

Macro Note

China: Strong Aug exports signal global demand resilience

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- **In USD terms, China's exports rose 25.0% y/y (Bloomberg est.: 25.9%; Jul: 23.9%) and imports grew 28.2% y/y (Bloomberg est.: 31.0%; Jul: 27.6%). A more favourable base of comparison also contributed to the gains.** The trade balance recorded its fourth monthly surplus above US\$100 bn, widening to US\$119.09 bn from US\$112.34 bn in Jul.
- **Global AI-related capex growth and higher prices continue to support strong two-way trade in technology products.** Semiconductors and computers remained the key drivers of both export and import growth in Aug. In the first seven months of the year, semiconductors accounted for an average of 19.6% of China's imports and 8.5% of its exports.
- **In Aug,** export growth was led by semiconductors (+129.8%), refined petroleum products (+80.5%), computers (+76.5%), motor vehicles (+43.0%), aluminum (+38.5%) and rare earths (+33.7%). The pick-up in China's shipments of refined petroleum products has likely helped to stabilise global supply amid intensifying conflicts in the Middle East. At the same time, improvements were also seen in exports of the broader consumer goods, on the back of a low base effect, including clothing (+12.3%), handbags (+11.1%), footwear (+11.4%) and toys (+15.3%).
- Import growth was driven by computers (+209.1%), semiconductors (+83.6%), mechanical & electrical products (+51.7%) as well as commodities such as coal (+48.6%) and copper (+28.5%). The higher imports of coal and copper reflected price gains as the import volume fell for both commodities compared to a year ago. In volume terms, China's imports of crude oil, iron ore, copper and soybeans increased compared to Jul while LPG and refined petroleum products fell. China's imports of soybeans have increased since May to meet increased purchase commitments from the US of 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 (+63.7%), South Korea (+49.3%), US (+34.4%) and ASEAN (+30.2%). Exports to the US have improved since the voiding of US tariffs imposed under President Trump's International Emergency Economic Powers Act (IEEPA). Meanwhile, import gains were similarly broad-based, led by South Korea (+108.1%), India (+49.5%), Australia (+44.6%), Taiwan (+41.5%) and ASEAN (+35.0%).
- **China's trade surplus with the US widened to US\$199.80 bn YTD as of Aug from US\$185.72 bn last year.** US-China relations have stabilised following the May summit which signaled a shift toward managed competition, even as bilateral tensions persist. The US is considering an additional 7.5% tariff on Chinese goods linked to concerns over structural overcapacity in manufacturing, on top of the existing 12.5% tariff associated with forced-labour import restrictions. This would raise new replacement tariffs on



affected Chinese imports to around 20% - China's cited threshold. Traders are also keeping a close watch on the 178 Section 301 tariff exclusions from President Trump's first term, which are set to lapse in Nov. Upcoming Trump-Xi meeting on 24 Sep is likely to extend the one-year trade truce inked in Oct 2025.

- China's external trade remained a key growth driver, with exports and imports rising 19.3% and 27.0% YTD as of Aug, respectively. The cumulative trade surplus widened to US\$805.51 bn, up from US\$781.65 bn during the same period last year. **We maintain our 2026 forecasts for export growth at 17.0% and import growth at 22.0%.**
- While the AI-driven export boom has sustained external sector momentum through Aug, softer domestic conditions have prompted us to revise our GDP growth forecast for 3Q26 lower to 4.3% (from 4.7%), missing the 4.5%-5.0% official target for a second straight quarter. **China's Aug economic data on 15 Sep such as industrial production, retail sales and fixed assets investment, will offer further clues into the extent to which strong external demand can continue to compensate for weak domestic demand.**

Foreign trade in USD and CNY terms

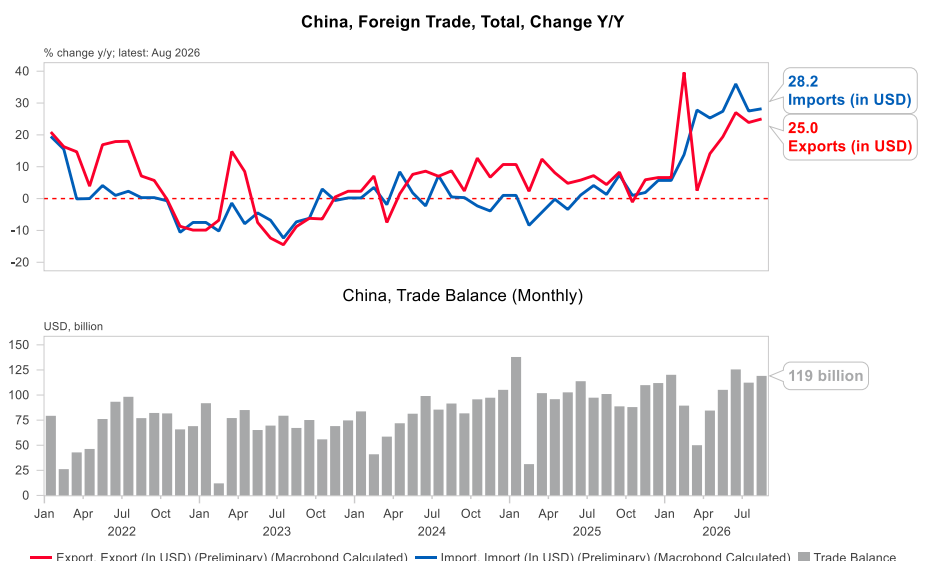
Source: Macrobond, UOB Global Economics & Markets Research

Latest = August 2026	y/y % change	Latest	1-mth ago	1-yr ago
	0 5 10 15 20 25 30			
Export (In USD)		25.0	23.9	4.3
Import (In USD)		28.2	27.6	1.4
Export (In CNY)		18.6	17.8	4.8
Import (In CNY)		21.7	21.2	1.7

■ Latest ● 1M ago ▲ 1Y ago

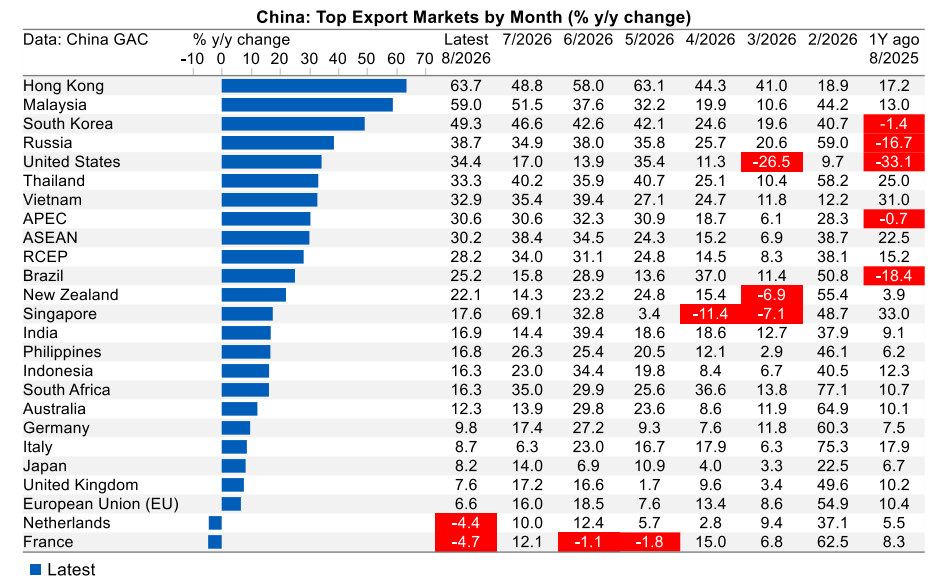
Trade surplus stayed above US\$100 bn for the fourth straight month

Source: Macrobond, UOB Global Economics & Markets Research



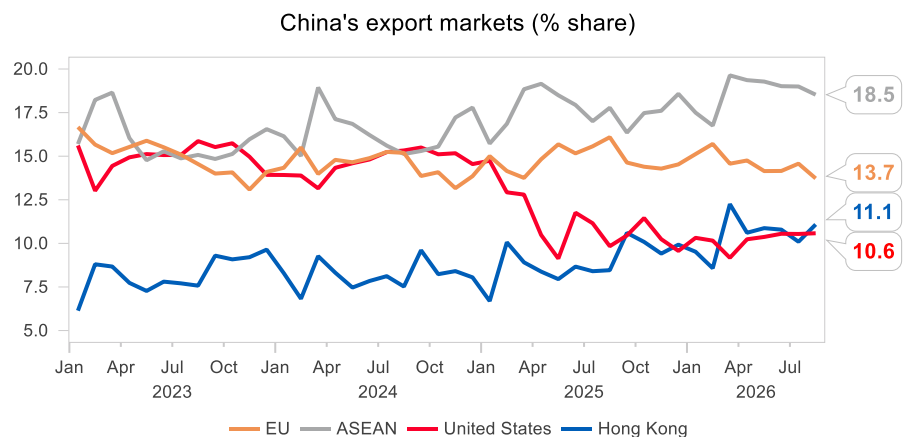
Export performance by key markets

Source: Macrobond, UOB Global Economics & Markets Research



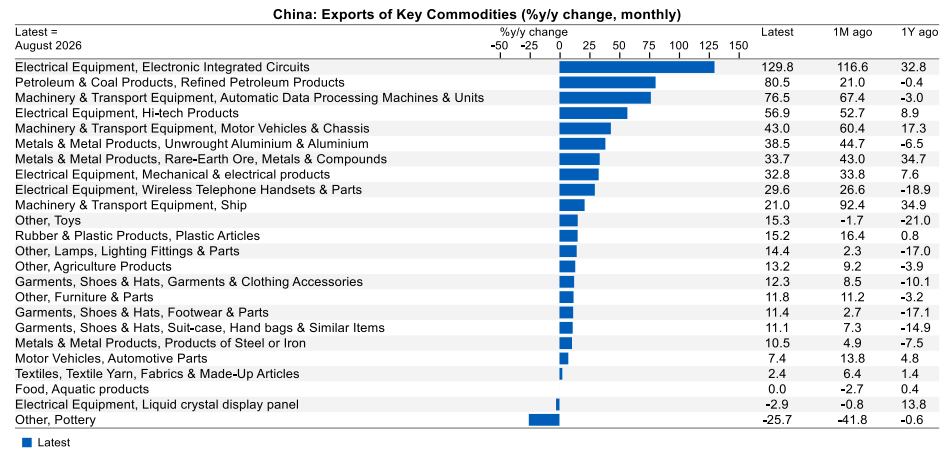
ASEAN remains China's largest export market while exports to the US picked up after the cancelling of Trump's IEEPA tariffs

Source: Macrobond, UOB Global Economics & Markets Research



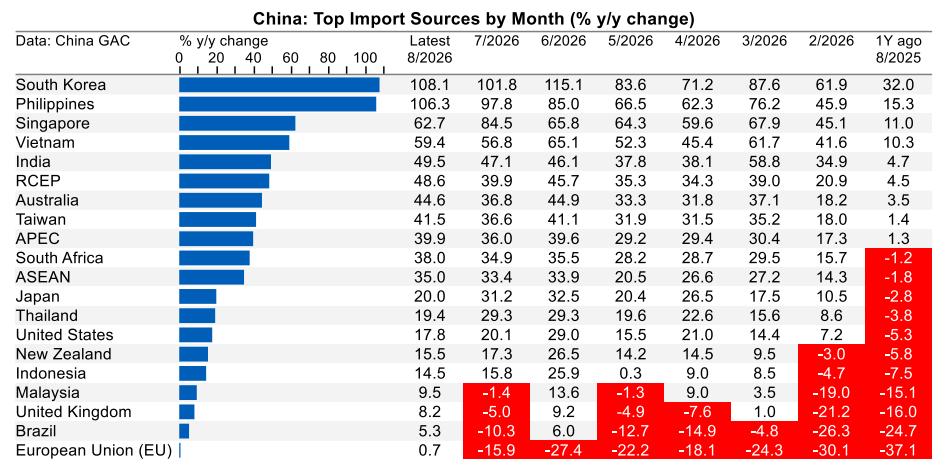
Exports of key commodities

Source: Macrobond, UOB Global Economics & Markets Research



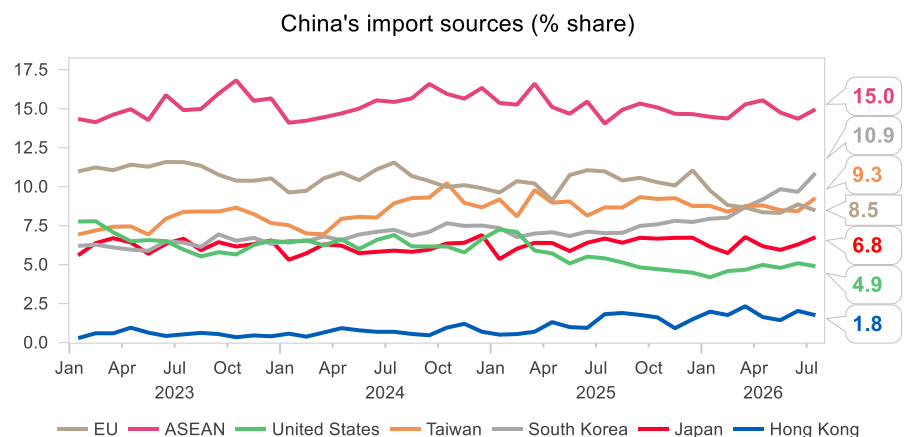
Imports from key market sources

Source: Macrobond, UOB Global Economics & Markets Research



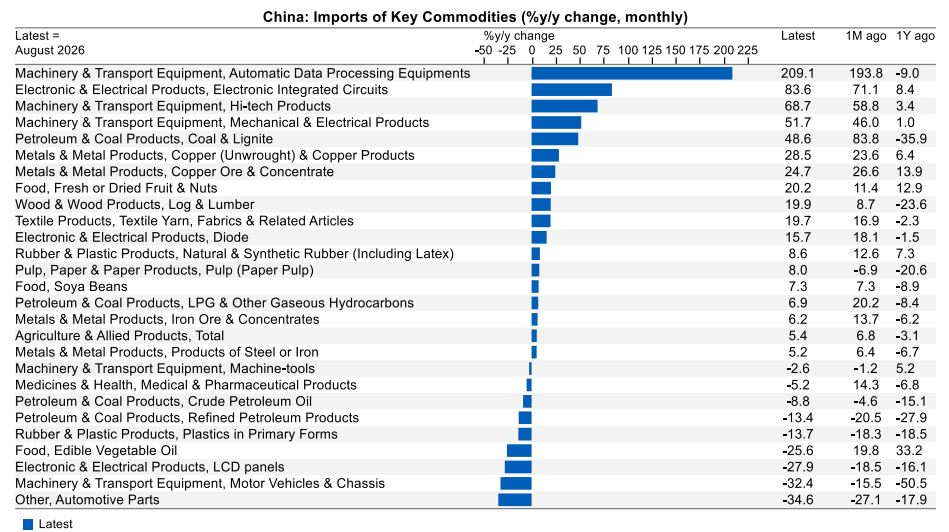
ASEAN accounted for 15% of China's imports

Source: Macrobond, UOB Global Economics & Markets Research



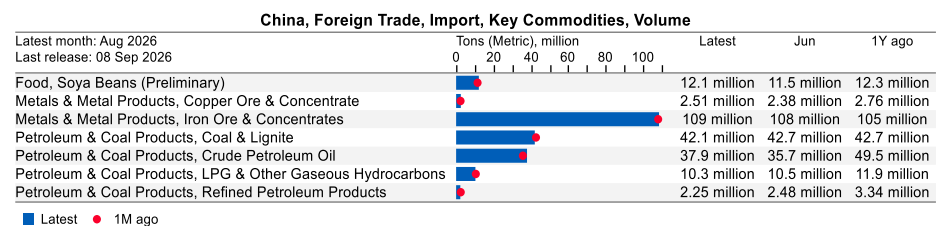
Imports of key commodities

Source: Macrobond, UOB Global Economics & Markets Research



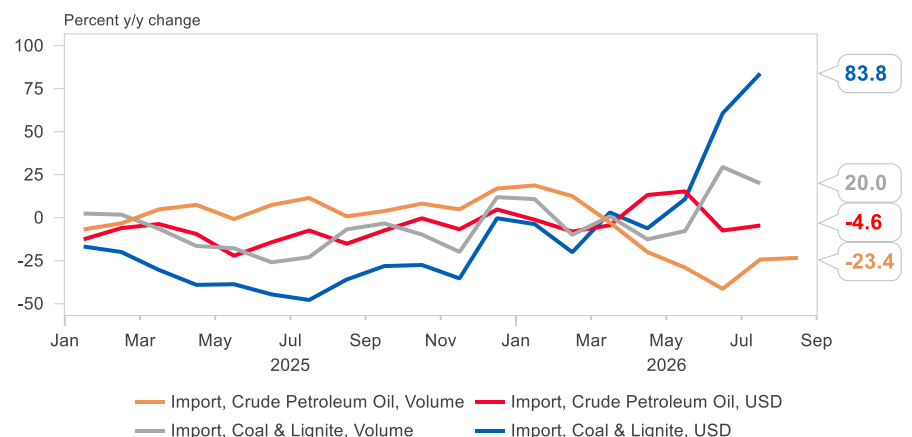
Imports of key commodities (volume)

Source: Macrobond, UOB Global Economics & Markets Research



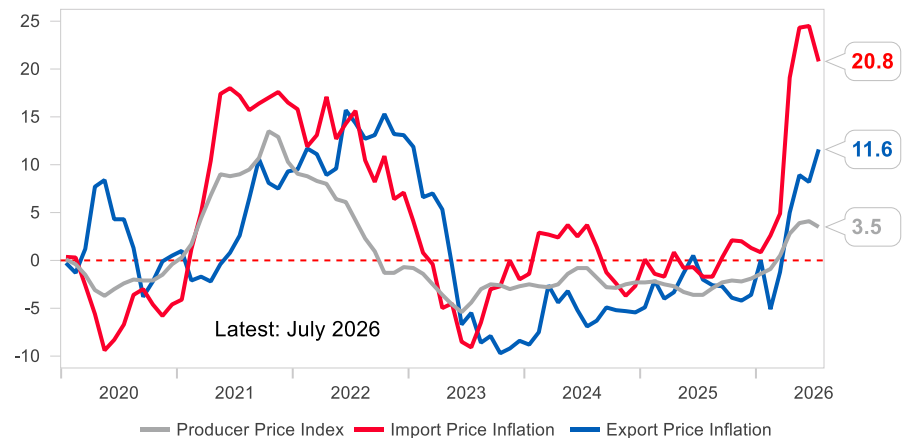
Imports of crude oil plunged while coal surged amid Middle East tensions

Source: Macrobond, UOB Global Economics & Markets Research



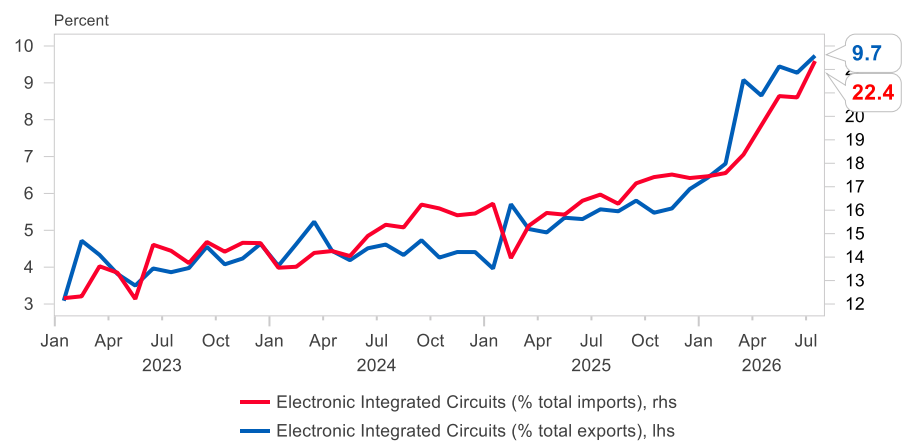
Import price inflation continued to outpace export price gains (% y/y)

Source: Macrobond, UOB Global Economics & Markets Research



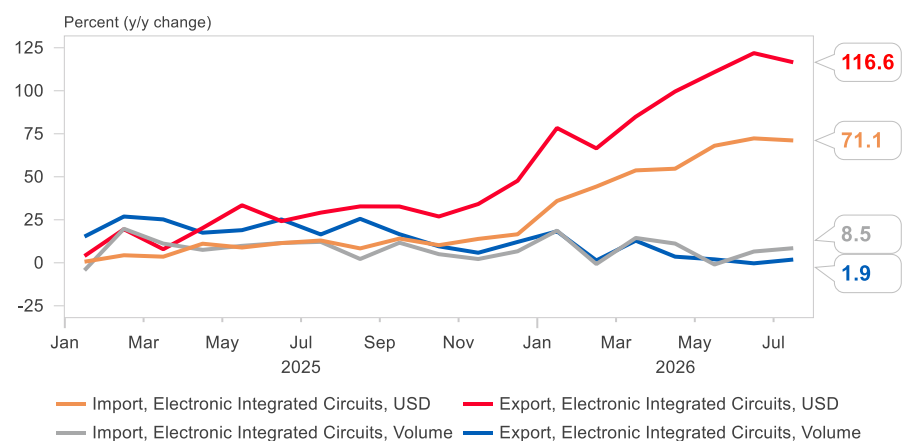
Semiconductors accounted for 22% of China's imports and 10% of its exports

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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