

Testimony before the U.S.-China Economic and Security Review Commission Hearing on "Challenges from Chinese Policy in 2022: Zero-COVID, Ukraine, and Pacific Diplomacy"

CHINA'S ZERO-COVID POLICY

ECONOMIC IMPACT, SUPPLY CHAIN DISRUPTIONS, AND THE FUTURE OF **CHINESE GROWTH**

Shehzad H. Qazi Chief Operating Officer & Managing Director China Beige Book International

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EXECUTIVE SUMMARY

Since the onset of the SARS-CoV-2 (COVID-19) China's public health response has differed considerably from other countries, especially major economies. To control the spread of the virus the Chinese leadership has relied on a policy known as "zero-COVID," which includes province and city-wide lockdowns, strict quarantines, and mass testing of millions of citizens. In its initial iteration in 2020 this approach resulted in an unprecedented nationwide shutdown of nearly all commerce, with businesses forced to remain closed for at least two weeks after the end of the Spring Festival (Chinese New Year).

In the absence of mRNA vaccines, low vaccination rates among its elderly population, and a healthcare system vulnerable to being overwhelmed in the event of mass outbreaks, China continues to rely on this approach well over two years into the COVID-19 crisis. However, the implementation of this policy has evolved, with its current iteration—referred to by the Chinese government as "dynamic zero-COVID"—allowing for certain businesses like factories or trucking to continue operating, albeit at greatly reduced levels.

Beijing's lockdown policies have come at a considerable economic cost, resulting in a historic contraction of the Chinese economy in 2020 and a serious slowdown so far in 2022. The consumption sectors of the economy have especially come under pressure as Chinese households have held tightly to their pocketbooks amidst multi-year economic uncertainty. It's worth mentioning that these economic strains have renewed longstanding concerns about China's manipulation of economic data, such as deflating baseline numbers to create the false impression of a V-shaped recovery in 2020.

Moreover, the zero-COVID policy has also had important global ramifications because of supply chain disruptions resulting from derailed production, interruption of domestic transportation networks with shipping grinding to a halt, and major port closures.

This statement address each of these issues and is divided into four major sections: the first overviews China's zero-COVID strategy and how its implementation has evolved from 2020 to today. The second section provides an in-depth assessment of the economic impact of zero-COVID, with the subsequent section illustrating the domestic supply chain distress that has resulted from repeated lockdowns. The concluding section focuses on the probable longer-term effects of zero-COVID on China's economy, including how Beijing abandoning its traditional model of using big stimulus measures to combat slowdowns spells a very different Chinese economy – one featuring a much slower growth pace – than China watchers have been accustomed to.

In each of these sections I have leveraged insights from my firm China Beige Book International (CBB), which gathers real-time economic data from thousands of companies in China across every key sector, region, and every firm type by ownership and size.

CHINA'S ZERO-COVID POLICY: 2020 vs PRESENT

China's initial response to the COVID-19 virus was to implement blanket quarantines through the country. Starting on January 23, 2020—just under 2 months after the initial outbreak of the virus on December 1, 2019—Chinese authorities imposed a lockdown in Wuhan, the capital of Hubei province, and other major cities.¹ This included shutting down major highways leaving Wuhan as well as suspending national railway services.

By January 27, 2020, China's State Council announced extending the Lunar New Year holiday to February 2, but around 24 provinces – or more than half the country – told non-essential businesses to remain closed till at least February 9. To put the extent of the shutdowns in perspective, in 2019 these provinces together had accounted for over 80% of China's Gross Domestic Product (GDP) and 90% of its exports, per calculations by CNBC.²

In early 2020 CBB created new proprietary metrics to gauge the extent of business closures and the economic impact of lockdowns in China. Data gathered from over 1,400 companies between February 13-28, showed that nationally around 29% of firms remained closed till the end of the month **(Chart 1)**. Moreover, where businesses had opened back up, employees of many (29%) were either still working from home or simply waiting to start working from their job sites (7%). Only a third (34%) of businesses reported functioning normally.

At this time CBB's data differed considerably with official figures on the resumption of business activity. While Beijing claimed that 91% of workforces at state-owned enterprises (SOEs) had returned to the office by the end of February, CBB data showed only 33% of state firm employees being back onsite, i.e., over two-thirds (67%) of SOEs were either locked down or operating under lockdown like conditions till the end of the month.³

These conditions would drastically improve through mid-March, when nationally only 9% of companies remained closed in CBB data. But, as discussed in greater detail below, the lockdowns would result in a historic economic contraction in the first quarter of 2020, at least temporarily devasting every segment of China's economy.

The damaging effects of China's initial Covid lockdowns contributed to the evolution of the zero-COVID policy over 2021 and 2022, with Chinese policymakers now referring to their modified approach as "Dynamic zero-COVID." The lockdowns that emerged in Spring and Summer 2022 have followed this approach, which rather than blanket national shutdowns, has featured more targeted lockdowns across neighborhoods, districts, and cities where virus

² Cheng, Evelyn. "More than Half of China Extends Shutdown over Virus." CNBC, 3 Feb. 2020, <u>https://www.cnbc.com/2020/02/01/coronavirus-more-of-china-extend-shutdown-accounting-for-80percent-of-gdp.html</u>.

¹ Allam, Zaheer. "The First 50 days of COVID-19: A Detailed Chronological Timeline and Extensive Review of Literature Documenting the Pandemic." Surveying the Covid-19 Pandemic and its Implications (2020): 1–7, <u>https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7378494/</u>.

³ Lo, Kinling. "Coronavirus: China says over 90 per cent of state firms back in business after manufacturing index hits all-time low." South China Morning Post, 1 Mar. 2020, <u>https://sg.news.yahoo.com/coronavirus-china-says-over-90-093224075.html</u>.

clusters have emerged. Moreover, since May 2022 quarantine periods for incoming visitors have also been reduced to 10 days from effectively 21 days in 2020 and 2021.⁴

Furthermore, even during lockdowns local authorities have allowed certain factories and ports to operate under a "closed-loop" or "bubble" system, which includes workers quarantining at their workplace and operating in teams. This approach has allowed commerce to continue, albeit at reduced levels and not without serious economic pain, as discussed below.

THE ECONOMIC IMPACT OF ZERO-COVID

The zero-COVID strategy has come at a steep cost for China, with the economy undergoing multiple bouts of intense weakness and failing to reach pre-pandemic growth levels. The repercussions of zero-COVID are seen most clearly in the dismal economic results of Q1 2020 and Q2 2022, when strict lockdowns were put into place.

Q1 2020: A Historic Contraction & Illusory V-Shaped Recovery

The sharpest economic downturn in the history of the China Beige Book survey occurred in Q1 2020, when most business activity virtually ceased amidst the first iteration of China's zero-COVID policy (Chart 2). Every sector, every region, and every key headline metric we track saw an outright contraction during this time. Worse yet, every one of those metrics fell to the lowest level on record. And this fall wasn't just a blip as the government implicitly claimed. Crucially, the results continued to deteriorate even into mid-March, a point at which the economy had supposedly begun to return to normalcy, according to the Chinese government.

The severity of the devastation from blanket lockdowns was captured poignantly by the sentiments expressed by C-level executives in CBB's Q1 survey, 72% of whom said their company's revenues had fallen as a direct result of the COVID-19 virus and subsequent lockdowns.

To an extent, China acknowledged this widespread downturn, reporting a 6.8% year-over-year contraction in its first quarter GDP growth rate. While Beijing ultimately did not acknowledge what appeared to be an even uglier, low-double-digit contraction in growth, this was still the worst GDP print Beijing had ever released.

That said, it was around this time that the leadership in Beijing began telegraphing the prospects of a rapid rebound, and surely soon enough the government's data would show this so-called "V-shaped recovery."⁵

⁴ Original quarantine rules for visitors into China mandated hotel quarantine for 14 days, self-isolation for 7 days, and monitoring for 7 days. Travelers could choose 21 days in hotel quarantine instead as well without monitoring for 7 days afterwards.

⁵ "China Talks Up Post-Virus Rebound as World Economy Shuts." Bloomberg, 22 Mar. 2020, <u>https://www.bloomberg.com/news/articles/2020-03-22/china-talks-up-post-virus-rebound-as-world-economy-shuts-down?sref=CNnUTuPI</u>. "Chinese economy's V-shaped recovery becomes more prominent." Xinhua, 9 Aug. 2020, <u>http://www.xinhuanet.com/english/2020-08/09/c_139277231.htm</u>.

A mere three months after China's historic contraction, the National Bureau of Statistics (NBS) released its Q2 2020 data claiming a 3.2% year-over-year *expansion* in growth. Over the remainder of 2020 China's GDP figures would continue to show strong positive momentum, with the economy not only recovering from the early 2020 downturn but also growing compared to 2019.

By comparison, CBB's survey showed pain continuing on the ground in Q2, with the economy barely escaping another contraction. It wouldn't be till Q3 2020 that the economy would solidly enter expansion territory, thanks to global demand helping fuel the manufacturing sector, with additional improvement in Q4. Still, by virtue of every major year-on-year lens the economy underwent a full year contraction in 2020 per CBB's independent data.

Why would private economic data differ so meaningfully from China's official statistics? A closer examination of official figures revealed that statistical irregularities were indeed at play.

Data Integrity Issues in 2020 & 2021

Forensic survey accounting of China's 2020 official statistics quickly revealed that key economic numbers had been wildly inflated through downward revisions to their 2019 baselines. This depression of prior year figures created the appearance of growth, when in fact the economy continued to struggle in 2020 (Charts 3 and 4). The author has publicly detailed these findings previously, writing⁶:

In a series of revisions over the course of 2020, China's statistics bureau cut the aggregate amount of 2019 Fixed Asset Investment (FAI) down by over 4.7 trillion yuan (equivalent to about \$720 billion) ...By quietly changing the baseline, China masked what was in fact a year-long contraction in investment spending. When aggregated over the full year, the unadjusted data show FAI shrinking roughly 5.9% compared to 2019.

The baseline for another critical metric, total retail sales, which gauges consumer strength, was also revised down, showing positive on-year growth each month since August 2020. The original figures indicated positive growth starting a month later, in September, and at a slower rate for the remainder of the year. More importantly, in aggregate total retail sales contracted year-over-year by 4.8% or approximately 1.97 trillion yuan. Even based on the retroactively revised data, accumulated retail sales fell by 3.9% in 2020 compared to the previous year. No matter how you slice the official numbers, they reject the idea of China seeing a broad-based recovery that includes Chinese consumers.

This practice of downward revisions continued into 2021, where newly released growth figures for FAI again included downward revisions of originally published 2019 nominal data, continuing the mirage of strong, positive growth, where in reality FAI shrank in 2021 versus 2019 as well **(Chart 5)**.

⁶ Qazi, Shehzad. "The Great Chinese Rebound? Not so Fast." *Barron's*, 26 Jan. 2021, <u>https://www.barrons.com/articles/the-great-chinese-rebound-not-so-fast-51611622798</u>.

Moreover, at some point during this period the NBS decided to remove all nominal FAI data from its online database, leaving only growth figures available. While these nominal figures can still be accessed through monthly press releases, these questionable statistical practices and data suppression tactics have all but destroyed what was once considered to be one of the most important pieces of official data on the Chinese economy.

Finally, it's worth mentioning that research arms of various investment banks – whose China economic analysis and forecasts are based almost exclusively on official Chinese statistics – had also been expecting a rapid rebound.⁷ Unsurprisingly, official data showcasing a quick recovery were then uncritically accepted by Wall Street research and investment advisory teams, who simply turned a blind eye toward the serious data integrity issues that began emerging, and instead repeatedly claimed that China had indeed accomplished a V-shaped recovery in 2020.⁸

Economic Setbacks in 2022

While the implementation of zero-COVID has become more targeted since the early days of 2020, lockdowns continue to impose economic damage as seen over the second quarter of 2022.

Following a troubled second half of 2021, punctuated by severe downturn in the property sector, early 2022 began to show evidence of a nascent recovery. Yet this recovery proved short-lived as lockdowns emerged in some of China's most prosperous and economically vital cities, starting with Guangdong and the surrounding regions in March 2022 with the emergence of Omicron cases. The spread of the virus to Shanghai led to a major intensification of the lockdowns there over April and May, and soon Beijing was also under a de facto lockdown. The bringing of daily life to a near stand-still had a devastating human impact and predictably delivered a major blow to economic performance.

CBB data collected over the course of April-June 2022 showed an economy in its weakest position since the Covid-induced recessions of early 2020 (Chart 1). Every headline indicator, sector, and region we track weakened not just compared to Q1 2022 but also from year-ago levels (Chart 6). Critically, this downturn extended to China's labor market, where hiring slowed for the first time since Q1 2020, adding to Beijing's challenges in a politically sensitive year.

Across sectors, manufacturing saw production growth slow **(Chart 7)** as operating capacity at factories fell for a third consecutive quarter to 62%, one of the lowest levels recorded in two years. The accompanying slowdown in new domestic and export orders along with faster

⁷ "Investing in the Chinese Recovery." HSBC, 7 Jun. 2020, <u>https://www.business.hsbc.com.mo/en-gb/insights/support/investing-chinese-recovery</u>. "China's Economic Recovery and Equity Markets," 31 March 2020, <u>https://www.goldmansachs.com/insights/pages/from_briefings_31-Mar-2020.html.</u> "Eyes on Asia's Path to Recovery," 26 Jun. 2020, <u>https://www.jpmorgan.com/solutions/cib/investment-banking/asia-path-to-recovery</u>.

⁸ Rothman, Andy. "China's Economic Resilience." 16 Jul. 2020,

https://www.matthewsasia.com/insights/sinology/2020/chinas-economic-resilience/. "COVID-19: Where We Go From Here," 13 Aug. 2020, <u>https://www.goldmansachs.com/insights/pages/covid-19-where-we-go-from-here-f/report.pdf</u>. "China's V-Shaped Recovery from Pandemic Is Complete, Says JPMorgan." Street Signs, CNBC, 18 Jan. 2021, <u>https://www.cnbc.com/video/2021/01/18/chinas-v-shaped-recovery-from-pandemic-is-complete-says-jpmorgan.html</u>.

accumulation of unsold products suggests any manufacturing recovery in 2H 2022 will be unpleasantly modest.

While the impact of Zero-Covid on factory activity is of critical concern to China's major trading partners, it's the consumption side of the economy that has borne the brunt of China's Covid lockdowns.

The sharpest reversal occurred in Services, which was accelerating in Q1 but saw business conditions quickly deteriorate starting March 2022 as lockdowns emerged **(Table 1)**. The Services sector recorded four consecutive months of deterioration through June, and saw the biggest drops in earnings, sales, investment, and hiring of the three core sectors in Q2.

Moreover, Chinese retail spending also got battered. Weak macroeconomic conditions had already hurt the Retail sector in Q1, but widespread lockdowns pushed the sector into a deeper hole, with earnings, sales, and pricing power all deteriorating from Q1 2022 and falling below year-ago levels **(Chart 8)**.

Consumption sectors are most consequential as far as China's long-term economic trajectory is concerned, and the impact of zero-COVID on their performance should remain a key focus for China watchers.

Finally, the city-wide lockdowns in 2022 exacerbated China's property market turmoil. Real estate slowed across the board in Q2, with every sub-sector suffering double-digit drops from Q1-22. Price growth cratered across the country, while property sales decelerated in most locales. The most intense pain was concentrated in housing, where sales and price growth nearly halved their Q1 pace (Chart 9). Worse yet, the real estate sector's financing prospects remained poor, with egregiously high capital costs and rising loan rejections capping borrowing at minimal levels.

SUPPLY CHAIN DISRUPTION

The disruption of domestic supply chains – the consequences of which go far beyond China's borders – is another major aspect of the economic pain caused by China's zero-COVID policy.

To date, the most severe impact was in early 2020 when serious supply chain stress began developing as critical industries like chemicals, autos and auto parts manufacturing, and shipping itself reported some of the highest rates of extended workplace lockdowns in CBB's economic survey. These closures would soon roil global markets, resulting in shortages of medical equipment, car parts, and components for tech and consumer electronics among other products.⁹

⁹ Donnan, Shawn, et al. "A Covid-19 Supply Chain Shock Born in China Is Going Global." Bloomberg.com, Bloomberg, 20 Mar. 2020, <u>https://www.bloomberg.com/news/articles/2020-03-20/a-covid-19-supply-chain-shock-born-in-china-is-going-global?sref=CNnUTuPJ</u>.

The author had alerted to the risk of major supply chain logjams in a February 2020 op-ed, writing:

The most frightening aspect of this crisis is not the short-term economic damage it is causing, but the potential long-lasting disruption to supply chains. Chinese auto manufacturers and chemical plants have reported more closures than other sectors. While there are fewer idle IT factories by comparison, here too workers have not returned to a majority of firms. Crucially, shipping and logistics companies have also reported higher closure rates than the national average.

The ripple effects of this severe disruption will be felt through the global auto parts, electronics, and pharmaceutical supply chains for months to come.¹⁰

As feared, this disruption in delivery channels would not be resolved for several months. In Q2 2020 Shipping & Logistics sector firms reported a mean operating capacity of 42%, the lowest on record in our data (Chart 10). Moreover, during that period CBB developed a proprietary metric to gauge changes in the number of containers processed by these shipping companies. That CBB Containers Processed Index also saw record low activity through Q2 and Q3 2020 (Chart 11) despite operating capacity recovering over that time.

Recent lockdowns have resulted in the most serious supply chain logjams since 2020. In Q2 2022, the Containers Processed Index saw its steepest fall on record **(Chart 11)**, as logistics and shipping companies saw their activities curtailed amidst strict local protocols for the movement of trucks in and out of China's major coastal regions.

Simultaneously, the CBB Supplier Delivery Times index jumped in several major sectors in Q2, including manufacturing, as businesses complained of longer wait times to receive inputs from suppliers (Chart 12). Moreover, nearly all manufacturing industries reported more frequent delays in receiving supplies (Chart 13) which led to concomitant delays in factories processing existing orders: the CBB Backlog of Orders index climbed across nearly every manufacturing sub-sector in Q2 (Chart 14).

It should be noted that these recent supply chain problems were again concentrated in two critical industries: chemicals processing, which saw the worst delays in receiving supplies, and IT and electronics manufacturing, which saw the backlog of work pile up fastest.

ZERO-COVID & CHINA'S ECONOMY BEYOND 2022

As a result of these developments over the last two years, and especially as we enter the period leading to the 20th National Party Congress, the core questions China watchers are grappling with today are how long will the zero-COVID strategy stay in effect? What are some of the

¹⁰ Qazi, Shehzad H. "Coronavirus Is Hitting China's Economy Harder than Expected." Barron's, 28 Feb. 2020, <u>https://www.barrons.com/articles/coronavirus-hit-chinas-economy-worse-than-expected-china-beige-book-51582902867</u>.

long-term impacts of this policy on the Chinese economy? And to what extent will Beijing use its traditional policy tools to combat the economic downturn?

At this point it can be reasonably assumed, that China's zero-COVID policy is here to stay until the country has access to mRNA vaccines with high efficacy rates and is also able to vaccinate a vast majority of its population, especially the elderly. This pushes any lifting of zero-COVID as it is implemented today well into 2023 if not beyond.

This then suggests that the Chinese economy will remain under pressure for the foreseeable future as new virus outbreaks emerge and lockdowns go into effect, especially in more economically developed regions. Furthermore, it paints an especially concerning picture for the services and retail sectors of the Chinese economy which have suffered the most from lockdowns. This, of course, has long-term consequences as it will only push any rebalancing to a consumption-driven economy further into the future.

The final, and even more critical factor, that will determine China's growth trajectory this year and beyond is the role of policy stimulus. China's typical economic model has featured high levels of investment funded through high levels of debt to boost growth. This was especially true in the aftermath of the 2008 Great Financial Crisis, when China unleashed billions of dollars of fiscal stimulus and bank lending to combat the global recession. But over the last two years one of the most remarkable developments has been the absence of large-scale stimulus despite periods of serious economic weakness.

Counter to the expectations of markets and predictions of major investment banks, big stimulus has simply not materialized in China, whether in official credit figures **(Chart 15)** or CBB's private credit data.¹¹ In the Q2 2022 CBB survey, national borrowing skirted record lows for a fifth straight quarter **(Chart 16)**. The same held true for corporate bond issuance, while reported loan rates and bond yields remained at some of the high levels on record.

Why has the PBOC not used its bazooka to rev up economic growth? This is because a paradigm shift has taken place in how Beijing is now approaching its economic priorities and management. China's political leadership, which for years understood that the road had run out on its traditional investment and debt-heavy growth model, is now much more concerned about addressing systemic risk. In doing so policymakers have now clarified that large-scale stimulus is off the table and they are willing to accept a slower pace of economic growth.¹²

This doing away of the old growth playbook then spells a very different Chinese economy than policymakers and investors have been accustomed to.

 ¹¹ "JPMorgan's Kolanovic Says Stocks Will Rise on Pandemic End, China Stimulus." Bloomberg, 23 Feb.
2022, <u>https://www.bloomberg.com/news/articles/2022-02-23/marko-kolanovic-interview-china-pandemic-s-end-to-boost-stocks?sref=CNnUTuPJ</u>. "China Traders Bet Promised Stimulus Will Outweigh Covid Outbreak." Bloomberg, 6 Apr. 2022, <u>https://www.bloomberg.com/news/articles/2022-04-07/china-stocks-shrug-off-covid-outbreak-as-traders-bet-on-stimulus?sref=CNnUTuPJ</u>.
¹² "China's Premier Signals Flexible Growth Target, Stimulus Caution." Bloomberg, 19 Jul. 2022, <u>https://www.bloomberg.com/news/articles/2022-07-20/china-will-focus-on-employment-and-targeted-covid-curbs-li-says?sref=CNnUTuPJ</u>.

RECOMMENDATIONS

Over the last two years supply shortages linked to China have hit nearly every major sector of the U.S. economy. Several policymakers have discussed reshoring, near-shoring, or "friend-shoring" supply chains. Any policy toward this end would benefit first from systematically identifying America's supply chain dependency on China, especially in critical industries such as medical devices, pharmaceuticals, and technology. Policymakers can then benchmark the results of this analysis against metrics for making U.S. supply chains more secure and decide the necessary policy interventions.

1. Developing a China Supply Chain Dependency Tracker: The government must undertake data collection that allows it to concretely answer: What percentage of supplies for critical industries are sourced directly from China? What are these specific products and/or component parts? Which Chinese factories produce them? And where?

This supply chain tracker would have to be constructed from both existing public-sector sources – such as Customs and Border Protection (CBP) import data – as well as data gathered from private sources such as U.S. corporate entities that domestically distribute or are end-users of these supplies. It will likely also require additional primary research.

A pilot tracker of this nature could be developed to first focus on pharmaceuticals and medical devices.

Congress should task the Commerce Department to undertake this effort, with a bi-annual reporting requirement. Alternatively, Congress could also task the U.S. Census Bureau to develop this tracker. In either case, Congress should mandate that the underlying raw and aggregated data are available on a platform that can be accessed by all USG agencies and include a mechanism for real-time monitoring, ensuring all entities involved in supply chain policies have ready access to this information.

2. Congressionally mandated supplier disclosures: Congress should require firms in critical industries that sell directly to consumers or other businesses within the U.S. to disclose their full list of suppliers to the Commerce Department. Congress can also mandate CBP to collect this information as part of the merchandize entry records. Full lists of suppliers across individual firms should be made available on a platform that can be accessed across agencies and the results should either be presented in a bi-annual report to Congress or be utilized in the reporting structure for the China Supply Chain Dependency Tracker.

CHARTS & TABLES



Chart 1: Business Closures Due to COVID-19 Lockdowns

• Feb 2020 • Mar 2020

Source: CBB Data Analytics Platform



Chart 2: Sales Revenue and Profit Margins (Diffusion Index)

• Profit Margins • Sales Revenue

Source: CBB Data Analytics Platform



Chart 3: Fixed Asset Investment Growth (Year-on-Year)

Source: National Bureau of Statistics; Authors own calculations



Chart 4: Total Retail Sales Growth (Year-on-Year)

Source: National Bureau of Statistics; Authors own calculations

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Chart 5: Fixed Asset Investment Growth (2021 vs 2019)

Chart 6: Revenue Growth Across Sectors (Diffusion Index)

● 2022-Q1 ● 2022-Q2



Source: CBB Data Analytics Platform

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Source: National Bureau of Statistics; Authors own calculations

Chart 7: Manufacturing Output and New Orders (Diffusion Index)





Source: CBB Data Analytics Platform

Indicator	Jan-2022	Feb-2022	Mar-2022	Apr-2022	May-2022	Jun-2022
Business Conditions	36	59	49	46	39	30
Capital Expenditures	32	52	39	37	33	24
Containers Processed	42	58	60	25	11	20
Input Costs	20	48	33	33	30	23
Online Sales Revenue	49	62	42	47	24	27
Profit Margins	26	50	34	22	22	8
Profits from Online Sales	26	51	40	33	26	24
Sales Prices	20	40	30	23	23	10
Sales Revenue	35	59	43	37	31	26
Sales Volume	33	57	41	36	28	26
Six-month Revenue Outlook	44	68	55	53	50	43
Wage Rates	23	41	31	20	20	15
Workforce	20	47	39	30	23	21
Workweek	17	20	32	16	16	6

Table 1: Services Sector Heat Map (Diffusion Index)

Source: CBB Data Analytics Platform

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Chart 8: Retail Headline Metrics (Diffusion Index)



Source: CBB Data Analytics Platform

Chart 9: Residential Realty Headline Metrics (Diffusion Index)



Source: CBB Data Analytics Platform

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Chart 10: Shipping & Logistics Mean Operating Capacity (%)

Source: CBB Data Analytics Platform



Chart 11: Shipping & Logistics Containers Processed (Diffusion Index) • Containers Processed

Source: CBB Data Analytics Platform

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Chart 12: Supplier Delivery Times Across Sectors (Diffusion Index)

Source: CBB Data Analytics Platform

Chart 13: Supplier Delivery Times Across Manufacturing Sub-Sectors (Diffusion Index) • 2022-Q1 • 2022-Q2



Source: CBB Data Analytics Platform

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Chart 14: Backlog of Orders Across Manufacturing Sub-Sectors (Diffusion Index)

● 2022-Q1 ● 2022-Q2



Source: CBB Data Analytics Platform





Source: CBB Data Analytics Platform

Chart 16: Corporate Borrowing & Bond Sales (% of firms) • Bond Issuance • Borrowing



Source: CBB Data Analytics Platform

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