

Exports (CNY, y/y)	3.2%	3.7%	1.6%	1.6%
Imports (CNY, y/y)	15.6%	11.6%	11.9%	8.6%
Trade balance (CNY bn)	156.51	182.80	173.90	222.00

Imports rebound as export growth slows further

- Imports growth was strong in May, accelerating from 11.6% y/y in April to 15.6% (against Bloomberg average of 8.6%). Some of this may have been due to price effects caused by higher oil prices raising the cost of shipments, but nevertheless marks a turnaround from the sluggish growth seen in Q1.
- By product type, **import momentum was led by tech products which** continued to grow in double-digits from the previous three months. Electronic integrated circuits, for instance, grew 36% y/y in May, giving a monthly average for the year of 37.6% y/y. In line with the steady manufacturing PMIs released last week, it is likely that this momentum will persist into June and July.
- Export growth in **renminbi terms** dropped slightly from 3.7% y/y in April to 3.2% (against a Bloomberg average of 1.6%). Despite an uptick in foreign demand last month in terms of export orders, export growth for the year remains on a downward trend. Trade tensions with the US remain a key concern going forward, but the arrival of a deal on ZTE suggests that compromises will be made
- The result has been a contraction of the trade surplus in May from RMB183 billion to RMB157 billion, going against the precedent set by previous years in Q2 and furthering the trend seen by Q1's trade deficit.