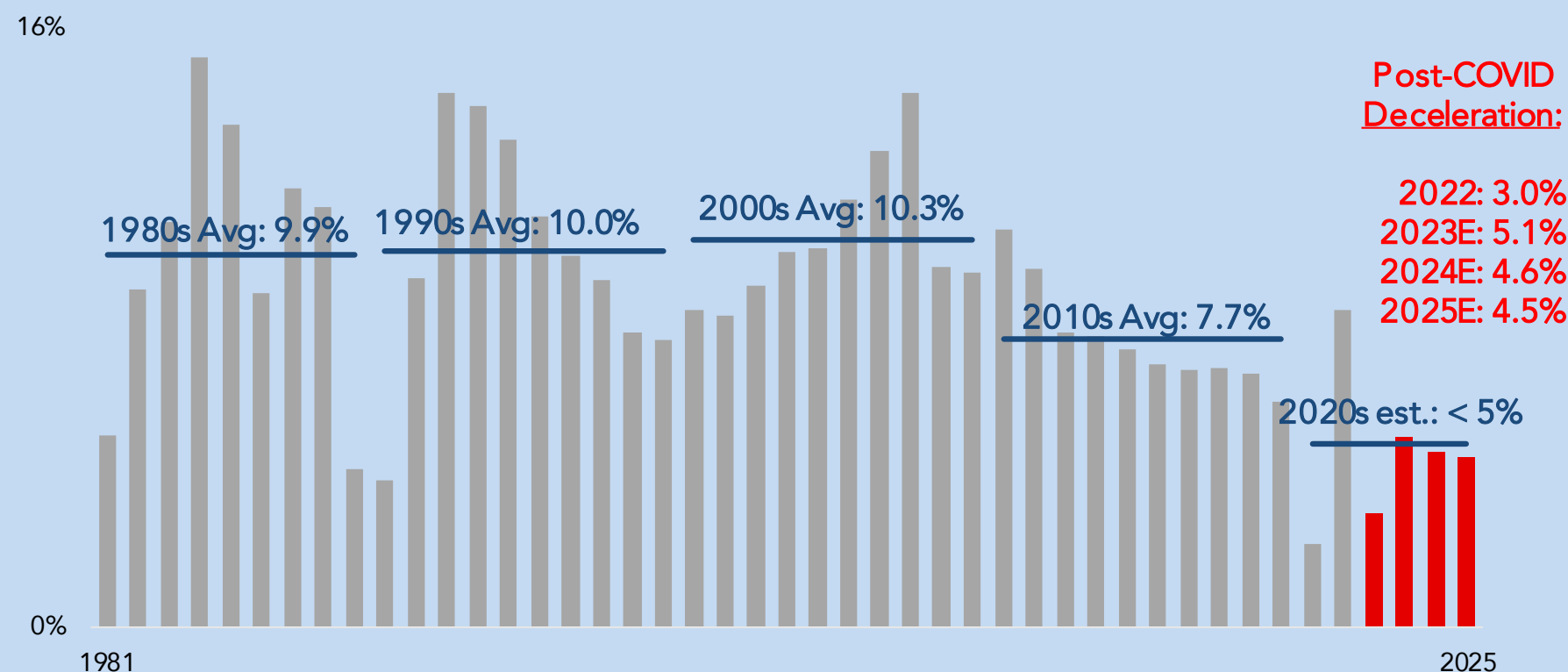


Chart of the Day

After four decades of super-charged growth well above advanced economy rates, the new normal for post-COVID China growth in the decade ahead is likely below 5%. Key drivers of the “new normal” of lower China growth include a litany of structural and cyclical factors, including: a tepid post-COVID Chinese consumer; weak external demand; policy caution and pivots toward state-directed growth, an over leveraged property sector and aging demographics.

China Real GDP Growth



China's Slowdown More Structural than Cyclical

Key Challenge	Primary Driver	
	More Structural	More Cyclical
1. Tepid Post COVID Consumer	●	●
2. Weak External Demand		●
3. Policy Restraint & Caution	●	●
4. Rebalancing the Economy	●	
5. Demographic Headwinds	●	
6. Declining Productivity	●	●
7. Rising Debt Levels	●	
8. Over Levered Property Sector	●	
9. Highly Concentrated Banking System	●	
10. "Higher Friction" Geopolitics	●	

Source: Oxford Economics. Data as of September 7, 2023.

Global Corporate & Investment Banking Capital Markets Strategy Team



Tom Joyce
Managing Director
Tom.Joyce@mufgsecurities.com
(212) 405-7472



Hailey Orr
Managing Director
Hailey.Orr@mufgsecurities.com
(212) 405-7429



Stephanie Kendal
Vice President
Stephanie.Kendal@mufgsecurities.com
(212) 405-7443

“Macro stability isn’t everything, but without it, you have nothing.”