

China's GDP falls to 6.9 per cent in third quarter, weakest since 2009

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Beijing: China's economy grew at 6.9 per cent in the third quarter of this year, posting its worst showing since the 2009 global financial crisis which could prompt the Communist giant to unveil a new stimulus package to arrest the slowdown of the world's second largest economy.

China's economy slid below the targeted seven per cent in the third quarter this year amid continued fall of exports. The economy posted a 6.9-per cent growth year on year in the third quarter of 2015, lower than 7 per cent in the first half of the year, China's National Bureau of Statistics (NBS) announced today.

In the first three quarters of the year, GDP hit 48.78 trillion yuan (USD 7.68 trillion) up 6.9 per cent year on year. The service sector contributed more than half of GDP, according to the NBS.

This is the first time the quarterly growth rate has dropped under seven per cent since the second quarter of 2009. Expectation of a US interest rate hike prompted volatility in commodity prices, stocks and foreign currency markets.

Many countries devaluated their currencies, putting more pressure on Chinese exports, one of the three pillars of China's economic growth, NBS spokesperson Sheng Laiyun said.

Also China's exports growth dropped 7.9 per cent year on year in the first three quarters to 17.87 trillion yuan. During the first nine months, industrial output grew 6.2 per cent year on year and fixed-asset investment climbed 10.3 per cent.

Property investment grew 2.6 per cent year on year, while retail sales of consumer goods rose 10.5 per cent. According to the IMF forecast, the world's second largest economy is expected to further decline to 6.8 per cent this year from last year's 7.3 per cent and further to 6.3 next year as it struggled with its shift from export-oriented economy to the one driven by consumption.

The government is consistently denying speculation about stimulus package with big ticket investments which in the past fired the Chinese economy, specially after the world economic crisis.

But at the same time the government has approved in USD 50 billion worth of infrastructure projects which included new highways, expressways, bridges, canals and construction of four new railway lines.

Despite disappointing growth in industrial output and fixed-asset investment, there have been positive signs in the slowed Chinese economy, state-run Xinhua news agency reported.

Retail sales of consumer goods grew 10.9 per cent year on year in September, slightly higher than 10.8 per cent for August, NBS data showed on Monday.

The figure marked the highest rate of growth since the beginning of this year, an encouraging sign as China rejigged its economy from the exports-driven to one based on consumption.

Both retail sales and property sales growth have been relatively strong, though the economy is not yet out of the woods, being dragged by sluggish industrial production and fixed asset investment, said HSBC economist Julia Wang in a report.

Services sector growth held up relatively well at the aggregate level, although the financial sector's contribution fell compared with the first half of 2015, Xinhua quoted the report as saying.

“Overall, today's data point to some signs of stabilisation in the Chinese economy,” it said. As he embarked on key visit to Britain, Chinese President, Xi Jinping told British media that the slowdown is new normal.

“China's economic development is adjusting to the new normal and experiencing growing pains of shifting from old drivers of growth to new ones. Yet the fundamentals of a steadily growing economy have remained unchanged,” he said.

“The new type of industrialisation, IT application, urbanisation and agricultural modernisation that is in full swing has generated strong domestic demand and great potential for future growth.

It has also made the economy more resilient and adaptable. All this, coupled with deepening structural reforms, means that China will have very promising economic prospects,” Xinhua quoted Xi as saying. The official media also highlighted China beating US in the billionaires list for the first time.

The Hurun Rich List in 2015 released last week showed that the China has added 242 billionaires in 2015, bringing its total to 596, which for the first time has outnumbered the 537 billionaires in America despite the slowdown.

This quarter the economy suffered a series of shocks from extreme volatility of the Chinese stock market which at one time wiped out USD 3.2 trillion worth of capital causing mass desertion of new investors.

- PTI