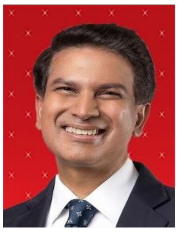
Macro Insights Weekly
Gauging exports to China

Group Research

October 13, 2025



Taimur Baig
Chief Economist
taimurbaig@dbs.com

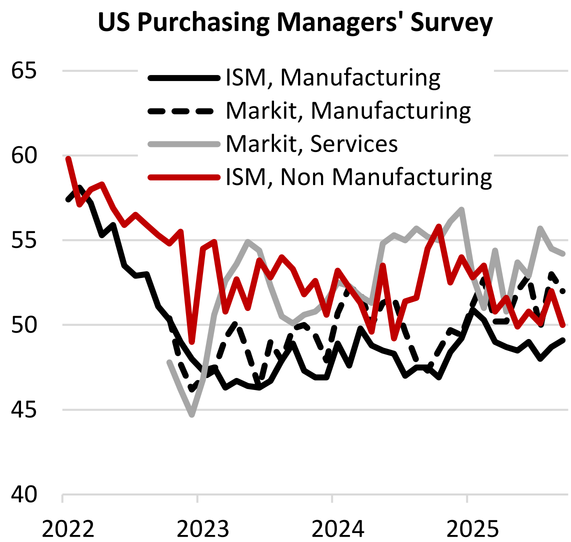
Nathan Chow
Senior Economist
nathanchow@dbs.com

For Alliance Bank clients, please direct your enquiries to Malaysia Research +603 2604 3915 general@alliancedbs.com

- *As China-US trade tensions re-intensify, the question of the future of trade re-surfaces. Would the price of doing trade with the US entail doing less with China? What is the evidence so far?*
- *China exporting far less to the US than in recent past, but its overall exports are up.*
- *What about China's market? How are countries finding exporting there?*
- *We see many countries in Asia going through an upswing in their exports to China.*
- *Energy exporters are seeing stagnant or declining exports value, due to weak prices.*
- *As a counter to the US, China would likely offer greater market access to its trading partners.*

Chart of the Week: US PMI readings

Surveys of US manufacturers show sluggish activities, but no evidence of contraction. In fact, sentiments are better today that they were in 2023. Among non-manufacturers, i.e. services, readings show continued expansion, with some loss of momentum lately. Taking the September reading into account, Atlanta Fed's latest Nowcast is pointing to around 4% GDP growth in 3Q. The Fed may be cutting rates on labour market concerns, but the PMI readings don't warrant any such accommodation.



Source: CEIC, DBS.

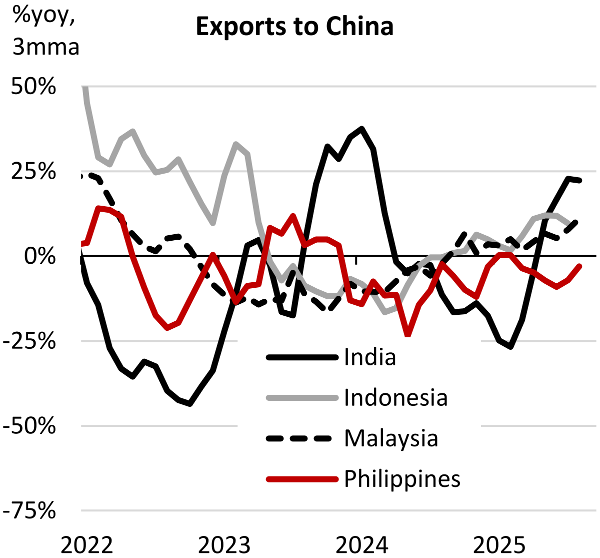
Commentary: Gauging exports to China

As China-US trade tensions re-intensify, the question of the future of trade re-surfaces. If nations have to pay the US stiff tariffs and/or invest heavily to keep trade corridors functioning, what would they do vis-à-vis the rest of the world, especially China? Would they capitulate to Washington's demands to mirror US tariffs and other trade restrictions on China? Will they curtail their trade relations with China as a price to maintain trade with the US?

These questions are typically examined through China's exports to the rest of the world. The short answer from this angle is that while the US shies away from China, the rest of the world remains fairly open. Through August, China's exports to the US were down 33%yoy, but its exports to the rest of the world were up 11%yoy, resulting in continued expansion of its total exports. China's ability to keep the non-US market remains intact, in seems.

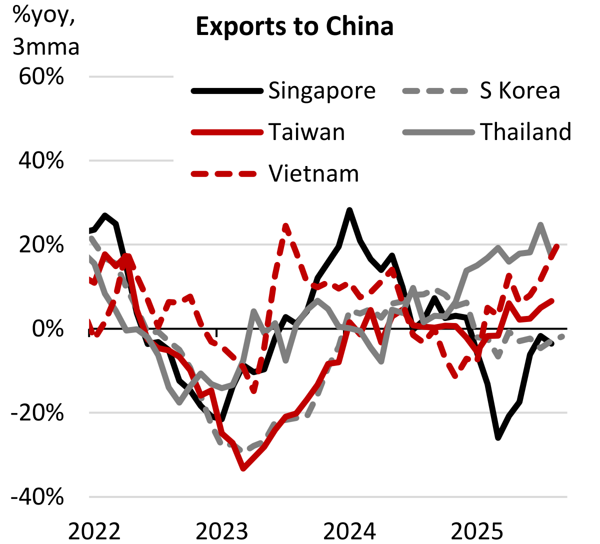
But the less discussed angle is the world's exports to China. Are nations finding it profitable to sell to China? Is there sufficient demand and market access? We examine that crucial angle by looking key countries' exports track record to China.

While China is going through a soft patch in its demand cycle, it remains a major purchaser of food, energy, and industrial inputs. It may run trade surpluses with most countries in the world, but its import appetite is substantial. Commodity and industrial input exporters like Indonesia and Malaysia are seeing double digit exports growth to China. India, along with a recent thaw in its relationship with China, is experiencing a welcome rebound in exports (+22%yoy through August) as well.



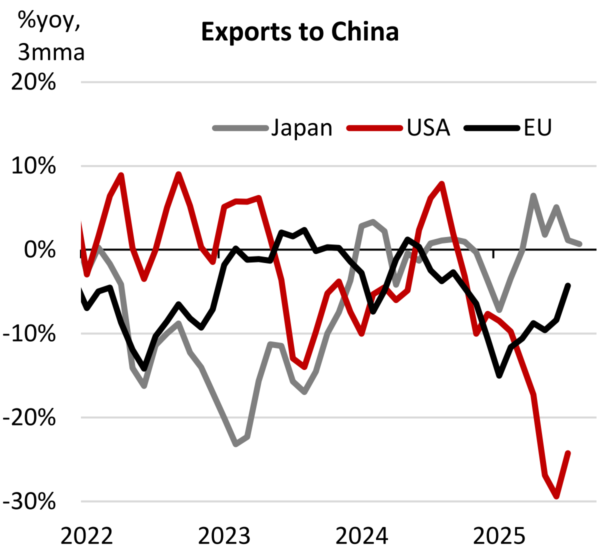
Source: CEIC, DBS

Elsewhere in Asia, Taiwan, Thailan, and Vietnam are seeing an uptick in demand from China, leaving behind the stumble of 2024. Singapore's exporters, having seen a sharp correction earlier this year, are also enjoying an uptrend in recent months. South Korea, meanwhile, has seen in exports to China flatline this year. But going with the regional trend, there is no sign of China closing its doors to Korean exporters, even if they are not seeing a big pick-up in demand, unlike many of its regional peers.



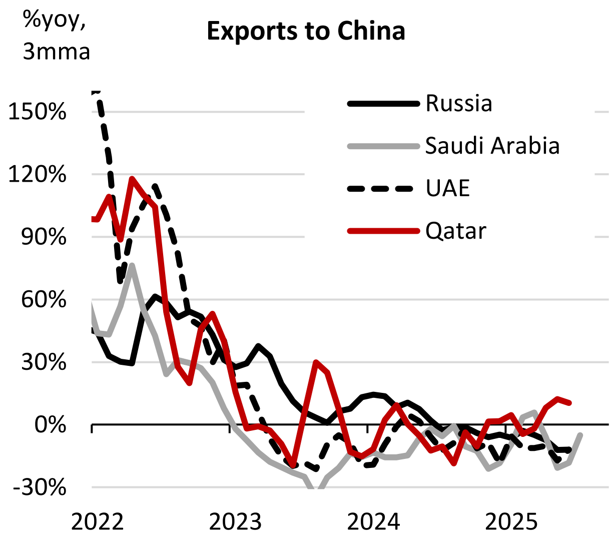
Source: CEIC, DBS

It is unsurprising that US exports to China are down sharply (-24.3%yoy), with China holding back on soybean imports, purchasing from Argentina and Brazil instead. Japan's exports to China are on a modestly expansionary path, while EU's have begun to recover after a prolonged period of contraction.



Source: CEIC, DBS

What about the rest of the world? Russia's narrative is instructive. As sanctions have contracted its export market size, it has maintained access to China, which now makes up a quarter of its total exports. But whether it is Russia or other major energy exporters like Qatar, Saudi Arabia, or UAE, weak global energy prices have been weighing on their export values. Over the last couple of years, none these countries have seen any discernible pick-up in exports to China.



Source: CEIC, DBS

In terms of the importance of the Chinese market, Asean countries tend to have 10-15% to their total exports head to China. Energy exporters like Russia, Saudi Arabia, and Qatar are in the 15-25% range, as are South Korea and Taiwan. The latter two cases would be interesting to watch in the context of ever rising push coming from the US to do less with China.

China's 1.4bn population and USD19trln GDP offer tantalising market prospects for global producers around the world. As the US pushes back on its trade potential, China will be compelled to seek greater trade with the rest. But to be able to export more elsewhere, China would need to offer greater market access to its trading partners. Nations wanting to engage with China are likely to find a more amenable exports environment in the coming years.

Taimur Baig

FX: Brinksmanship-driven volatility

The week ahead is shaping up to be one of political brinksmanship across the major economies. In Washington, President Donald Trump's standoff with the Democrats over the prolonged government shutdown risks turning into a wider confidence shock. At the same time, Trump's threat to hit China with a 100% tariff on November 1 raised the stakes for trade negotiations ahead of the APEC Economic Leaders' Summit in South Korea on October 31-November 1. In Tokyo, Sanae Takaichi's path to becoming Japan's first female prime minister is no longer assured after the Komeito ended its 26-year alliance with the Liberal Democratic Party. In Paris, President Emmanuel Macron has reappointed Sebastien Lecornu as prime minister, who will attempt to push through Budget 2026 again. With these four fronts in flux, **investors should expect more uncertainty, headline volatility, and trading activities with little conviction** in the week ahead.

The **IMF-World Bank Annual Meeting** in Washington, D.C. (October 13-18) **is expected to be a non-event**. Markets are already saturated with warnings about prolonged uncertainty. This year's meetings will be more subdued because the Trump administration has distanced itself from multilateralism and globalisation. An increasing number of countries are resigned to the prospects of polarisation and policy fragmentation. The US Treasury's effort to rescue Argentina is a clear case in point. Rather than channelling support through a broad IMF-led initiative, Washington has taken on a bilateral and politically driven approach, reflecting Trump's preference for deal-making over multilateral coordination.

US-China trade tensions are sure to dominate discussions at the annual meetings. However, delegates will likely agree with IMF Managing Director Kristalina Georgieva that the global economy has weathered Trump's tariffs better than expected, despite the earlier US-China tit-for-tat tariff exchanges that eventually gave way to two trade truces in May and August.

As before, Washington and Beijing are weaponizing their structural advantages. Trump is flexing the US's leverage as the world's largest buyer with 100% tariffs, while China leverages its control of supply chains, especially rare earths and critical minerals. Managed brinksmanship has become a strategy to force coercion, in Washington's case, and to compel engagement, in Beijing's case, to negotiate from a position of strength too, while leaving room to rollbacks to avoid a full-blown trade war. If so, this negotiating tactic may keep the door open for a possible Trump-Xi meeting at the APEC Summit, as a political win for Trump, and another milestone in Xi's "Strategic Endurance" priority in the next 15th Five Year Plan (2026-2030). Before the escalation in trade tensions, the central bank (PBOC) appeared to be keeping the USD/CNY fixing stable within September's 7.1008-7.1152 range into the Chinese Communist Party's Fourth Plenum (October 20-23). Let's see if the PBOC continues to do so.

USD/JPY could decline below 150 again. USD/JPY has room to retrace the post-Takaichi victory surge from 147 further. Following Komeito's departure from the LDP-led coalition, the Diet's vote for Japan's prime minister was delayed from October 15 to October 20, at the earliest. If Takaichi fails to form a new coalition with other parties, Japan could end up with her as a prime minister leading a minority government (more likely) or a non-LDP premier leading a united opposition coalition (less likely). In either scenario, the case for Takaichi's Abenomics-style stimulus diminishes due to political fragmentation, which limits aggressive fiscal expansion or resistance to the Bank of Japan's monetary policy normalization. The JPY could also reprise its haven status, as witnessed from last Friday's response to the S&P 500's 2.7% plunge to a four-week low driven by Trump's threat to impose a 100% tariff on China.

We are turning cautious on EUR/USD after its five-week sell-off to 1.16. The euro's decline from its 1.1920 peak started as a USD recovery story, driven by an unclear Fed cut outlook following the Fed's 25-bps cut in mid-September. EUR/USD's next fall below 1.17 was triggered by Sebastien Lecornu's first resignation as French prime minister on October 6, just after 27 days of his appointment. However, President Emmanuel Macron reappointed Lecornu as prime minister on October 11 and formed a new government on October 12. This move aims to present Budget 2026 to the National Assembly this week, thereby meeting the mandatory 70-day negotiation period for lawmakers to debate and amend the bill before its approval by the end of 2025. The far-right and the far-left parties have been clear about voting down the new government. However, **the second Lecornu government could survive another no-confidence vote if it gets the support of the Socialist Party** in exchange for suspending Macron's pensions reform.

Although the US will not be releasing its CPI inflation data on October 15, Fed Chair Jerome **Powell will be speaking on the economic outlook and monetary policy** at the NABE Annual Meeting. Following the US stock market's plunge last Friday, focus will be on his remarks made at the Peterson Institute for International Economics on September 23, which stated that "equity prices were fairly highly valued" by many measures. Given the fragile investor sentiment, Powell will likely adopt a more cautious and balanced tone to avoid further unsettling markets and maintain financial stability.

Other Fed officials may also soften their rhetoric on tariff-driven inflation risks, aligning instead with New York Fed President John Williams' risk-management approach, which supports more rate cuts to support the labour market, especially amid the prospect of a prolonged government shutdown. Also, Trump-appointed Fed Governor Stephen Miran will likely intensify calls for deeper rate cuts. Interestingly, the US Bureau of Labor Statistics will be bringing some furloughed employees back to release the CPI data on October 24, in time for the FOMC meeting on October 28-29.

On October 14, we expect the **Monetary Authority of Singapore to slightly reduce the slope of its SGD NEER policy band**. MAS Core inflation has declined below this year's official forecast range of 0.5-1.5%, with CPI-All Items inflation at its range's floor. We expect advance GDP growth to decelerate to 2% YoY in 3Q25 from 4.4% in 2Q25, at the floor of its medium-term potential growth rate of 2-3%. Non-oil domestic exports contracted in July-August after double-digit growth on front loading, in line with policymakers' expectations for a slowdown in the latter half of the year.

Philip Wee

Group Research

Economics & Strategy

Taimur BAIG, Ph.D.
Chief Economist
Global
taimurbaig@dbs.com

Wei Liang CHANG
FX & Credit Strategist
Global
weiliangchang@dbs.com

Nathan CHOW
Senior Economist
China/HK SAR
nathanchow@dbs.com

Han Teng CHUA, CFA
Senior Economist
Asean
hantengchua@dbs.com

Ian Haan CHUI
Credit Analyst
USD
ianchui@dbs.com

Dexter CHUN
Credit Analyst
USD
dexterchun@dbs.com

Iris GAO
Credit Analyst
USD
irisgao@dbs.com

Mo JI, Ph.D.
Chief Economist
China/HK SAR
mojim@dbs.com

Byron LAM
Economist
China/HK SAR
byronlamfc@dbs.com

Violet LEE
Associate
Publications
violetleeyh@dbs.com

Tracy Li Jun LIM
Credit Analyst
USD, SGD
tracylimt@dbs.com

Teng Chong LIM
Credit Analyst
USD, SGD, AUD
tengchonglim@dbs.com

Eugene LEOW
Senior Rates Strategist
G3 & Asia
eugeneleow@dbs.com

Lilian LV
Credit Analyst
USD
lilianlv@dbs.com

Tieying MA, CFA
Senior Economist
Japan, South Korea, Taiwan
matieying@dbs.com

Radhika RAO
Senior Economist
Eurozone, India, Indonesia
radhikarao@dbs.com

Amanda SEAH
Credit Analyst
USD, SGD, AUD
amandaseah@dbs.com

Daisy SHARMA
Analyst
Data Analytics
daisy@dbs.com

Joel SIEW, CFA
Credit Analyst
USD, SGD, AUD
joelsiew@dbs.com

Mervyn TEO
Credit Anaylst
USD, SGD, AUD
mervynteo@dbs.com

Samuel TSE
Rates Strategist
Asia
samueltse@dbs.com

Philip WEE
Senior FX Strategist
Global
philipwee@dbs.com

Sources: Data for all charts and tables are from CEIC, Bloomberg and DBS Group Research (forecasts and transformations)

GENERAL DISCLOSURE/ DISCLAIMER (For Macroeconomics, Currencies, Interest Rates & Digital Asset)