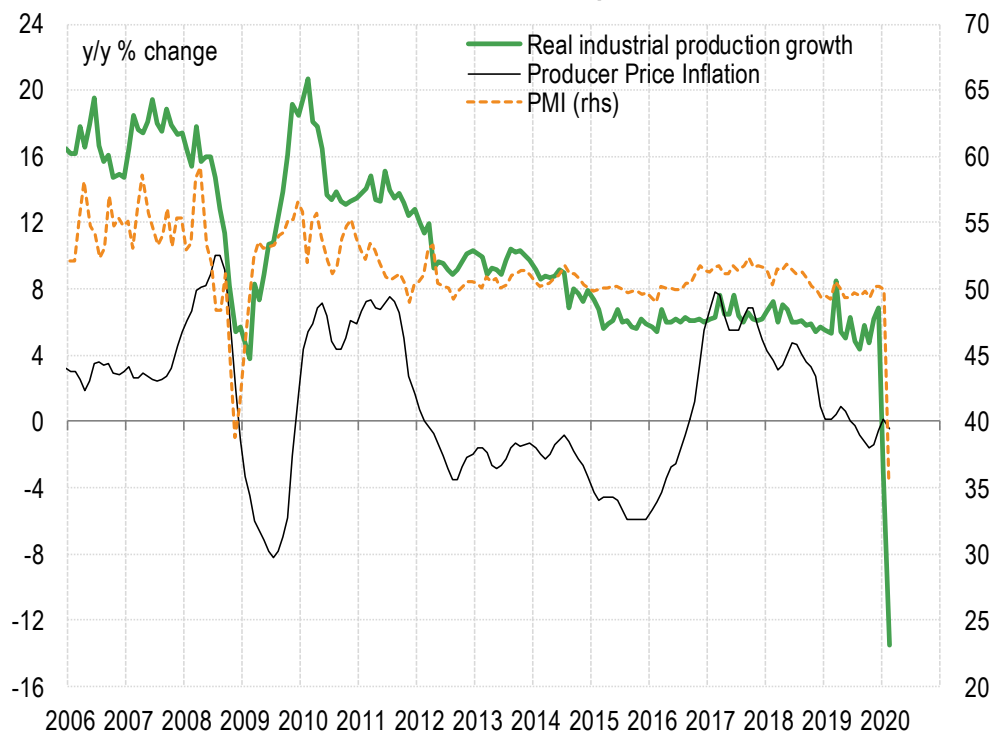




China: economic contraction is expected in Q1 2020

The most recent PMIs announced the shock earlier this month: industrial production fell strongly in January-February 2020, declining by 13.5% year-on-year. China also registered a very severe contraction in total exports (-18% y/y), fixed-asset investment (-24.5%) and volumes of retail sales (-23.7%). Such a collapse in economic activity is an unprecedented situation in China, which is expected to record a contraction in real GDP in Q1 2020. Activity has been recovering gradually in recent days, and a rebound in real GDP growth is expected in Q2 2020, notably supported by the authorities' stimulus policy measures. However, the extent of the economic recovery is now likely to be constrained by the consequences of the sanitary and economic crisis currently spreading in Europe and the rest of the world.



Source: National Bureau of Statistics