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Chinese Vehicle Sales Contraction Continues

As we have been discussing in our Weekly China Reports, many industrial sectors in China have continued to fare quite well in recent months even while a slowdown has continued to occur in the consumer sector. In last week's Weekly China Report we highlighted how Chinese vehicle sales in September fell year-on-year by 12%, which marked the largest non-Lunar New Year related contraction we have ever seen (our data goes back through the start of this decade). Of note, though, is that October sales have now been released and show that another 12% year-on-year decline occurred (vehicle sales totaled only 2.38 million last month). The ongoing contraction in Chinese vehicle sales remains a concern. Import tariffs and the growth of ride share services in China continue to contribute to weakness in vehicle sales, but the overall consumer weakness in China remains a large factor as well. Vehicle sales have now fallen on a year-on-year basis during each of the last four months, with the contraction intensifying significantly starting in September.

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