Chinese Electricity Consumption Perception Changing

So far this year, China's electricity consumption has grown year-on-year by 8.7%. As we have examined many times over the years, Chinese government predictions should never be treated as gospel, and electricity consumption again this year has proven to be no exception. Back in January, the China Electricity Council publicly stated that electricity consumption in 2018 would grow year-on-year by only 5.5%. Last year also saw the China Electricity Council's prediction fall short of actual consumption, and we have routinely called attention to the low forecasts at the time and have been proven right as actual consumption has continued to exceed government's forecasts. Overall, many segments of China's economy continue to face real headwinds, but electricity consumption has stayed strong and has continued to exceed government expectations. New recently, though, is that more bullish forecasts for electricity consumption are being circulated in China that are finally more in line with actual consumption. In particular, China’s State Grid Energy Research Institute last week announced that it now expects electricity consumption in 2019 will increase year-on-year by 8.5%. This is a very reasonable forecast.

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