

Royston Carr Asset Management - China May Resort to More Stimulus to Boost Economy

Royston Carr Asset Management - Heightened trade tensions could prompt China's government to increase stimulus measures.

TAIPEI, TAIWAN, May 22, 2019 /EINPresswire.com/ -- After a moderate pick up in March this year, China's economy slowed again last month even before trade tensions between the world's two largest economies escalated. Analysts at <u>Royston Carr Asset Management</u> say the signs of renewed weakness in China's economy will likely force the government to increase its stimulus measures to try and boost growth.

According to recently released official data, major indicators of China's economic activity, including retail sales and industrial output weakened in April with both growing by significantly less than economists had predicted.

Royston Carr Asset Management analysts say the cooling economy could encourage China to resort to increased easing measures as the impact of increased US tariffs take effect.

After months of optimism from both the US and China around trade negotiations, last week's negotiations unexpectedly broke down and Trump abruptly hiked tariffs on Chinese imports after China reportedly reneged on promises made during negotiations.

After the past few months China has already cut taxes and increased infrastructure spending after last year's GDP reached a 30 year low. The stimulus measures appeared to be taking effect when China's economic data showed improvement in March but Royston Carr Asset Management analysts say the recent escalation of trade tensions will likely hit China's economy hard.

Royston Carr Asset Management analysts say that while a fresh round of stimulus measures may be enough to help China's slowing economy, a strong recovery is not likely.

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