Macro Note

China: Tech demand continues to underpin trade growth in Jul

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- **China's trade maintained robust growth in Jul.** In USD terms, exports rose 23.9% y/y (Bloomberg est.: 23.0%; Jun: 27.0%) and imports grew 27.5% y/y (Bloomberg est.: 29.5%; Jun: 36.0%). The trade balance recorded its third monthly surplus above US$100 bn, despite narrowing to US$112.50 bn in Jul from US$125.62 bn in Jun.

- **The underlying narrative remains unchanged, with AI-related tech demand and higher prices continuing to support strong two-way trade in technology products.** Semiconductors and computers remained the key drivers of both export and import growth in Jul. In 1H26, semiconductors accounted for an average of 19.1% of China's imports and 8.3% of its exports. The increase in trade values appears to have been driven largely by higher-value products and price effects rather than volume gains. Price pressures were also evident across commodities, particularly on the import side. The faster rise in import prices relative to export prices likely squeezed exporters' margins, although the appreciation of CNY may have provided some offset by mitigating the impact of higher import costs.

- **By product**, export gains were led by semiconductors (+116.6%), ships (+92.4%), computers (+67.4%), motor vehicles (+60.4%) and rare earths (+43.0%). Exports of traditional consumer goods picked up on the back of a low base effect including for clothing (+8.5%), handbags (+7.3%) and footwear (+2.7%) while shipments of toys (-1.7%) continued to contract.

- Imports were driven by tech and commodity demand. Growth was led by computers (+193.8%), coal (+83.8%), semiconductors (+71.1%), and mechanical & electrical products (+46.0%). Declines were seen in the import values of refined petroleum products (-20.5%), LCD panels (-18.5%) and motor vehicles (-15.5%). **In volume terms**, imports of coal remained strong while imports of crude oil and refined petroleum products picked up in Jul after declining since the onset of the US-Iran war in late Feb. Year-to-date as of Jul, China's import volume of coal rose 4.3% y/y while that of crude oil and refined petroleum products fell 13.2% y/y and 14.9% y/y respectively, reflecting the change in domestic energy mix. The increase in soybean imports since May suggests that China has been purchasing more soybeans from the US under the trade truce agreement. Reports indicate that China booked additional soybean cargoes in early Aug to help fulfill the White House's expectation that it will purchase at least 25 million tonnes of US soybeans annually through 2028.

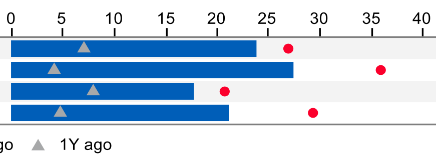
- **By destination**, export gains remained broad-based. Growth was led by key markets including Hong Kong (+48.8%), South Korea (+46.6%), ASEAN (+38.4%), US (+17.0%) and EU (+16.0%). Exports to the US have improved since the voiding of US tariffs imposed under President Trump's International Emergency Economic Powers Act (IEEPA). The Chinese Commerce Ministry said the US had committed during trade talks to cap the replacement tariffs at 20%, which includes the 12.5% levy imposed on 24 Jul 2026 under Section 301 for inadequate measures against goods made with forced labor. Meanwhile, import gains were led by South Korea (+97.8%), Taiwan (+36.6%), ASEAN (+36.0%), Japan (+29.3%), US (+15.3%) but fell for EU (-1.4%) and UK (-5.0%).

- **Trade Outlook: Exports and imports expanded strongly in the first seven months, rising 18.5% y/y and 26.7% y/y, respectively.** The cumulative trade surplus of US$687.37 bn was 1.0% higher than US$680.65 bn in the same period last year. China's trade surplus with the US rose to US$170.62 bn in the period from US$165.40 bn last year as trade between the two countries improved. Overall, robust AI-related investment globally is likely to continue supporting China's exports through the rest of the year while the re-escalation in the Middle East conflicts may pose downside risks to the outlook. **Given the stronger-than-expected trade performance to-date, we lift our 2026 export and import growth forecasts to 17.0% and 22.0% respectively (from 11.0% and 15.0% previously).** Domestically, widening economic imbalances and increasing divergence across sectors highlight the need for more targeted policy support to strengthen household consumption and sustain private-sector activity.

Foreign trade in USD and CNY terms

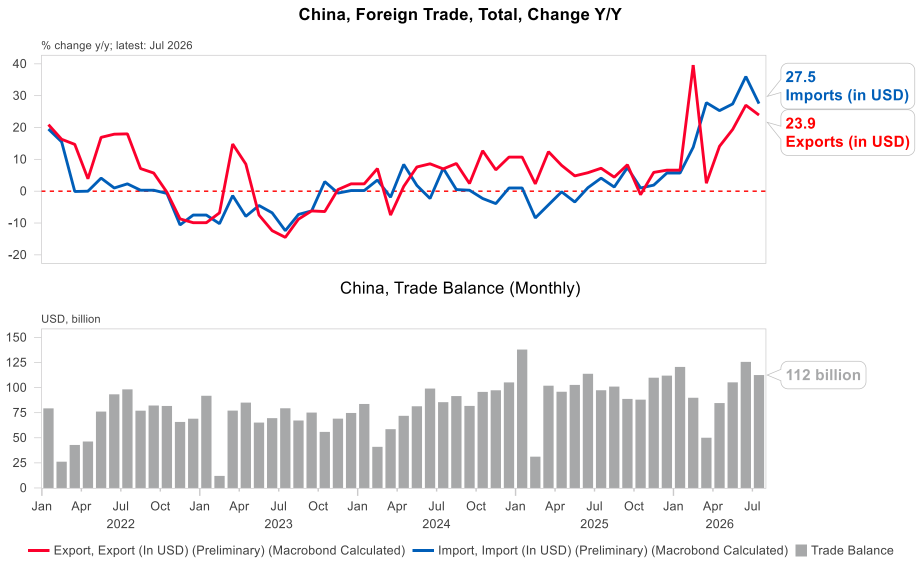
Source: Macrobond, UOB Global Economics & Markets Research

Latest = July 2026	Latest	1-mth ago	1-yr ago
Export (In USD)	23.9	27.0	7.1
Import (In USD)	27.5	36.0	4.2
Export (In CNY)	17.8	20.8	8.0
Import (In CNY)	21.2	29.4	4.8



Trade surplus narrowed in Jul but stayed above US$100 bn for the third straight month

Source: Macrobond, UOB Global Economics & Markets Research



Export performance by key markets

Source: Macrobond, UOB Global Economics & Markets Research

China: Top Export Markets by Month (% y/y change)

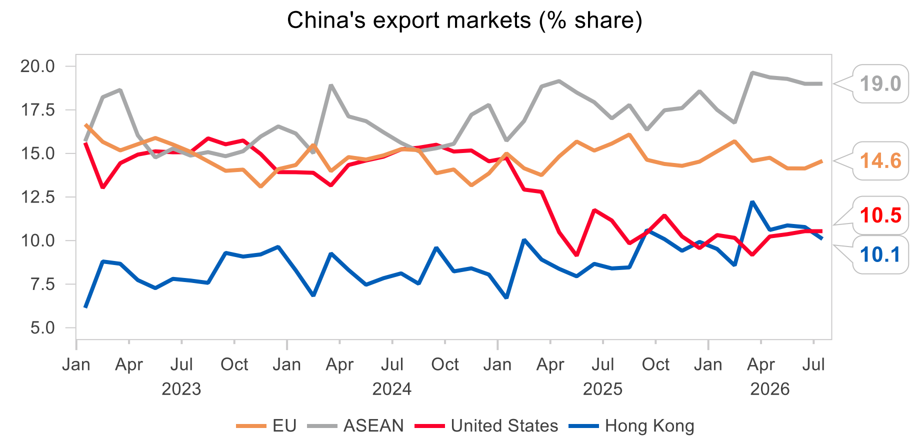
Data: China GAC

	Latest 7/2026	6/2026	5/2026	4/2026	3/2026	2/2026	1/2026	1Y ago 7/2025
Singapore	69.1	32.8	3.4	-11.4	-7.1	48.7	31.3	9.3
Malaysia	51.5	37.6	32.2	19.9	10.6	44.2	23.7	-0.5
Hong Kong	48.8	58.0	63.1	44.3	41.0	18.9	56.4	10.7
South Korea	46.6	42.6	42.1	24.6	19.6	40.7	15.8	4.6
Thailand	40.2	35.9	40.7	25.1	10.4	58.2	19.7	26.0
ASEAN	38.4	34.5	24.3	15.2	6.9	38.7	22.4	16.6
Vietnam	35.4	39.4	27.1	24.7	11.8	12.2	36.6	27.9
South Africa	35.0	29.9	25.6	36.6	13.8	77.1	18.4	-10.4
Russia	34.9	38.0	35.8	25.7	20.6	59.0	-0.9	-9.1
RCEP	34.0	31.1	24.8	14.5	8.3	38.1	16.5	12.3
APEC	32.3	32.3	30.9	18.7	6.1	28.3	8.8	1.8
Philippines	26.3	25.4	20.5	12.1	2.9	46.1	7.0	10.7
Indonesia	23.0	34.4	19.8	8.4	6.7	40.5	4.0	12.0
Germany	17.4	27.2	9.3	7.6	11.8	60.3	13.7	13.1
United Kingdom	17.2	16.6	1.7	9.6	3.4	49.6	12.3	7.5
United States	17.0	13.9	35.4	11.3	-26.5	9.7	-23.0	-21.7
European Union (EU)	16.0	18.5	7.6	13.4	8.6	54.9	10.8	9.2
Brazil	15.8	28.9	13.6	37.0	11.4	50.8	6.6	-1.8
India	14.4	39.4	18.6	18.6	12.7	37.9	7.3	9.8
New Zealand	14.3	23.2	24.8	15.4	-6.9	55.4	7.8	9.6
Japan	14.0	6.9	10.9	4.0	3.3	22.5	-0.3	2.4
Australia	13.9	29.8	23.6	8.6	11.9	64.9	9.6	14.8
France	12.1	-1.1	-1.8	15.0	6.8	62.5	12.7	7.4
Netherlands	10.0	12.4	5.7	2.8	9.4	37.1	5.1	-0.7
Italy	6.3	23.0	16.7	17.9	6.3	75.3	12.2	14.6

■ Latest

ASEAN remains China's largest export market while exports to the US picked up after the cancelling of Trump's IEEPA tariffs

Source: Macrobond, UOB Global Economics & Markets Research



Exports of key commodities

Source: Macrobond, UOB Global Economics & Markets Research

China: Exports of Key Commodities (%y/y change, monthly)

Latest = July 2026	Latest	1M ago	1Y ago
Electrical Equipment, Electronic Integrated Circuits	116.6	121.9	29.2
Machinery & Transport Equipment, Ship	92.4	42.3	-1.5
Machinery & Transport Equipment, Automatic Data Processing Machines & Units	67.4	53.1	-9.6
Machinery & Transport Equipment, Motor Vehicles & Chassis	60.4	69.6	18.6
Electrical Equipment, Hi-tech Products	52.7	52.2	4.2
Metals & Metal Products, Unwrought Aluminium & Aluminium	44.7	77.0	-6.0
Metals & Metal Products, Rare-Earth Ore, Metals & Compounds	43.0	178.8	-17.6
Electrical Equipment, Mechanical & electrical products	33.8	34.2	8.0
Electrical Equipment, Wireless Telephone Handsets & Parts	26.6	27.5	-21.8
Petroleum & Coal Products, Refined Petroleum Products	21.0	30.9	-2.3
Rubber & Plastic Products, Plastic Articles	16.4	17.4	3.2
Motor Vehicles, Automotive Parts	13.8	19.0	4.0
Other, Furniture & Parts	11.2	9.0	3.0
Other, Agriculture Products	9.2	19.7	1.6
Garments, Shoes & Hats, Garments & Clothing Accessories	8.5	3.2	-0.6
Garments, Shoes & Hats, Suit-case, Hand bags & Similar Items	7.3	1.7	-10.0
Textiles, Textile Yarn, Fabrics & Made-Up Articles	6.4	12.2	0.5
Metals & Metal Products, Products of Steel or Iron	4.9	10.3	11.7
Garments, Shoes & Hats, Footwear & Parts	2.7	-1.2	-7.7
Other, Lamps, Lighting Fittings & Parts	2.3	-4.3	-5.6
Electrical Equipment, Liquid crystal display panel	-0.8	9.4	1.8
Other, Toys	-1.7	-6.4	-3.3
Food, Aquatic products	-2.7	10.5	4.0
Other, Pottery	-41.8	-48.9	19.5

Imports from key market sources

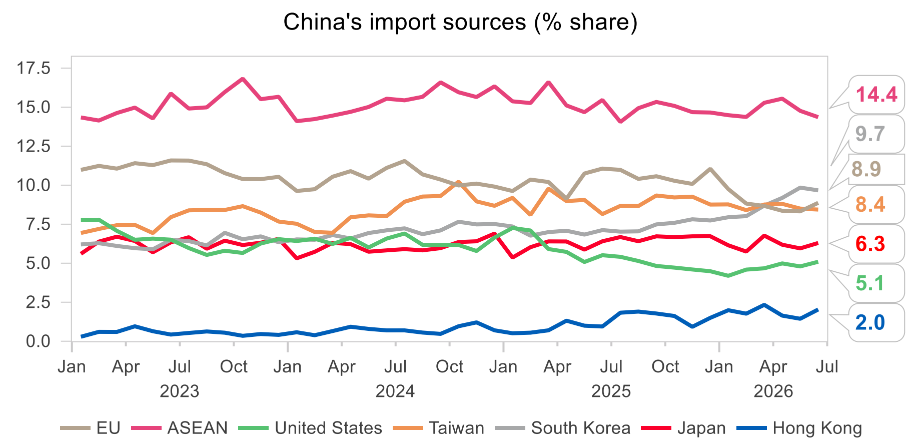
Source: Macrobond, UOB Global Economics & Markets Research

China: Top Import Sources by Month (% y/y change)

Data: China GAC	Latest 7/2026	6/2026	5/2026	4/2026	3/2026	2/2026	1/2026	1Y ago 7/2025
Philippines	101.8	115.1	83.6	71.2	87.6	61.9	67.9	38.9
South Korea	97.8	85.0	66.5	62.3	76.2	45.9	51.5	24.9
Vietnam	84.5	65.8	64.3	59.6	67.9	45.1	46.4	19.9
India	56.8	65.1	52.3	45.4	61.7	41.6	46.4	17.1
RCEP	47.1	46.1	37.8	38.1	58.8	34.9	44.3	11.2
APEC	46.1	45.7	35.3	34.3	39.0	20.9	36.7	10.8
Australia	36.8	44.9	33.3	31.8	37.1	18.2	36.0	10.5
Taiwan	36.6	41.1	31.9	31.5	35.2	18.0	28.9	4.1
ASEAN	36.0	39.6	29.2	29.4	30.4	17.3	27.7	1.1
Indonesia	34.9	35.5	28.2	28.7	29.5	15.7	27.5	0.5
Singapore	33.4	33.9	20.5	26.6	27.2	14.3	27.2	0.5
South Africa	31.2	32.5	20.4	26.5	17.5	10.5	26.8	0.0
Japan	29.3	29.3	19.6	22.6	15.6	8.6	26.1	-1.6
Thailand	20.1	29.0	15.5	21.0	14.4	7.2	20.1	-3.3
Brazil	17.3	26.5	14.2	14.5	9.5	-3.0	18.6	-4.9
United States	15.3	25.9	0.3	9.0	8.5	-4.7	12.5	-5.1
European Union (EU)	-1.4	13.6	-1.3	9.0	4.6	-14.6	9.6	-5.8
Germany	-2.7	9.2	-4.9	1.0	3.5	-19.0	-2.1	-7.1
United Kingdom	-5.0	6.0	-6.2	-7.6	1.0	-21.2	-14.4	-18.9
New Zealand	-10.3	3.1	-12.7	-14.9	-4.8	-26.3	-27.3	-28.4

ASEAN accounted for 14% of China's imports

Source: Macrobond, UOB Global Economics & Markets Research



Imports of key commodities

Source: Macrobond, UOB Global Economics & Markets Research

China: Imports of Key Commodities (%y/y change, monthly)

Latest = July 2026 · %y/y change

	Latest	1M ago	1Y ago
Machinery & Transport Equipment, Automatic Data Processing Equipments	193.8	156.7	-12.0
Petroleum & Coal Products, Coal & Lignite	83.8	60.7	-47.8
Electronic & Electrical Products, Electronic Integrated Circuits	71.1	72.3	13.0
Machinery & Transport Equipment, Hi-tech Products	58.8	57.8	7.8
Machinery & Transport Equipment, Mechanical & Electrical Products	46.0	47.5	2.7
Metals & Metal Products, Copper Ore & Concentrate	26.6	33.3	26.4
Metals & Metal Products, Copper (Unwrought) & Copper Products	23.6	45.0	9.6
Petroleum & Coal Products, LPG & Other Gaseous Hydrocarbons	20.2	18.1	-8.7
Food, Edible Vegetable Oil	19.8	-17.5	2.2
Electronic & Electrical Products, Diode	18.1	16.6	-2.6
Textile Products, Textile Yarn, Fabrics & Related Articles	16.9	28.2	-12.6
Medicines & Health, Medical & Pharmaceutical Products	14.3	13.1	5.2
Metals & Metal Products, Iron Ore & Concentrates	13.7	18.3	-12.0
Rubber & Plastic Products, Natural & Synthetic Rubber (Including Latex)	12.6	16.1	4.4
Food, Fresh or Dried Fruit & Nuts	11.4	4.2	51.2
Wood & Wood Products, Log & Lumber	8.7	22.5	-16.5
Food, Soya Beans	7.3	18.8	5.7
Agriculture & Allied Products, Total	6.8	19.6	5.1
Metals & Metal Products, Products of Steel or Iron	6.4	5.6	-8.4
Machinery & Transport Equipment, Machine-tools	-1.2	5.4	4.5
Petroleum & Coal Products, Crude Petroleum Oil	-4.6	-7.4	-7.4
Pulp, Paper & Paper Products, Pulp (Paper Pulp)	-6.9	-6.6	11.4
Machinery & Transport Equipment, Motor Vehicles & Chassis	-15.5	-15.6	-42.1
Rubber & Plastic Products, Plastics in Primary Forms	-18.3	-9.8	-12.8
Electronic & Electrical Products, LCD panels	-18.5	-2.6	-9.1
Petroleum & Coal Products, Refined Petroleum Products	-20.5	-26.3	4.9
Other, Automotive Parts	-27.1	-22.4	-18.4

Latest

Imports of key commodities (volume)

Source: Macrobond, UOB Global Economics & Markets Research

China, Foreign Trade, Import, Key Commodities, Volume

Latest month: Jul 2026 · Last release: 07 Aug 2026 · Tons (Metric), million

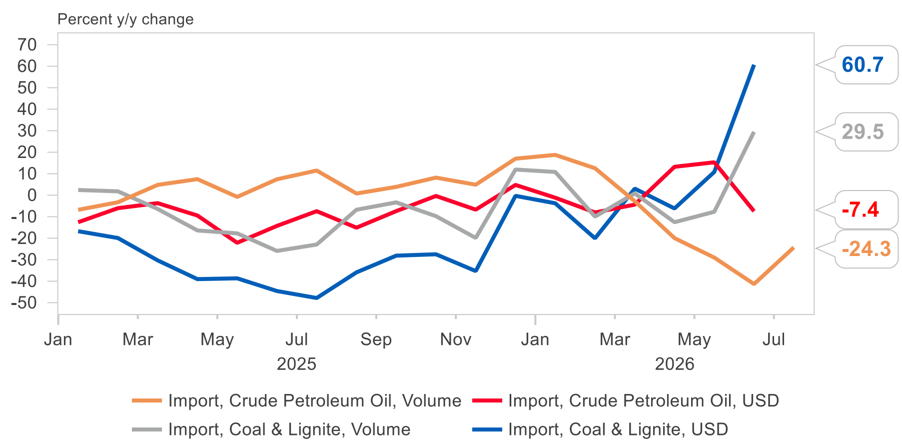
	Latest	Jun	1Y ago
Food, Soya Beans (Preliminary)	11.5 million	13.5 million	11.7 million
Metals & Metal Products, Copper Ore & Concentrate	2.38 million	2.33 million	2.56 million
Metals & Metal Products, Iron Ore & Concentrates	108 million	113 million	105 million
Petroleum & Coal Products, Coal & Lignite	42.7 million	42.8 million	35.6 million
Petroleum & Coal Products, Crude Petroleum Oil	35.7 million	29.3 million	47.2 million
Petroleum & Coal Products, LPG & Other Gaseous Hydrocarbons	10.5 million	10.9 million	10.6 million
Petroleum & Coal Products, Refined Petroleum Products	2.48 million	1.74 million	4.03 million

Latest · 1M ago

Source: Global Economics & Markets Research

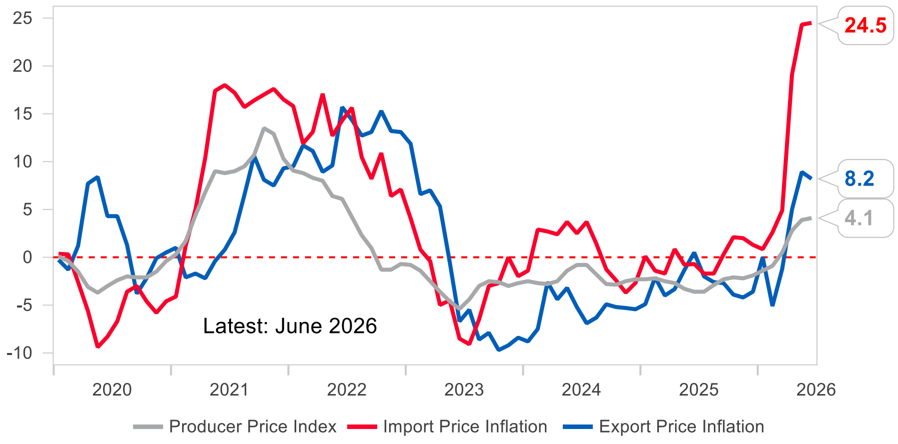
Imports of crude oil plunged while coal surged amid Middle East tensions

Source: Macrobond, UOB Global Economics & Markets Research



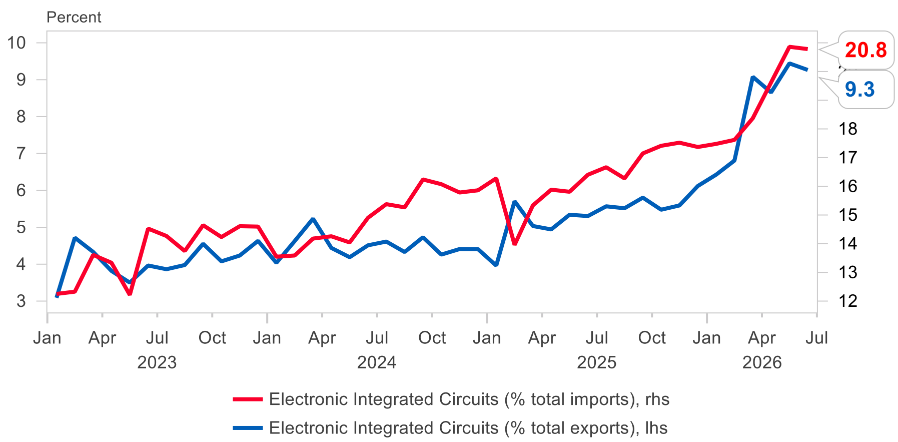
Import price inflation continued to outpace export price gains (% y/y)

Source: Macrobond, UOB Global Economics & Markets Research



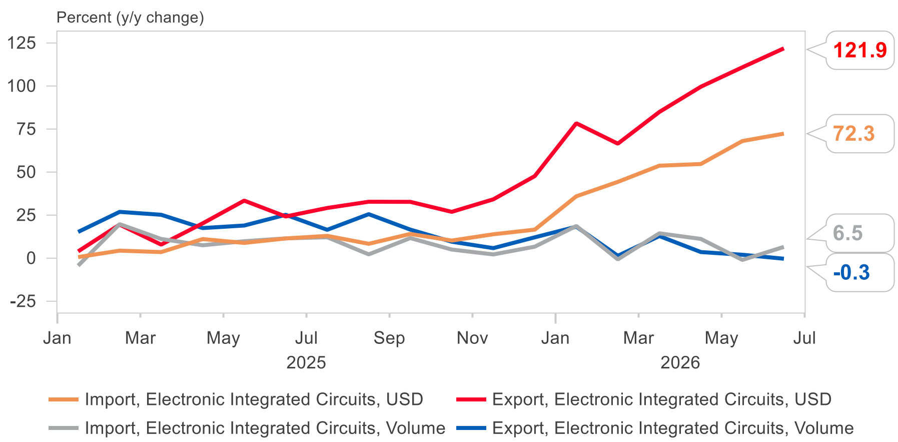
Semiconductors accounted for 21% of China's imports and 9% of its exports

Source: Macrobond, UOB Global Economics & Markets Research



Higher-value goods driving China's semiconductor trade

Source: Macrobond, UOB Global Economics & Markets Research



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