CHINA – BAROMETER

Monthly Update

March 2025

FOCAL POINTS :

Macro Environment

Premier Li Keqiang underlined last month that the Chinese economy should expand "around 5.0 percent" for yet another year, despite ongoing rising risks of trade tariffs and insufficient domestic demand. That's is still the upper range of most economists' forecasts, and far higher than International Monetary Fund projection for a 4.8 percent annual growth during current year.

Chinese officials remain confident about the country's growth potential heading into 2025, marking the final year of the 14th Five-Year Plan. This optimism is grounded in China's commitment to ramping up stimulus measures and providing stronger policy support to navigate these hurdles.

Energy

Over January-February period, China's power generation suffered a rare early-year decline by 1.3 percent from the same period in 2024, to 1.49 trillion kWh, adding to pressure on prices of power plant fuels. That marked the third time since 1990 that has fallen over the period, with previous declines coming after the financial crisis in 2009 and at the start of the pandemic in 2020.

Manufacturing

Property sales by floor area narrowed their year-to-date decline, falling 5.1 percent from a year earlier during the past two months, compared to the 12.9 percent drop reported last year.

Imports

In the first couple of months of 2025, China's coal imports reached a record-high for the two-month period, rising by 2.1 percent year-on-year to reach 76.12 million tonnes.

Exports

Despite the 20.0 percent tariff hit by US, China's fertilizer exports saw accelerated growth by 55.7 percent from a year earlier to 2.5 million tonnes over the past two months.

Doric Research Department

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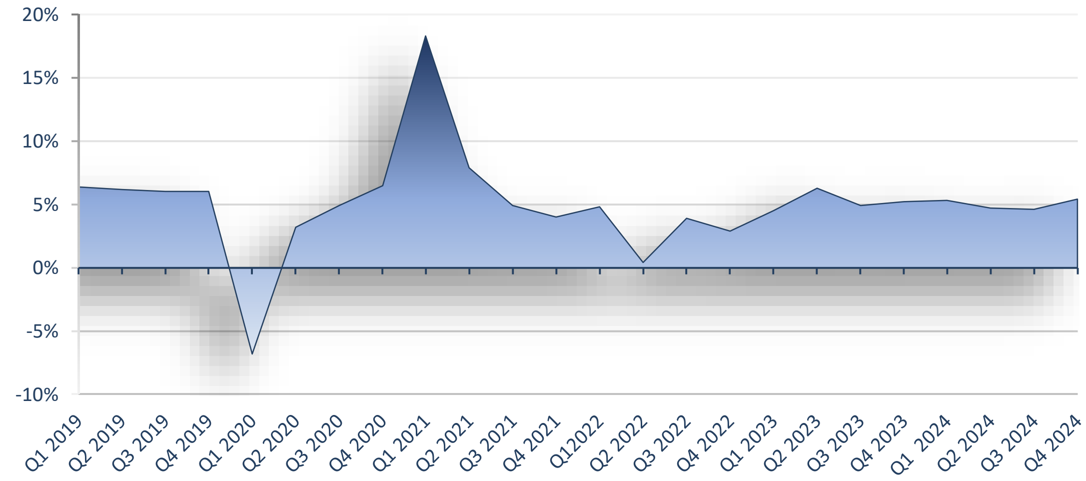
CONTENT PAGES :

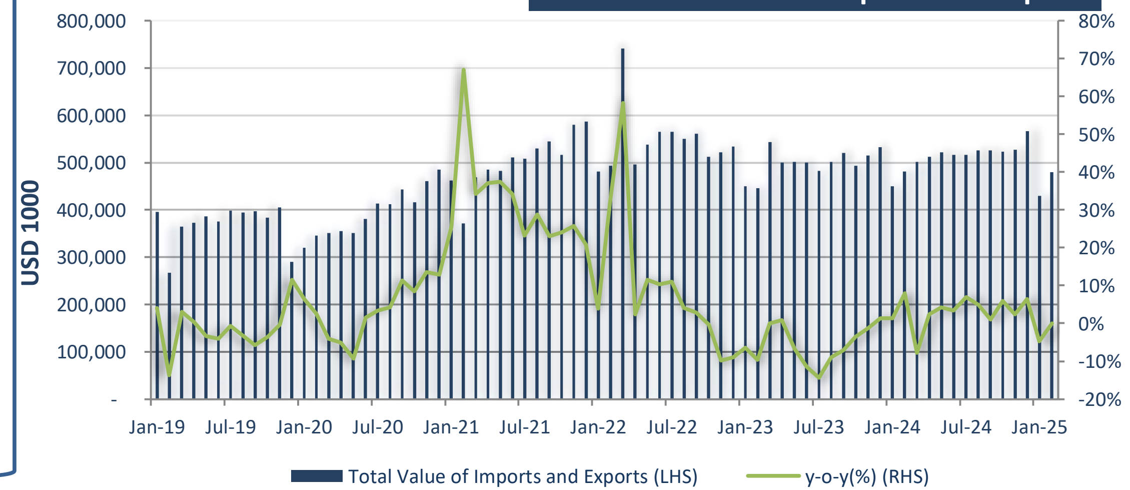
- Last year, China's economic performance saw a return to steady growth, achieving a 5.0 percent GDP expansion in line with government's target. That however still marked the slowest rate since 1990, bar the pandemic. For 2025, China maintains its economic growth target at 5.0 percent amid rising risks of trade tariffs.
- In the first two months of the current year, Industrial production climbed by 5.9 percent from a year ago, slower than the 6.2 percent growth in December, but faster than a 5.3 percent expansion forecast by Reuters poll.
- In March, the Organization for Economic Cooperation and Development (OECD) has raised its forecast for China's economic growth to 4.8 percent this year from a previous projection of 4.7 percent in December.
- China's exports in the January to February period rose by 2.3 percent from a year earlier to USD 539.9 billion, significantly undershooting expectations of a 5.0 percent gain by Reuters poll. That marked the slowest growth since April 2024, when exports rose by just 1.5 percent on year.
- Inbound shipments surprised markets by declining 8.4 percent on year in the past two months to USD 369.4 billion. That marked the sharpest fall since July 2023, missing analysts forecast for 1.0 percent annual expansion.
- China's trade surplus surged to USD 170.52 billion in January-February 2025, up from USD 125.16 billion in the same period a year earlier, exceeding market expectations of USD 142.4 billion.

China - GDP Growth



Source: NBS, Doris Research

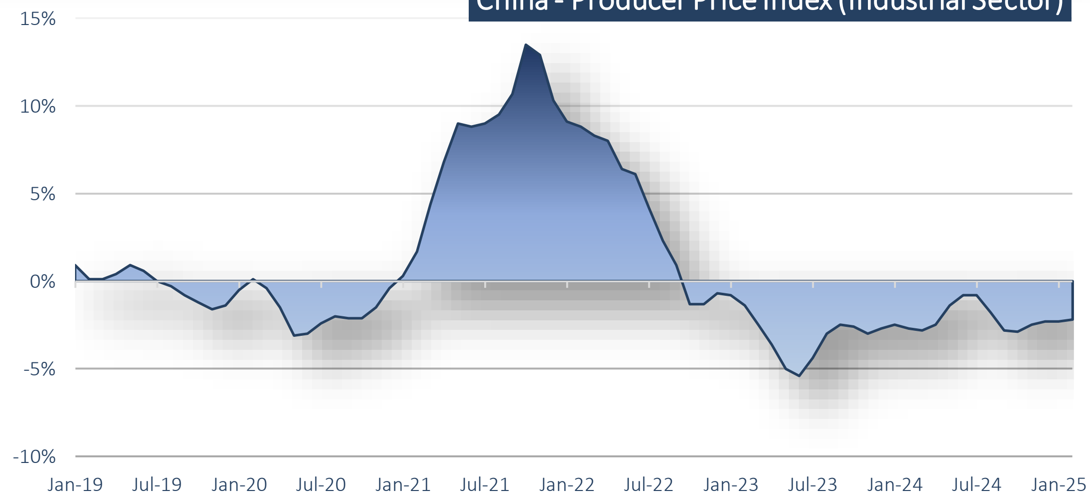
China - Total Value of Imports and Exports



Source: NBS, Doric Research

- China's Producer Price Index (PPI) shrank by 2.2 percent from a year ago in February, slightly up from a 2.3 percent drop in January, but still lingering below the 2.1 percent drop forecast by Reuters poll.
- Last month's record marked the smallest contraction in six months, while factory-gate prices continued their deflationary trajectory for yet another month starting from September 2022.
- In February, the purchasing price of industrial products dropped by 2.3 percent year on year. The annual average producer prices of China's industrial sector remained subdued, down by 2.2 percent year-on-year in 2024.
- China's consumer price index (CPI) fell by 0.7 percent last month from a year earlier, reversing January's 0.5 percent annual increase. That marked the first contraction into negative territory in the index since January 2024, and worse than a 0.5 percent slide estimated by Reuters poll.
- On a month-on-month basis, CPI fell 0.2 percent, against a 0.7 percent rise in January and below a predicted 0.1 percent drop.
- Core inflation, excluding volatile food and fuel prices, fell by 0.1 percent year-on-year in February, the first fall since January 2021.

China - Producer Price Index (Industrial Sector)



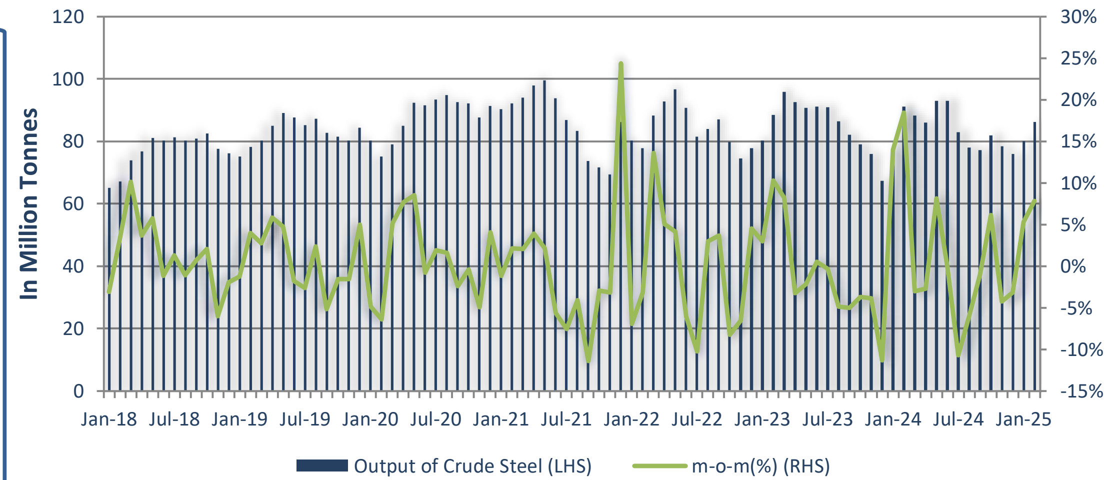
Source: NBS, Doric Research

China - Inflation Rate

Source: NBS, Doric Research

- China's total crude steel output for the first two months of this year posted a slight on-year decline of 1.5 percent to reach 166.3 million tonnes.
- Despite the on-year dip in total volume, the country's daily crude steel output averaged 2.82 million tonnes/day over January-February, much higher than the average of 2.45 million tonnes/day in December 2024.
- According to the World Steel Association, China's steel output slid by 5.6 percent year-on-year in January to 81.9 million tonnes. On the other hand, March's output is expected to rise as mills ramp up production due to strong margins.
- China's official Purchasing Managers' Index (PMI) rose to 50.2 in February from 49.1 in January. The non-manufacturing PMI, which includes services and construction, also climbed to 50.4 from 50.2 in January.
- China's factory activity expanded at its fastest pace in three months to 50.8 in February, as millions of migrant workers returned to work after an extended Lunar New Year holiday.
- The sub-index measuring total new orders edged up to 51.1, an increase of 1.9 percentage points from the previous month, indicating that the climate level of manufacturing market demand rebounded.

China - Crude Steel Output



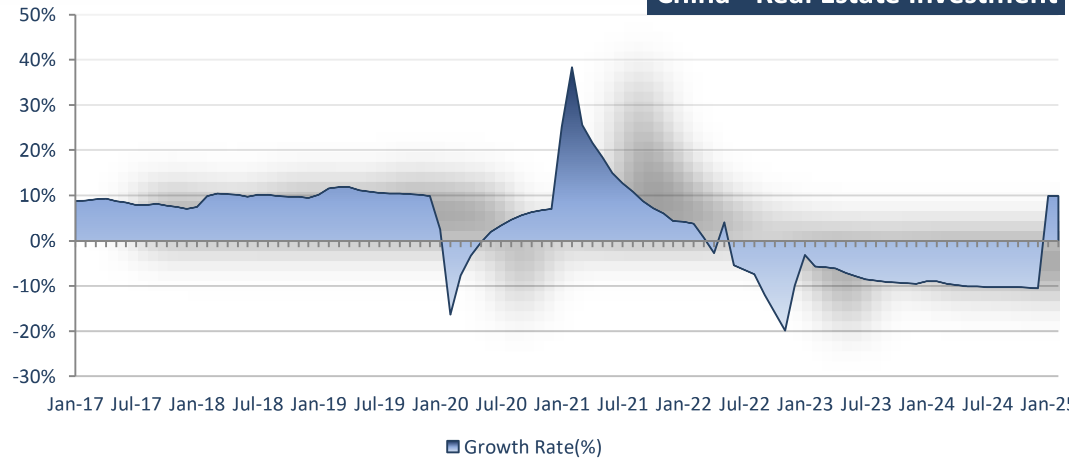
Source: NBS, Doric Research

China - Manufacturing PMI

Source: NBS, Doric Research

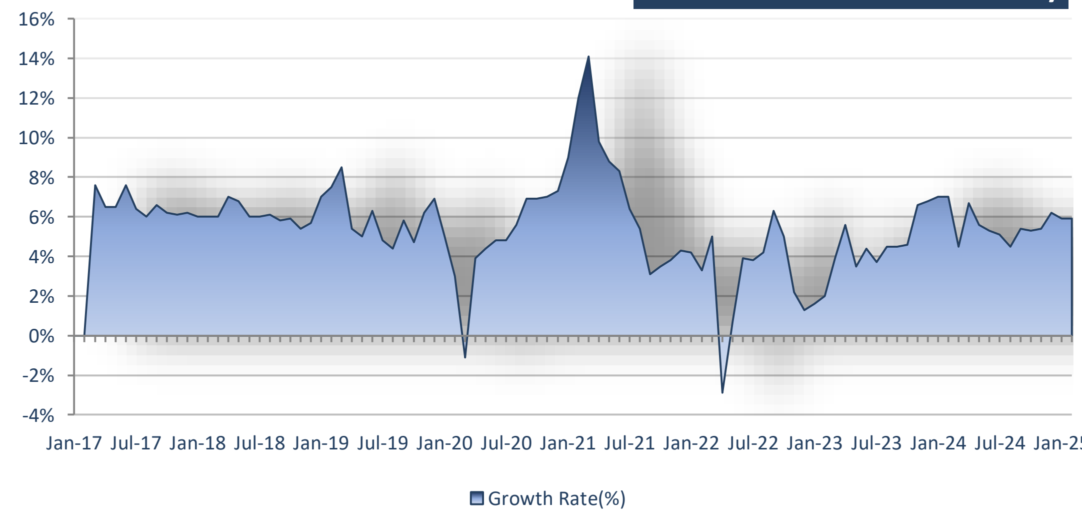
- China's property investment declined by 9.8 percent year-on-year in the first two months of 2025 , after tumbling by 10.6 percent in 2024.
- Property sales by floor area narrowed their year-to-date decline, falling 5.1 percent from a year earlier during the past two months, compared to the 12.9 percent drop reported last year.
- New home prices dipped by just 0.1 percent versus a month earlier during January-February period, after two months of relatively steady prices. On a year-on-year basis, the decline of home prices continued to narrow across all cities, slowing by 4.8 percent versus a 5.0 drop in the previous month.
- New construction starts, measured by floor area, plummeted by 29.6 percent on the year during January-February period, following a 23.0 percent drop in 2024.
- Despite soft exports and PMI data, China's industrial activity rose to 5.9 percent year-to-date during the first two trading months of the year, up from 2024's 5.8 percent annual uptick. That came comfortably well above consensus forecasts.
- Throughout the first couple of months of 2025, China's industrial production stood 0.1 percentage points higher that that of 2024.
- In terms of sectors, the value added of mining went up by 4.3 percent year-on-year: that of manufacturing up by 6.9 percent on year.

China - Real Estate Investment



Source: NBS, Doric Research

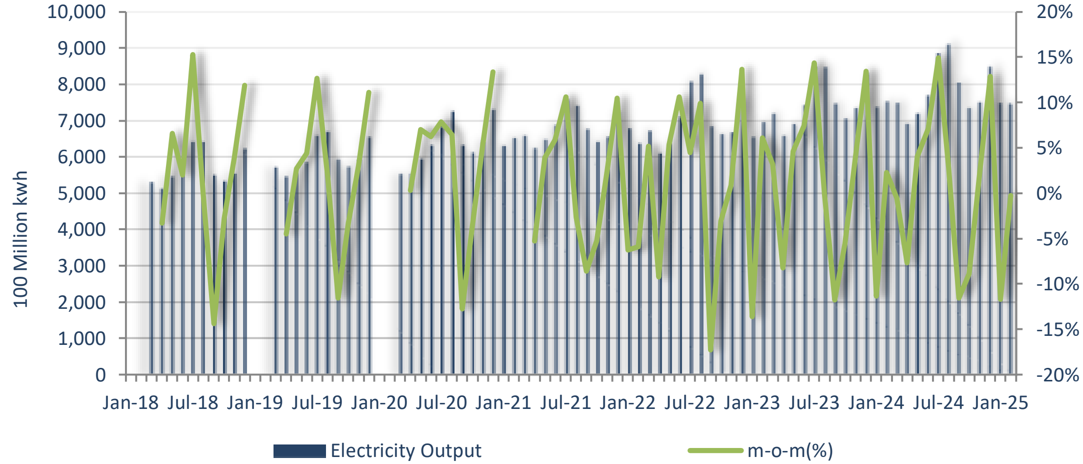
China - Value-added of Industry



Source: NBS, Doric Research

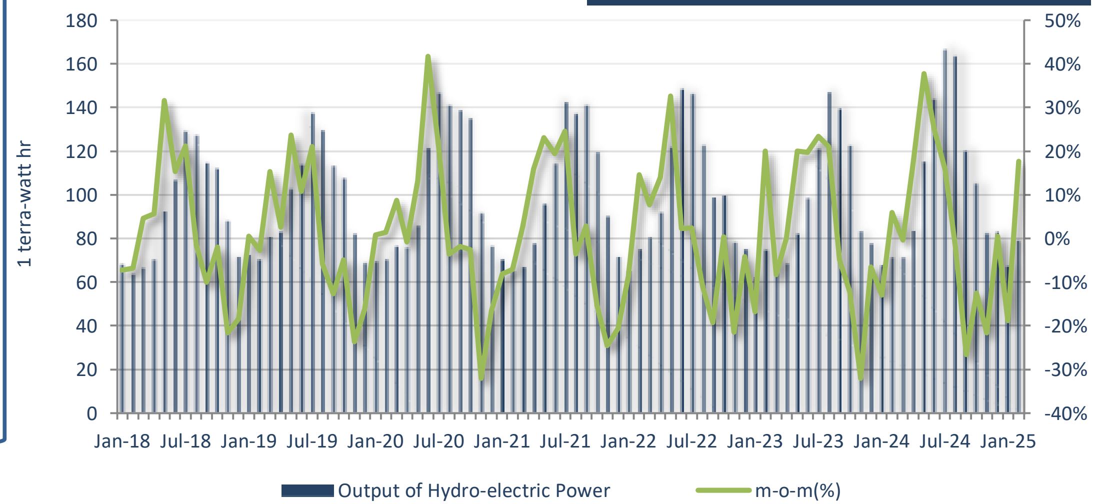
- China's power generation suffered a rare early-year decline by 1.3 percent from the same period a year ago during January-February period, to 1.49 trillion kWh, adding to pressure on prices of power plant fuels.
- The reported electricity output marks the third time that a decline has been reported after the financial crisis in 2009 and the start of the pandemic in 2020.
- The forecasted rise for 2025 by the government-backed industry association is at 6.0 percent, meaning a total of 10.4 trillion kWh, putting the year on par with 2024.
- In the past two months, China's hydropower output expanded by 4.5 percent on the year to 146.1 billion kWh. Meanwhile, the output for December 2024 stood at 82.27 kWh.
- IThe resurgence of hydropower was particularly notable, as marked the second-highest level of hydropower for that time of year in the last decade.
- Recent drought-based challenges have also done little to stymie the construction of additional hydro capacity across China, with the WHO also reporting that the country added a whopping 6.7 GW of hydropower capacity last year.

China - Electricity Output



Source: NBS, Doric Research

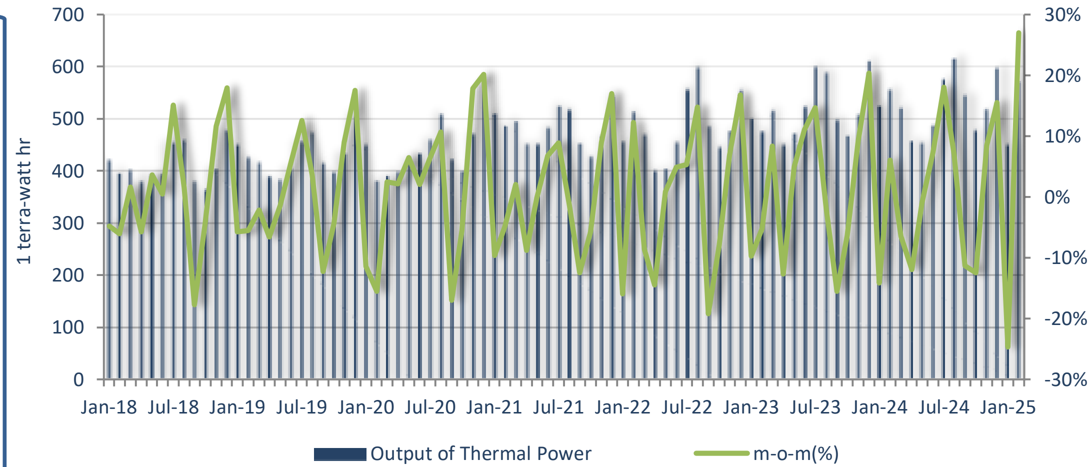
China - Hydro-Electric Power Output



Source: NBS, Doric Research

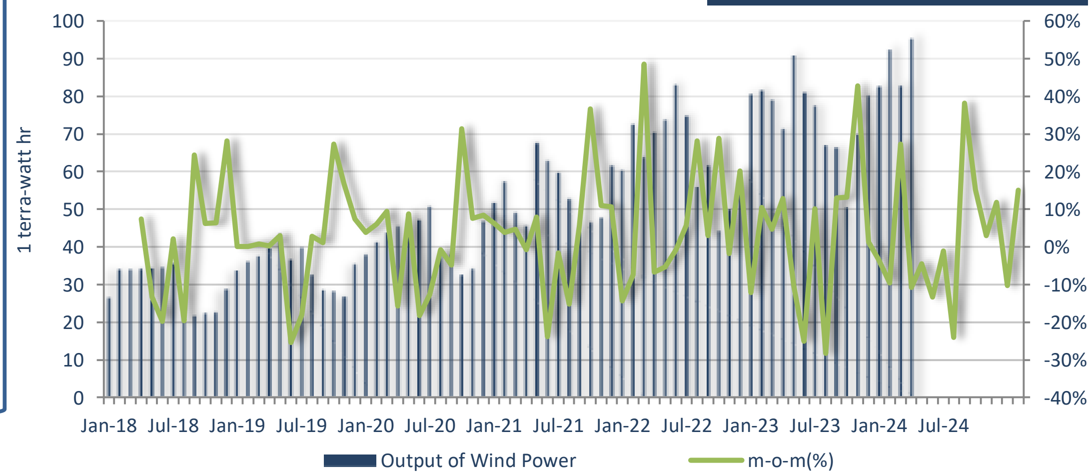
- China's thermal power generation fell by 5.8 percent annually to 1.02 trillion kilowatt-hours (kWh) in the first two months of 2025, one of only a handful of times it has declined during that period in more than two decades.
- Last year, China's thermal power generation rose by 1.5 percent, overshooting forecasts, although still marked the slowest growth rate in nine years outside of the COVID pandemic. Coal consumption rose in line with the increase in thermal power generation, up 1.7 percent on the year.
- While newly added thermal power capacity in 2024 is showing a 7.0 percent decrease on year, there was still 54.1GW of new thermal capacity added (mostly coal), accounting for 13.0 percent of the total new capacity, reflective on China's need for flexible power generation to balance the ever-larger share of variable renewable energy.
- Renewable energy continued its upward trajectory. Wind power generation rose to 177.61 TWh from January to February, marking an 15.7 percent year-on-year gain.
- China is set to add more than 200.0 million kilowatts of new-energy power generation capacity in 2025, bringing the nation's total installed capacity for new-energy power generation to 1.61 billion kilowatts. Which means that by the end of 2025, new-energy power generation is expected to surpass 44.0 percent of the country's total installed power generation capacity.

China - Thermal Power Output



Source: NBS, Doric Research

China - Wind Power Output



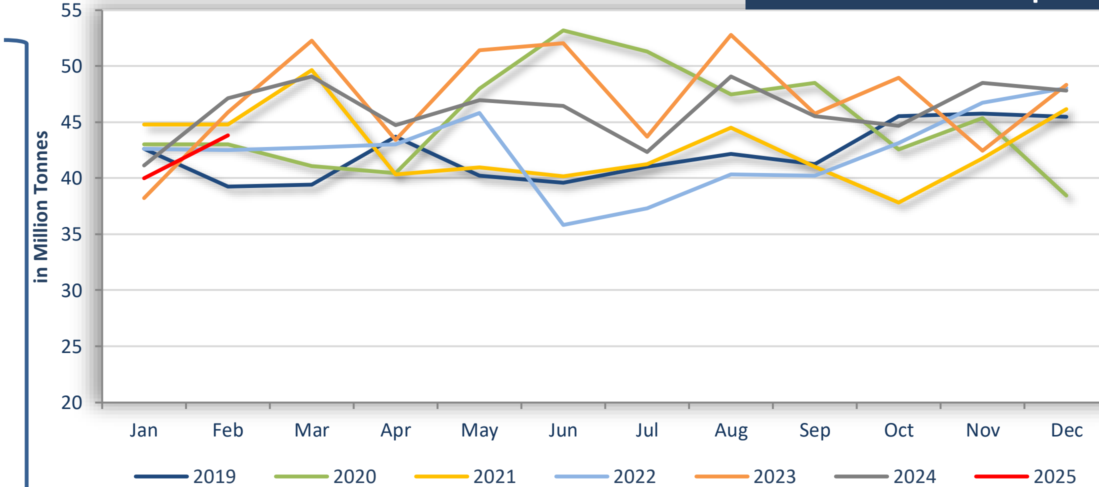
Source: NBS, Doric Research

CRUDE OIL/NATURAL GAS MARCH 2025

- China imported 83.85 million tonnes of crude oil in January and February 2025, equating to 10.38 million barrels per day, down from 10.74 million barrels per day in the corresponding period last year.
- China's crude oil imports fell by 5.0 percent in the first two months of 2025 versus year-ago levels, as tougher U.S. sanctions on ships carrying Russian and Iranian oil and a Chinese port ban slowed flows.
- In 2024, crude oil imports totaled 553.4 million tonnes, down by 1.9 percent year-on-year, marking the first annual decline in two decades outside of pandemic-induced disruptions.

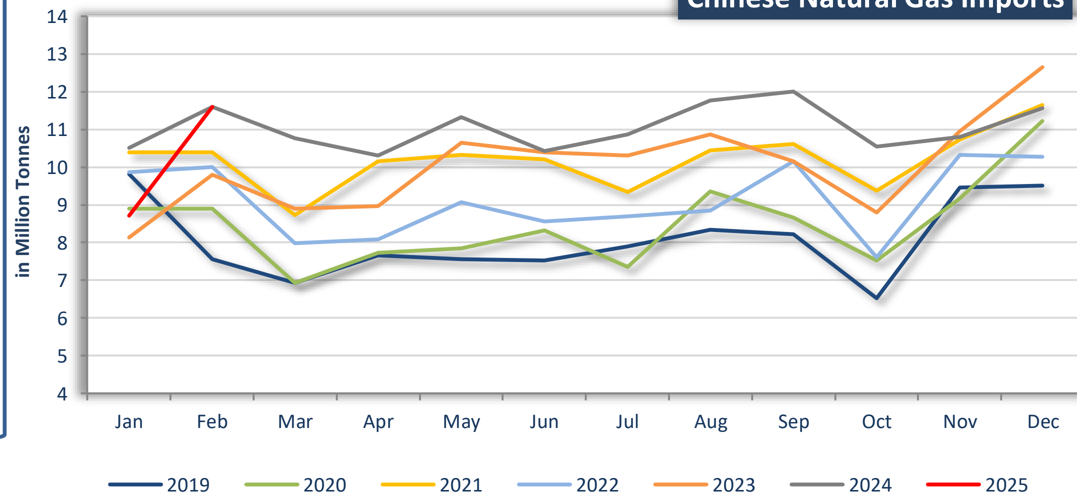
- China's natural gas imports for January-February period, including piped gas and liquefied natural gas (LNG), also dropped, down by 7.7 percent from the corresponding year-ago period to 20.31 million tons.
- Specifically, LNG discharges into China totaled 10.85 million tonnes during the past two months, down from 13.2 million tonnes imported a year earlier.
- Cumulatively, natural gas imports for 2024 rose by 9.9 percent year-on-year to 131.69 million tonnes, signaling strong growth in the sector.

Chinese Crude Oil Imports



Source: GAC, Doric Research

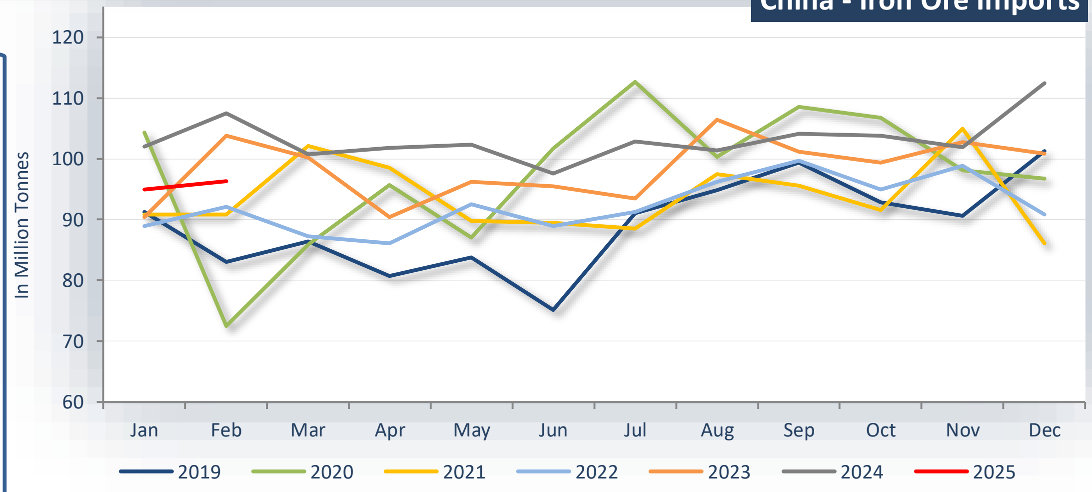
Chinese Natural Gas Imports



Source: GAC, Doric Research

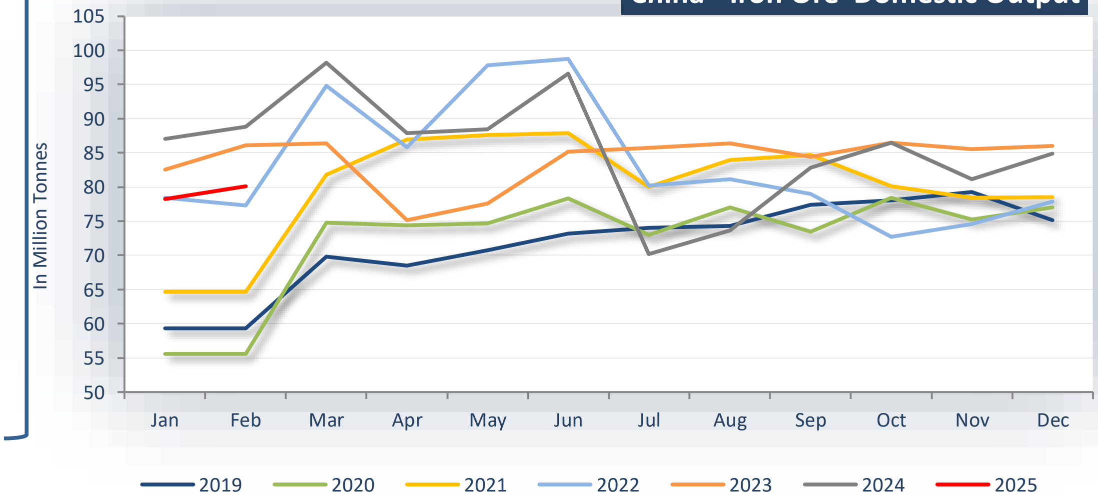
- During the first two months of 2025, China's iron ore imports fell by 8.4 percent compared with the same period a year earlier, reaching 191.36 million tonnes. The drop is largely attributed to weather-related supply disruption in major supplier Australia.
- Coal imports during the January-February period works out to a monthly average of 95.68 million tonnes. That compared to 112.49 million tonnes in December and a monthly average of 103.2 million tonnes in 2024.
- Rio Tinto, the world's largest iron ore producer, expects a loss of circa 13.0 million tonnes of iron ore from the most severe cyclones since April 2023, that affected major iron ore hubs including Port Hedland and Dampier .
- In the January-February period this year, China's iron ore production amounted to 158.353 million tonnes, decreasing by 12.6 percent year on year.
- Iron ore futures extended December's decline in January due to investor disappointment over insufficient incentives from China and rising stocks of raw materials in the country. However in early February iron ore prices reached a four-week high, reflecting a recovery in demand and optimism among investors.

China - Iron Ore Imports



Source: GAC, Doric Research

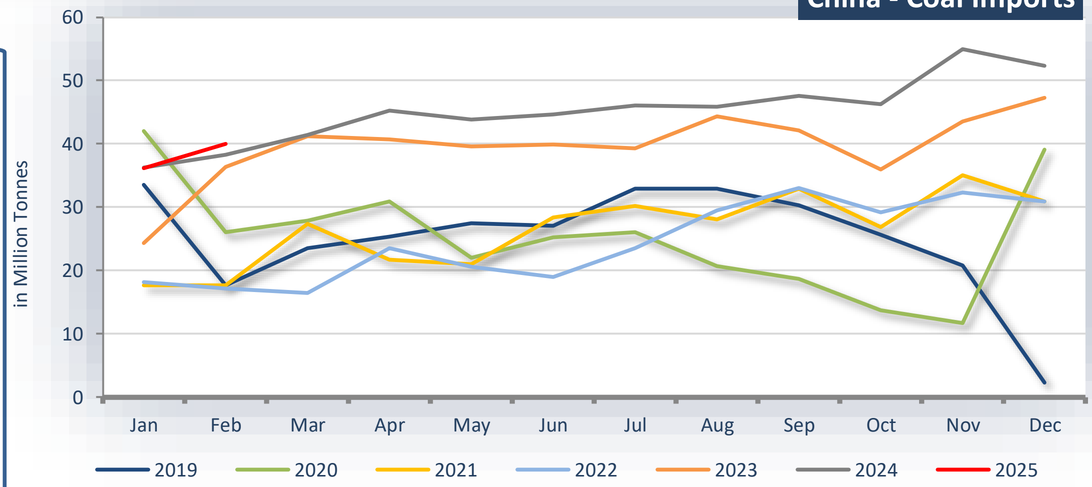
China - Iron Ore Domestic Output



Source: NBS, Doric Research

- In the first couple of months of 2025, China's coal imports reached a record-high for the period in the past five years, rising by 2.1 percent year-on-year to reach 76.12 million tonnes.
- China's demand for seaborne coking coal has declined amid increased land imports from Mongolia, which saw an increase of 5.0 percent annually throughout 2024.
- In February, China imposed a 15.0 percent duty on imports of US coking coal as part of its response to the US 20.0 percent duty on all Chinese imports, which is likely to virtually stop trade with China, who bought 5.75 millions last year
- Australian coking coal exports to China decreased by 52.0 percent on the month in February.
- Domestically, over January-February this year, China's total output of raw coal for all uses increased by 7.7 percent from the same period last year to 765.33 million tonnes.
- On a daily basis, coal production during the past two months, averaged 12.97 million tonnes, exceeding the 11.75 million tonnes over the same months last year, but falling short of December's average of 14.156 million tonnes/day.
- Last year, China's coal output rose to a record high of 4.76 billion tonnes, albeit at a slowing growth rate of 1.3 percent as coal consumption enters a plateau period in line with market projections.

China - Coal Imports



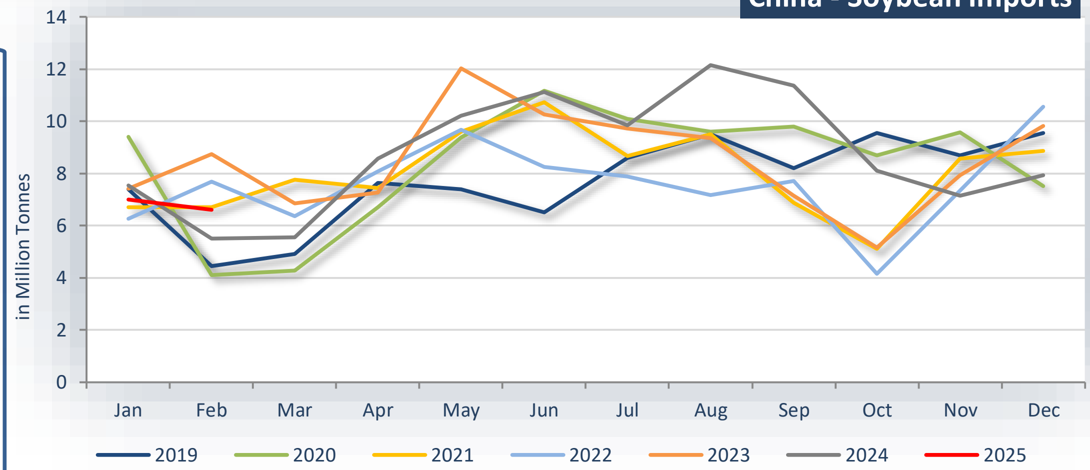
Source: GAC, Doric Research

China - Coal Domestic Output

Source: NBS, Doric Research

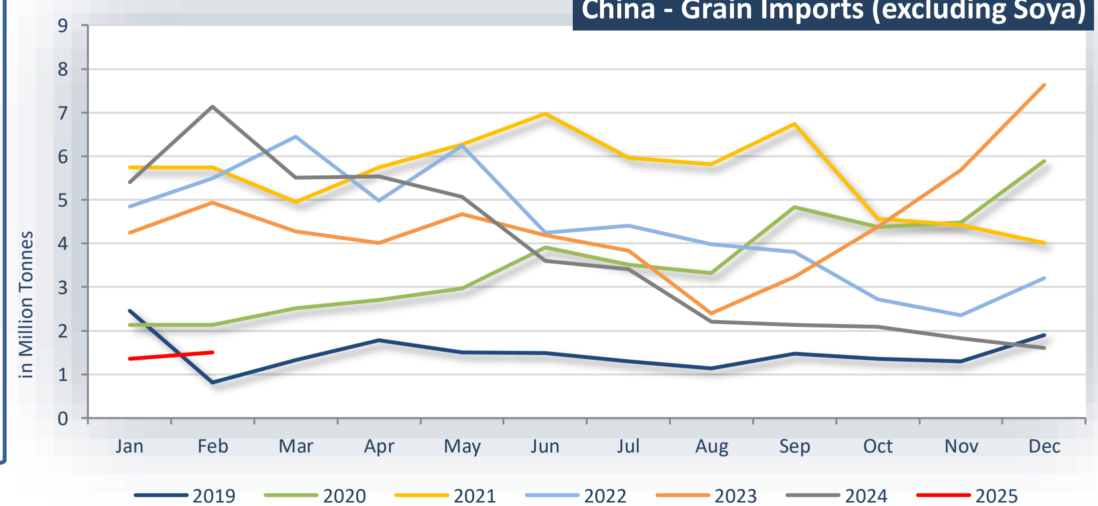
- China's soybean imports totaled 13.61 million tonnes from January to February this year, up by 4.5 percent from 13.03 million tonnes in the same period in 2024, lacking any effects as of yet from China's retaliatory tariffs on US agricultural products.
- For March, soybean crush is forecast at 5.84 million tonnes, a 10.1 percent decline from February and a 19.1 percent drop from a year earlier, amid squeezing stems from US and delayed Brazil's harvest.
- However, China is forecast to import a record high of 31.3 million tonnes of the oilseed in the period ranging from April to June, alleviating supply pressure from smaller arrivals expected in March.
- Excluding soybeans, China imported 2.85 million tonnes of grains in the first two months of 2025, representing a steep year-on-year decline of 77.2 percent.
- Chinese imports of corn products fell by 97.1 percent in the first two months of 2025, to 0.18 million tonnes, from 6.19 million tonnes in the year-earlier-period.
- China's wheat imports amounted to 0.11 million tonnes during January-February period, down by 95.6 percent from 2.51 million tonnes recorded in the same period a year earlier.

China - Soybean Imports



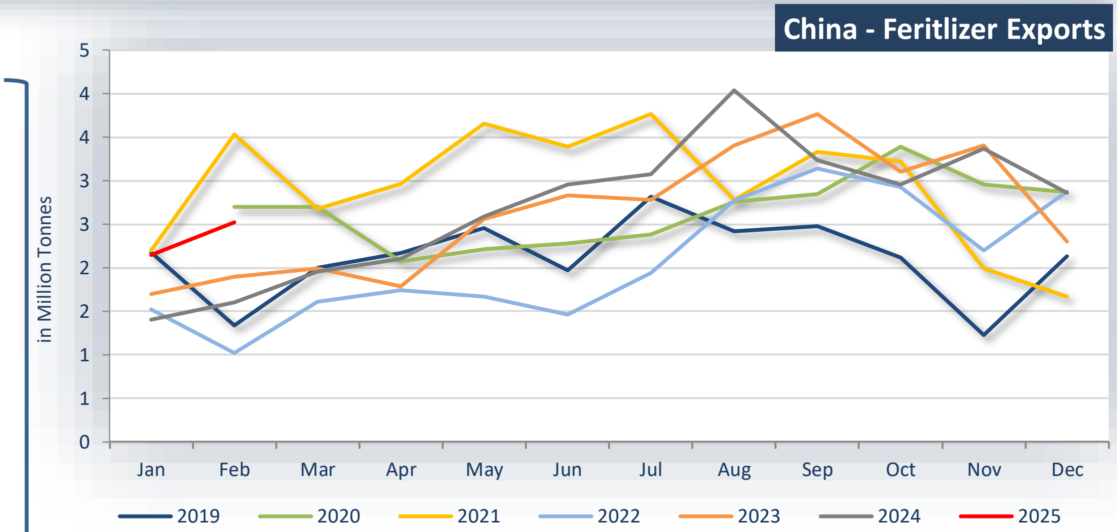
Source: GAC, Doric Research

China - Grain Imports (excluding Soya)

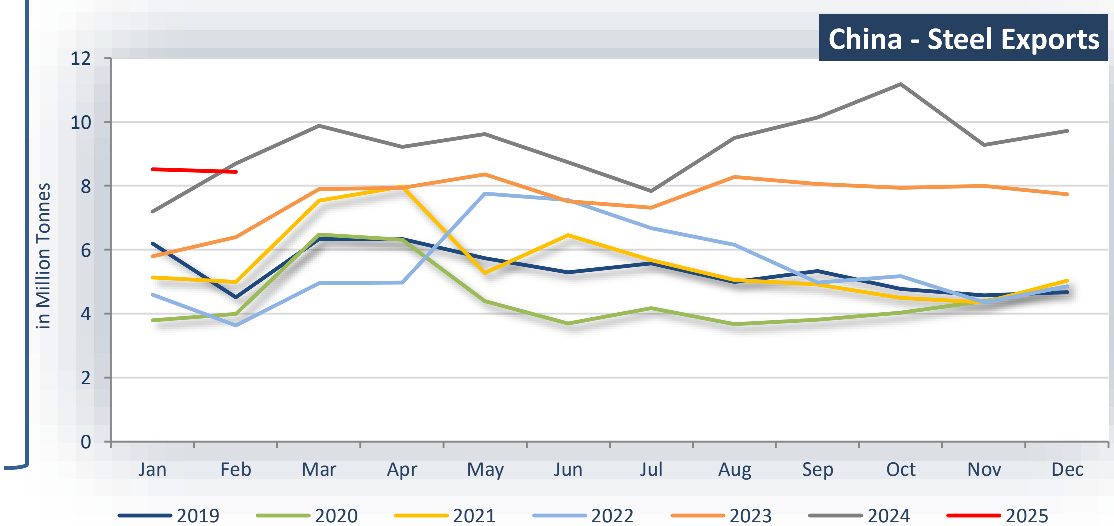


Source : GAC, Doric Research

- From January to February, China's fertilizer exports saw accelerated growth by 55.7 percent from a year earlier to 2.5 million tonnes.
- Over the course of 2024, China exported 32.2 million tonnes of fertilizers, reflecting a marginal 1.9 percent decline year-on-year.
- China's urea market heated up with a 14.8 percent price surge in February, driven by the recovery in compound fertilizer production and sustained demand from the agricultural sector.
- China's cumulative steel exports from January to February 2025, stood at 16.97 million tonnes, marking an increase of 6.7 percent compared to the same period during 2024.
- According to the World Steel Association, in January of this year, steel production in China amounted to 81.9 million tons, down 5.6 percent year-on-year.
- The combination of tariff-induced trade shifts, monthly export fluctuations, and the predominance of mid-size vessel classes (Supramax, Handymax) suggests a strategic industry transition. The freight market will likely see increased demand for flexible and fuel-efficient vessel categories, rather than large-scale bulk carriers, as Chinese steel exporters diversify their shipping strategies in response to trade barriers.



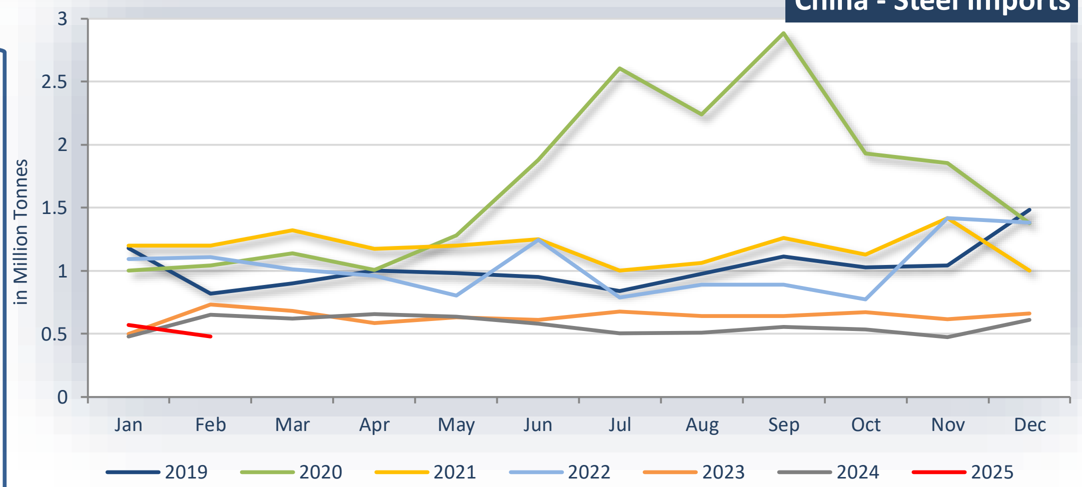
Source: GAC, Doric Research



Source: GAC, Doric Research

- China's finished steel imports witnessed a 7.2 percent year-on-year decline over the past two months, amounting to 1.05 million tonnes, reversing the sustained upward trend in inbound shipments since November 2024.
- For January and February, Chinese combined steels arrivals stood significantly higher that the respective December's imported quantity of 0.6 million tonnes.
- Over the past year, steel imports totaled 6.82 million tonnes, marking a significant 10.9 percent reduction compared to the previous year.

China - Steel Imports



Source: GAC, Doric Research

- In the first couple of months of 2025, Chinese timber imports balanced at 8.45 million cubic meters (CBM), reflecting a 11.4 percent year-on-year dive.
- For 2024, total timber imports declined by 4.4 percent year-on-year, amounting to 62.9 million CBM.
- The Global Timber Index registered at 44.1 in February, falling below the critical 50.0-point threshold for the second consecutive month , but exceeding January's record of 39.5.

China - Timber/Logs Imports

Source: GAC, Doric Research

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