

The NewsLine

September 13, 2016

} MACROECONOMICS | FINANCIAL MARKETS | ECONOMIC POLICY | SECTORS

CHINA

Indicators signal slight acceleration in growth

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

 Allianz Research
<https://twitter.com/AllianzResearch>

August economic data point to a slight pickup in economic momentum in the third quarter. The booming property market played a key role. We have raised our forecast for this year's economic growth from 6.5% to 6.7%.

Overall, the economic data released by China's National Bureau of Statistics today surprised slightly on the positive side. Industrial production in August was up 6.3% on a year earlier after 6% in July. However, a look at the individual industrial sectors shows a very mixed picture: Mining output was down 1.3% on a year earlier, whereas manufacturing output was up by 6.8%. The consolidation process in industry, which is still plagued by large overcapacity – especially in heavy industry – is evidently continuing.

Retail sales provided a particularly positive surprise, expanding by 10.6% in August following an increase of 10.2% in July. This pickup was buoyed by the brisk upward trend on the housing market, which is thanks not least to government measures to facilitate property purchases. Building and decoration materials were up 16.3% on a year earlier, while furniture saw an increase of more than 11%. Motor vehicle sales also boosted retail sales, rising by 13.1%.

Given the steep rise in property prices in numerous Chinese conglomerations the boost to consumer demand from the property side is unlikely to last forever, but, in the short term at least, little is likely to change. All in all, the batch of data for August points to a slight acceleration in growth in the third quarter. Against this backdrop we have nudged up our forecast for real economic growth this year from 6.5% to 6.7%.

The NewsLine

September 13, 2016

These assessments are, as always, subject to the disclaimer provided below.

ABOUT ALLIANZ

Together with its customers and sales partners, Allianz is one of the strongest financial communities. About 85 million private and corporate customers insured by Allianz rely on its knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks. In 2015, around 142,000 employees in over 70 countries achieved total revenues of 125.2 billion euros and an operating profit of 10.7 billion euros. Benefits for our customers reached 107.4 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

NO DUTY TO UPDATE

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.