China Trade Quarterly

Domestic Trade

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China announces macroeconomic targets and policies for 2023

Foreign Trade

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Rise in FDI indicates confidence in China's long-term prospects

State Council studies rolls out 18 measures to boost foreign trade

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Part One: Domestic Trade

A. Recent developments

1. China's economic recovery picks up speed in 1Q23

China's GDP growth rebounded to 4.5% yoy in real terms in 1Q23, the fastest pace in a year *(see exhibit 1)*. China's economic activity has rapidly resumed since its reopening, pushing GDP growth in the quarter above market expectations. China's nominal GDP amounted to 28.5 trillion yuan in 1Q23.

We predict that China's real GDP growth will soar to 8.0% yoy in 2Q23, boosted by a broad-based recovery in domestic economic activity, from private consumption to industrial production and investment, as well as a low comparison base in 2Q22.

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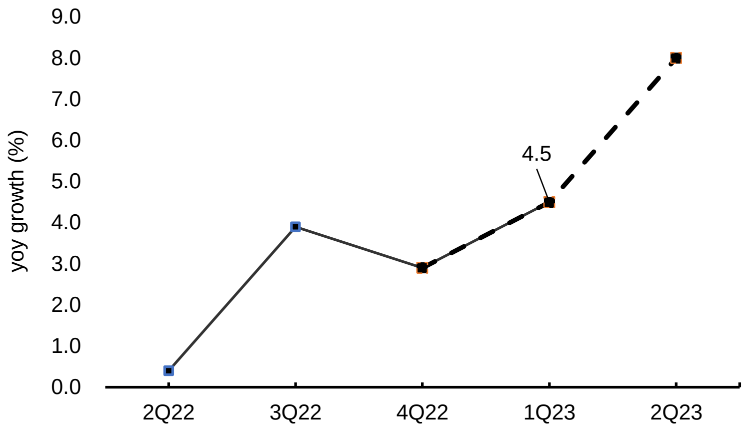
Exhibit 1: China's real GDP growth and forecasts, 2Q22 to 2Q23

FY22	2Q22	3Q22	4Q22	1Q23	2Q23F
3.0%	0.4%	3.9%	2.9%	4.5%	8.0%



Source: National Bureau of Statistics, PRC

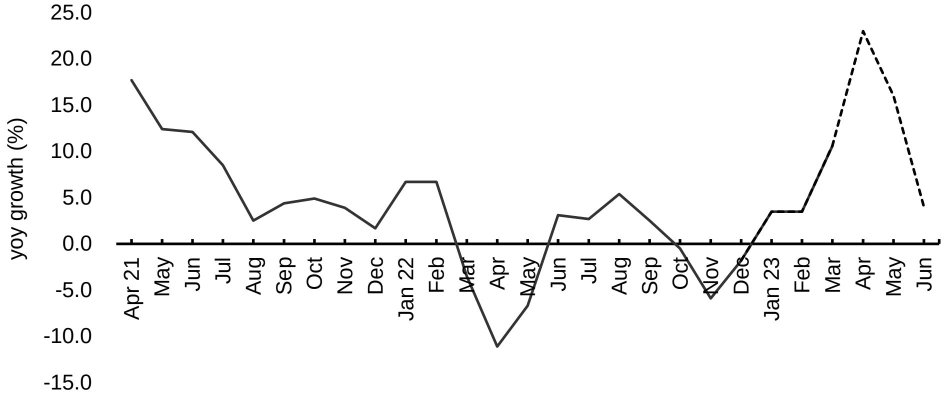
2. Retail sales recover to 5.8% growth in 1Q23

China's retail sector staged one of the strongest rebounds among economic sectors. China's total retail sales of consumer goods rose by 5.8% yoy to 11.5 trillion yuan in 1Q23 *(see exhibits 2, 3 and 4)*.

We predict that China's retail sales will surge by 23.0% yoy in April and 14.0% yoy in 2Q23 overall, given a strong recovery in catering and travel retail, as well as a low comparison base in 2Q22.

Exhibit 2: China's total retail sales, year-on-year nominal growth and forecasts, April 2021 to June 2023

FY22	Apr 22	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-Feb 23	Mar
-0.2%	-11.1%	-6.7%	3.1%	2.7%	5.4%	2.5%	-0.5%	-5.9%	-1.8%	3.5%	10.6%



Source: National Bureau of Statistics, PRC

Exhibit 3: China's total retail sales, month-on-month nominal growth, October 2022 to March 2023

mom growth (%), seasonally adjusted

	Oct 22	Nov	Dec	Jan 23	Feb	Mar
Total retail sales	-0.01	-0.05	-0.01	0.31	0.67	0.15

Source: National Bureau of Statistics, PRC

Exhibit 4: China's retail sales growth, 2022 to 1Q23

Nominal growth, yoy (%)	FY22	1Q23
Total retail sales	-0.2	5.8
- Goods	0.5	4.9
Sales by enterprises above designated size	1.9	3.9
Online sales	6.2	7.3
- Catering services	-6.3	13.9

Source: National Bureau of Statistics, PRC

Online retail sales of physical goods increased by 7.3% yoy to 2,783.5 billion yuan in 1Q23, accounting for 24.2% total retail sales of consumer goods, up 1.0 percentage points from a year ago.

Exhibit 5: China's retail sales growth by enterprises above designated size, by product, 2022 to 1Q23

Nominal growth, yoy (%)	**FY22**	**1Q23**
Grain, oil and food	8.7	7.5
Beverages	5.3	1.8
Tobacco and liquor	2.3	6.8
Garments, footwear, hats, knitwear	-6.5	**9.0**
Cosmetics	-4.5	5.9
Gold, silver and jewellery	-1.1	**13.6**
Commodities for daily use	-0.7	5.1
Sports and amusement appliances	--	5.8
Home appliances & audio/video equipment	-3.9	**-1.7**
Traditional Chinese and Western medicines	12.4	16.5
Cultural and office appliances	4.4	-1.4
Furniture	-7.5	4.6
Communication appliances	-3.4	-5.1
Petroleum and related products	9.7	10.3
Automobiles	0.7	-2.3
Building and decoration materials	-6.2	**-2.4**

Source: National Bureau of Statistics, PRC

In 1Q23, consumer discretionary categories such as 'gold, silver and jewellery' and 'garments, footwear, hats, knitwear' posted stronger sales growth, indicating a fast recovery in discretionary spending. Meanwhile, housing-related spending on 'building and decoration materials' and 'home appliances & audio/video equipment' remained weak amid the sluggish property market.

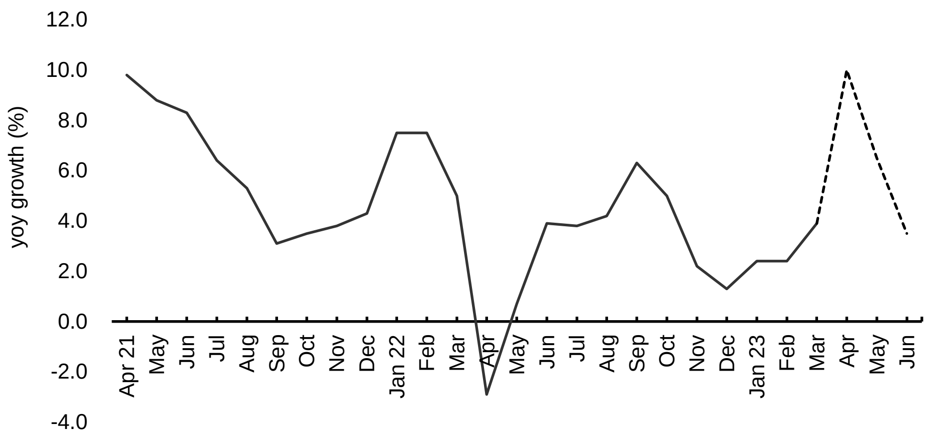
3. Growth in industrial production stays low in 1Q23

China's industrial production, measured by the value-added of industrial output of industrial enterprises above designated size[1], rose by 3.0% yoy in 1Q23 *(see exhibit 6)*.

We expect China's VAIO growth to jump to 10.0% in April and 6.5% yoy in 2Q23 overall, given an improving domestic demand and a low comparison base in the same period last year.

Exhibit 6: China's industrial production growth and forecasts, April 2021 to June 2023

FY22	Apr 22	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-Feb 23	Mar
3.6%	-2.9%	0.7%	3.9%	3.8%	4.2%	6.3%	5.0%	2.2%	1.3%	2.4%	3.9%



Source: National Bureau of Statistics, PRC

[1] 'Industrial enterprises above designated size' refer to industrial enterprises with annual revenue of 20 million yuan or more.

4. Fixed asset investment maintains steady growth in 1Q23

The nominal growth of China's fixed asset investment (FAI) (excluding rural households) registered 5.1% yoy in 1Q23 *(see exhibit 7)*. China's FAI (excluding rural households) amounted to 10.7 trillion yuan in the quarter.

It is expected that massive infrastructure investment will continue in 2Q23, while investment in the dampened real estate sector will stabilize.

Exhibit 7: China's FAI (excluding rural households) growth, September 2022 to March 2023

Year-to-date, yoy growth %	Sep 22	Oct	Nov	Dec	Feb 22	Mar
FAI (excluding rural households)	5.9	5.8	5.3	5.1	5.5	5.1
- Manufacturing sector	10.1	9.7	9.3	9.1	8.1	7.0
- Infrastructure (excluding power, heat, gas and water infrastructure)	8.6	8.7	8.9	9.4	9.0	8.8
- Real estate development	-8.0	-8.8	-9.8	-10.0	-5.7	-5.8

Source: National Bureau of Statistics, PRC

5. Fast growth in M2 and total outstanding RMB loans indicates credit easing

Both the broad money supply (M2) and the total outstanding RMB loans have grown at a relatively fast pace recently, indicating an ease in credit conditions in China *(see exhibit 8 & 9)*.

Exhibit 8: Broad money supply (M2) and RMB loans, April 2022 to March 2023

	Broad money supply (M2)		Total outstanding RMB loans	
As of	Amount (trillion yuan)	yoy growth	Amount (trillion yuan)	yoy growth
End-Apr 22	250.0	10.5%	201.7	10.9%
End-May	252.7	11.1%	203.5	11.0%
End-Jun	258.2	11.4%	206.4	11.2%
End-Jul	257.8	12.0%	207.0	11.0%
End-Aug	259.5	12.2%	208.3	10.9%
End-Sep	262.7	12.1%	210.8	11.2%
End-Oct	261.3	11.8%	211.4	11.1%
End-Nov	264.7	12.4%	212.6	11.0%
End-Dec	266.4	11.8%	214.0	11.1%
End-Jan 23	273.8	12.6%	219.8	11.3%
End-Feb	275.5	12.9%	221.6	11.6%
End-Mar	281.5	12.7%	225.5	11.8%

Source: People's Bank of China

Exhibit 9: Increase in RMB loans, 2022 to March 2023

	Increase in RMB loans (trillion yuan)
FY22	**21.31**
1Q23	**10.6**
Apr 22	0.65
May	1.89
Jun	2.81
Jul	0.68
Aug	1.25
Sep	2.47
Oct	0.62
Nov	1.21
Dec	1.40
Jan 23	4.90
Feb	1.81
Mar	3.89

Source: People's Bank of China

The People's Bank of China (PBoC) has continued to take actions to maintain reasonable and sufficient liquidity in the banking system. On 27 March, it cut the required reserve ratios (RRRs) for all commercial banks by 25 basis points (except those that have already implemented an RRR of 5%) to free up over 500 billion yuan in long-term liquidity.

In a statement after a meeting on 7 April, the monetary policy committee of the PBoC reiterated the policy stance of carrying out a prudent monetary policy in a targeted way, but it did not make any reference to strengthening 'counter-cyclical' action to counter economic headwinds, suggesting a shift to a more neutral stance.[2]

With China's recovery picking up pace, we expect that its monetary policy will shift from credit easing to normalization in 2H23. However, we believe that the process will be gradual.

[2] http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4853561/index.html

6. PMI indicates a slowdown in manufacturing sector in April

After surging to an almost 11-year high of 52.6 in February, China's manufacturing PMI dropped to 51.9 in March and further to 49.2 in April (*see exhibit 10*). The headline PMI reading has returned to the contractionary territory lately, indicating a slowdown in the manufacturing sector.

The new orders index fell by 4.8 pts to 48.8 in April, indicating a contraction in market demand. Against this backdrop, the growth in production activities has slowed sharply: The output index slid 4.4 pts to 50.2 in April.

The input prices index dropped by 4.5 pts to 46.4 in April, returning to the contractionary territory for the first time since August last year. Meanwhile, the ex-factory prices index went down by 3.7 pts to 44.9 in the month, indicating a further drop in prices of industrial products.

The business expectations index stayed relatively high at 54.7 in April, indicating that purchasing managers in China have remained optimistic about the near-term outlook for their respective industries.

China's manufacturing PMI fell to 49.2 in April, indicating a slowdown in the manufacturing sector. Growth in production activities eased amid a reduction in new orders. Prices of industrial products continued to fall, due partly to a drop in prices of production inputs.

Exhibit 10: China's manufacturing PMI at a glance, April 2023

Index	Seasonally adjusted index	Index compared with the previous month	Direction
PMI	49.2	Lower ▼	Contracting
Output	50.2	Lower ▼	Expanding
New Orders	48.8	Lower ▼	Contracting
New Export Orders	47.6	Lower ▼	Contracting
Backlogs of Orders	46.8	Lower ▼	Contracting
Stocks of Finished Goods	49.4	Lower ▼	Contracting
Stocks of Major Inputs	47.9	Lower ▼	Contracting
Purchases of Inputs	49.1	Lower ▼	Contracting
Imports	48.9	Lower ▼	Contracting
Input Prices	46.4	Lower ▼	Falling
Ex-factory Prices	44.9	Lower ▼	Falling
Employment	48.8	Lower ▼	Contracting
Suppliers' Delivery Time	50.3	Lower ▼	Quickening
Business Expectations	54.7	Lower ▼	Optimistic

Source: China Federation of Logistics & Purchasing; National Bureau of Statistics, PRC

7. NMI indicates a strong recovery in non-manufacturing sector

China's Non-manufacturing Business Activity Index, which is quoted as the Non-manufacturing Purchasing Managers' Index (NMI), retreated from a 12-year high of 58.2 in March to 56.4 in April, still markedly above the watershed level of 50 (*see exhibit 11*). The latest index readings indicate a strong recovery in the non-manufacturing sector lately.

The sales prices index rose above the neutral level of 50 in April, meaning that enterprises have started to raise their service charges recently. Meanwhile, the input prices index has remained above 50 since January, indicating that input prices have continued to increase.

The business expectation index stayed high at 62.5 in April, suggesting that purchasing managers in the non-manufacturing sector have remained optimistic about the near-term outlook for their respective industries.

We expect that China's non-manufacturing sector will continue to expand and that the NMI will stay high in the coming months, as the service sector continues to recover.

Exhibit 11: China's Non-manufacturing Purchasing Managers' Index (NMI) at a glance, April 2023

Index	Seasonally adjusted index	Index compared with the previous month	Direction
Business activity	56.4	Lower ▼	Expanding
New orders	56.0	Lower ▼	Expanding
Input prices	51.1	Higher ▲	Rising
Sales prices	50.3	Higher ▲	Rising
Business expectations	62.5	Lower ▼	Optimistic

Source: China Federation of Logistics & Purchasing; National Bureau of Statistics, PRC

B. Highlights

1. China announces macroeconomic targets and policies for 2023

Wordings from the *2023 Government Work Report* signal that China will continue to adopt an expansionary macro policy in 2023, which will help promote the continued recovery of the Chinese economy, in our view.

Chinese Premier Li Keqiang delivered the *2023 Government Work Report* to the opening session of the 14th National People's Congress on 5 March.[3] According to the report, the Chinese government has set the following macroeconomic targets for 2023:

- GDP growth of around 5.0% (vs. 3.0% actual in 2022)
- New urban jobs of around 12 million (vs.12.06 million actual in 2022)
- Surveyed urban unemployment rate of around 5.5% (vs. 5.5% actual at end-2022)
- CPI growth of around 3.0% (vs. 2.0% actual in 2022)

Economic work this year would prioritize stability while pursuing progress, according to the report. Premier Li reiterated the policy stance of carrying out a proactive fiscal policy and a prudent monetary policy. He pledged to enhance the intensity and effectiveness of the proactive fiscal policy and called for improvement in preferential tax and fee policies. He also vowed to implement the prudent monetary policy in a targeted way. The M2 money supply and aggregate financing should increase generally in step with nominal economic growth to provide support for the real economy.

[3] http://www.gov.cn/gongbao/content/2023/content_5747260.htm

Part Two: Foreign Trade

A. Recent developments

1. China's exports rebound to growth in first four months despite global economic slowdown

With global growth slowing, we forecast that China's exports will stay flat in 2Q23 compared with the same period last year.

China's exports edged up by 0.5% yoy to US$821.8 billion while its imports fell by 7.1% yoy to US$617.1 billion in 1Q23. In April, China's export rose by 8.5% yoy and its imports dropped by 7.9% yoy. (*See exhibits 12, 13 and 14*)

Exhibit 12: China's quarterly foreign trade data, 2Q22 to 1Q23

	Exports		Imports		Trade Balance
	Amount (USD billion)	*yoy growth*	*Amount (USD billion)*	*yoy growth*	*Amount (USD billion)*
FY22	**3,592.0**	**7.0%**	**2,714.5**	**1.0%**	**877.5**
2Q22	906.8	12.2%	681.6	1.1%	225.2
3Q22	968.6	9.9%	700.9	0.4%	267.7
4Q22	898.5	-6.9%	667.6	-6.5%	230.9
1Q23	821.8	0.5%	617.1	-7.1%	204.7

Source: China Customs, compiled by Fung Business Intelligence

Exhibit 13: China's monthly foreign trade data, May 2022 to April 2023

	Exports		Imports		Trade Balance
	Amount (USD billion)	*yoy growth*	*Amount (USD billion)*	*yoy growth*	*Amount (USD billion)*
May 22	306.4	16.4%	228.0	3.9%	78.4
June	328.1	17.1%	230.7	0.0%	97.4
July	332.3	18.1%	229.6	1.6%	102.6
August	314.9	7.4%	234.0	0.0%	80.9
September	321.5	5.6%	237.3	0.2%	84.2
October	297.9	-0.3%	213.1	-0.7%	84.8
November	295.0	-9.0%	226.2	-10.6%	68.7
December	305.6	-9.9%	228.3	-7.5%	77.3
January 2023	292.2	-10.5%	192.5	-21.3%	99.8
February	214.0	-1.3%	197.3	4.2%	16.8
March	315.6	14.8%	227.4	-1.4%	88.2
April	295.4	8.5%	205.2	-7.9%	90.2

Source: China Customs

Exhibit 14: Growth rates of exports and imports, May 2021 to April 2023

Source: China Customs

Exhibit 15: Exports growth by category, 2022 to 1Q23

yoy growth (%) of export value, in USD	**2022**	**1Q23**
Textile yarn, fabrics and textile products	2.0	-12.1
Garments and clothing accessories	3.2	-1.3
Footwear	20.4	-0.2
Toys	5.6	3.7
Furniture and parts	-5.3	-6.8
Suitcases and handbags	28.2	29.1
Refined oil	48.7	70.3
Steel	18.7	36.7
Mechanical and electrical products	3.6	-0.4
Household appliances	-13.3	-4.4
Motor vehicles including chassis	74.7	81.6
Lighting fittings and parts	-6.1	-1.7

Source: China Customs

Exports of three categories of 'green products' — solar batteries, lithium-ion batteries and electric vehicles — surged 52.3% yoy to US$38.5 billion in 1Q23. Their weight in total exports also increased to 4.7% in the quarter, up 1.6 percentage points from a year ago.

Exhibit 16: Imports growth by category, 2022 to 1Q23

yoy growth (%) of import value, in USD	**2022**	**1Q23**
Soybeans	14.4	23.6
Iron ores	-29.7	-3.3
Crude oil	41.4	-4.2
Steel	-8.8	-31.5
Textile yarn, fabrics and textile products	-24.3	-25.9
Motor vehicles including chassis	-1.2	-22.4
Integrated circuits	-3.9	-26.7
Plastics	-12.2	-22.5

Source: China Customs

2. ASEAN overtakes the US to become China's largest export market in 1Q23

In 1Q23, the ASEAN remained China's largest trading partner and it overtook the US to become China's largest export market. The US was also surpassed by the EU, falling all the way to the third spot in terms of China's export destinations. (*See exhibits 17 and 18*)

Developing economies continue to be growth spots for China's exports. In 1Q23, China's exports to the ASEAN and African countries grew by 18.6% yoy and 19.3% yoy respectively.

Exhibit 17: China's trading partners, 1Q23

Country/Region	Trade value (USD billion)	Share of total trade (%)	Export value (USD billion)	Import value (USD billion)	yoy growth (%) Total trade	Exports	Imports
ASEAN	227.8	15.8	139.0	88.7	7.6	18.6	-6.1
EU	194.4	13.5	126.0	68.4	-5.5	-7.1	-2.4
US	161.6	11.2	115.2	46.4	-13.1	-17.0	-1.7
Japan	79.4	5.5	40.8	38.6	-11.5	-2.4	-19.5
South Korea	77.0	5.4	38.8	38.2	-14.3	6.0	-28.2
Russia	53.8	3.7	24.1	29.8	38.7	47.1	32.6
Brazil	36.4	2.5	13.4	23.0	5.5	0.8	8.5
India	32.7	2.3	28.1	4.7	2.6	3.9	-4.6

Source: China Customs

Exhibit 18: China's trading partners, comparing growth rates for 2022 and 1Q23

yoy growth (%)

Country/Region	Total trade		Exports		Imports	
	2022	1Q23	2022	1Q23	2022	1Q23
ASEAN	11.2	7.6	17.7	18.6	3.3	-6.1
EU	2.4	-5.5	8.6	-7.1	-7.9	-2.4
US	0.6	-13.1	1.2	-17.0	-1.1	-1.7
Japan	-3.7	-11.5	4.4	-2.4	-10.2	-19.5
South Korea	0.1	-14.3	9.5	6.0	-6.5	-28.2
Russia	29.3	38.7	12.8	47.1	43.4	32.6
Brazil	4.9	5.5	15.7	0.8	-0.4	8.5
India	8.4	2.6	21.7	3.9	-37.9	-4.6

Source: China Customs

3. Shandong and Fujian record modest export growth in 1Q23

China's top six provinces and municipalities in terms of value of exports – Guangdong, Jiangsu, Zhejiang, Shandong, Shanghai and Fujian – jointly accounted for 72.0% of China's total exports in 1Q23, down from 73.4% in 2022 (*see exhibit 19*). Among the top six provinces and municipalities, Shandong and Fujian registered export growth of over 4.0% in the quarter.

Exhibit 19: Top six provinces and municipalities in terms of value of exports, 1Q23

Provinces/ Municipalities	Value of exports (USD billion)	yoy growth (%)	Share of total exports (%)
Guangdong	195.7	0.6	23.8
Jiangsu	120.1	-8.2	14.6
Zhejiang	115.5	-4.4	14.1
Shandong	72.4	4.3	8.9
Shanghai	48.1	-10.4	5.9
Fujian	40.3	4.1	4.9

Source: China Customs

4. Rise in FDI indicates confidence in China's long-term prospects

China's foreign direct investment (FDI) increased by 4.9% yoy to 408.5 billion yuan in 1Q23 *(see exhibit 20)*.

China is witnessing a new trend in foreign investment activities, with FDI in China's high-tech sector growing rapidly, which jumped by 18.0% yoy in 1Q23.

Exhibit 20: China's FDI, 2022 to 1Q23

	Amount (billion yuan)	Yoy growth	Ytd amount (billion yuan)	Year-to-date, yoy growth
FY22	**1,232.7**	**6.3%**	**1,232.7**	**6.3%**
1Q23	**408.45**	**4.9%**	**408.45**	**4.9%**
April 2022	98.7	4.4%	478.6	20.5%
May	85.6	2.0%	564.2	17.3%
June	159.1	25.4%	723.3	17.4%
July	75.0	16.6%	798.3	17.3%
August	94.4	10.0%	892.7	16.4%
September	111.0	9.4%	1,003.8	15.6%
October	86.1	2.9%	1,089.9	14.4%
November	66.2	-33.1%	1,156.1	9.9%
December	76.6	-28.5%	1,232.7	6.3%
January 2023	127.7	24.8%	127.7	14.5%
February	140.8	-0.5%	268.4	6.1%
March	140.0	2.8%	408.5	4.9%

Source: Ministry of Commerce, PRC

5. Chinese yuan depreciates against US dollar and Euro over past three months

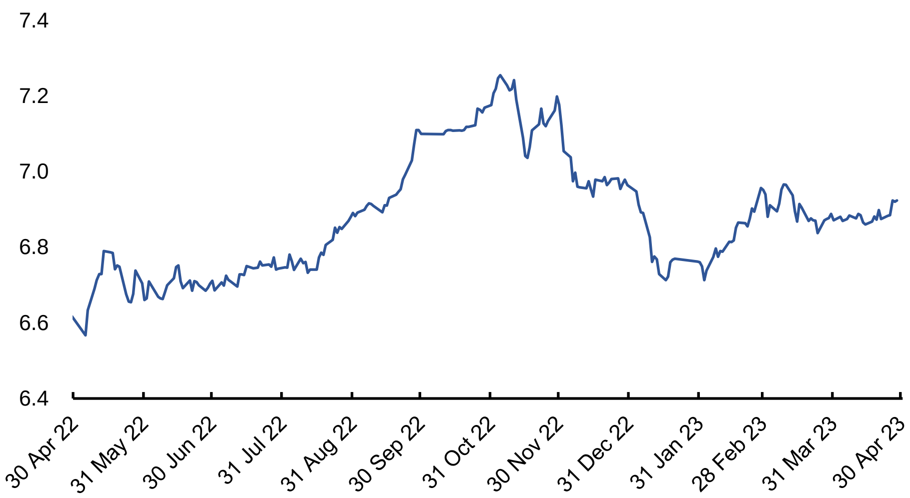
The daily fixing rate (also known as the central parity rate) of the Chinese yuan against the US dollar depreciated from 6.7604 on 31 January to 6.9240 on 28 April (*see exhibit 21*).[4] The Chinese yuan had appreciated by 0.6% against the US dollar so far this year (as of 28 April).

Meanwhile, the daily fixing rate of the Chinese yuan against the Euro depreciated from 7.3354 on 31 January to 7.6361 on 28 April (*see exhibit 22*). The Chinese yuan had depreciated by 2.8% against the Euro so far this year (as of 28 April).

According to the Bank for International Settlements, the Chinese yuan depreciated in real terms against its trading partners by 0.6% in 1Q23 (*see exhibit 23*).

With a strong recovery in the Chinese economy and hopes of a pause in US interest rate rises, we expect the Chinese yuan to rebound against the US dollar in the coming months.

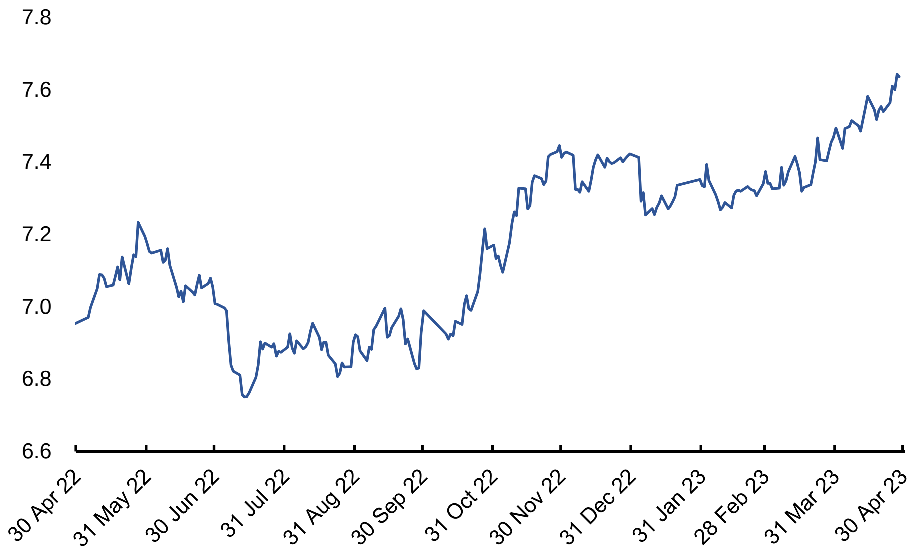
Exhibit 21: USD-CNY daily fixing rate, April 2022 to April 2023



Source: State Administration of Foreign Exchange

[4] According to the PBOC, the daily fixing rate of the Chinese yuan against the US dollar is directly formed by market makers based on the closing rate of the previous day and the movements of major international currencies.

Exhibit 22: EUR-CNY daily fixing rate, April 2022 to April 2023



Source: State Administration of Foreign Exchange

Exhibit 23: Real effective exchange rate of the Chinese yuan, April 2021 to March 2023

Source: Bank for International Settlements

B. Highlights

1. State Council rolls out 18 measures to boost foreign trade

China is working hard to stabilize foreign trade this year amid a tough external environment, as the global economy slows and global supply chains continue to face challenges.

In a notice released on 25 April, the General Office of the State Council listed 18 specific measures as part of enhanced efforts to promote foreign trade and optimize its structure.[5]

China will implement a policy mix to help enterprises secure orders and expand overseas market, which includes resuming offline exhibitions and trade fairs, smoothing the issuance of visas for overseas businesspeople, and increasing inbound and outbound flights.

In a bid to stabilize and expand the trade scale of major products, the notice specifically listed vehicles as a main export item to support. Among other measures, Chinese banks and their foreign subsidiaries are encouraged to offer financial support for automakers to explore overseas market.

China will increase financial support for the trade sector, through better use of central fiscal policy, increased credit and insurance support and optimized cross-border settlement services. It will also properly respond to unreasonable foreign trade restrictions and strengthen training and guidance to local governments and firms affected, according to the notice.

[5] http://www.gov.cn/zhengce/content/2023-04/25/content_5753130.htm

C. Outlook

1. Both US and Eurozone economies register sluggish growth in 1Q23

We expect that both the US and Eurozone economies will slow further in 2Q23 amid high inflation and monetary tightening.

The US's GDP grew a lower-than-expected 1.6% yoy in 1Q23, as rising interest rates and still-high inflation weighed on demand *(see exhibit 24)*. Meanwhile, the GDP growth of the Eurozone economy[6] also slowed to 1.3% yoy in 1Q23. The Eurozone has been facing the economic fallout from the Russia-Ukraine conflict in addition to rising interest rates and high inflation *(see exhibit 25)*.

Exhibit 24: US real GDP growth, 2021 to 1Q23

	2021	2022	2Q22	3Q22	4Q22	1Q23
Real GDP *(annualized qoq growth %)*			-0.6	3.2	2.6	1.1
Real GDP *(yoy growth %)*	5.9	2.1	1.8	1.9	0.9	1.6

Source: US Department of Commerce

Exhibit 25: Eurozone's real GDP growth, 2021 to 1Q23

	2021	2022	2Q22	3Q22	4Q22	1Q23
Real GDP *(qoq growth %)*			0.9	0.4	0.0	0.1
Real GDP *(yoy growth %)*	5.2	3.5	4.4	2.5	1.8	1.3

Source: Eurostat, IMF

[6] Up to 31 December 2022, the Eurozone included Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. From 1 January 2023 the Eurozone also includes Croatia.

2. IMF projects slower growth for world economy in 2023

In the *World Economic Outlook* released in April, the IMF downgrades its growth forecast for the global economy for 2023 from 2.9% to 2.8%, and it projects that slowdown will be more pronounced in advanced economies (*see exhibit 26*). The report also cites further downside risks to the global economy, including more stress in the financial sector, intensification of Russia–Ukraine conflicts, persistent inflation, etc.

Exhibit 26: Latest GDP growth estimates and forecasts by the IMF (2022 to 2024)

yoy growth (%)

	2022 (Estimates)	**2023 (Forecasts)**	**2024 (Forecasts)**
World economy	3.4	2.8	3.0
Advanced economies	2.7	1.3	1.4
- US	2.1	1.6	1.1
- Eurozone	3.5	0.8	1.4
- Japan	1.1	1.0	1.0
- UK	4.0	-0.3	1.0
Emerging market and developing economies	4.0	3.9	4.2
- China	3.0	5.2	4.5
- India*	6.8	5.9	6.3
- Brazil	2.9	0.9	1.5
- Russia	-2.1	0.7	1.3
- ASEAN-5[7]	5.5	4.5	4.6

** Data and forecasts are presented on a fiscal year basis.*
Source: World Economic Outlook released in April 2023, IMF

[7] ASEAN-5 refers to Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

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