



Global Investment Research

The Goldman Sachs Group, Inc.

GS China Economics Outlook

After Winter Comes Spring

November 18, 2022

Hui Shan

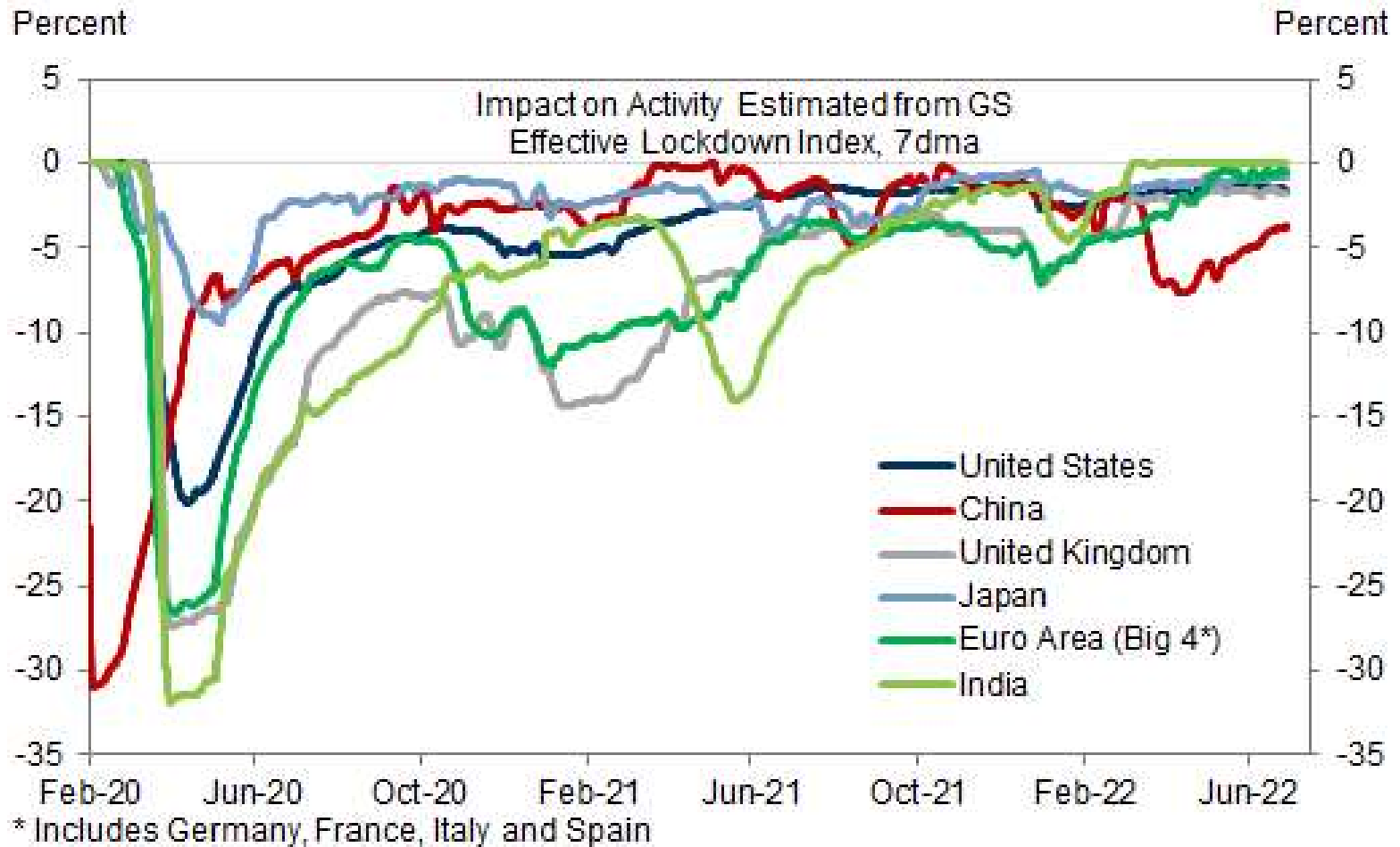
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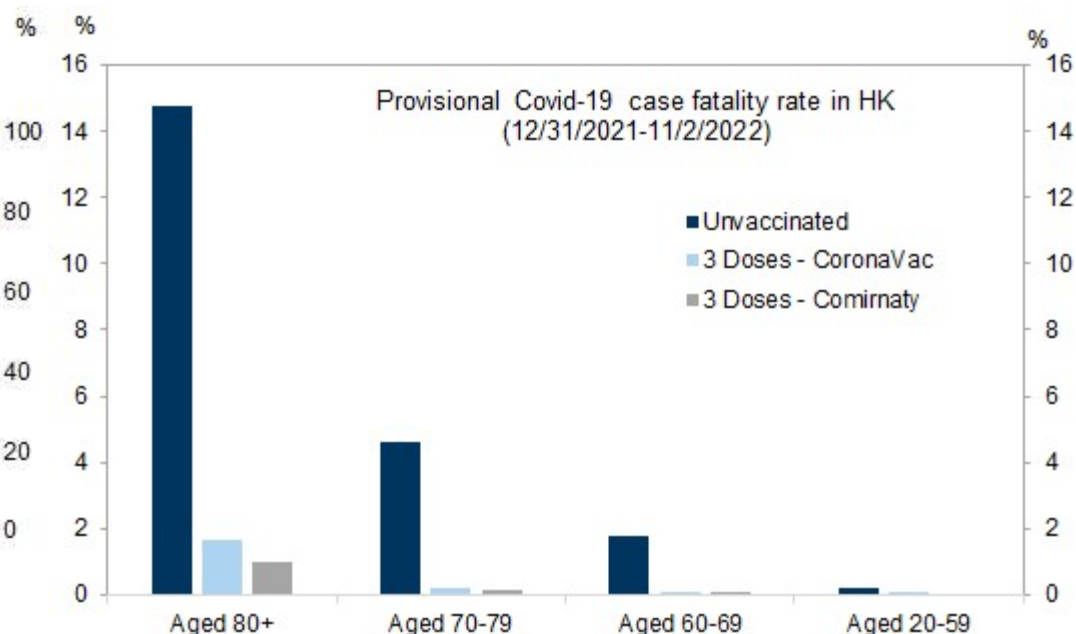
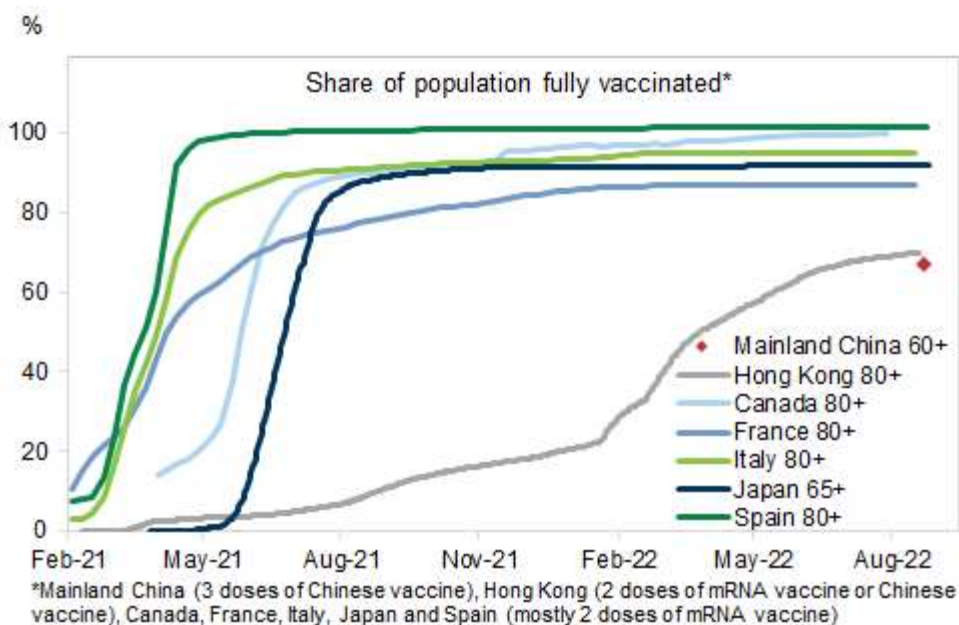
Reopening drives our 2023 China economic outlook

		2019	2020	2021	2022F	2023F
GDP	% yoy	6.0	2.2	8.1	3.0	4.5
Domestic Demand	pp	5.2	1.6	6.4	2.1	4.7
Consumption	% yoy	6.2	-0.4	9.7	1.9	6.1
Household Consumption	% yoy	6.4	-1.8	12.3	1.0	7.0
Government Consumption	% yoy	5.9	3.0	3.9	4.0	4.0
Gross Fixed Capital Formation	% yoy	5.2	3.2	2.3	3.5	3.0
Net Exports	pp	0.7	0.6	1.7	1.0	-0.2
Exports of Goods (nominal USD)	% yoy	0.5	3.6	29.8	8.5	-2.0
Imports of Goods (nominal USD)	% yoy	-2.7	-1.0	30.7	2.0	4.0
Inflation						
CPI	% yoy	2.9	2.5	0.8	2.0	2.2
Core CPI	% yoy	1.7	0.7	0.8	0.7	1.2
PPI	% yoy	-0.5	-1.8	8.1	3.8	-1.8
Other						
Current Account	% GDP	0.7	1.7	1.8	2.4	1.7
USDCNY (eop)	level	6.96	6.53	6.35	7.20	6.90
OMO 7-Day Repo Rate (eop)	%	2.50	2.20	2.20	2.00	2.00
TSF Stock Growth (eop)	%	10.7	13.3	10.3	10.5	9.5
Augmented Fiscal Deficit	% GDP	12.0	17.2	11.3	14.3	12.3

Covid impact on China GDP level is around 4-5%

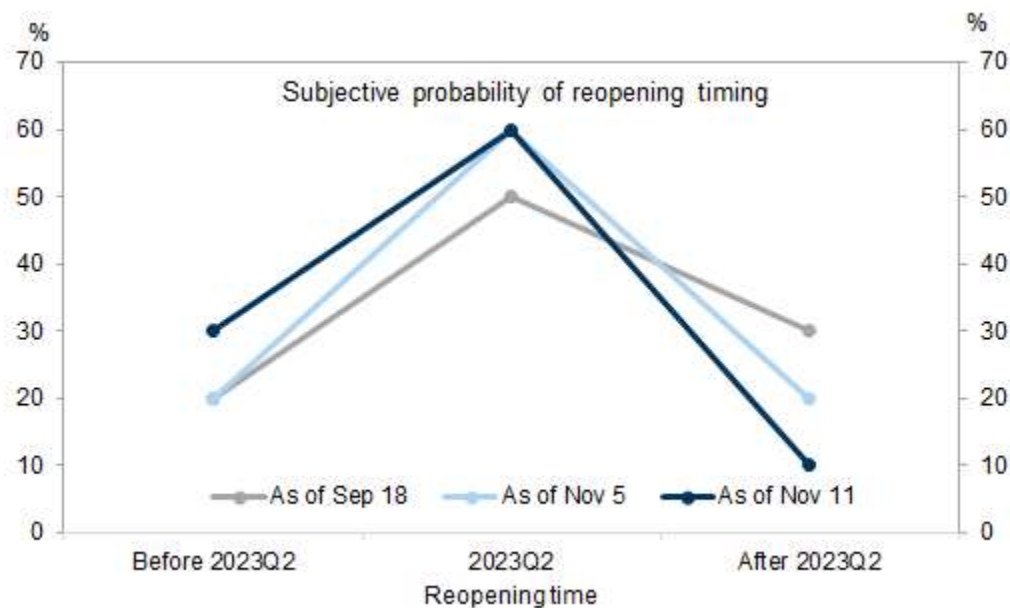


Elderly vaccination rate in mainland China still too low for reopening

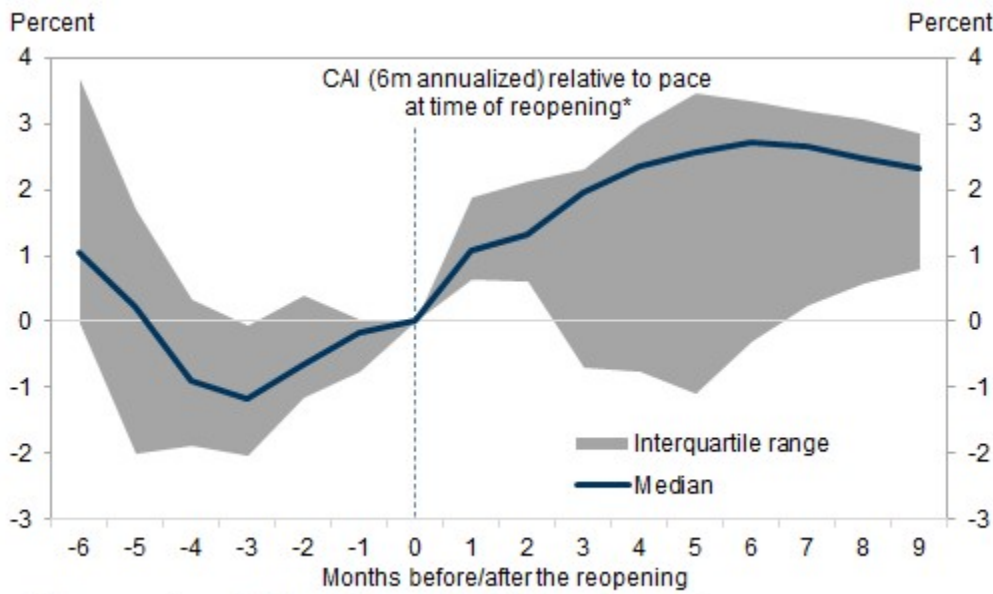


Source: OWID, NHC, www.covidvaccine.gov.hk

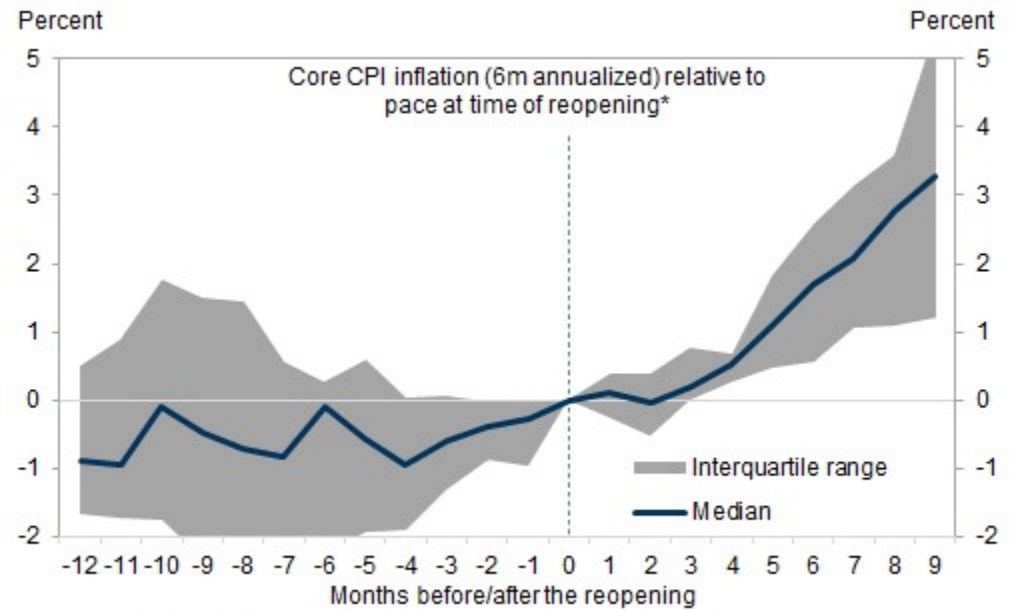
We expect Q2 reopening next year



Other countries' experience after reopening

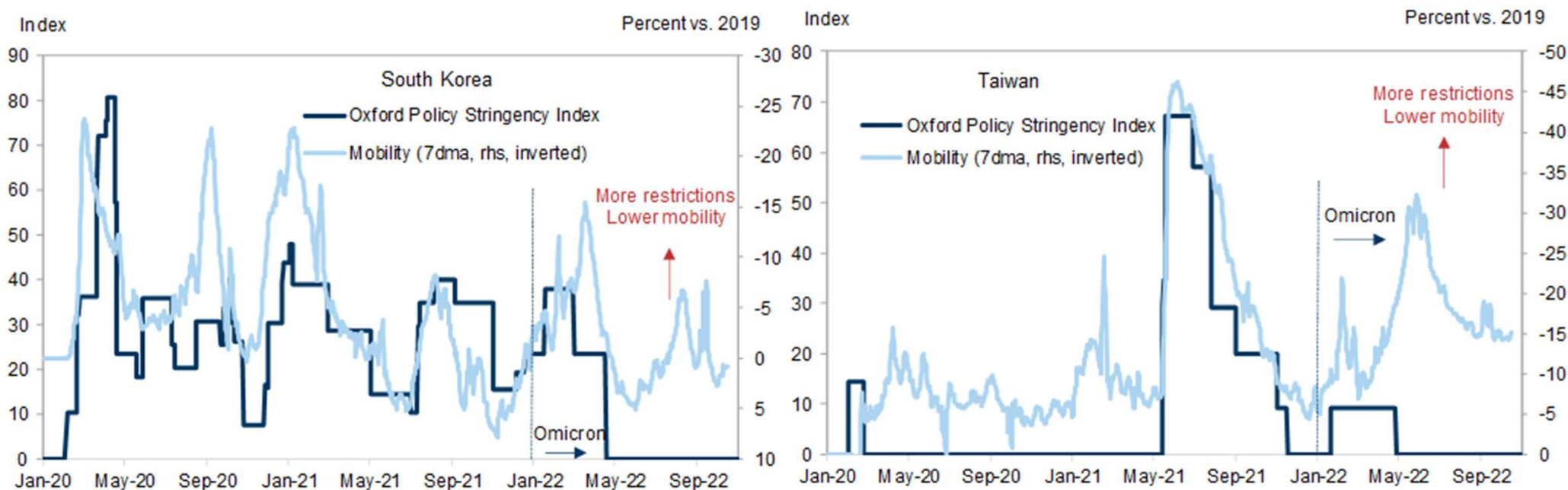


*For economies with at least nine months of data post-reopening



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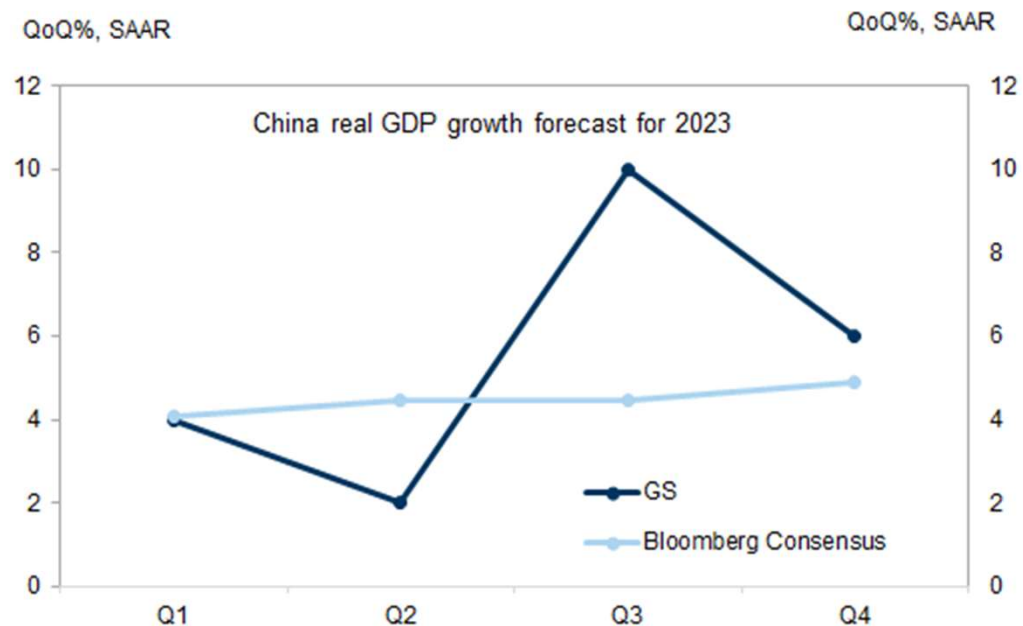
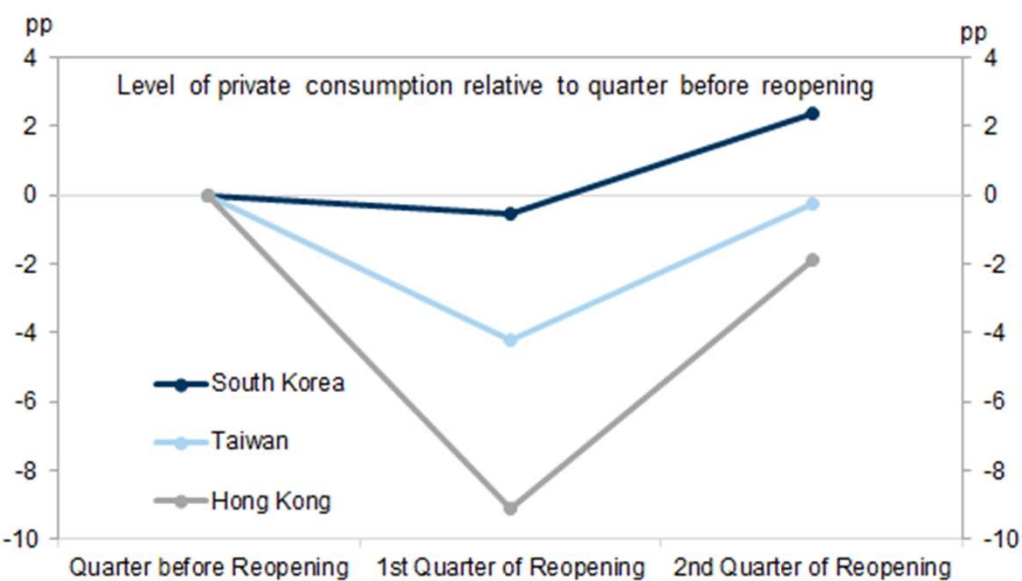
Several East Asian economies looked different



Google Mobility Data is sourced from <https://www.google.com/covid19/mobility/> Accessed: 2022-10-17.

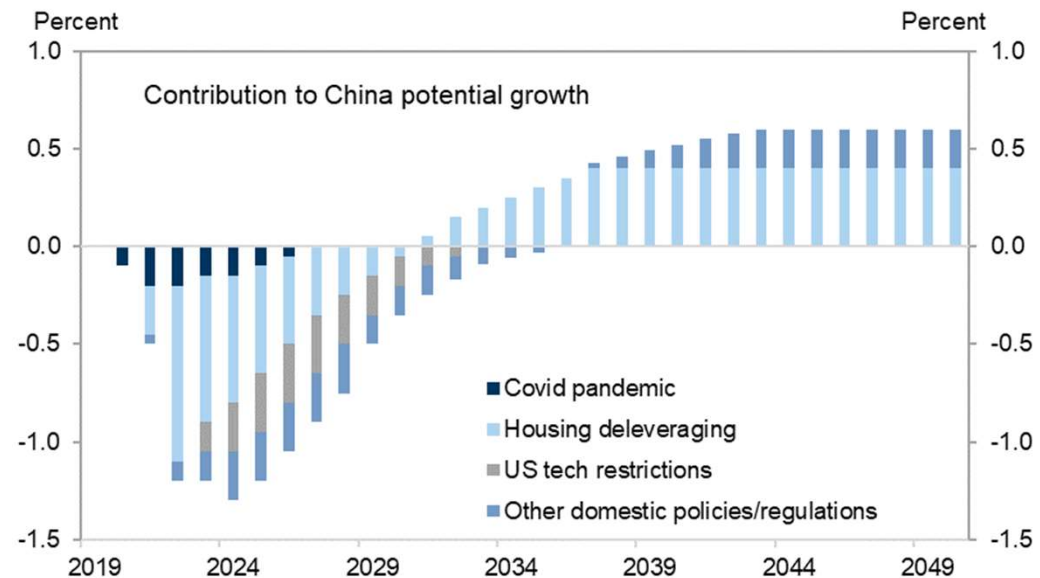
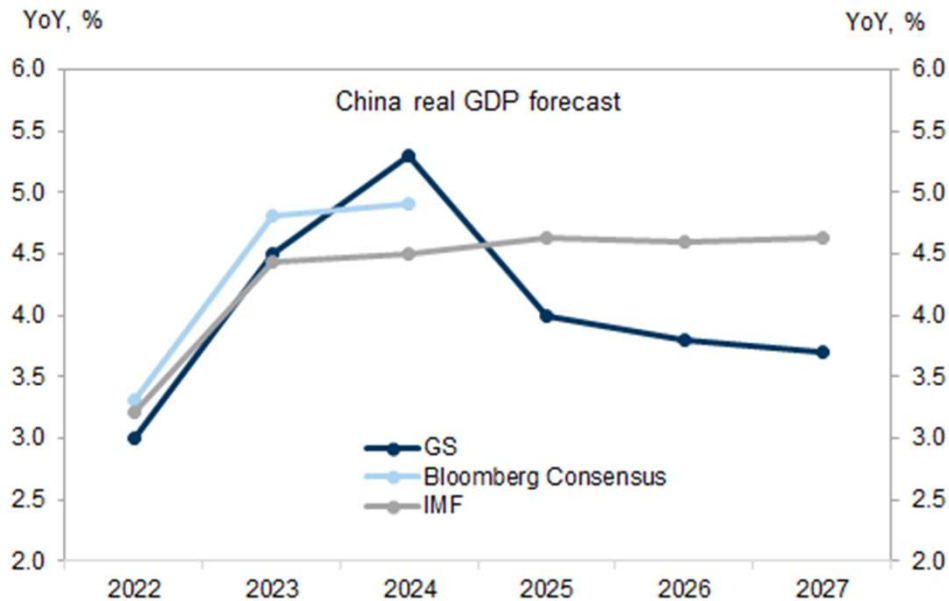
Source: University of Oxford (covidtracker.bsg.ox.ac.uk), Google LLC "Google COVID-19 Community Mobility Reports"

China 2023 growth outlook: weak H1 and strong H2



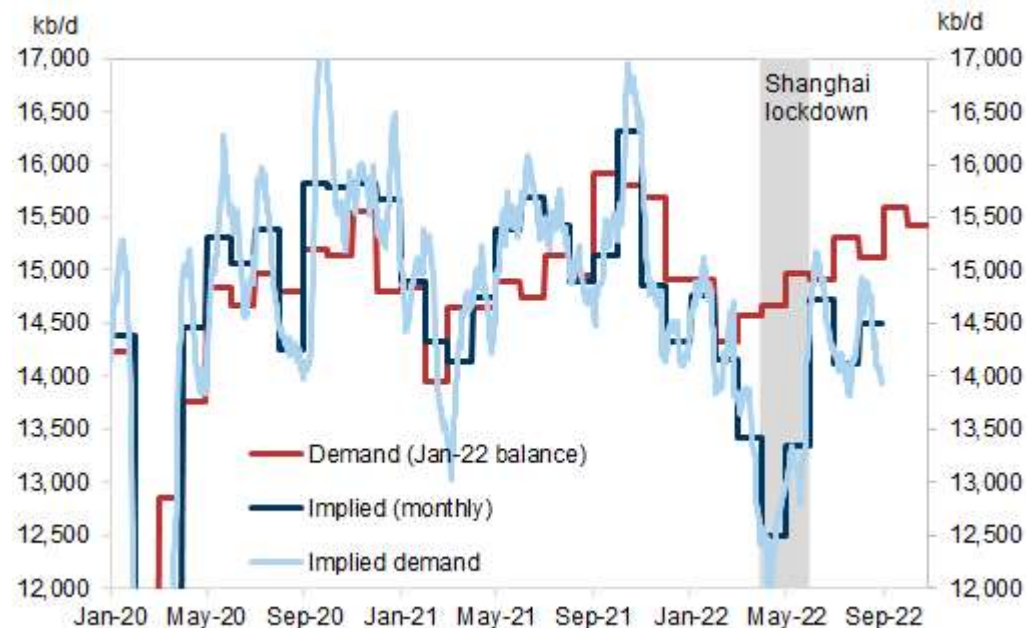
Source: Haver Analytics, Bloomberg, Goldman Sachs Global Investment Research

Reopening also boosts 2024, but potential growth may be meaningfully lower on structural issues



Source: Bloomberg, IMF, Goldman Sachs Global Investment Research

Implications of China reopening on markets



Source: Bloomberg, Kpler, ICIS, SCI, Oilchem, IEA, Goldman Sachs Global Investment Research

Disclosure Appendix

As of November 18, 2022

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