DORIC
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CHINA – BAROMETER

Monthly Update

June 2026

FOCAL POINTS :

Macro Environment

China's economy displayed increasingly uneven growth in May, with resilient exports and stronger industrial output contrasting with weakening domestic demand, as retail sales recorded their first monthly decline in more than three years and fixed-asset investment remained under pressure amid the prolonged property downturn.

Energy

China's power generation increased by 4.2 percent year-on-year to 784.3 billion kWh in May, driven by strong hydropower output and a modest increase in fossil fuel-fired generation, which offset weaker wind power production.

Manufacturing

China's factory activity remained flat in May, with the Official Purchasing Managers' Index (PMI) standing at the neutral 50.0-point threshold, as weak domestic orders counterbalanced strong export demand.

Imports

China's iron ore imports rose by 2.4 percent year-on-year to 102.03 million tonnes in May as steel mills replenished inventories, while coal arrivals climbed 11.0 percent to 43.78 million tonnes ahead of peak summer power demand.

Exports

Driven by global demand, China's May 2026 steel exports rebounded to 10.34 million tonnes, while the government selectively released fresh urea quotas to ease an international fertilizer crisis.

Doric Research Department

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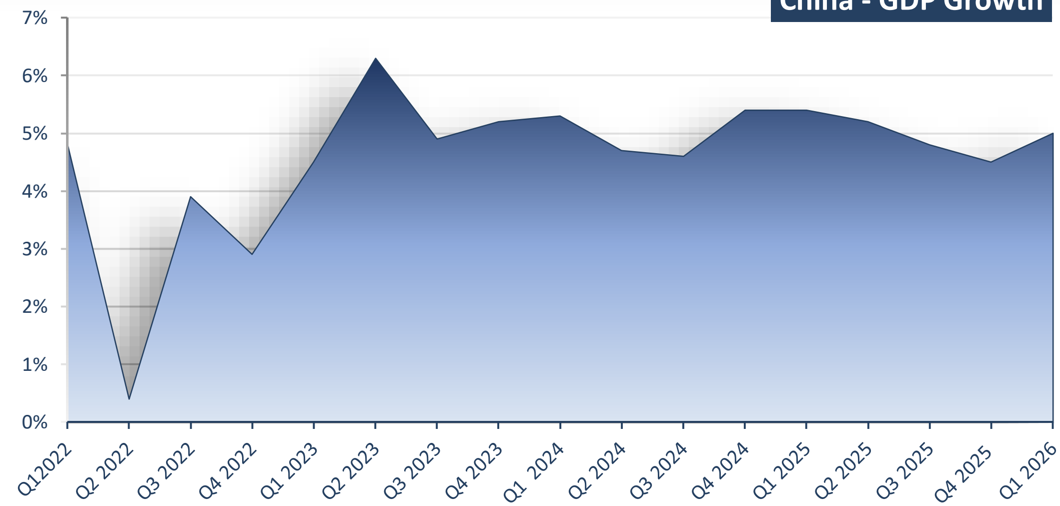
CONTENT PAGES :

- In May, China's economy presented a mixed picture, as a record trade surplus and robust industrial production offset persistent weakness in domestic demand, fixed-asset investment and the automotive sector.
- Industrial production expanded by 4.5 percent year-on-year in May, remaining one of the economy's strongest performing sectors.
- Retail sales declined by 0.6 percent month-on-month, falling well short of market expectations. The decline also marked the first monthly contraction since December 2022.
- China's total imports climbed to USD 271.35 billion in May, representing a robust 27.4 percent year-on-year increase and comfortably exceeding market expectations.
- Total outbound shipments reached a record USD 376.78 billion in May, rising by 19.4 percent year-on-year and significantly outperforming forecasts of a 15.0 percent expansion.
- As a result, China's trade surplus widened to USD 105.43 billion in May, up from USD 102.72 billion in the corresponding month of 2025 and the largest surplus recorded since January.

China - GDP Growth



Source: Doric Research, NBS

China - Total Value of Imports and Exports

Source: GAC, Doric Research

- China's producer prices surged 3.9 percent year-on-year in May. This growth accelerated from a 2.8 percent rise in the previous month, marking the fastest pace of wholesale inflation since July 2022
- On a monthly basis, The Producer Price Index (PPI) rose modestly by 0.5 percent in May, slowing down from the 1.7 percent increase recorded in April.
- Over January-May period, producer prices averaged a 1.0 percent annual increase over the same period in previous year, reflecting a gradual upward shift in industrial costs.
- China's annual inflation held steady at 1.2 percent in May, unchanged from the previous month but slightly below market expectations of 1.3 percent rise.
- On a month-over-month basis, consumer prices edged down by 0.1 percent, as domestic fuel and service costs eased from their April peaks, bringing the average year-to-date inflation from January to May to an even 1.0 percent.
- Core inflation, excluding food and energy, rose 1.1 percent year-on-year, following April's 1.3 percent gain.

China - Producer Price Index (Industrial Sector)

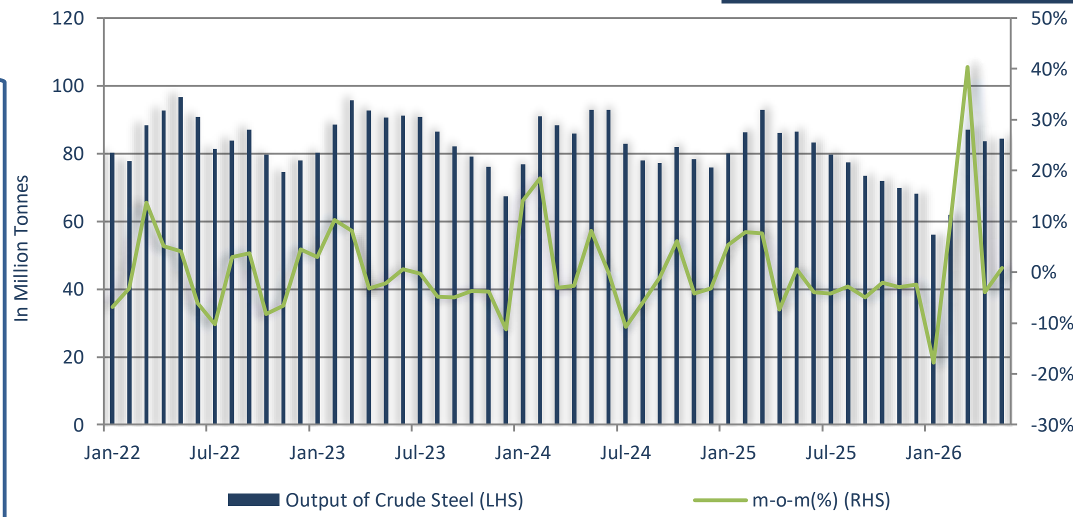
Source: NBS, Doric Research

China - Inflation Rate

Source: NBS, Doric Research

- Reflecting a slowdown in heavy industry, China's crude steel production fell to 84.36 million tonnes in May, marking a 2.7 percent contraction relative to the identical timeframe in the previous year
- This deceleration aligns with a broader year-to-date trend, as cumulative output for the past five months fell by 3.9 percent on year to 415.53 million tonnes. Despite this domestic cooling, China continues to command the global steel market, accounting for 53.0 percent of total worldwide production.
- May’s output experienced a marginal 0.87 percent monthly increase from April’s 83.63 million tonnes, capitalizing on traditional seasonal peak demand.
- China's factory activity remained flat in May, with the Official Purchasing Managers' Index (PMI) standing at the neutral 50.0-point threshold, as weak domestic orders counterbalanced strong export demand.
- On the non-manufacturing side, the official Index offered a positive surprise by rising from 49.4 in April to 50.1,crossing back into expansionary territory for the first time in three months.

China - Crude Steel Output



Source: NBS, Doric Research

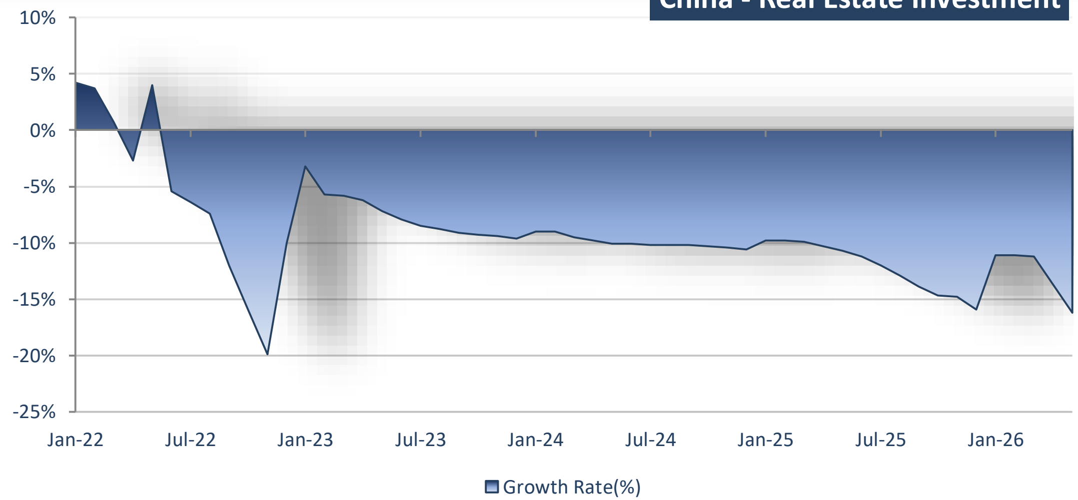
China - Manufacturing PMI

Source: NBS, Doric Research

- China's real estate investment remained under pressure in May, contracting by 16.2 percent year-on-year and worsening from the 13.7 percent decline recorded over the January–April period.
- Momentum weakened further, as property sales by floor area fell by 11.7 percent year-on-year in May, ending a six-month trend of gradually narrowing declines.
- New construction starts declined by 22.6 percent year-on-year during the January–May period, pointing to a further deterioration in development activity.
- New home prices dipped 0.2 percent in May from the previous month, steepening from a 0.1 percent decline in April.

- China's value-added industrial output expanded by 4.5 percent on year in May, marking a modest acceleration from the 4.1 percent growth recorded in April.
- On a month-over-month basis, industrial value-added grew by just 0.4 percent, bringing the cumulative year-on-year growth for the past 5 months to 5.4 percent.

China - Real Estate Investment



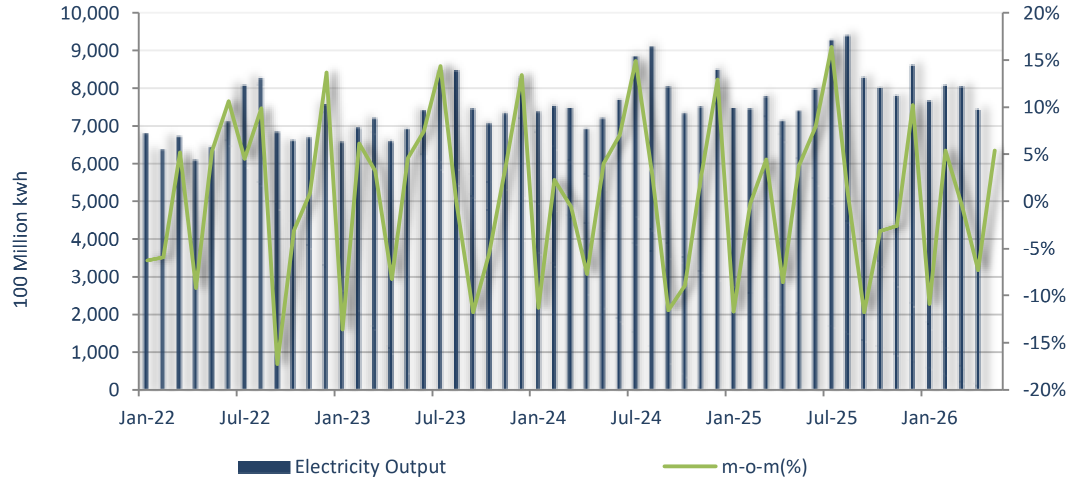
Source: NBS, Doric Research

China - Value-added of Industry

Source: NBS, Doric Research

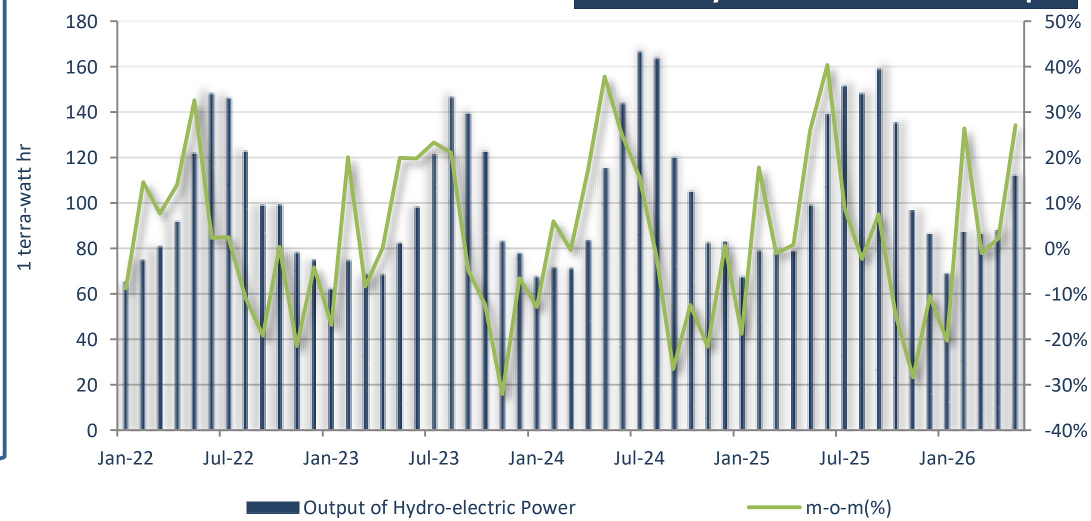
- China's power sector experienced a strong shift as total electricity generation accelerated to 784.3 billion kilowatt-hours (kWh) in May, registering a steady annual expansion of 4.2 percent on year.
- Growth was primarily driven by strong hydroelectric generation, which recorded a second consecutive month of double-digit growth, alongside a 2.1 percent increase in fossil fuel-fired power generation that offset weaker wind power output.
- Over January-May period, China's cumulative electricity output amounted to 3.93 trillion kWh, representing a steady 3.6 percent year-on-year expansion compared to the same period in 2025.
- China's hydroelectric power output achieved a striking 13.0 percent annual increase in May, reaching 111.9 billion kWh, serving as a primary driver of the nation's clean energy grid.
- Last month's surge capped of a highly successful five-month period for the sector, culminating in a strong 10.9 percent annual increase for the cumulative January-May period. That outpaced the overall 3.6 percent growth rate of the broader industrial power sector.

China - Electricity Output



Source: NBS, Doric Research

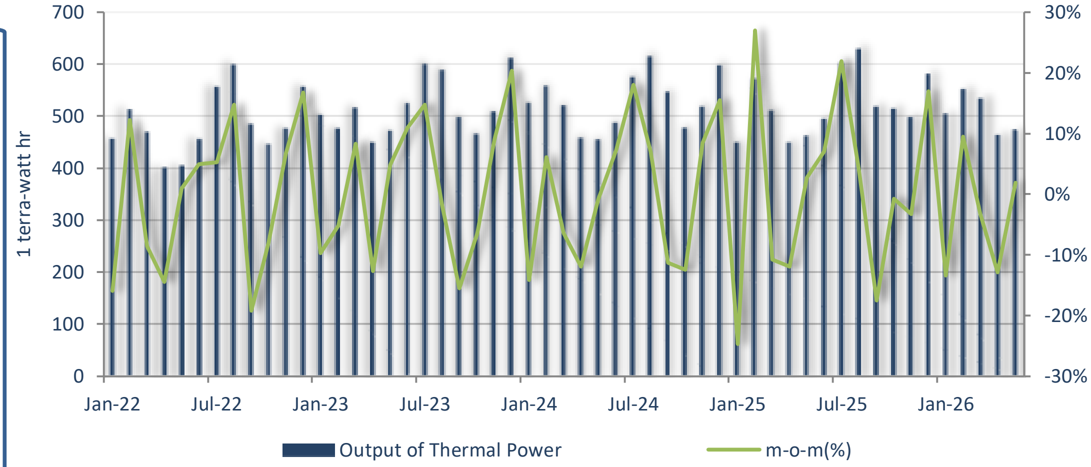
China - Hydro-Electric Power Output



Source: NBS, Doric Research

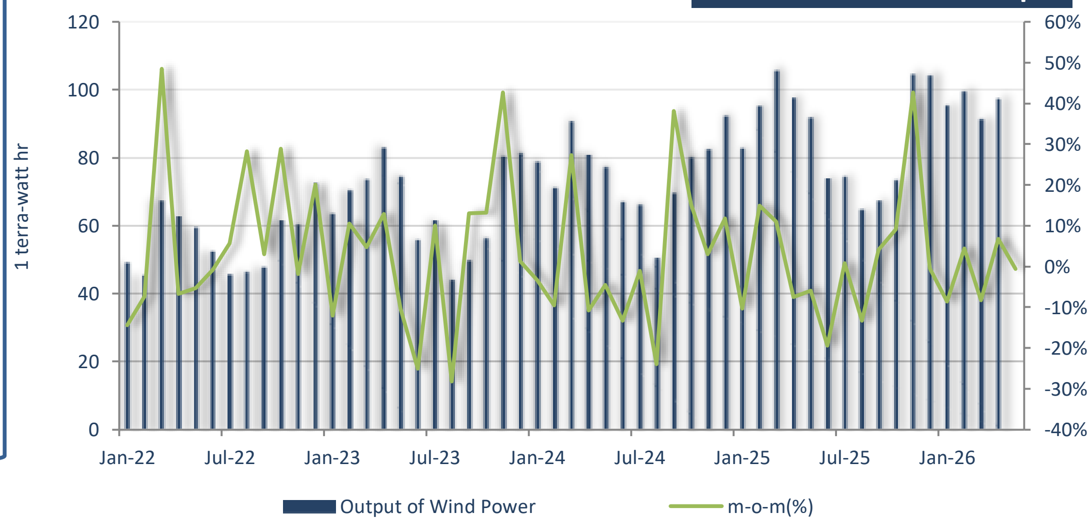
- Driven by accelerating domestic power consumption, thermal output reached 472.6 billion kilowatt-hours (kWh), marking a 2.1 percent year-on-year increase, as a drop in wind speeds forced grid operators to rely more heavily on coal-fired units.
- Despite this growth, thermal power's share of the national energy mix fell slightly to 65.6 percent, down from 66.9 percent in April, as a massive seasonal surge in hydropower output absorbed the majority of the month's rising electricity demand.
- For the cumulative January-May 2026 period, China's total thermal power generation logged a 3.4 percent increase compared to the same timeframe in 2025 at 2.53 trillion kWh.
- In May, China's wind power output reached 96.9 billion kWh, marking a 1.1 percent decrease on year. This rare monthly annual drop occurred amid the record lowest wind speeds in a decade, and despite country's continuous and aggressive expansion of wind turbine installations.
- Looking at the broader period, wind power output for the past five months as a whole, totaled 482.0 billion kWhm posting a marginal annual rise of 1.0 percent.

China - Thermal Power Output



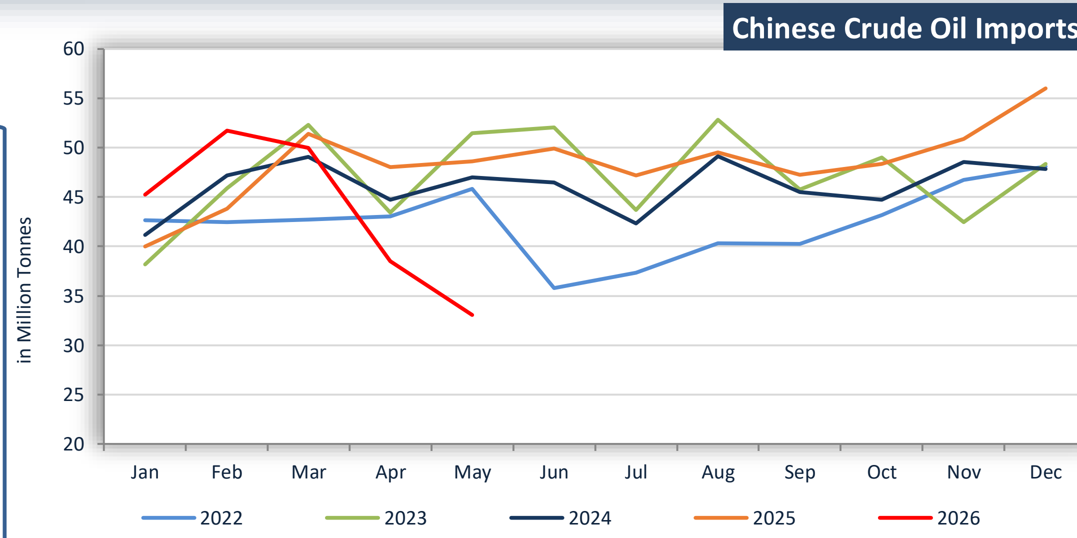
Source: NBS, Doric Research

China - Wind Power Output

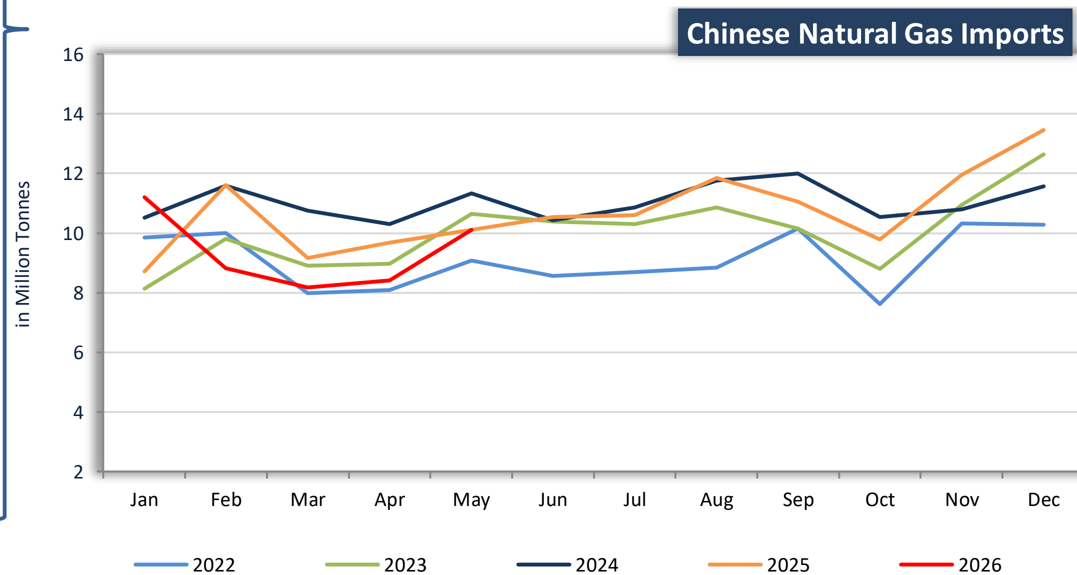


Source: NBS, Doric Research

- China's crude oil arrivals fell to a ten-year low of 33.08 million tonnes in May, averaging 7.8 million barrels per day (bpd). The figure was down 14.0 percent month-on-month and 28.9 percent year-on-year.
- May's import data highlight diverging trends among its major suppliers. Imports from Russia remained stable at 8.16 million tonnes, easing by just 3.0 percent on year. Conversely, Indonesian arrivals skyrocketed by 467.0 percent on year to 3.51 million tonnes.
- Year-to-date arrivals for January-May period registered at 218.4 million tonnes, a 4.8 percent annual decline.
- China's natural gas imports rebounded to 10.11 million tonnes in May after months of declines driven by geopolitical energy disruptions, remaining broadly falt year-on-year,
- Reversing a multi-month decline, China's LNG arrivals staged a notable recovery, reaching 4.86 million tonnes, This marks a 1.6 percent annual rise and a sharp 38.8 percent rebound from the eight-year low of 3.5 miliion tonnes in April.



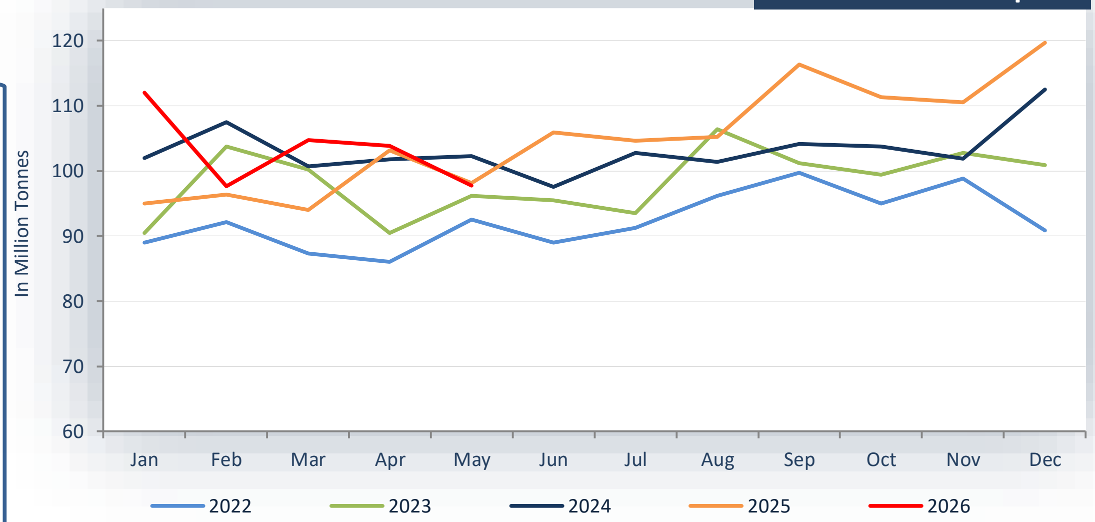
Source: GAC, Doric Research



Source: GAC, Doric Research

- In May, China's iron ore inflows dipped to a three-month low of 97.71 million tonnes, reflecting a sequential contraction of 5.9 percent compared to April and a minor annual contraction of 0.4 percent against May 2025.
- Australian arrivals reached 67.4 million tonnes, up 6.0 percent month-on-month, while imports from Brazil increased by a modest 1.2 percent to 23.2 million tonnes.
- China's iron ore imports reached 516.26 million tonnes during the first five months of 2026, up 6.3 percent year-on-year.

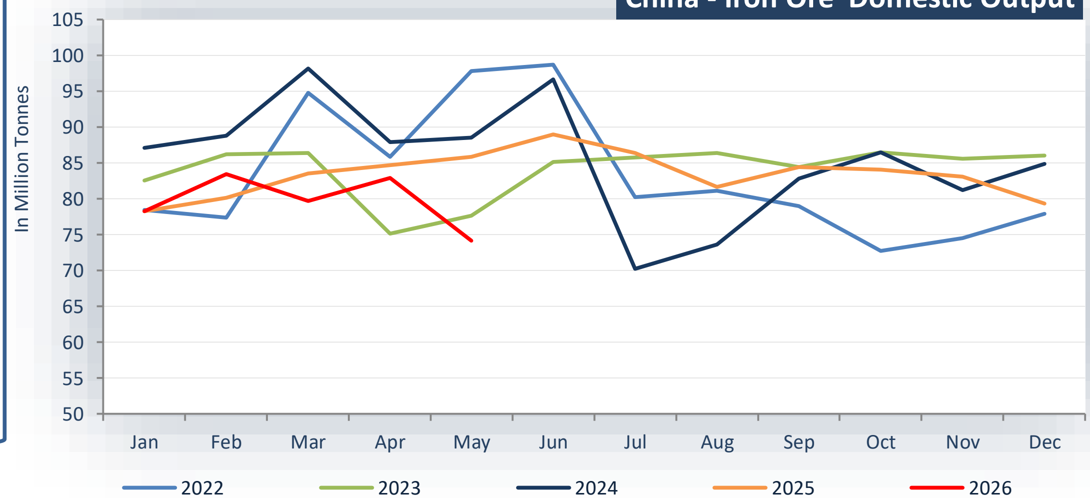
China - Iron Ore Imports



Source: GAC, Doric Research

- China's domestic raw iron ore output fell to 74.17 million tonnes in May, highlighting a sharp slowdown in local mining activity. Production declined by 14.5 percent year-on-year and 10.5 percent month-on-month from the 82.84 million tonnes recorded in April.
- Cumulative production for January-May period reached 397.11 million tonnes, representing a 3.5 percent drop compared to the same period last year, driven by protracted weakness in China's property and construction sectors.

China - Iron Ore Domestic Output

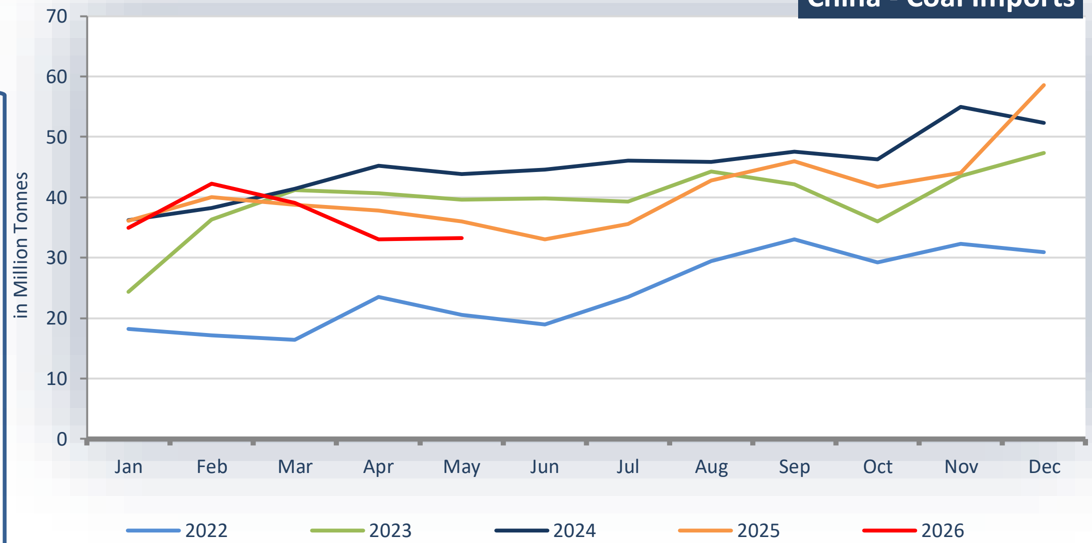


Source: NBS, Doric Research

- China's total coal imports fell 7.7 percent on year to 33.27 million tonnes in May, though inbound shipments edged up by roughly 0.5 percent month-on-month.
- This brought cumulative five-month imports to 182.62 million tonnes, marking a 3.2 percent annual contraction driven primarily by a 22.8 percent collapse in thermal coal arrivals.
- For yet another month, Indonesia anchored the nation's inbound thermal market, while Mongolia dominated the steelmaking sector by exporting 7.01 million tonnes of coal to China, followed by Russia at 2.50 million tonnes.

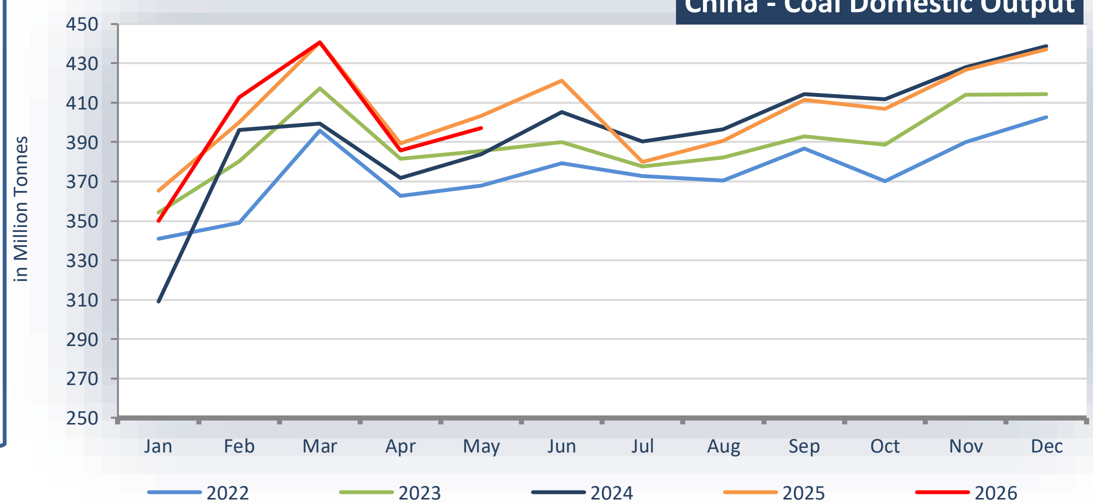
- China's domestic raw coal output reached 400.0 million tonnes in May, reflecting a 3.01 percent monthly increase.
- The figure also marked a 1.7 percent year-on-year decline, extending the country's streak of annual output contraction to ten consecutive months.
- This prolonged deceleration brought total output for the past five months to 1.98 billion tonnes, a marginal 0.3 percent annual contraction from the same period last year.

China - Coal Imports



Source: GAC, Doric Research

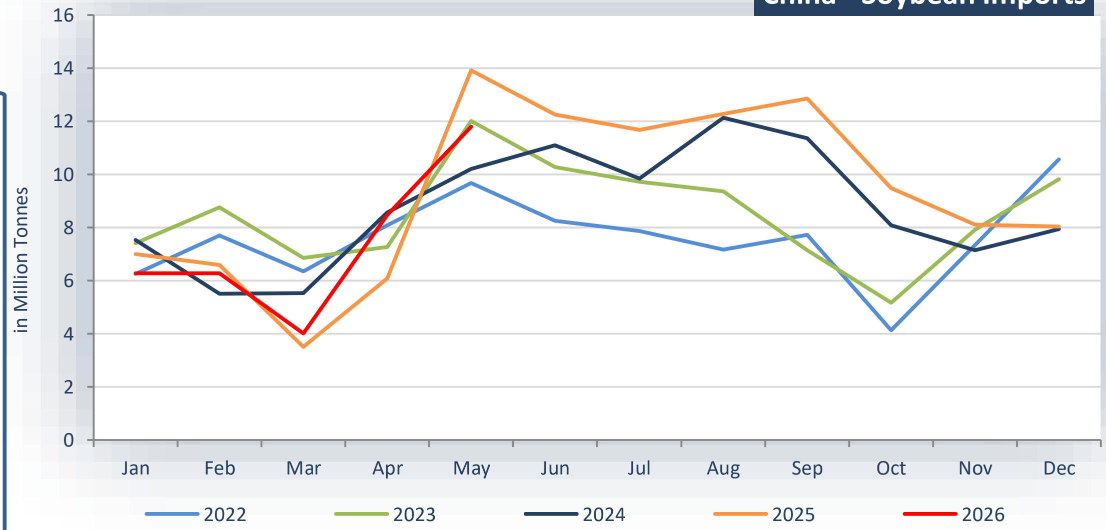
China - Coal Domestic Output



Source: NBS, Doric Research

- China's soybean imports reached 11.79 million tonnes in May, surging 39.0 percent month-on-month as port clearances accelerated. Despite the strong monthly rebound, imports remained 15.3 percent below the record-high volume registered in May 2025.
- This annual dip brought cumulative arrivals for the first five months of the year to 36.94 million tonnes, a minor 0.46 percent contraction compared to the same period last year.
- Brazil remained China's leading supplier despite a 17.7 percent annual decline in shipments, while imports from the U.S. edged up 1.8 percent year-on-year to 1.66 million tonnes.

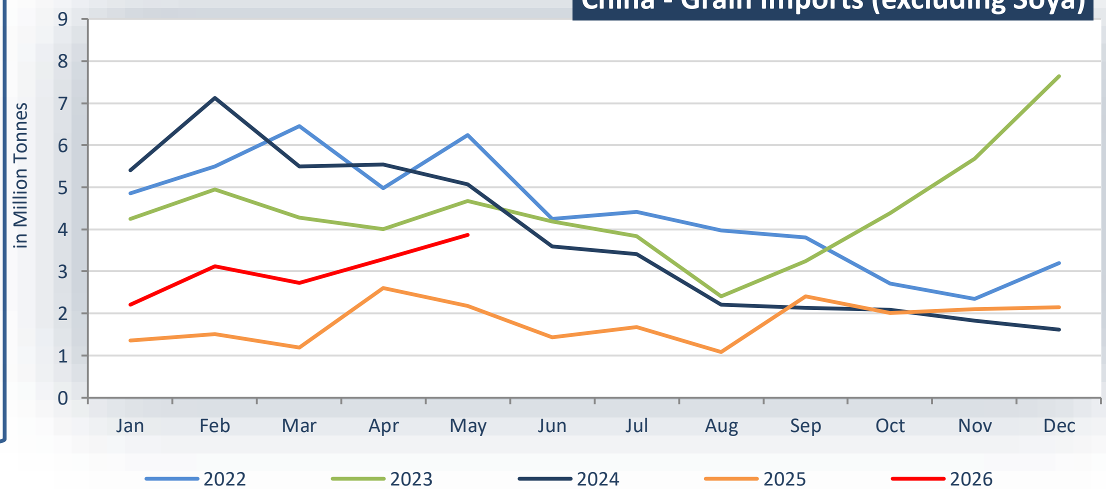
China - Soybean Imports



Source: GAC, Doric Research

- Excluding soybeans, Chinese customs cleared 5.14 million tonnes of grains in May, down 15.2 percent year-on-year.
- Corn imports reached 1.12 million tonnes in May, reflecting a sharp 32.5 percent decline on year.
- Wheat arrivals to China reached 1.41 million tonnes in May, which represents a notable 14.5 percent decline on year, amid tighter government enforcement of import quotas.

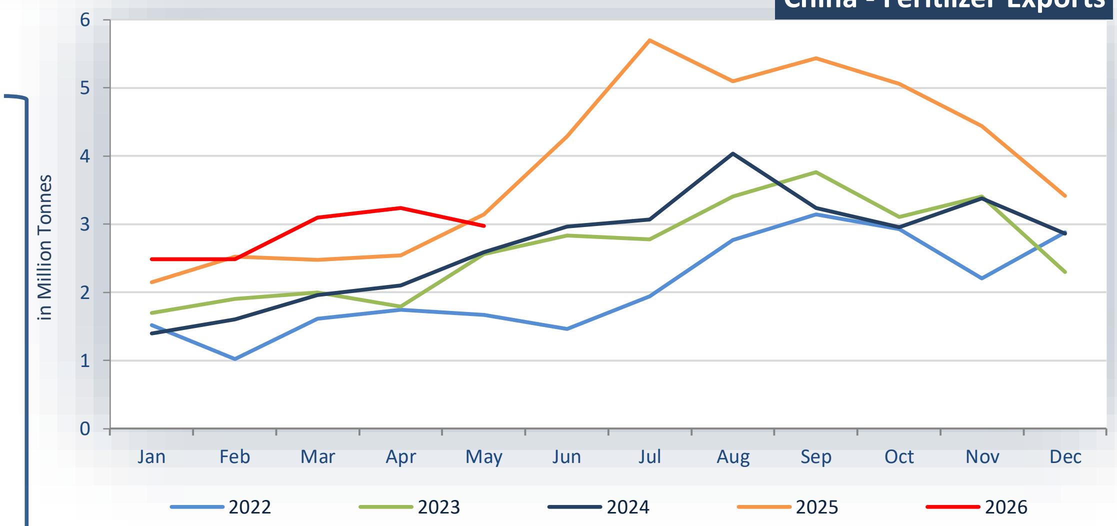
China - Grain Imports (excluding Soya)



Source : GAC, Doric Research

- As of last month, China's total fertilizer exports reached 3.12 million tonnes, representing a 3.7 percent monthly decrease from the 3.24 million tonnes shipped in April.
- This monthly drop also translated into a 2.8 percent year-on-year decline, driven by strict domestic policy curbs on mainstream phosphates.
- However, fueled by highly aggressive shipments earlier in the spring, cumulative exports for January-May period still managed a modest 1.6 percent increase, reaching a total of 12.35 million tonnes.

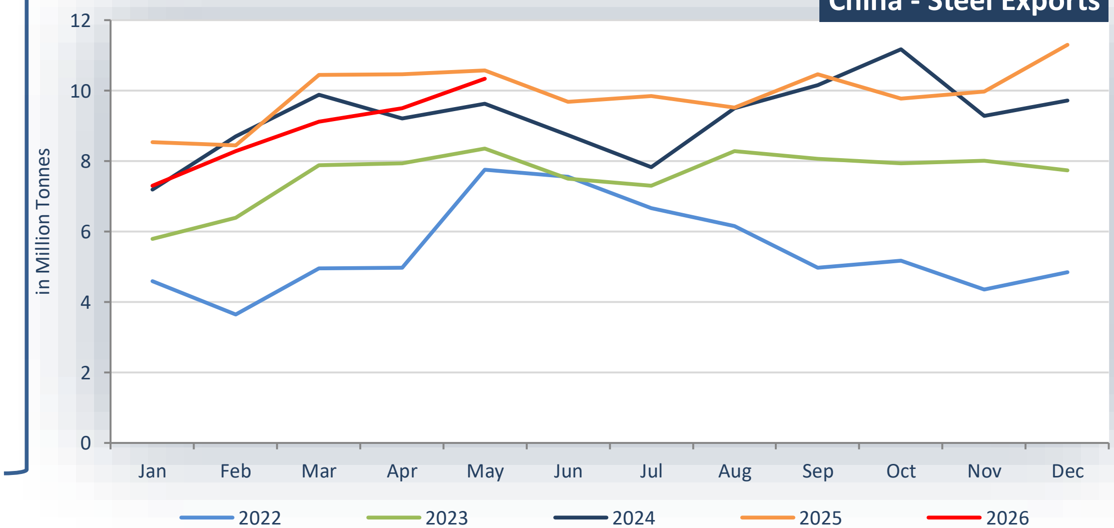
China - Feritlizer Exports



Source: GAC, Doric Research

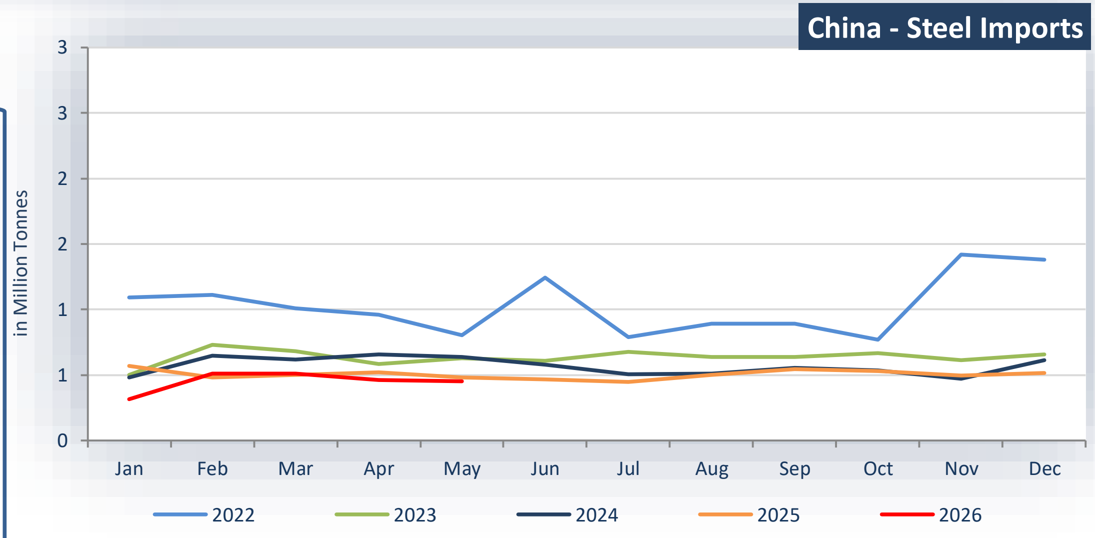
- China's finished steel exports reached 10.34 million tonnes in May, marking a 8.9 percent monthly rebound from the 9.5 million tonnes recorded in April.
- Despite crossing the 10-million-tonnes threshold for the first time in 2026, May's volume marks a 2.3 percent year-on-year decline.
- Total outbound shipments for the first five months of the year amounted to 44.55 million tonnes, marking an 8.1 percent year-on-year decline.

China - Steel Exports



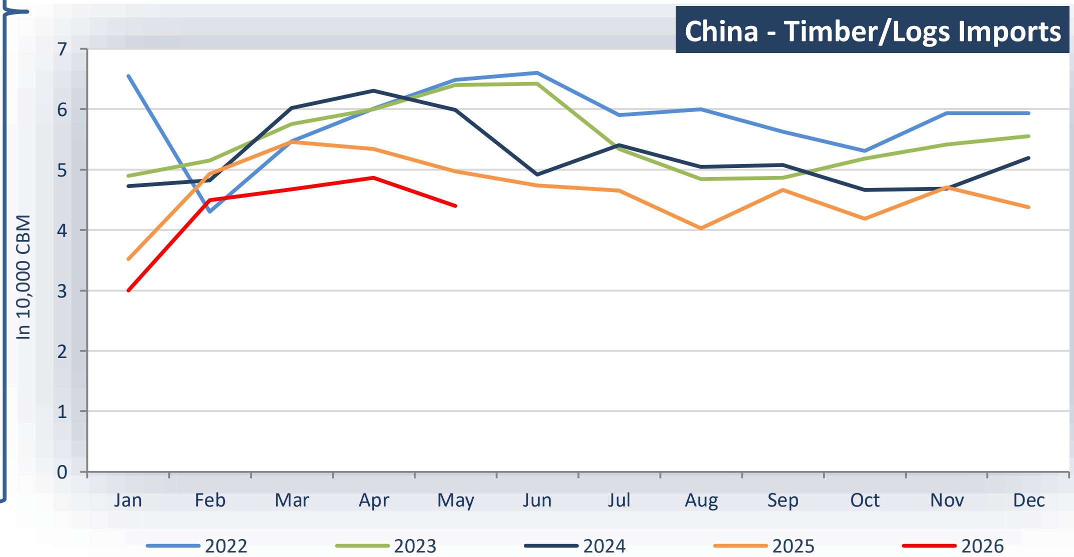
Source: GAC, Doric Research

- In May, China's finished steel imports reached 550,000 tonnes, surpassing April's volume of 520,000 tonnes by 5.8 percent.
- However, this brief uptick failed to reverse market's broader long-term weakness, as the monthly volume still represents a 12.7 percent annual contraction.
- This extended downturn dragged cumulative January–May inbound volumes down by 12.2 percent year-on-year to 2.25 million tonnes.



Source: GAC, Doric Research

- China's total timber sector imports declined to 4.68 million cubic meters (CBM) in May, dropping from April's 4.86 million cubic meters, as high freight costs forced domestic mills to draw down existing stockpiles.
- Last month's prolonged downturn brought total arrivals in the January-May period to 21.45 million CBM, representing a 6.8 percent year-on-year decline.
- China's Global Timber Index (GTI) dropped significantly to 45.4, falling back below the critical 50.0 threshold to reverse April's short-lived expansion of 53.5. This contraction reflected a sharp drop in new orders to 38.5



Source: GAC, Doric Research

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