

## Daily Dose of Macro & Markets 8<sup>th</sup> August 2025: “Batting Against America -> China’s Improving Trade Balance”

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The ‘Daily Dose of Macro & Markets’ is our new publication designed to speak to the key global macro debates that matter for markets (with 1 - 3 charts and two paragraphs). This product will be published every Tuesday, Wednesday, Thursday and Friday morning (early London time).

### Batting Against America -> China’s Improving Trade Balance

“China’s exports surge ahead of US tariff truce deadline; Pause in trade hostilities and reduced levies to expire next week as Trump imposes latest sweeping global measures”

**Source:** FT.com, 7<sup>th</sup> August 2025 <https://www.ft.com/content/852ec886-b06a-49bc-aa0b-1a8c23562075>

Despite Trump’s best efforts to stifle China’s manufacturing and export engine, China’s exports data for July (released yesterday) once again beat expectations. The consensus was for 5.4% Y-o-Y growth. Actual growth was 7.2% (up from 5.8% in June). Import growth was 4.1% (vs. consensus of -1.0%).

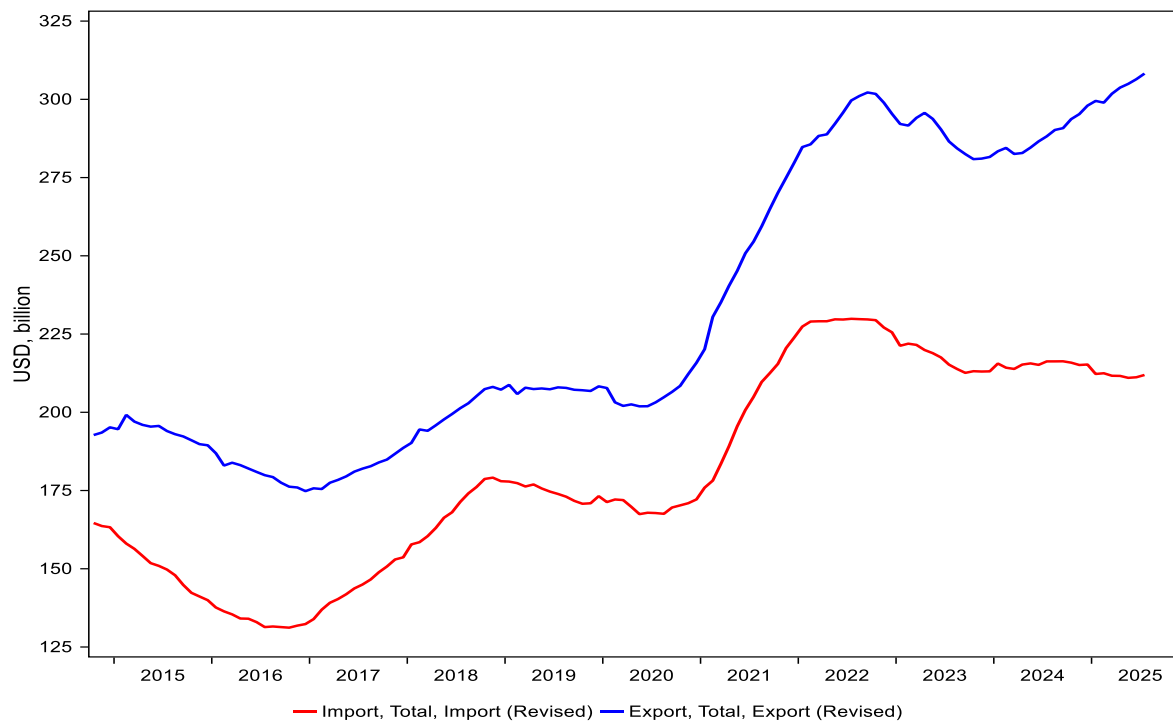
More importantly, China’s export growth continues to significantly outpace its import growth as it continues to look to trade its way out of its economic weakness (i.e. of the past 5 years). As Chart 1 shows, standing back from the month to month volatility, the **trend is clear**. Exports have been growing considerably faster than imports since early 2024. At the start of 2024, total exports were \$283 billion (12 month smoothed). On the latest data, exports are \$308 billion (July data, 12 month smoothed – NB the actual July single month total is \$322 billion). Imports, meanwhile, over that timeframe have gone from \$216 billion (12m smoothed in January 2024) to \$212 billion (July 2025). With that, the trade surplus has widened (and current account surplus has improved – chart 2).

Given that President Trump regards the ‘trade deficit’ as a scorecard of how much other nations are ‘ripping off America’ and given that globally all trade deficits sum to zero (theoretically), China’s widening trade surplus is not helping Trump in his battle to reduce the US deficit (more on the short sightedness of that policy [HERE](#), in Daily Dose of Macro & Markets, published 8<sup>th</sup> July 2025: “[Reciprocal Tariffs are Back!](#)”).

Furthermore, whilst Chinese exports to the US/North America continue to contract (-20.9% Chart 3), their export growth to Asia remains healthy (+12.2%; 3m smoothed Y-o-Y %), export growth to Europe is steady (+6.7%), while exports to Africa are growing rapidly (+36.8% latest data). As such, and given the large Asian weighting in total exports (NB Chinese exports to Asia totalled \$162 billion in July; exports to North America totalled \$42.6 billion, while exports to Europe were \$68.1 billion), coupled with rapid growth to African nations, China’s export engine continues to surpass expectations. With the expiry of the ‘trade truce’ next week, all eyes will be on next month’s trade data (published early September), especially its trade with countries outside of North America (Asia, Africa etc.). Can China continue to make up for lost North American trade by increasing its export strength in other parts of the globe?

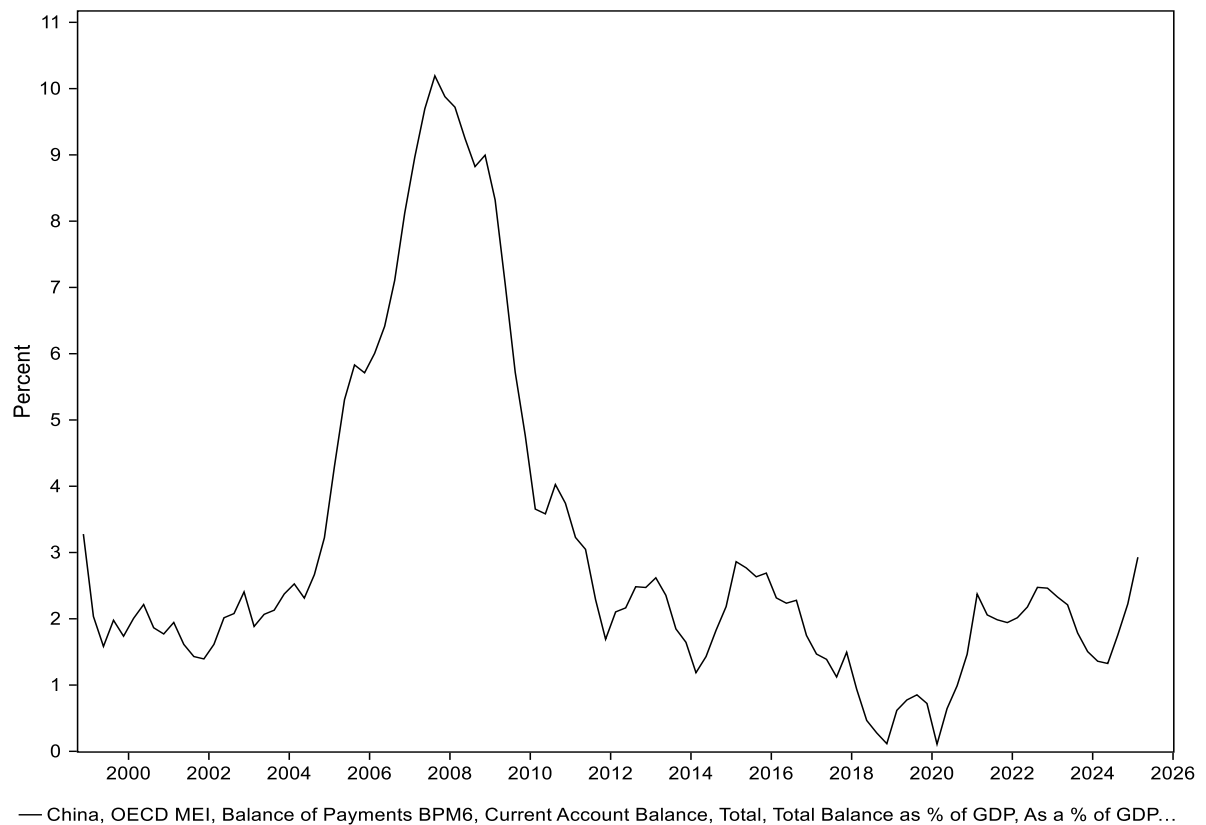
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**Chart 1:** Chinese exports and imports (12m smoothed, \$ value)



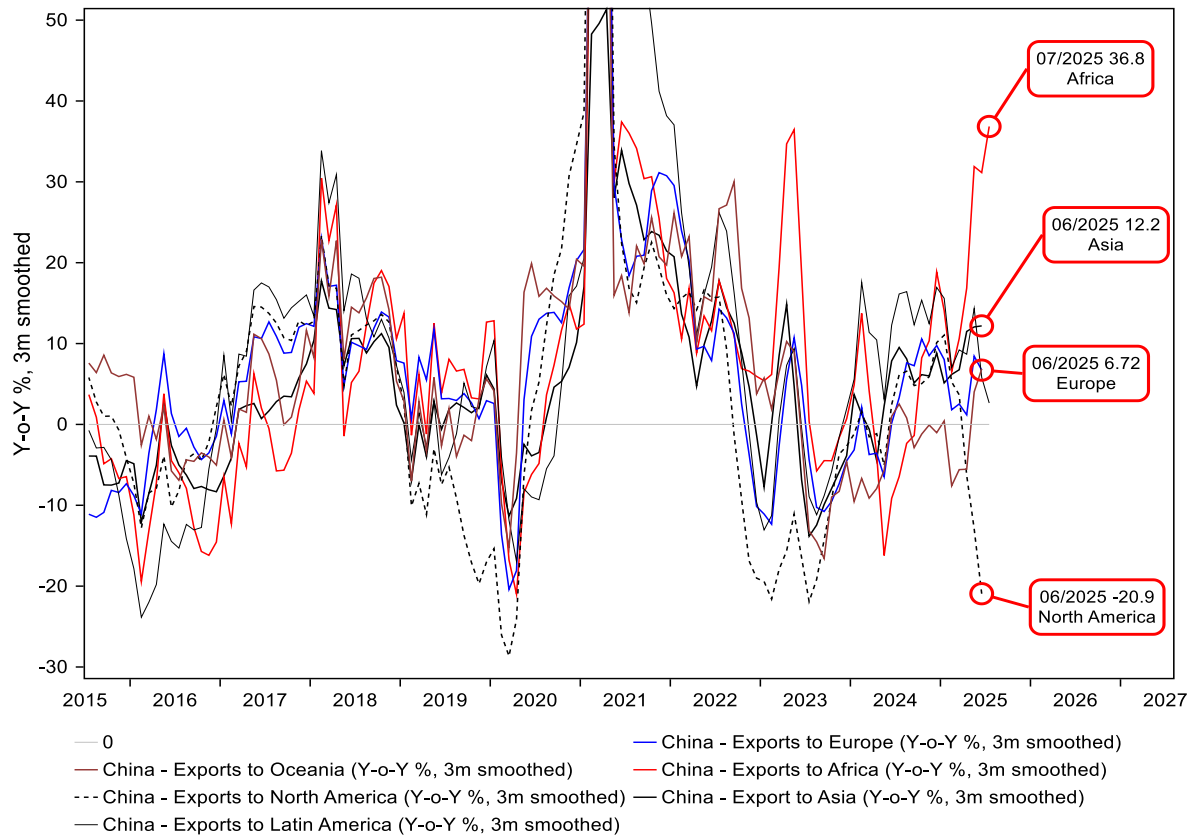
Source: Longview Economics, Macrobond

**Chart 2:** China's Current account balance (as % of GDP, quarterly data, Q1 latest)



Source: Longview Economics, Macrobond

**Chart 3:** China export growth by key region (Y-o-Y %, 3m smoothed)



Source: Longview Economics, Macrobond