

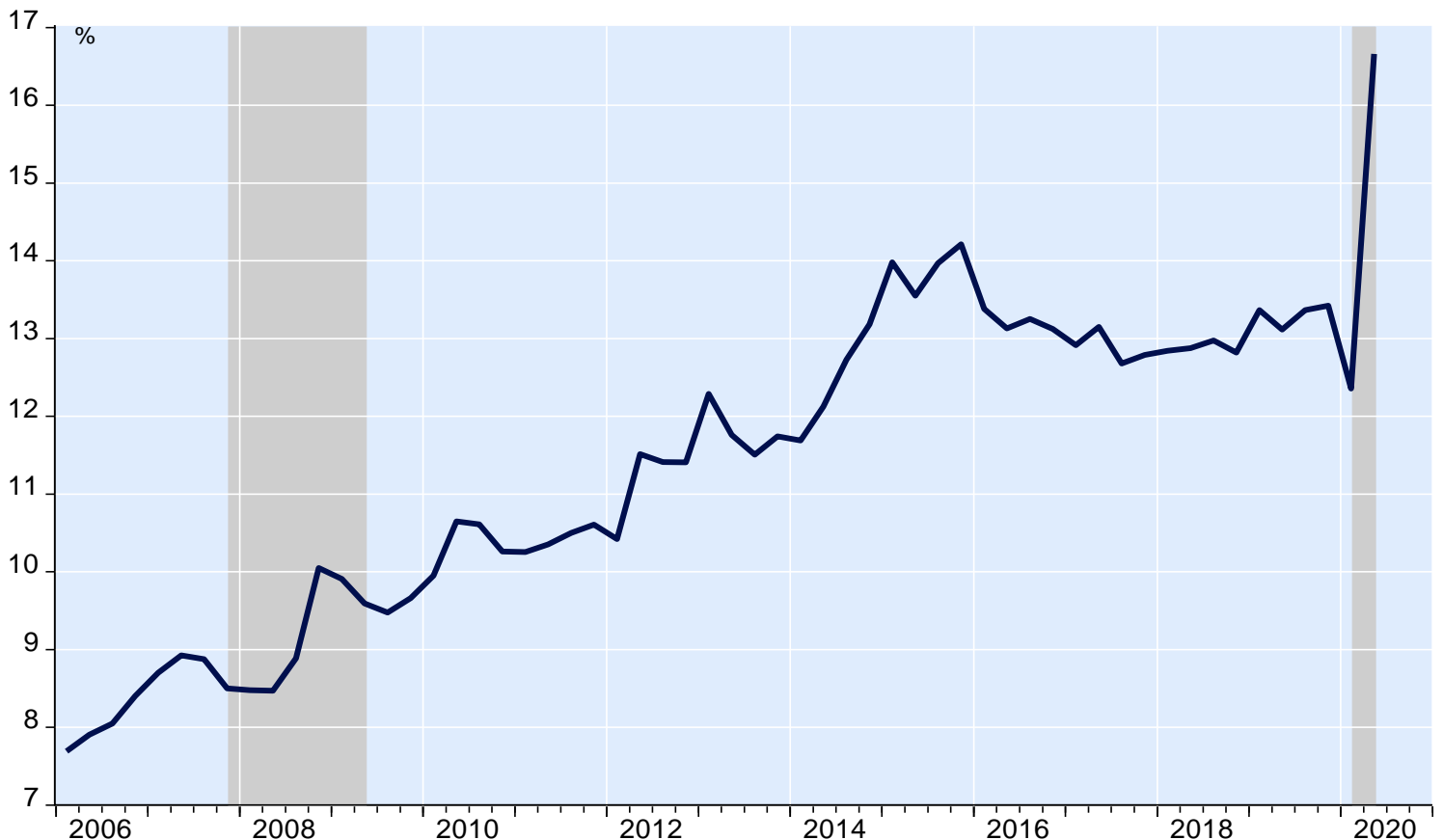
## World Watch

By Alexandra Ducharme/Jocelyn Paquet

While the second wave of COVID-19 infections threatens the economic recovery in Europe and North America, the world's second-biggest economy, China, has been recovering at an impressive pace. In the third quarter of the year, China's GDP stood 4.9% above the level from a year ago. Moreover, China's industrial production progressed 6.9% on a 12-month basis in September and exports have surged, indicating that demand from abroad has been particularly strong. The Chinese performance so far this year can certainly in part be explained by an earlier easing of social distancing measures and strong production of personal protective equipment goods, for which the demand continues to remain high. Abroad, social distancing measures have halted many services and people are spending more time at home. In such a context, it should come as no surprise that the demand for goods is increasing at a much faster pace than that of services. Yesterday's U.S. GDP numbers confirm this intuition: Household spending on goods surged to a record high in Q3 and is already 6.7% above its pre-recession level. Spending on services, on the other hand, remained 7.7% short of its pre-recession level. With a significant portion of goods consumed globally being imported from China, the latter has benefited from pent-up demand and new consumer preferences in a locked down economy. As today's Hot Chart shows, we estimate that the Middle Kingdom currently accounts for close to 17% of global merchandise exports.

### World: Pandemic is a boon to Chinese exports

China's share of global nominal exports



NBF Economics and Strategy (data via World Trade Organization, seasonally adjusted by NBF)



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