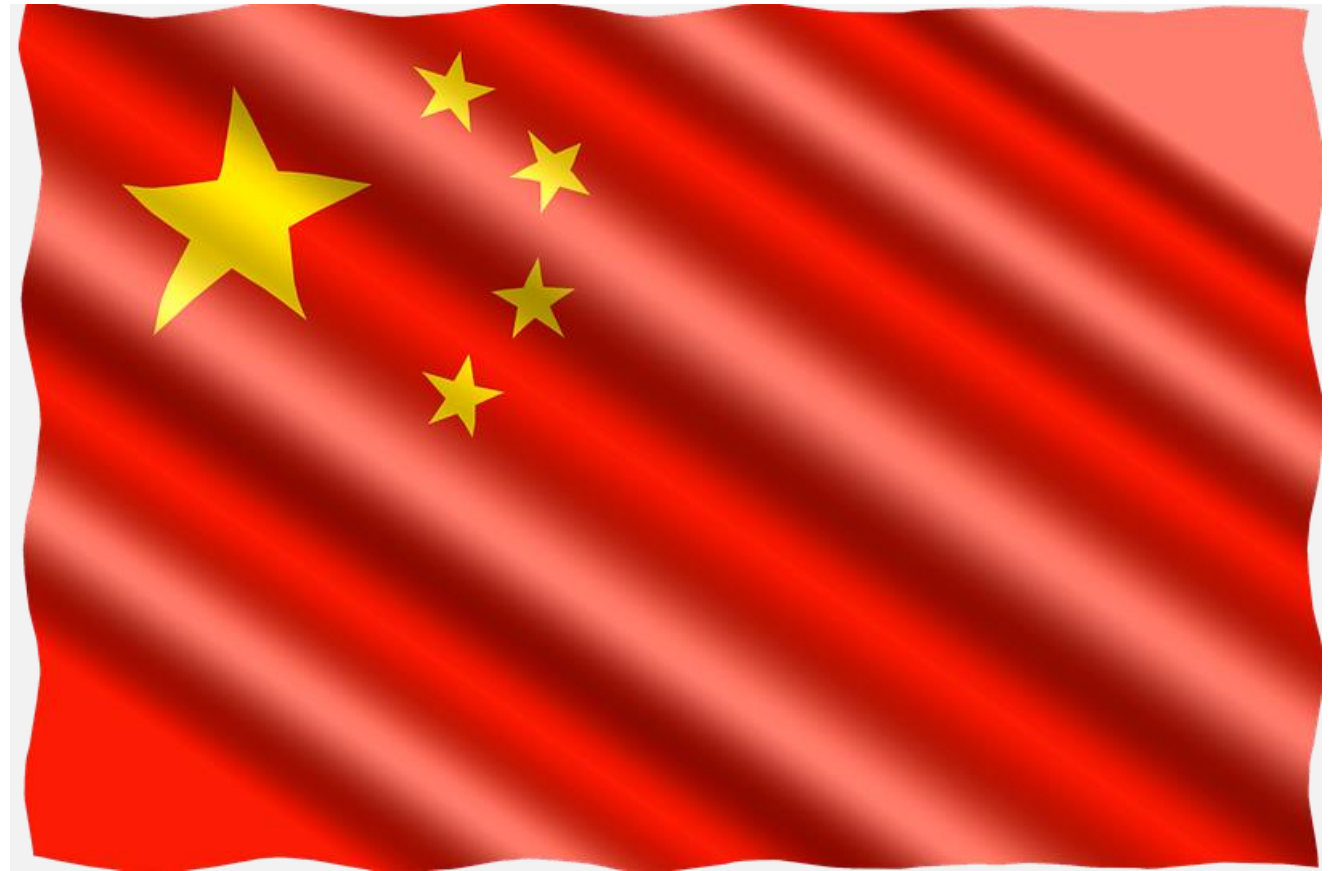


Market update China

ISC 2023 – Vienna

Mathias Fridholm

Senior Advisor, Swedish Wood



RESPONSE

Who Killed the Chinese Economy?

The Contested Causes of Stagnation

By Zongyuan Zoe Liu; Michael Pettis; Adam S. Posen

October 3, 2023

CHINA ECONOMY

China's economy stabilises, factory activity returns to expansion

PUBLISHED SAT, SEP 30 2023 4:56 AM EDT

EASTASIAFORUM

Economics, Politics and Public Policy in East Asia and the Pacific

Home Topics Countries Contributors Quarterlyly About

Has the Chinese economy hit the wall?

8 October 2023

ECONOMY

World Bank cuts China's 2024 growth amid property crisis

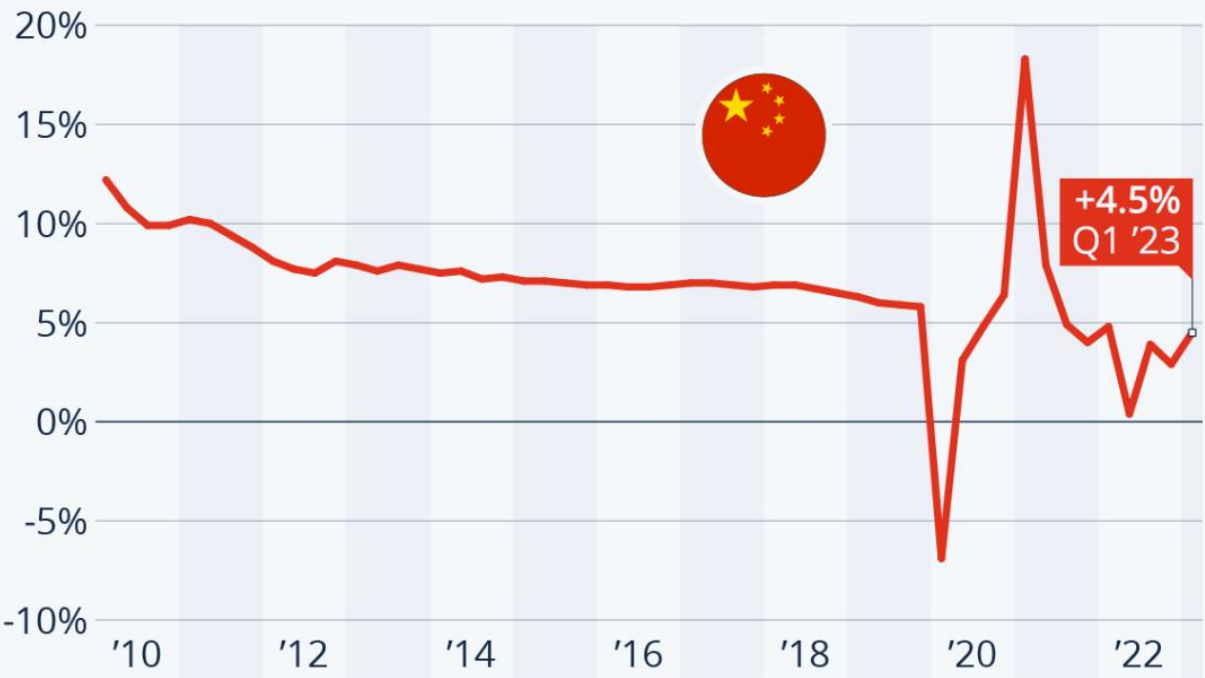
'Growth shock' from Asia's largest economy affects rest of region: report

China's Economy Ahead of the Third Plenum: The End of the "China Miracle"?

GDP growth

Picks Up Pace Again

Quarterly real GDP growth of China (year-over-year; seasonally adjusted)



Sources: National Bureau of Statistics of China, OECD



Forecast 2023: 4,5-5%

Forecast 2024 4,2-4,5%

What will drive this growth?

Build more homes?



REUTERS®

World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ More ▾

China

Even China's 1.4 billion population can't fill all its vacant homes, former official says

Reuters

September 25, 2023 1:27 AM GMT+2 · Updated 16 days ago



Official figure: 7 million empty homes

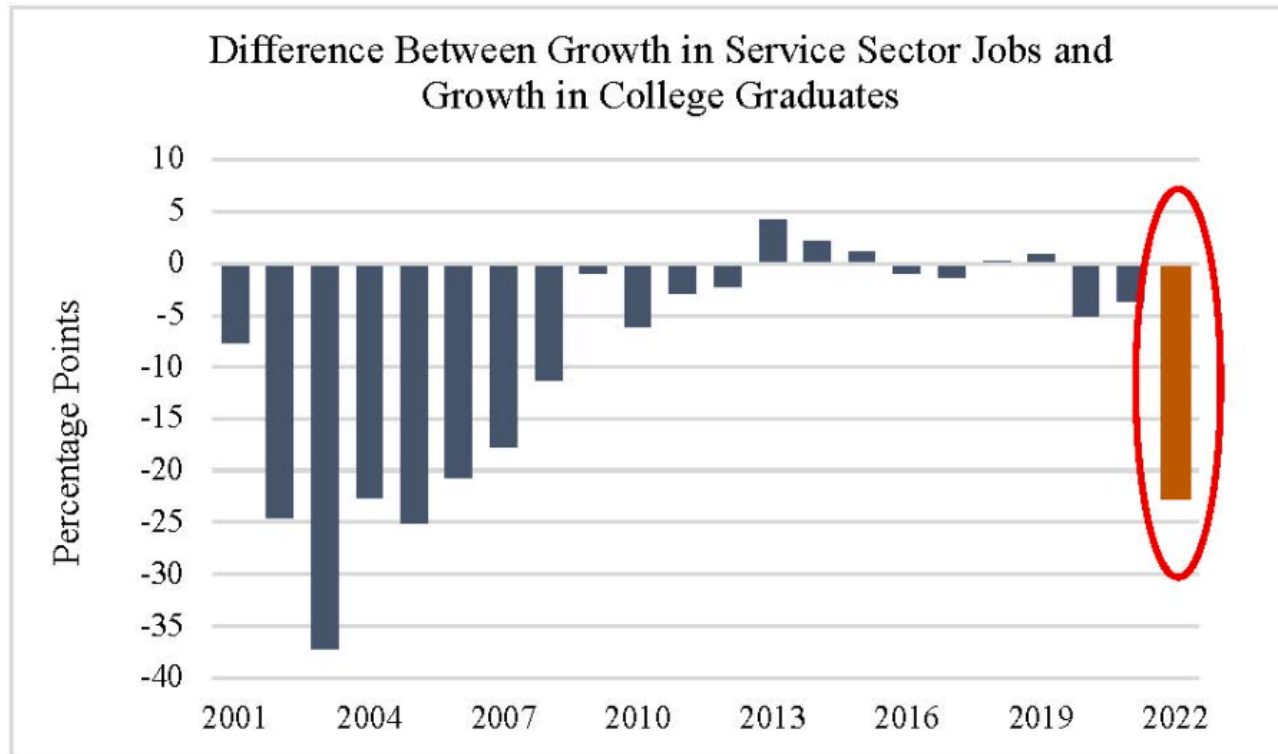
Several developers with financial problems

Many KPIs in construction at 15 years low

Billions at stake: Chinese property giant Evergrande is facing deepening crisis



What about the youth?



**Youth unemployment rate over 20%
(data now suspended)**

**Hard push to expand graduate school
capacity
10,76 million college students
graduated 2022**

**Robotization in factories is today in
many cases at par with the best in
the world**



Deflation

Falling prices in China

Food prices	Producer goods PPI	Consumer goods PPI
-1.7%	-3.7%	-0.2%

Prices as of August 2023, year over year; PPI = Producer Price Index



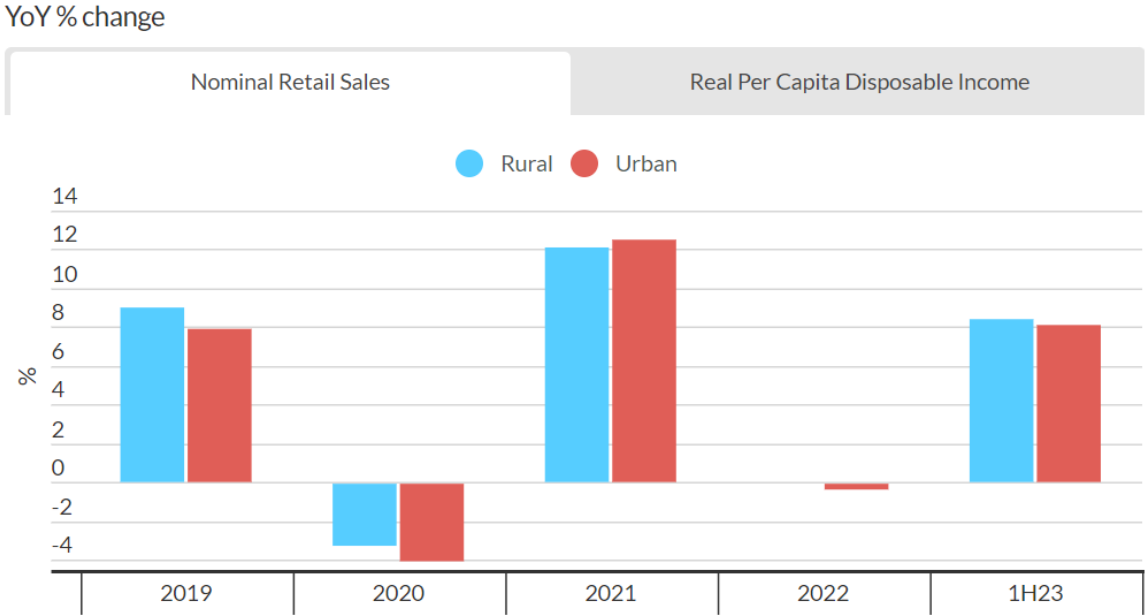
The only G20 country to report deflation after pandemic

House prices, pork prices, energy prices...



Domestic consumption is the main path

- Trust in the economy, social reforms etc.
- Local tourism is doing really strong

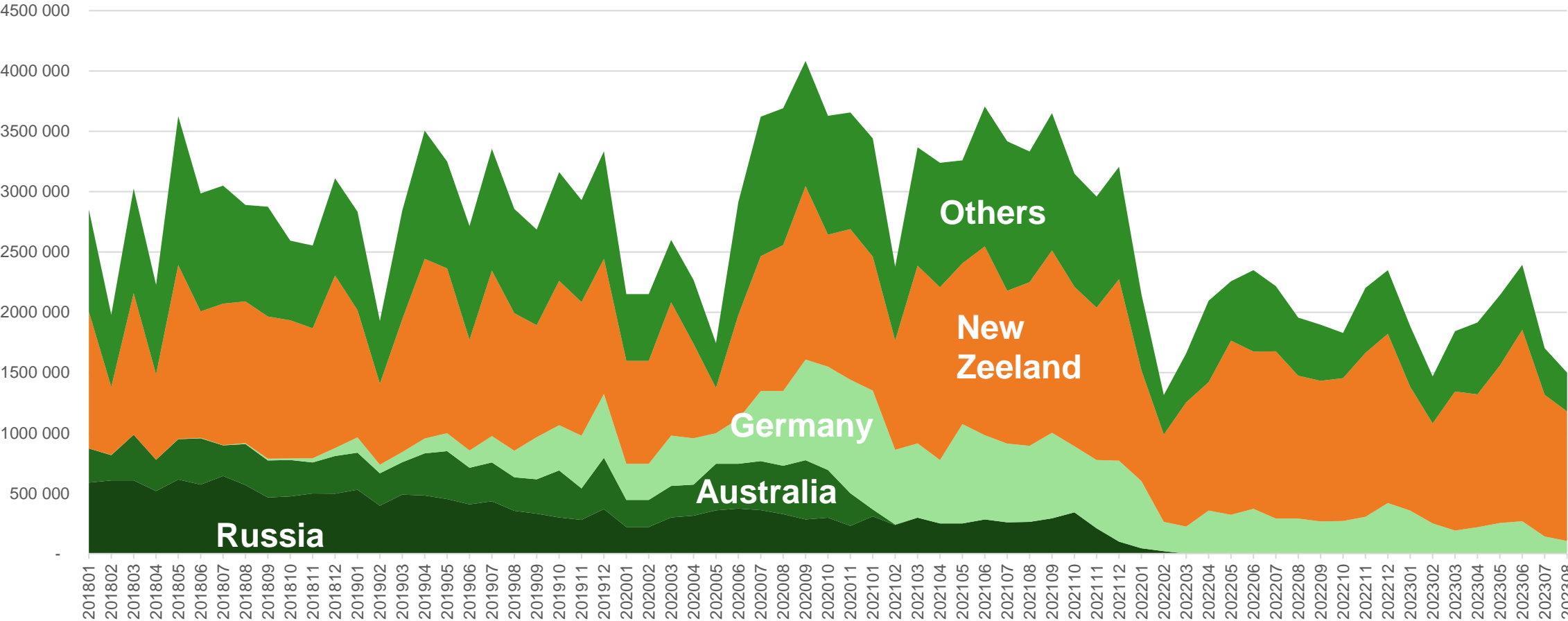


Source: Fitch Ratings, National Bureau of Statistics

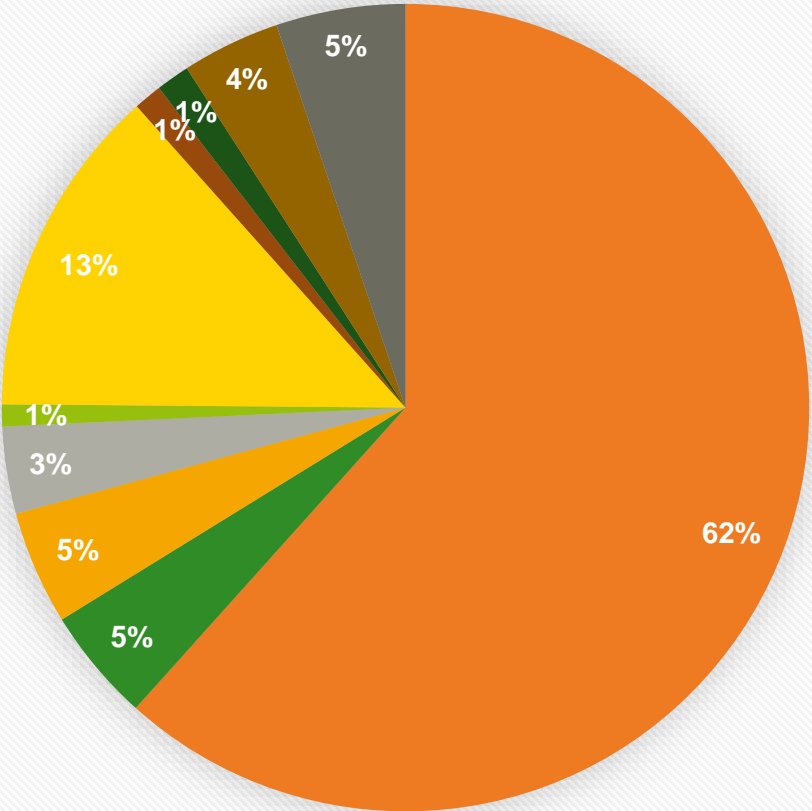


Log and lumber market in China

Softwood log imports



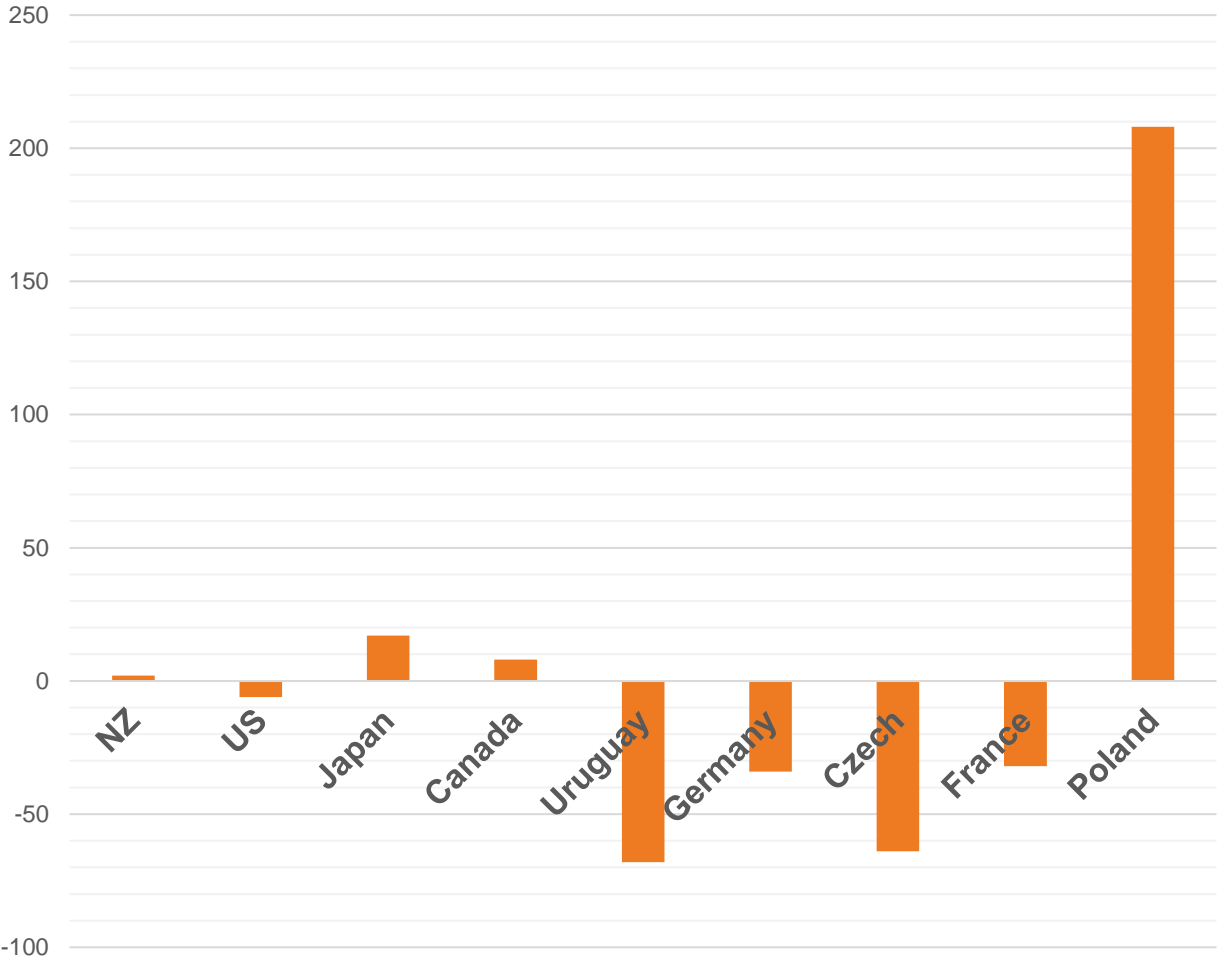
Softwood log import YTD (August 2023)



Total volume: 18,8 M m3
-8% compared to 2022

- NZ
- US
- Japan
- Canada
- Uruguay
- Germany
- Czech
- France
- Poland
- Others

SW logs YTD change 2022 vs 2023 (%)



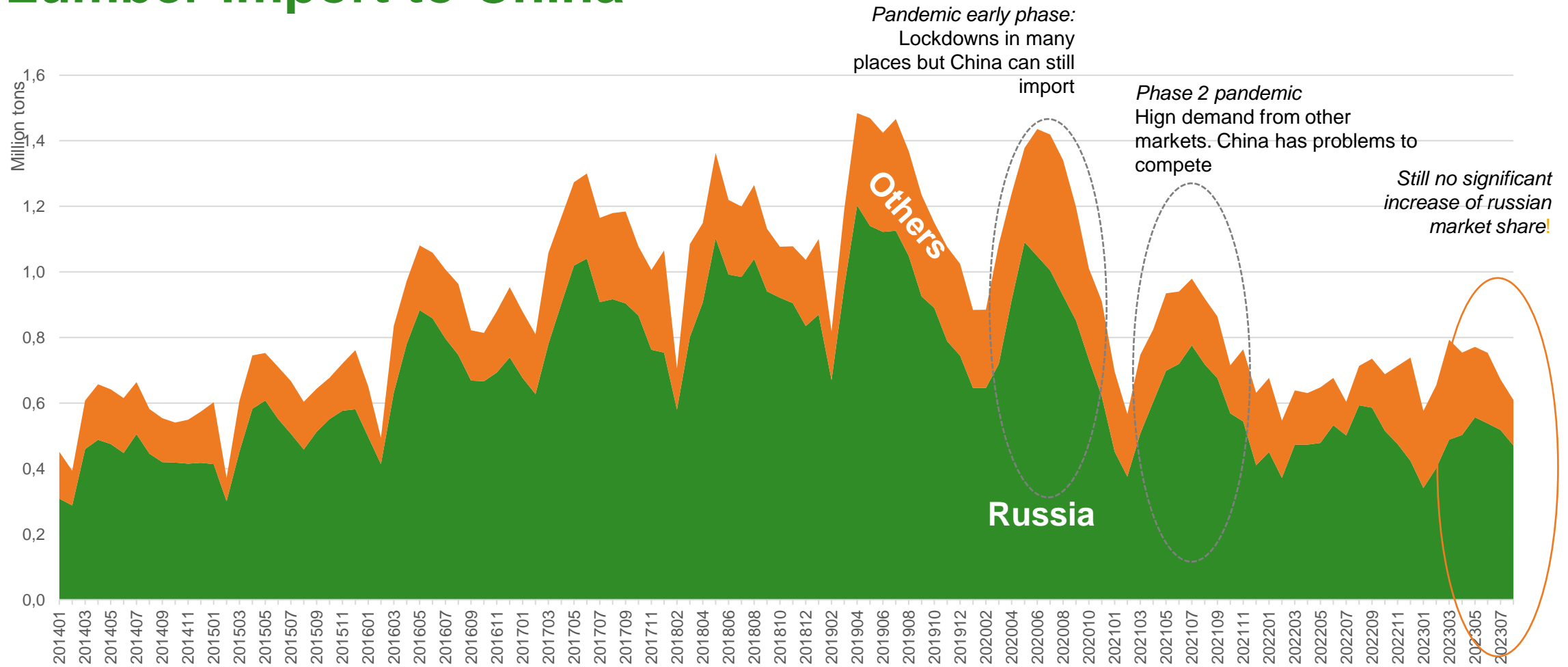
Change in Poland represents 0,5 Mm3

NZ is very stable

Volume from Germany is heavily down. Reduction 8 Mm3 since 2021 (based on FC for 2023)

Europe volume is down – 24% YTD

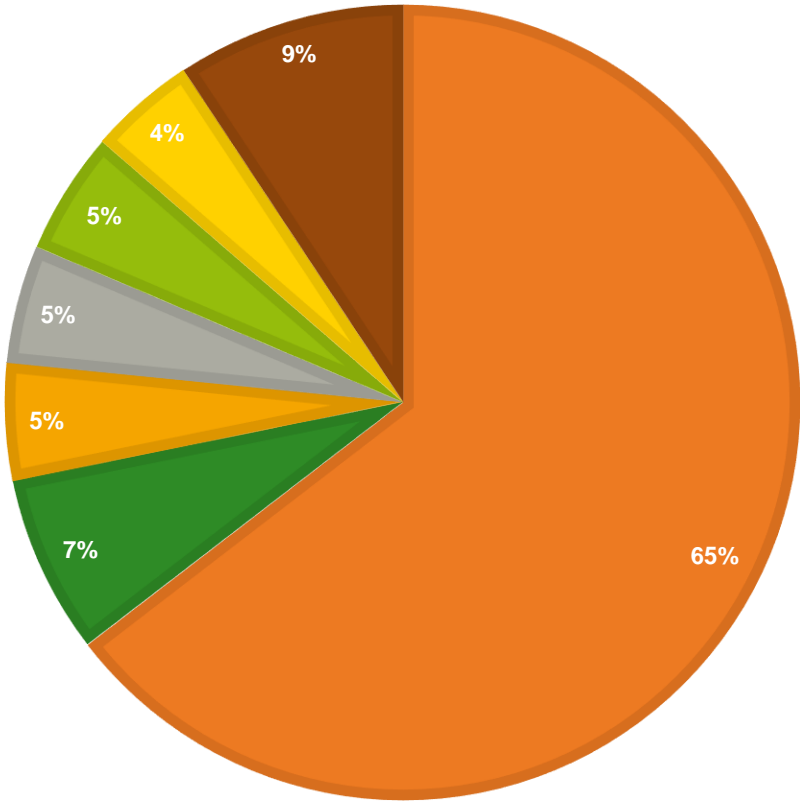
Lumber import to China



Källa: Svandata och Skogsindustrierna

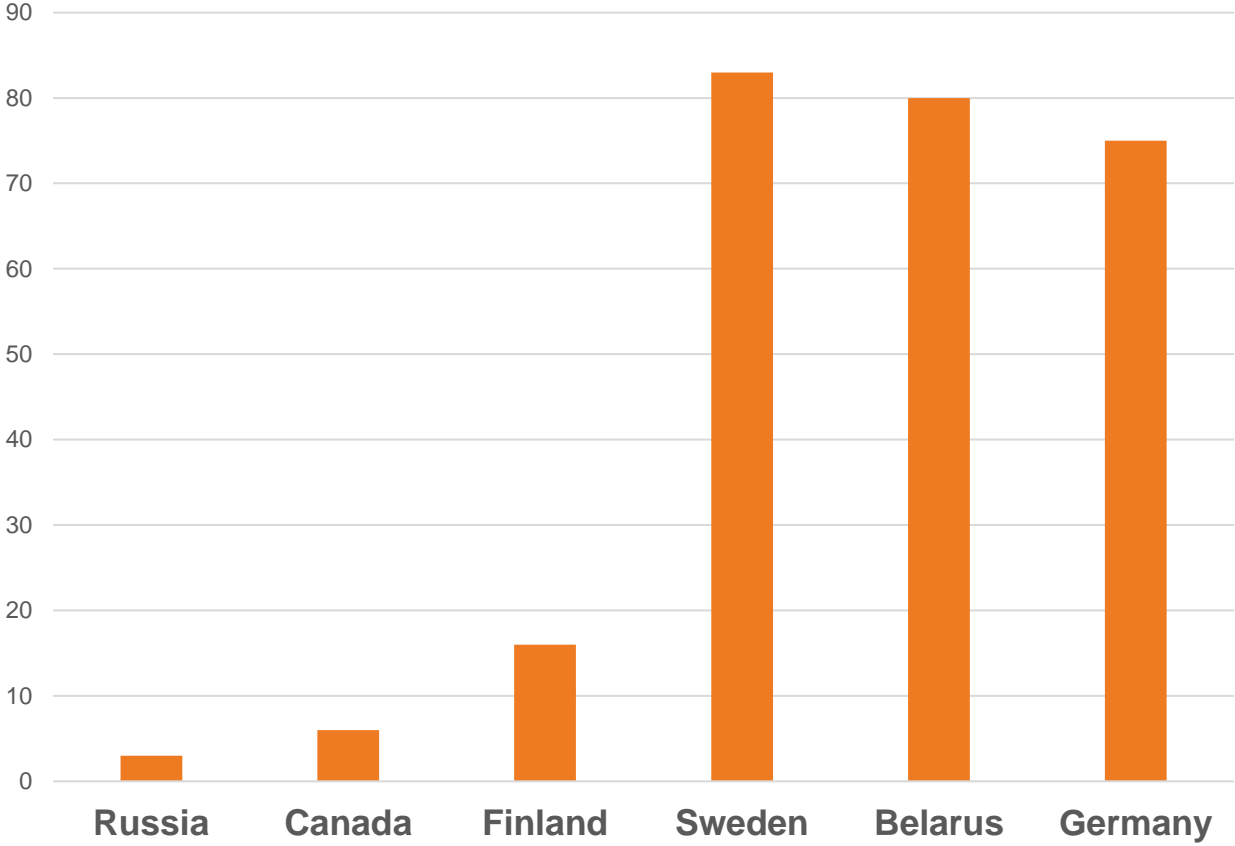
Share of softwood lumber YTD 2023 (August)

■ Russia ■ Canada ■ Finland ■ Sweden ■ Belarus ■ Germany ■ Others



Total volume YTD: 12,4 Mm3
+ 12% vs 2022

SW Lumber YTD change 2023 vs 2022 (August)



Sweden is performing very well

Reduction of logs (especially from Europe) open market space for lumber export

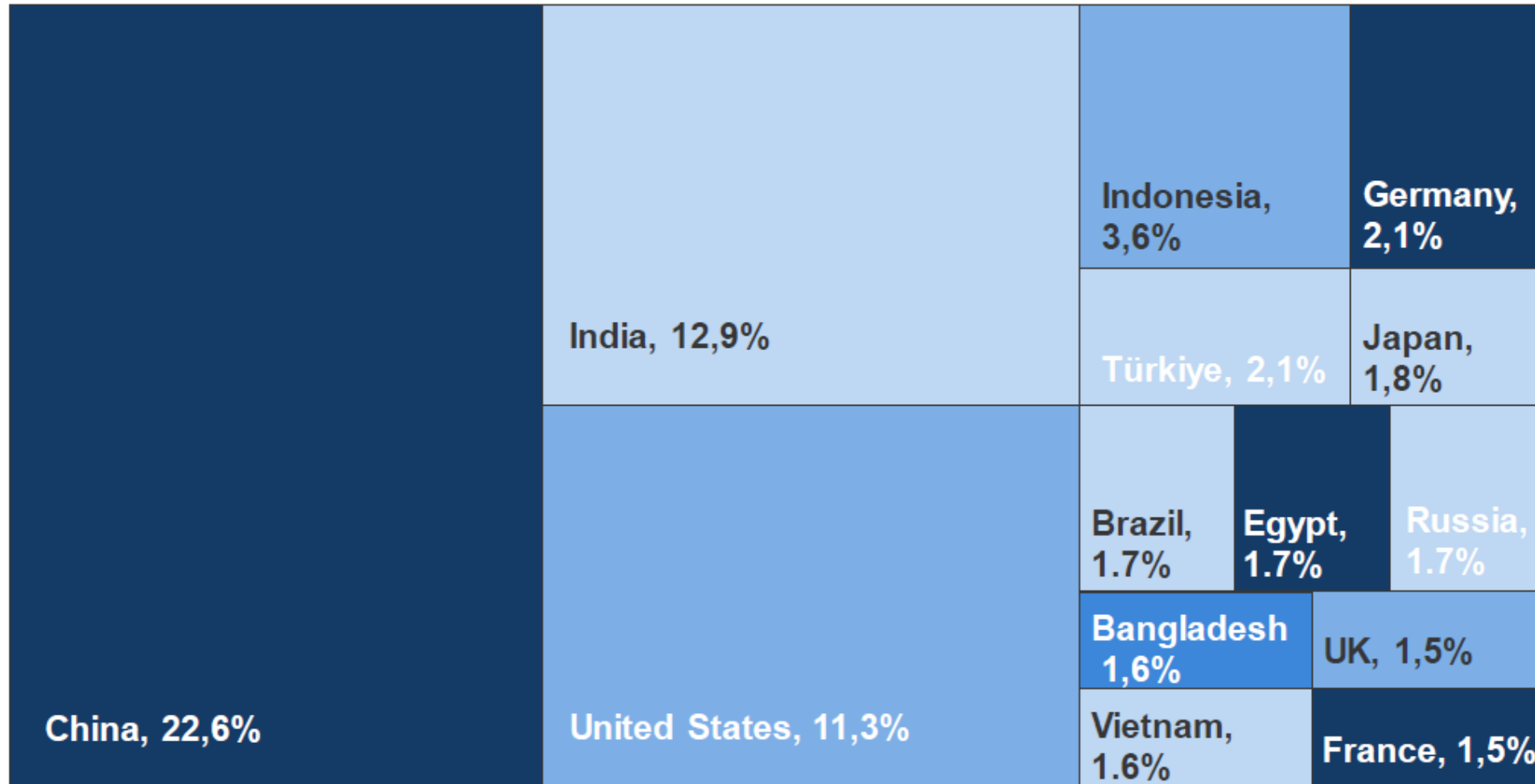
Russia is still not increasing

Summary of current situation for lumber in China

- **Reduced inventories in the major ports in China**
 - Taicang has gone from 1.7 to 1,0 M m³
- **Rather big demand at the moment**
- **Several challenges – but we have heard it in the past**
- **Geopolitical challenges**
- **Economic stability is top priority!**



2023-2028 world economy growth contribution



Source: Bloomberg: [China to Be Top World Growth Source in Next Five Years, IMF Says - Bloomberg](#)

Do you want to participate to increase the wood consumption in China?

European Wood has been working in China for about 20 years. Companies and organizations from Austria, Sweden, Finland and Norway. Office in Beijing.

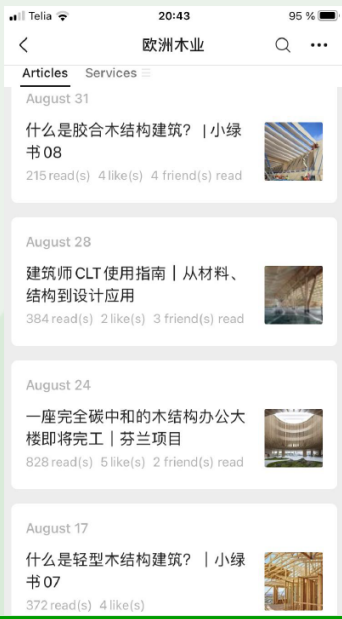
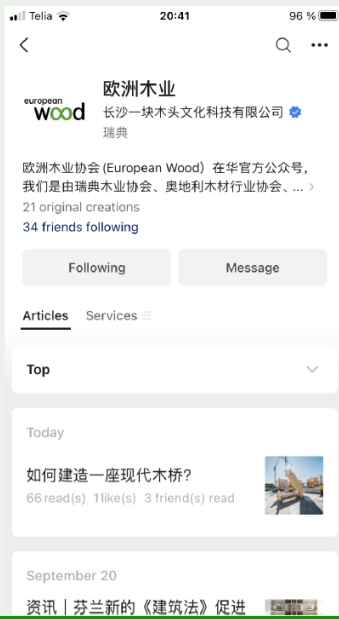
Speaking partner to the ministries in Beijing and universities to influence building codes and standards in order to promote wood construction.

Now we are starting a new leg to gain more momentum for wood construction in China!

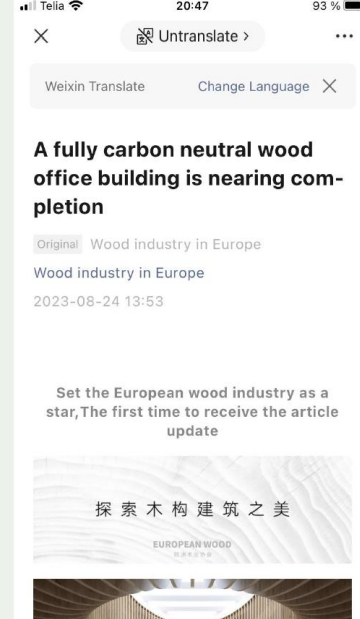
europaean
wood



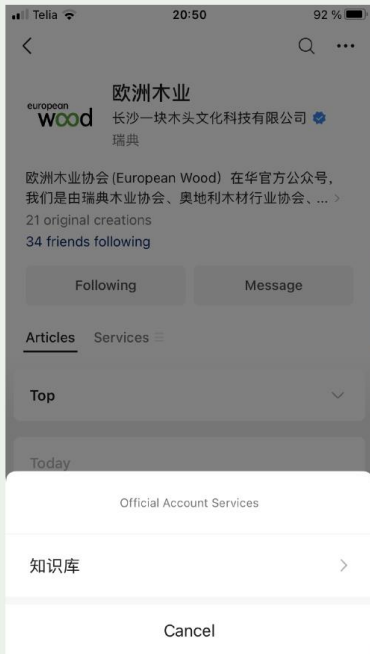
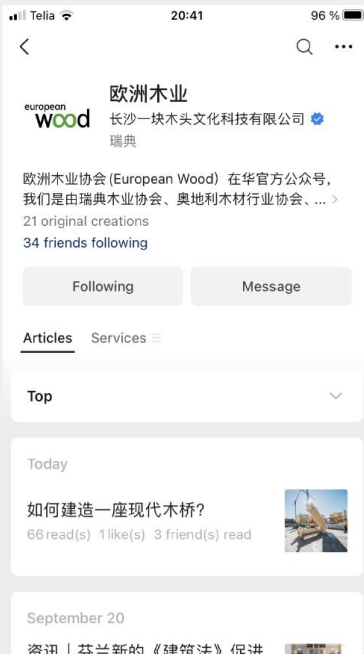
WeChat Account



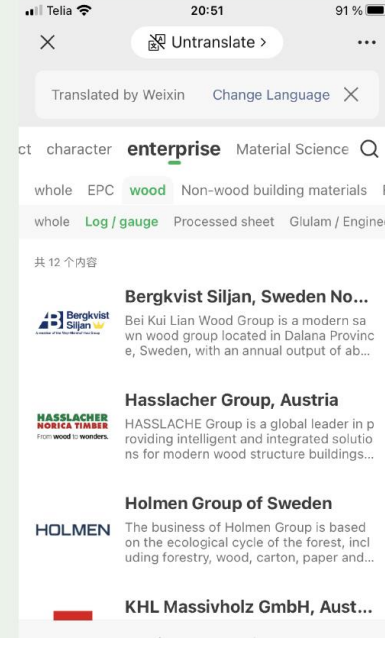
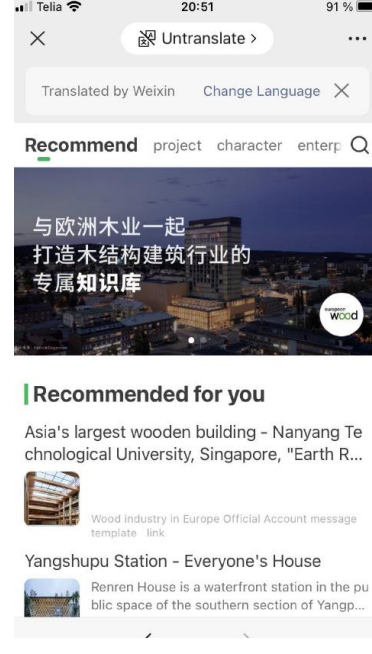
WeChat Account



Industry Wiki – mobile version



Industry Wiki – mobile devices



Welcome to contact me if you have any interest to help promoting wood construction and consumption in China!

Thank you! Xie Xie!

europaean
woo**d**

Mathias.fridholm@swedishwood.com



