

## CHINA

### Weakest growth in China since 1990

#### HIGHLIGHTS

- China's real GDP expanded 6.8% year-over-year in the fourth quarter of 2015, following a 6.9% rise in the summer, and increases of 7.0% in the winter and spring.
- For 2015 as a whole, China's real GDP advanced 6.9% following a 7.3% gain in 2014. This is the weakest annual growth in real GDP since 1990.
- Retail sales were up 11.1% year-over-year in December after gaining 11.2% in November. The annual change in industrial output went from 6.2% in November to 5.9% in December.

#### COMMENTS

While the economic and financial news for 2015 and, up to now, 2016, has been much focused on the vagaries of the Chinese economy and markets, official economic data remain very stable. Still, we note that the annual change in China's real GDP in the last quarter of 2015 fell just short of consensus expectations, which called for an increase of 6.9%. The quarterly change in real GDP posted a slightly more notable slowdown, with a non-annualized 1.6% gain, compared with the consensus forecast of a 1.8% increase. December's data on industrial output and retail sales were also somewhat disappointing, turning in growth slightly below expectations.

The fact remains that, while being cautious as to the quality of the information provided, the economy appears much more stable than the sharp fluctuations in Chinese financial markets and, in turn, the main global stock markets would suggest. The slower pace by China's key indicators did not justify either the expansion of the market bubble in winter and spring 2015, or the severity of the consequent burst and setbacks, particularly at the beginning of this year.

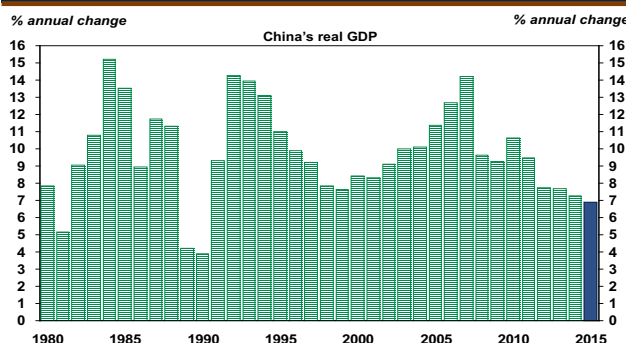
**Implications:** The Chinese economy, which according to some comparative data is now the largest global economy in terms of global GDP percentage, should continue to slow. This reduced pace, stemming from structural and

#### The annual change in China's real GDP continues to slow



Sources: National Bureau of Statistics of China and Desjardins, Economic Studies

#### Weakest annual growth since 1990



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situational elements, could add to investors' concerns and again receive significant coverage in 2016.

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