

Date: Monday, April 17, 2023

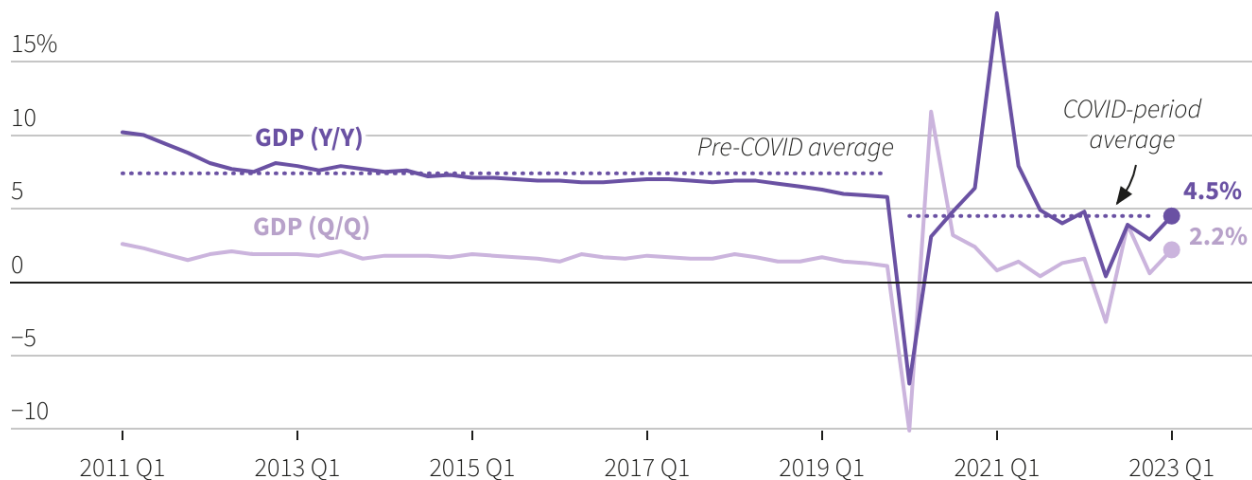
Chinese think tank report: China National Committee for Pacific Economic Cooperation (CNCPEC).

(CNCPEC) Shared data (Reuters.com)

The Chinese economy shows signs of solid growth as it recovers from the COVID-19 pandemic. In the first quarter of 2023, the Chinese gross domestic product (GDP) is expected to have grown by 7.9% compared to the same period in the previous year.

Growth of China economy fastest in a year in Q1

GDP grew 4.5% in the first quarter, beating the 4% forecast of analysts in a Reuters poll.



Note: Pre-COVID average is from Q1 2011 to Q4 2019, COVID-period average is from Q1 2020 to Q4 2022

Source: Refinitiv Datastream, Reuters poll | Reuters, April 18, 2023 | By Kripa Jayaram

This growth is attributed to a number of factors, including the easing of COVID-related restrictions, increased consumer spending, and solid industrial output.

China's industrial output grew by 14.1% in the first two months of 2023, while retail sales grew by 28.1% during the same period, and China's exports grew by 60.6% in February compared to the same month in the previous year.

The exchange rate between the US dollar and the Chinese yuan is determined by supply and demand in the exchange market. In recent years, the Chinese economy has been growing faster than the US and Europe, increasing demand for the yuan and putting upward pressure on its value relative to the dollar.



Interest Over Time ?



One of the reasons for the strong performance of the Chinese economy is its large and growing consumer market. China has a population of over 1.4 billion people, which makes it the most populous country in the world. As a result, it has a large domestic market for goods and services, which has helped to drive economic growth.

Additionally, China has been investing heavily in infrastructure and technology, which has helped to boost productivity and competitiveness. The country has also been increasing its presence in global markets by exporting goods and investing in foreign companies and assets.

On the other hand, the US and Europe have faced several challenges in recent years, including slow economic growth, political uncertainty, and trade tensions. These factors have put downward pressure on the value of their currencies relative to the yuan.