

## China exports rise sharply in sign of trade resilience

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**Thomas Hale in Hong Kong**

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Chinese exports rose sharply in July, according to official figures released on Friday, in a sign of resilience in the country's trade activity despite the lingering impact of the coronavirus pandemic worldwide.

Exports rose 7.2 per cent in dollar terms compared with the same month a year earlier, according to data from China's customs administration, defying expectations of a fall from economists polled by Reuters.

The sharp rise compares to a 0.5 per cent increase in June, when Chinese trade data began to improve after a severe contraction.

Higher demand for China's goods comes after the economy returned to growth in the second quarter. It suggests that other economies are also beginning to emerge from the early stages of the crisis even as global trade levels remain depressed.

"We've started to see exports really picking up sequentially," said Louis Kuijs, head of Asia economics at Oxford Economics. "The good data for July is in part a reflection of that recovery of the global economy and global demand."

Exports to the US rose by 12.5 per cent in July, after falling sharply for the first five months of the year. Friday's figures were also bolstered by increased exports to south-east Asia.

Economists suggested that Chinese exports were benefiting from global demand for medical equipment and products related to remote working. Martin Rasmussen, China economist at Capital Economics, pointed to "shipments of masks, medical products and work-from-home equipment" as supporting the export data.

The Caixin China general manufacturing purchasing managers' index earlier this week showed factory activity in China jumped at its fastest rate for nine years in July. However, that index showed that new export orders at Chinese factories contracted for the seventh consecutive month.

"Chinese exports are already holding up much better than most indicators of external demand, including the PMI export orders, would usually imply," Mr Rasmussen noted.

Chinese imports fell by 1.4 per cent in July year on year, after rising in June. China's economic recovery has been mixed, with state-backed industrial growth balanced against continued weakness in consumption.

Earlier this week, Australia's trade surplus reached a record high on the back of Chinese demand for its commodities, with a wave of infrastructure stimulus boosting demand for iron ore. Almost half of all Australian exports went to China in June, compared to one-third in February.

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