

## China's economic recovery loses some steam, investors eye more policy easing



China's economy grew slightly more slowly than expected in the second quarter, weighed down by higher raw material costs and the COVID-19 pandemic. Analysts expect that policymakers will have to do more to support the recovery.

Gross domestic product (GDP) expanded 7.9% in the April-June quarter from a year earlier, official data showed on Thursday, missing expectations for a rise of 8.1% in Reuters poll of economists' mid-June.

Growth slowed significantly from a record 13.7% expansion in the January-March period, when the year-on-year growth rate was heavily skewed by the COVID-19 lockdown in the first quarter of 2020.

Average second-quarter growth in 2020 and 2021 was 5.3%, compared to a 5% average for the first quarter, according to the NBS.

Investors who dole out funds from the month before but have expectations.

"The numbers were marginal to below our expectations and the market's expectation (that) I think the momentum is fairly strong," said UOB economist Woon Choi Ho in Singapore.

"Our greater concern is the recovery momentum that we've seen so far and for China the recovery to demand, consumption, is very important," said such momentum was fairly strong and that may allow some recovery.

While the world's second-largest economy has rebounded strongly from the COVID-19 crisis, helped by solid export demand and policy support, data released in recent months have suggested some loss in momentum.

Higher raw material costs, supply shortages and pollution controls are weighing on industrial activity, while small COVID-19 outbreaks have kept a lid on consumer spending, mid-June.

Analysts are warning to not expect the central bank is shifting to ease policy, but the country's central bank has said that banks must hold as reserves, just as some other central banks begin to start thinking about easing pandemic-era controls, mid-June.

On a quarterly basis, GDP expanded 1.3% in the April-June period, the National Bureau of Statistics said, just beating expectations for a 1.2% rise in the first quarter.

tion, if policymakers do not act, the GDP figure in Q2 could fall out of the reasonable range in data from last Q4 was close to zero, said Xing Zhaoping, senior China strategist at UBS in Shanghai.

I expect the government to roll out targeted easing measures.

China's strong exports have been a key support in the country's post-COVID recovery, but a cautious official said the week overall made growth may slow in the second half of 2021, partly reflecting COVID-19 pandemic uncertainties, mid-June.

"Thinking to growth will likely be a bit more difficult during the second half of the year," said Jiafan Evers, President of Capital Economics in a note.

"China's COVID-19 export boom appears to have peaked and will moderate the coming quarter as vaccine rollout and the continued progress against the virus and the economic recovery opening help to normalize global markets," it said.

The NBS data showed China's industrial output grew 8.2% in June from a year ago, slowing from a 9.8% rise in May. Economists in the poll had expected a 7.8% increase year-on-year.

Retail sales grew 12.1% from a year earlier to June, analysts in the poll had expected a 11.1% increase after May's 12.8% rise.

The domestic economy's recovery is uneven, said the NBS in a briefing on Thursday.

"We must also see that the global economic situation is complex, and there are many external uncertainties and uncertain factors," it said.

Premier Li Keqiang reiterated on Monday that China would not resort to flood-like stimulus.

Still, economists in the Reuters poll expected more support this year, forecasting further cuts in the bank reserve requirement ratio (RRR) in the fourth quarter.

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## JPMorgan's profit spikes 155% as US economy booms

America's largest bank said Tuesday it posted a \$11.9 billion profit during the second quarter, up 155% from the same period of 2020.

JPMorgan's (JPM) bottom-line profit was driven in part by \$1 billion of net revenue releases that underpinned the bank's profit.

Revenue fell 1% to \$38.1 billion as JPMorgan's booming Wall Street business cooled from elevated levels.

CEO Jamie Dimon said in a statement: "Our strong and resilient performance continues to improve."

"Inflation could be worse than people think. I think it's a little bit worse than what the Fed thinks. I don't think it's only zero," he said.

"We are encouraged by the continued progress against the virus and the economic recovery opening help to normalize global markets," it said.

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in the second quarter from a year earlier. Spending is now 25% above 2019 levels.

Dimon pointed to "accelerating growth" across all categories, including travel and entertainment, which surpassed 2019 levels by 13%.

"Another risk to the recovery is rising inflation. Consumer prices are up 4.2% in June from a year earlier, but we expect inflation to be more than 4% by the end of the year," he said.

"Inflation could be worse than people think. I think it's a little bit worse than what the Fed thinks. I don't think it's only zero," he said.

"We are encouraged by the continued progress against the virus and the economic recovery opening help to normalize global markets," it said.

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## Sri Lanka economy in crisis as debt mounts, reserves dwindle

Sri Lanka has cut back on imports of farm chemicals, cars and even its staple rice, as it struggles to cope with the economic crisis, weighed down by higher raw material costs and the COVID-19 pandemic. Analysts expect that policymakers will have to do more to support the recovery.

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