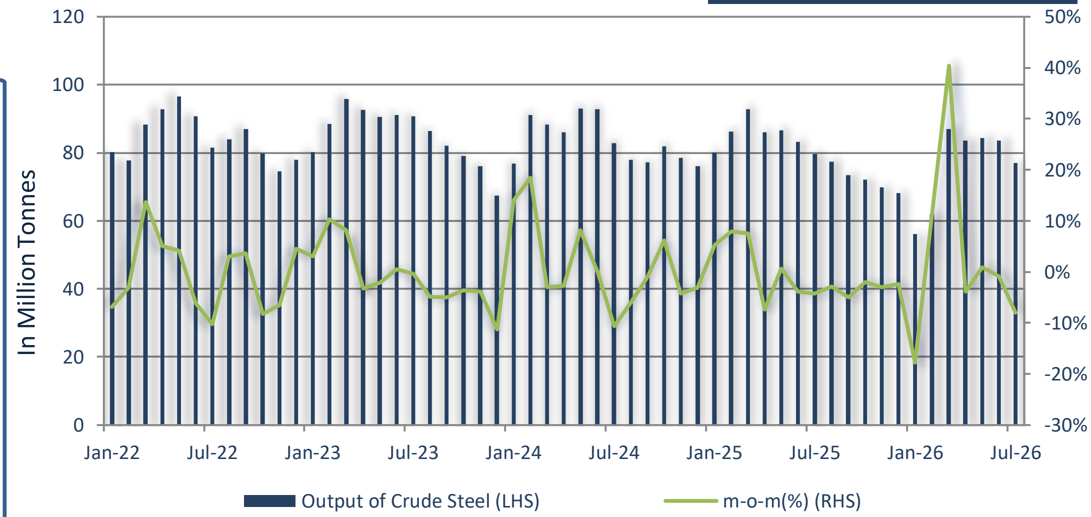


Source: NBS, Doric Research

Source: NBS, Doric Research

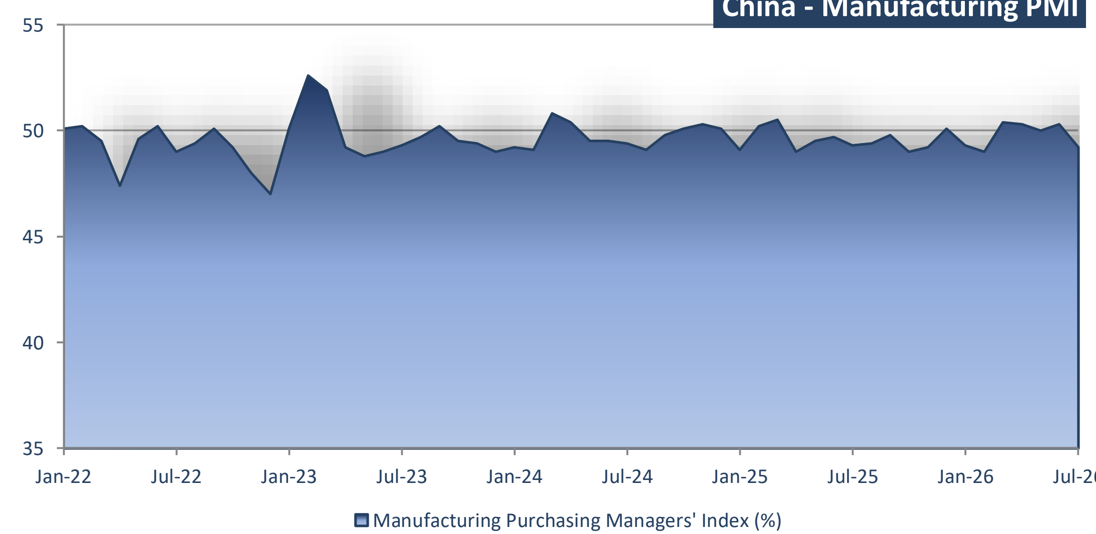
- China's crude steel production contracted further in July, falling 3.6 percent year-on-year to 76.93 million tonnes, as eroding steelmaking margins continued to weigh on mill operations.
- Daily crude steel output fell sharply, averaging 2.48 million tonnes in July, 11.0 percent below June and reaching a multi-month low as squeezed margins triggered widespread maintenance and production curtailments.
- The year-to-date decline deepened, with crude steel production reaching 577.04 million tonnes over January–July, down 3.1 percent year-on-year and maintaining a sizeable deficit versus the same period last year.
- Snapping a four-month streak of expansion, China's official Manufacturing Purchasing Manager's Index (PMI) dipped below the critical 50-point threshold last month, sliding from 50.3 in June to an unexpected 49.2.
- Compounding the broader economic headwinds, the non-manufacturing index concurrently retreated to 49.0, dragging the aggregate composite PMI down to 49.3 and underscoring a synchronized cooling across both the industrial and service sectors.

China - Crude Steel Output



Source: NBS, Doric Research

China - Manufacturing PMI



Source: NBS, Doric Research

- China's real estate investment downturn deepened in July, falling 19.2 percent year-on-year, compared with an 18.0 percent contraction over the first half of the year.
- Property sales remained under pressure, with floor area sold declining 11.8 percent year-on-year in July.
- Developers remained firmly on the defensive, as new building starts fell 23.2 percent year-on-year over the first seven months, underscoring persistent caution and suggesting that the property sector's drag on construction-related demand is likely to remain prolonged.
- As of last month, new property values decreased 3.2 percent annually, offering a marginal stabilization from the 3.3 percent contraction observed in June.
- China's value-added industrial output grew 4.5 percent on year in July, missing market expectations. The reading slowed from June's 5.3 percent pace, indicating that extreme weather and weak domestic demand disrupted manufacturing momentum.
- By sector, mining output plummeted 4.2 percent on year due to intensified safety audits, while manufacturing activity remained the primary growth engine with a sustained 5.5 percent annualized increase.

China - Real Estate Investment

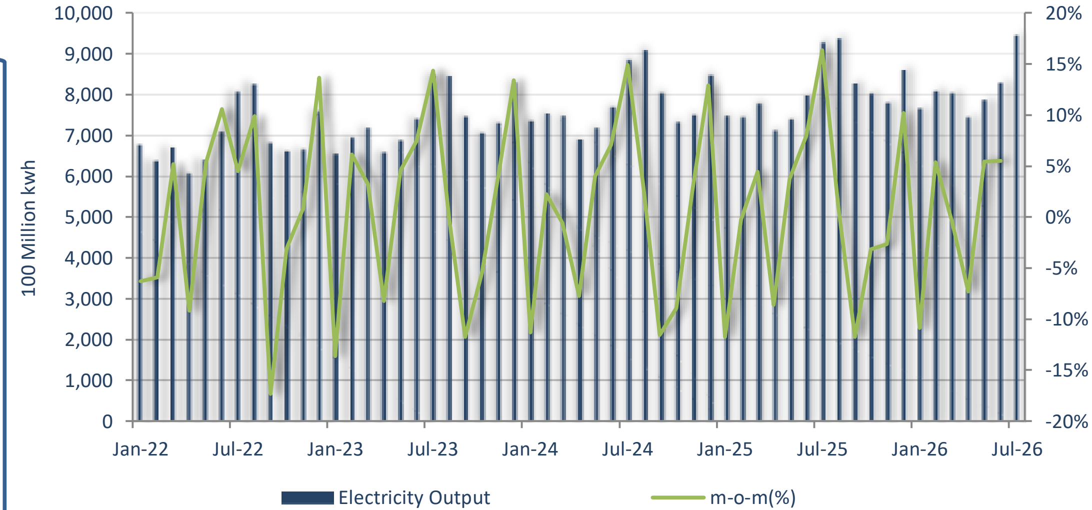
Source: NBS, Doric Research

China - Value-added of Industry

Source: NBS, Doric Research

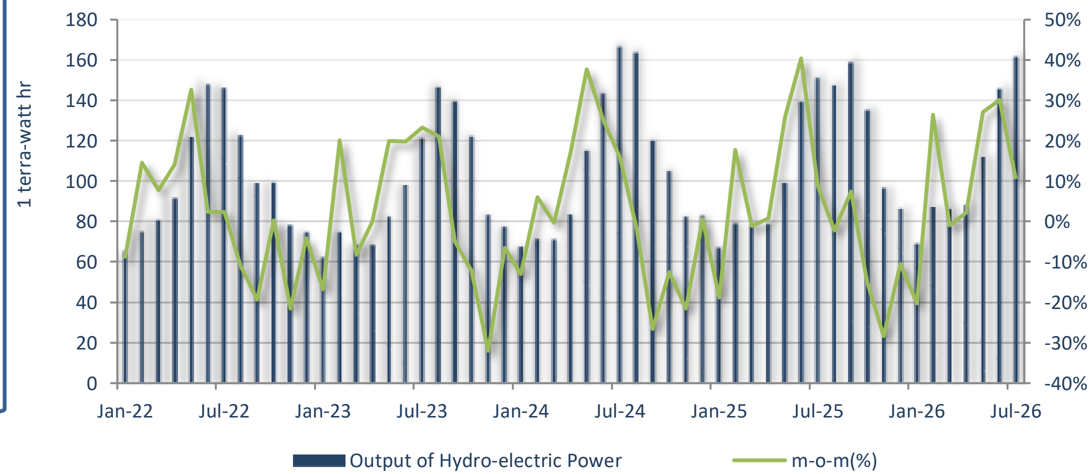
- China's aggregate electricity output climbed to 843.5 billion kilowatt-hours (kWh) in July, growing 3.0 percent year-on-year and comfortably outperforming June's 827.6 billion kWh.
- Propelled by peak flood-season rainfall and the rapid rollout of renewable capacity, a surge in clean power generation displaced fossil fuels, pushing coal-fired thermal power into its first year-on-year contraction of 2026.
- Cumulatively, national power generation advanced by 3.0 percent year-on-year to hit 5.7 trillion kWh within 2026 through July.
- China's hydroelectric power output surged 6.7 percent on year to 161.6 billion kWh in July, driven by a sharp 10.1 percent monthly increase.
- Steady infrastructure expansion pushed China's total installed hydropower capacity to 430 GW by the end of July, lifting cumulative year-to-date generation by 4.2 percent annually to 715.4 billion kWh.
- Abundant seasonal rainfall and high reservoir inflows during the peak flood season allowed hydropower utilities to aggressively displace conventional coal-fired generation.

China - Electricity Output



Source: NBS, Doric Research

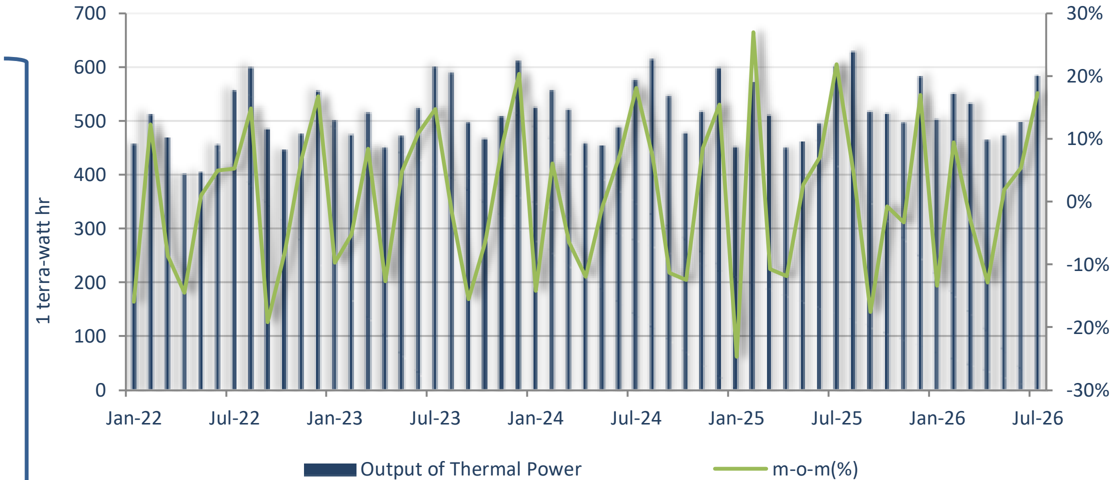
China - Hydro-Electric Power Output



Source: NBS, Doric Research

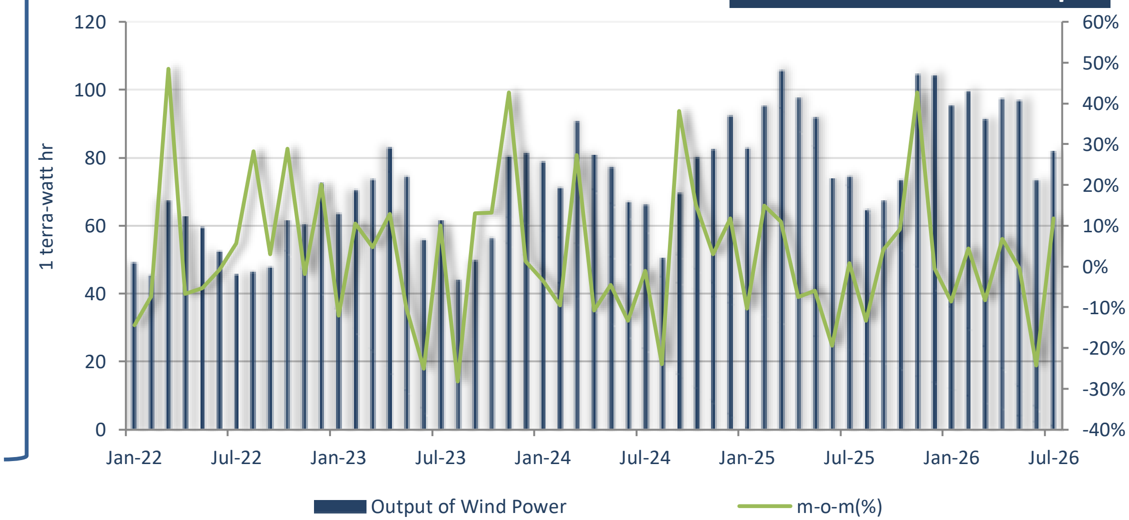
- China's thermal power output registered its first year-on-year contraction of 2026 in July, falling 3.5 percent to 584.1 billion kilowatt-hours (kWh).
- Despite the annual decline, a strong 17.0 percent month-on-month rebound lifted thermal power's share of total electricity generation to 61.9 percent.
- The annual contraction underscores a broader structural shift, as a seasonal surge in hydropower generation and expanding renewable capacity increasingly displaced conventional coal-fired generation.
- China's wind power generation reached 82.0 billion kWh in July, up 12.0 percent month-on-month and 4.5 percent year-on-year.
- The monthly increase was supported by an aggressive capacity rollout, with July wind power installations surging 271.0 percent year-on-year to 8.45 GW, lifting total installed wind capacity to 690.0 GW.
- Meanwhile, driven by rapid capacity expansion, China's solar power generation surged 10.4 percent year-on-year to 39.5 billion kWh in July 2026.

China - Thermal Power Output



Source: NBS, Doric Research

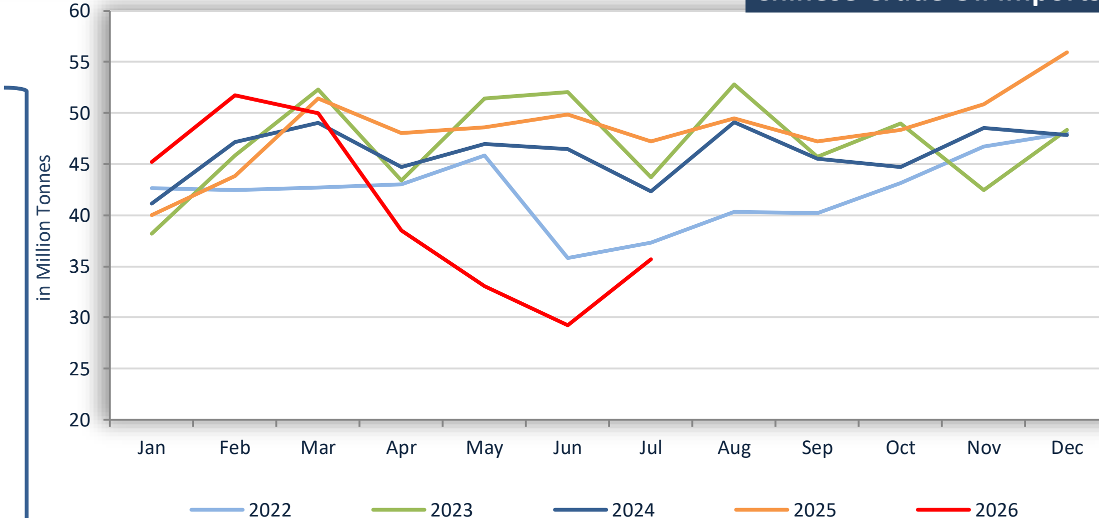
China - Wind Power Output



Source: NBS, Doric Research

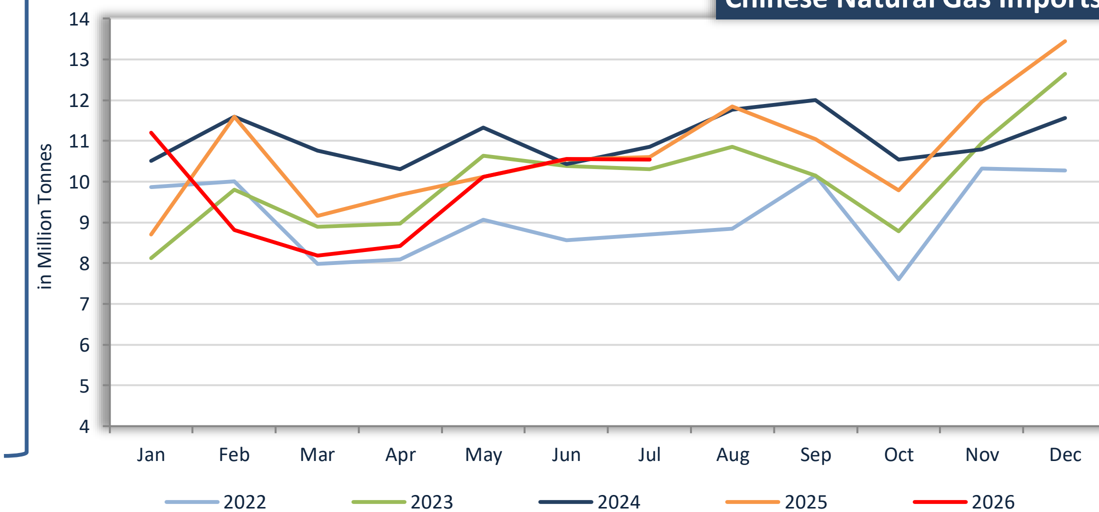
- China's crude oil arrivals climbed to a three-month high of 35.73 million tonnes in July, gaining 22.0 percent month-on-month, but still suffered a steep 24.3 percent contraction against prior year's baseline.
- The year-to-date performance remains severely constrained , with total seven-month inbound volumes contracting 13.2 percent compared to January-July 2025 period.
- Amid geopolitical blockades, China's July imports from Russia rose 5.0 percent year-on-year to 9.15 million tonnes, while Saudi Arabian volumes plunged 28.7 percent to 5.33 million tonnes.
- China's natural gas imports ticked down 0.9 percent year-on-year to 10.83 million tonnes in July, dropping slightly from the five-month high recorded in June.
- This slight contraction extended a weaker year-to-date trend, dragging cumulative gas imports for the first seven months of 2026, down by 3.0 percent compared to the same period last year.
- China's liqufied natural gas (LNG) imports stabilized at 5.75 million tonnes in July, with terminal arrivals capped by adverse weather conditions along the southern coast.

Chinese Crude Oil Imports



Source: GAC, Doric Research

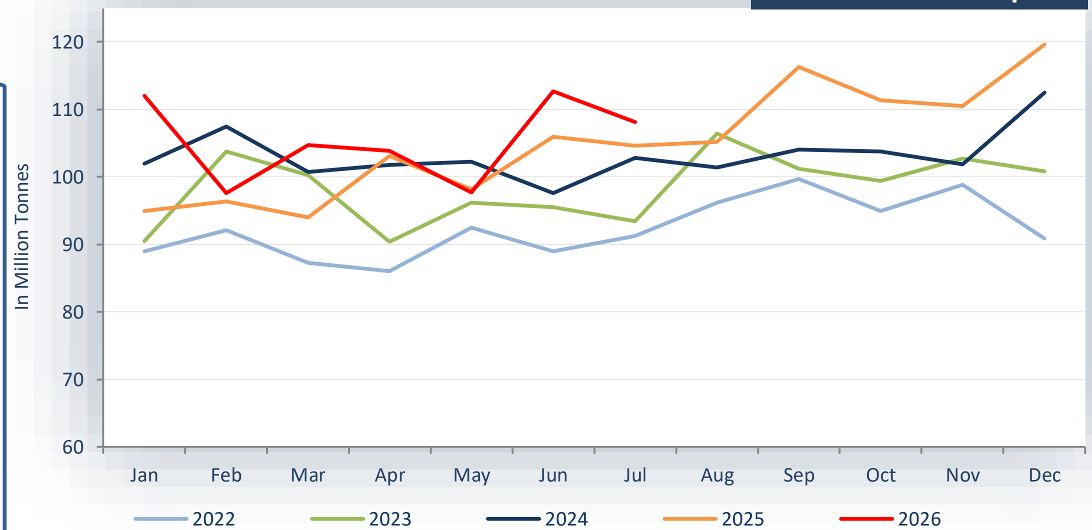
Chinese Natural Gas Imports



Source: GAC, Doric Research

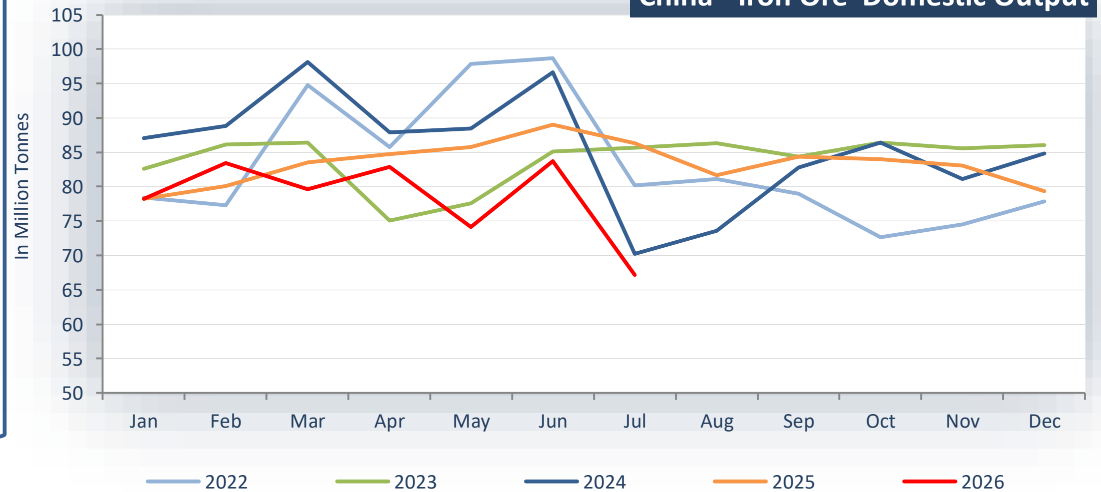
- Squeezed by compressing steel spreads and seasonal mill maintenance, China's iron ore imports softened to 108.09 million tonnes last month, registering a 4.1 percent month-on-month contraction.
- The monthly slowdown directly impacted major hubs, cutting Australian inbound volumes to 60.4 million tonnes and squeezing Brazilian supply by 19.9 percent month-on-month.
- Despite the monthly pullback, July's inbound shipments still posted a 3.3 percent expansion compared to July 2025. This annualized growth sustained a robust longer-term trajectory, lifting year-to-date cumulative arrivals 5.9 percent higher on year to 736.84 million tonnes.
- China's domestic iron ore production fell to 67.15 million tonnes in July, down 4.6 percent month-on-month and a sharp 20.0 percent year-on-year.
- The July retreat dragged cumulative domestic output for January-July down to 536.06 million tonnes, representing an 8.7 percent year-on-year decline.
- The sustained weakness in domestic production has reinforced China's reliance on seaborne ore, with mills increasingly turning to higher-grade imported material to support steelmaking efficiency.

China - Iron Ore Imports



Source: GAC, Doric Research

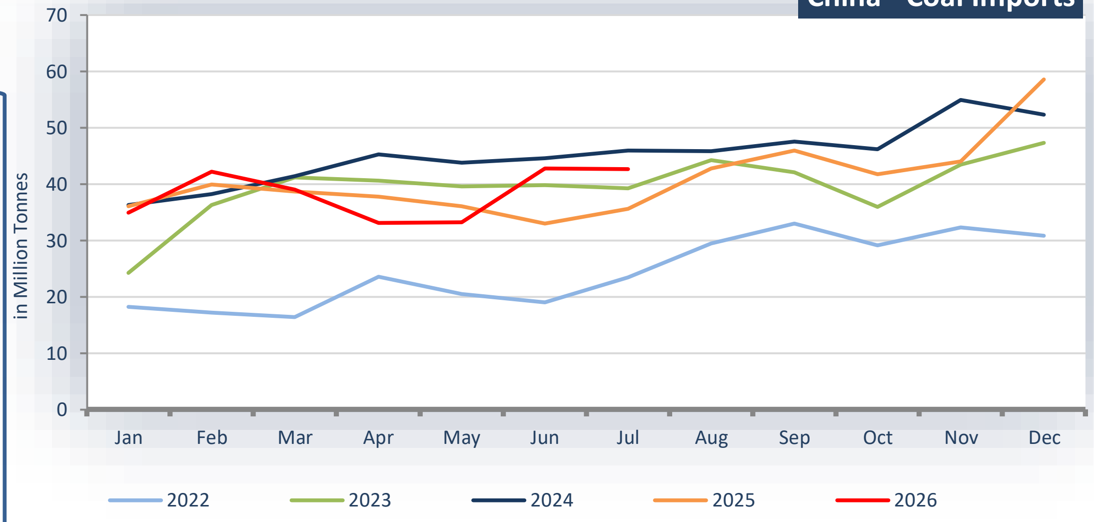
China - Iron Ore Domestic Output



Source: NBS, Doric Research

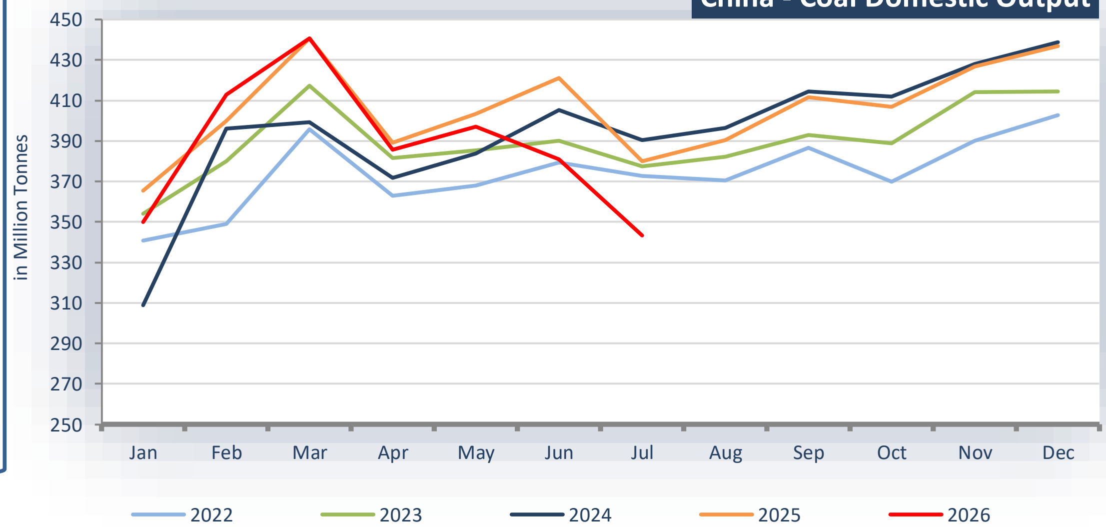
- China's coal imports surged to a record 42.73 million tonnes last month, marking the highest level so far this year and a sharp 20.0 percent year-on-year increase.
- On a month-on-month basis, July's intake remained virtually flat, tracking a negligible 0.12 percent drop from June's 42.78 million tonnes.
- China's coal imports reached 268.11 million tonnes during January-July, up 4.3 percent year-on-year.
- Indonesia anchored July's seaborne arrivals at 33.91 million tonnes and Mongolia dominated the remaining overland supply.
- China's domestic raw coal production contracted sharply to 343.0 million tonnes last month, registering a significant 10.1 percent year-on-year decline.
- On a monthly basis, July's domestic output plummeted 10.0 percent from June levels, driven by intensifying government safety audits that curtailed operations at major mining hubs.
- Last month's volume dragged total year-to-date production down 2.9 percent on year to 2.44 billion tonnes, exacerbating further the domestic supply crunch and driving imports to a year-to-date high.

China - Coal Imports



Source: GAC, Doric Research

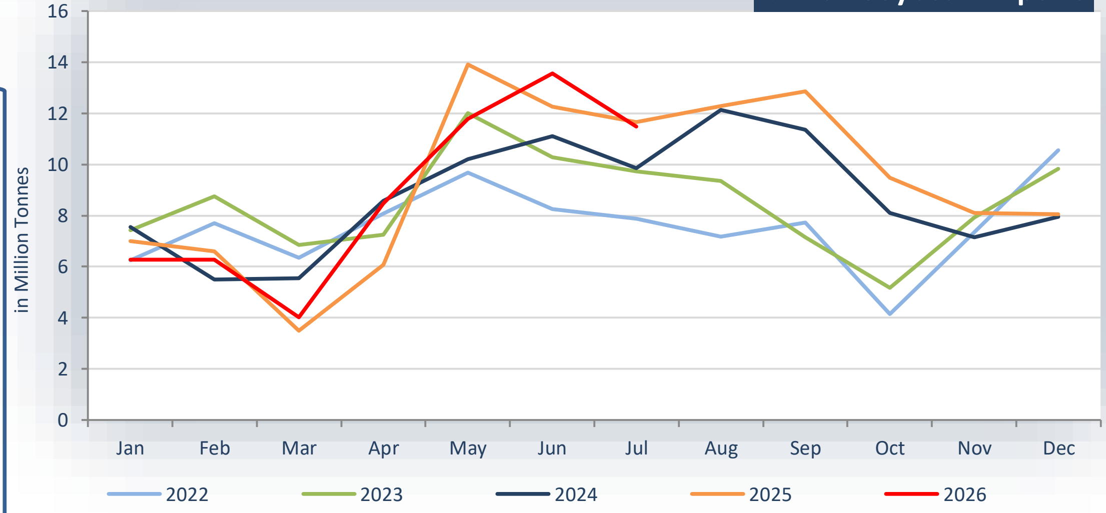
China - Coal Domestic Output



Source: NBS, Doric Research

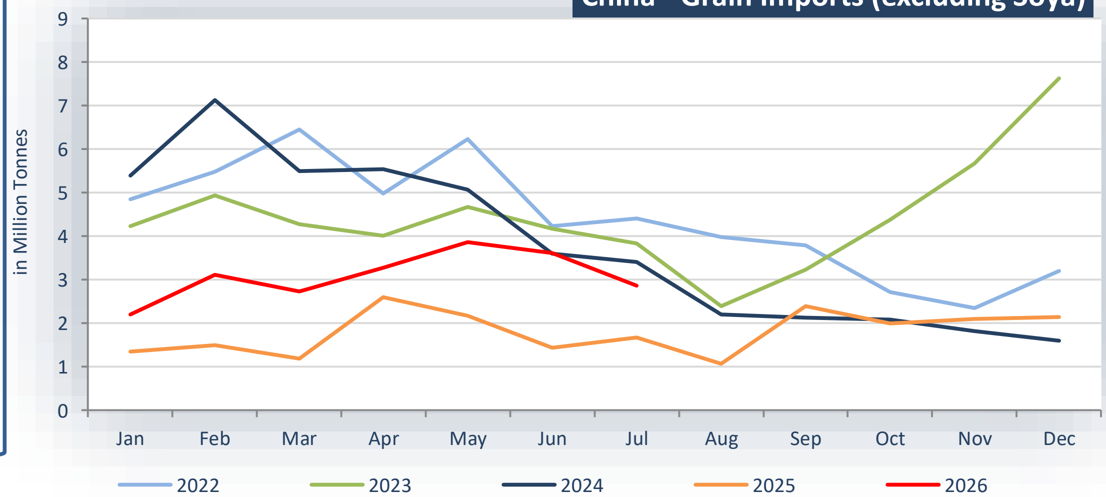
- China's soybean inflows remained elevated in July at 11.77 million tonnes, supported by large-scale cargo arrivals that continued to replenish port stockpiles.
- July's volume was 0.9 percent higher year-on-year, although seasonal factors drove a 1.78 million-tonne month-on-month decline from June's record high.
- Driven by sustained South American inflows, alongside a sharp 164.0 percent year-on-year surge in U.S. arrivals, China's soybean imports reached 62.16 million tonnes during January-July, representing a solid 4.8 percent increase year-on-year.
- Diverging sharply from the soybean surge, China's grain arrivals excluding soybeans fell to 2.87 million tonnes in July, marking a 15.4 percent year-on-year decline.
- Plunging 56.0 percent year-on-year, July wheat imports fell to just 0.18 million tonnes, constrained by a bumper domestic harvest that reduced the need for foreign supplies.
- Corn imports reached 0.35 million tonnes in July, representing an explosive 527.3 percent year-on-year increase against last summer's depressed baseline.

China - Soybean Imports



Source: GAC, Doric Research

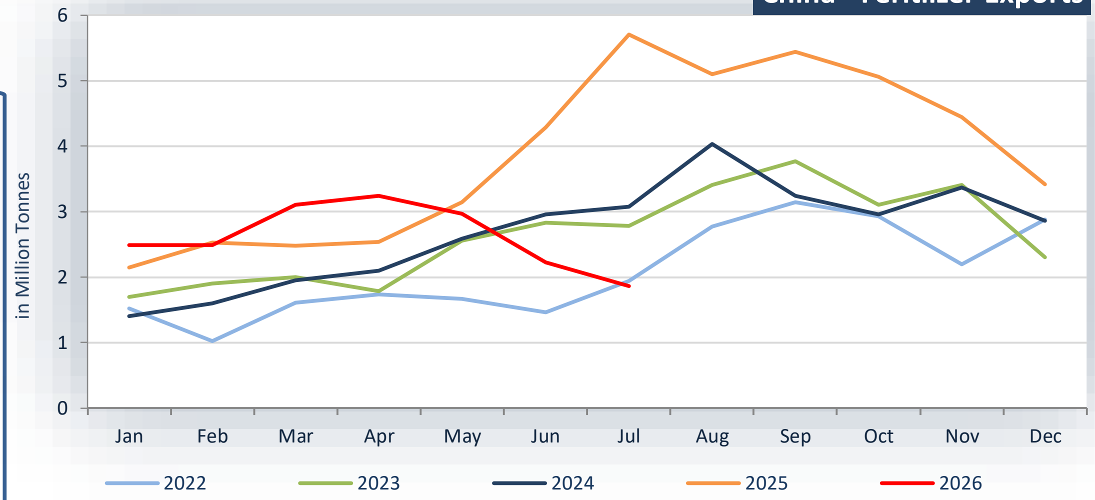
China - Grain Imports (excluding Soya)



Source : GAC, Doric Research

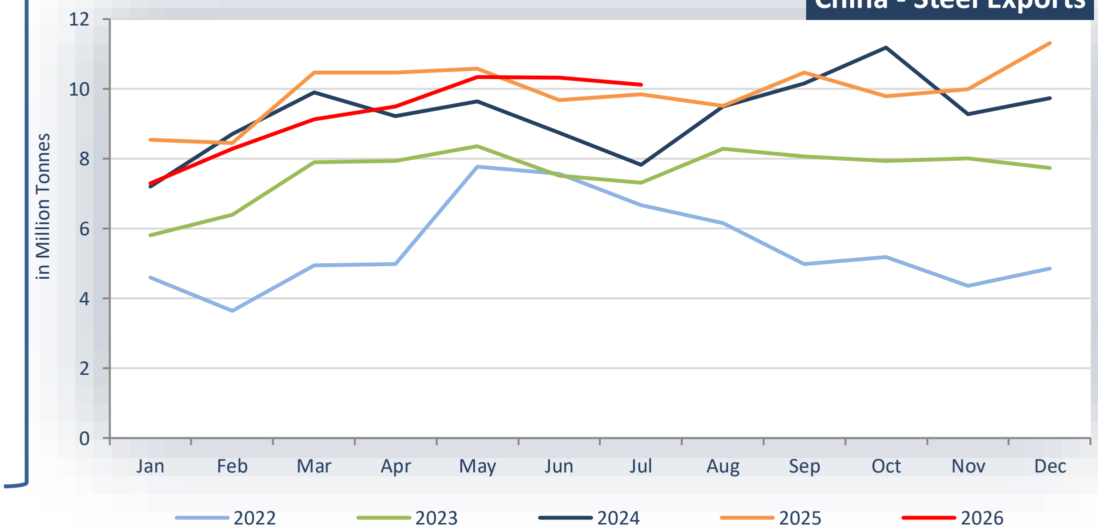
- In July, China's fertilizer exports plunged 67.3 percent year-on-year to just 1.87 million tonnes, marking a staggering contraction.
- Alongside the sharp annual contraction, July volumes also fell 23.7 percent month-on-month from June.
- Despite the ongoing restrictions, China exported a cumulative 15.32 million tonnes during January-July, down 19.1 percent year-on-year from the same period in 2025.
- China maintained stringent export restrictions, supported by high guidance price floors and the allocation of active urea quotas primarily towards global buyers.
- China's outbound finished steel shipments remained historically elevated in July, reaching 10.12 million tonnes driven by aggressive pricing strategies.
- This reflects a resilient 2.9 percent annual expansion, despite a marginal 1.9 percent month-on-month contraction from June.
- Total steel exports for the past seven months, reached 65.0 million tonnes, narrowing the year-on-year deficit to 4.4 percent, as robust overseas demand absorbed China's domestic surplus.

China - Feritlizer Exports



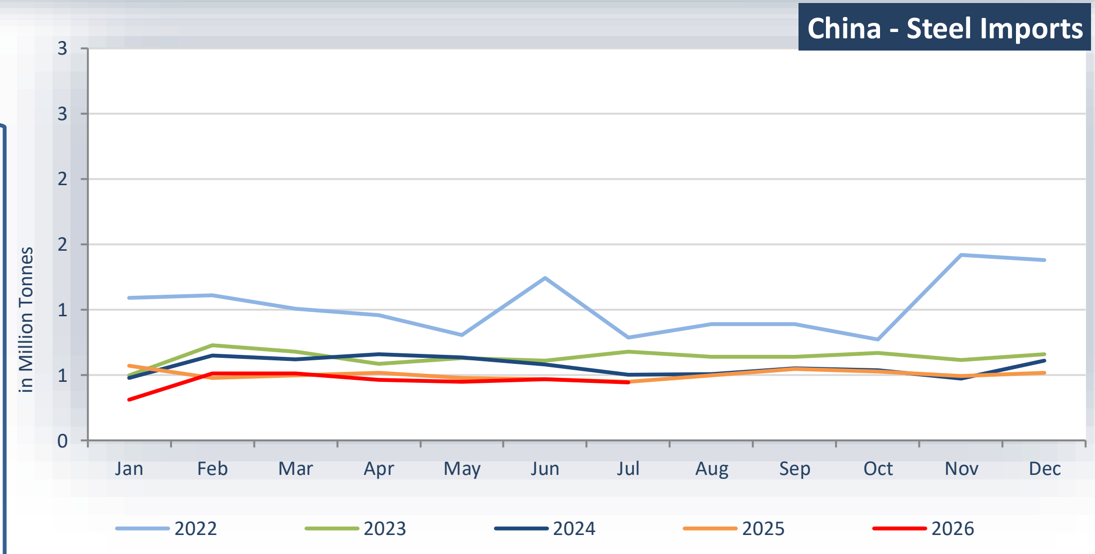
Source: GAC, Doric Research

China - Steel Exports

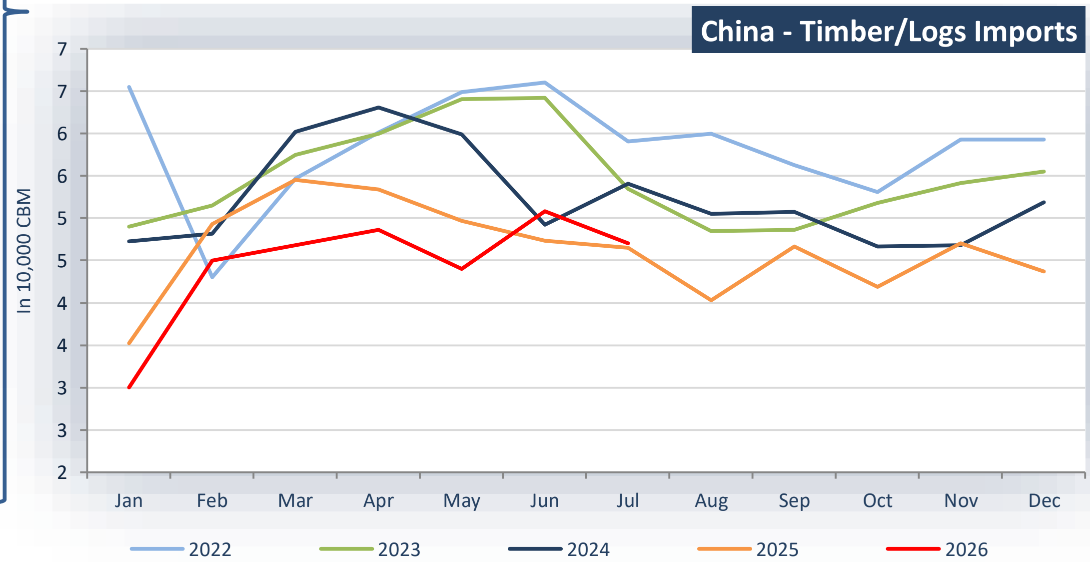


Source: GAC, Doric Research

- China's inbound steel shipments remained trapped in their low-volume cycle in July, totaling just 0.45 million tonnes, as volumes edged up 0.9 percent month-on-month but remained 1.5 percent below year-earlier levels.
- Over January-July, aggregate steel imports reached 3.14 million tonnes, marking a double-digit 10.1 percent year-on-year decline from the same period in 2025.
- In response to these shifting dynamics, local port inventories dropped 11.2 percent year-over-year, landing at 9.8 million tonnes.
- China's combined log and sawn timber imports remained heavily restricted in July, failing to emerge from their subdued throughput pattern, despite a 6.2 percent on year rise to 2.65 million cubic meters (CBM).
- Reflecting sustained domestic headwinds, China's combined timber inflows dipped 6.7 percent on year for the year-to-date period ending July, settling at 31.2 million CBM.
- China's July Global Timber Index (GTI) fell to a contractionary 43.0, dropping below the 50.0 threshold for the first time since February to signal renewed market weakness.



Source: GAC, Doric Research



Source: GAC, Doric Research

Disclaimer - Doric Research Group ©