

The NewsLine

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CHINA

Signs of higher growth momentum

Gregor Eder
Phone +49.69.24431-3358
gregor.eder@allianz.com
Allianz SE
<https://www.allianz.com/economic-research/en>

The latest economic indicators for July confirm our view that the Chinese economy will not lose further steam in the second half of the year but rather will perform somewhat more dynamically than of late. For 2013 as a whole we are expecting a real GDP increase of 7.6%.

As China's National Statistics Office announced today, industrial production in July was 9.7% up on a year earlier. That is a marked improvement on June, when the increase was only 8.9%. There was also encouraging news from the retail sector, with sales up slightly more than 13% on a year earlier and thus maintaining the pace of expansion seen in recent months. The 12-month increase in consumer prices was unchanged on the previous month at 2.7%.

The foreign trade figures published earlier this week had already served to brighten up, at least somewhat, the of late markedly murkier external trade picture. Exports rose by 5.1% on a year earlier in July, while imports were up by almost 11%, having previously fallen marginally for two months in a row. By contrast, the two purchasing managers' indices for the manufacturing sector provided a mixed picture. While the index released jointly by Markit and HSBC fell slightly in July and remained mired well below the 50-point expansion threshold, the official index edged up and remained just above 50 points.

All told, we expect growth momentum in China to pick up somewhat in the second half of 2013. In the year as a whole, real gross domestic product is likely to increase by 7.6%, slightly higher than widely assumed. Nonetheless, that would be the weakest economic growth since 1999.

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In 2012, around 144,000 employees in over 70 countries achieved total revenue of 106.4 billion euros and an operating profit of 9.3 billion euros (restated on January 1, 2013 due to a change in accounting standard and presentation).

Benefits for our customers reached 89.2 billion euros.

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