

## **China CITIC Bank International's latest market outlook**

### **Mainland China and Hong Kong on path to recovery amid lingering global recession risk**

(Hong Kong: 18 April 2023) China CITIC Bank International Limited ("CNCBI") today releases the latest economic outlook, which points out that risk of global recession persists as the banking turmoil continues to dampen economic activities in Europe and the US despite easing global inflation. The global GDP is expected to rise about 2% in 2023. On the other hand, mainland China's economy as well as that of Hong Kong are showing sound momentum of recovery on the back of normalisation of economic activity.

#### **Mainland China expected to meet 5% full-year GDP growth target**

Mainland China's economy has reopened fully but dwindling global economic impetus may lead to rare contraction in international trade and weaken export demand, hurting the mainland's manufacturing performance as an indirect consequence. Short-term outlook for the sector is not optimistic whereas the country's service sector will become the decisive factor for GDP growth this year. The 5% GDP growth target can be met if mainland China's primary and secondary sectors maintained their growth rate since 2022 and the tertiary sector achieved growth of 6%.

Mr Tristan Zhuo, Chief Economist, China CITIC Bank International, said, "Over the 10-year period from 2010 to 2019 before the large-scale epidemic explosion, the service sector grew at an average rate of 8.4% and reached 8.5% in 2021. In view of this, growth of 6% is attainable while economic activities do not require large-scale monetary stimulus."

#### **Hong Kong economy to improve continuously with almost 4% full-year GDP growth expected**

Hong Kong's entrepot trade suffered tremendously from the contraction of international trade and global economic slide. Mr Zhuo pointed out, "Full normalisation of economic activities in Hong Kong is expected to help the city's retail sales to improve continuously as private consumption bounces back and unemployment falls further from the three-year low of 3.3% recorded in February. Hong Kong's full year GDP is expected to rise almost 4%."

As for the interest rates environment, room for upward adjustments for the Hong Kong dollar interbank and prime rates is smaller as the US Fed's rate-hike cycle comes to an end. Mr Zhuo expects that sentiments in the real estate market will improve and that private housing

prices will log single-digit growth this year after the 2022 plunge.

### **Second-half US economic recession more likely**

As the US rate hike cycle approaches an end, the US Fed has provided ample liquidity in response to the banking turmoil, which reversed its balance sheet reduction effort and suggested an end to the monetary policy normalisation process. The number of job openings may still look impressive but continuous news of corporate layoffs seems to be painting a differing picture. The US labour market bull may have a weak core. Mr. Zhuo said, “The Conference Board Leading Economic Index has contracted on a year-on-year basis for 10 consecutive months. The economic cycle is shifting to the worse. The possibility of a second-half full-blown recession is rather high.”

Please visit [https://www.cncbinternational.com/document/personal/investments/en/market\\_express.pdf](https://www.cncbinternational.com/document/personal/investments/en/market_express.pdf) for more market insights. The mobile edition of Market Express is also available on the Bank's inMotion (Open the inMotion app and tap “Wealth Management” at the bottom right corner).

Photo



Mr Tristan Zhuo, Chief Economist, China CITIC Bank International, points out that mainland China and Hong Kong are steadily approaching economic recovery but global recession risk persists with global GDP expected to rise about 2% in 2023

**Risk Disclosure Statement and Disclaimers:**

This document is issued by China CITIC Bank International Limited ("the Bank") and used for reference purposes only. The information or opinion herein is not to be construed as professional investment advice or any offer of, or invitation by or on behalf of the Bank to any person to purchase, sell, acquire, or invest in any investment products. The information or opinion presented has been developed internally and/or taken from sources believed to be reliable, but the Bank makes no warranties or representation as to the accuracy, correctness, reliabilities or otherwise with respect to such information or opinion, and assume no responsibility for any omissions or errors in the content of this document. For information which is provided by the Information Provider and fund houses, it is being re-transmitted by the Bank in the ordinary course of business to you for general information and reference purposes only. The Bank did not modify or otherwise exercise control over its contents, do not take responsibility for it nor do they endorse the accuracy of such information. Investors should not make any investment decision purely based on this document. Nothing contained in this document should be construed as guidance to the suitability of the markets mentioned. Before making any investment decision, investors should carefully consider the risk factors relating to an investment product in light of their own financial circumstances, investment objectives and experiences and other personal circumstances, and should seek appropriate professional advice if necessary.

The Bank accepts no liability for any direct, special, indirect, consequential, incidental damages or other loss or damages of any kind arising from any use of or reliance on the information or opinion herein. Investment involves risks. Investment value and return may go down as well as up. Past performance of each investment product is not indicative of its future performance. Losses may be incurred as well as profits made as a result of investing in investment product. Investment in emerging markets involves above-average investment risks, such as possible fluctuations in foreign exchange rates, political and economic uncertainties. Some funds are entitled to use financial derivative instruments to meet its investment objective and may therefore lead to higher volatility to its net asset value. Investors investing in these funds may result in loss of some or the whole amount of the capital invested. Investors should read the offering documents of the relevant investment product (including the risk factors stated therein (in particular those associated with investments in emerging markets for funds investing in emerging markets) in details before making any investment decision.

The Bank is an authorised institution under the Banking Ordinance and is regulated by the Hong Kong Monetary Authority.

This document is issued by the Bank and its contents have not been reviewed by the SFC or any regulatory authority in Hong Kong.

No part of this document may be reproduced or transmitted in any form or by any means without the prior written permission of the Bank.

### **China CITIC Bank International Limited**

China CITIC Bank International Limited (“CNCBI”), a major offshore platform of commercial banking business of the CITIC Group, is 75%-owned by CITIC International Financial Holdings Limited (“CIFH”), which in turn is a wholly-owned subsidiary of China CITIC Bank Corporation Limited (“CNCB”).

China CITIC Bank International’s footprint in Greater China includes 24 branches and two business banking centres in Hong Kong, as well as presence in Beijing, Shanghai, Shenzhen and Macau, and overseas branches in New York, Los Angeles and Singapore.

Across a century, China CITIC Bank International has grown together with its employees, customers and partners since 1922 and will continue to move towards its vision of “Agile. Professional. Simple.” in adherence to the 4C (Culture, Customer, Collaboration, Cyberspace) core values while driving actively its missions to “create value for customers, seek happiness for employees, make profit for shareholders, perform responsibility for society”.

More information about China CITIC Bank International can be found on its website at [www.cncbinternational.com](http://www.cncbinternational.com).