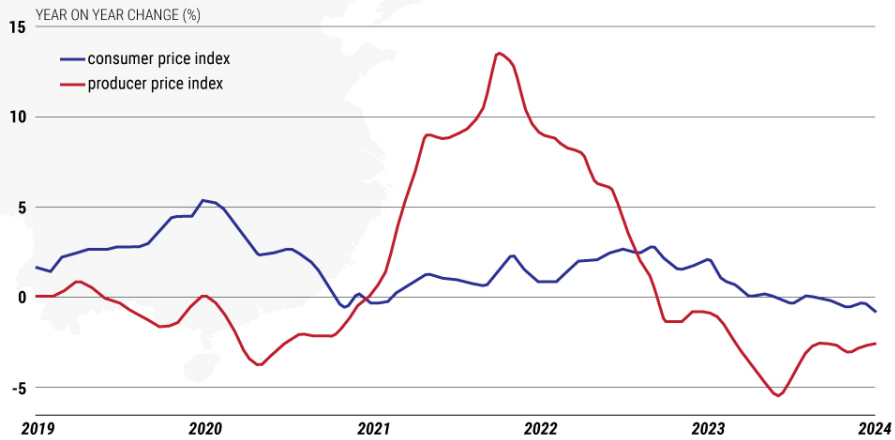


China's Deflation Spiral

by Geopolitical Futures - February 17, 2024

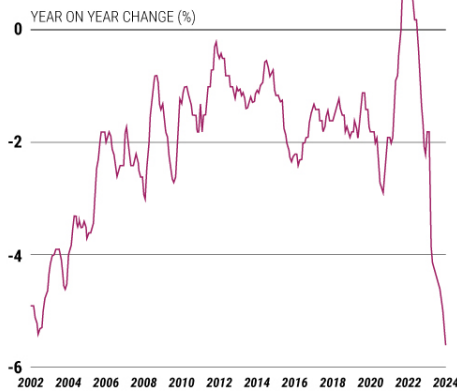
Chinese economic deflation consumer & wholesale prices continue to decline

consumer & producer price indexes in China

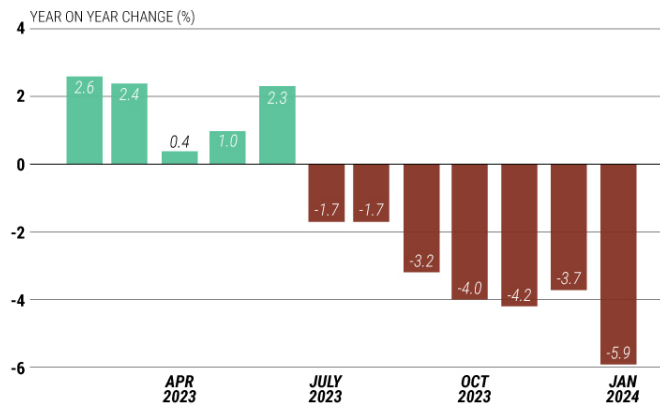


car & food prices hit the hardest

car prices in China



food prices in China



Sources: Bloomberg, Trading Economics, China's National Bureau of Statistics, Wind

© 2024 Geopolitical Futures®

[\(click to enlarge\)](#)

Recent data show China experiencing its sharpest decline in consumer prices in over 14 years, while producer prices fell by 2.5 percent, dropping for the 16th month in a row. This situation indicates a

significant risk of prolonged deflation in China, exacerbated by challenges like a real estate slump, stock market downturn, loss of investor confidence, weaker exports and low consumer demand. Despite expectations for a temporary price rebound in February due to Lunar New Year demand, China's economic issues – excess supply, insufficient demand and financial strain – persist.

China's deflation is impacting the global economy, potentially accelerating interest rate cuts in emerging markets reliant on Chinese goods and raising concerns in the West about competitive disadvantages due to cheaper Chinese exports. This scenario suggests a global influx of low-priced imports as China seeks international buyers, which, while tempering inflation in some regions, poses broader economic challenges.

Author: Geopolitical Futures

[Read more from this author on geopoliticalfutures.com](#)