

Chinese consumer confidence dropped in August

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The Takeaway:

- The mainstream view is that consumer optimism remains reasonably strong in China, despite the ongoing trade war.
- RIWI data from almost 40,000 respondents from March onward suggest that was mostly true -- until August 2019.
- RIWI data from over 4,000 randomly engaged Chinese respondents from August 1-30, 2019 show early signs of a worsening in Chinese consumer confidence, during a period of trade war acceleration and further weakening of the Chinese currency.
- RIWI captures broad-based sentiment across China in real-time. (Other methods may miss this signal since they draw on a narrow group of expert or habitual respondents, provide after-the-fact data, or draw on social media analysis that is based on censored data).

Given the historic unreliability of government issued data in China, consumer confidence is a good proxy to measure economic activity. If Chinese consumption remains strong, China's leadership has more room to wait out the trade war. The consensus is that confidence is still reasonably strong, but what if this consensus is wrong?

Is it a good time for you financially to make a major purchase like a car or a TV?

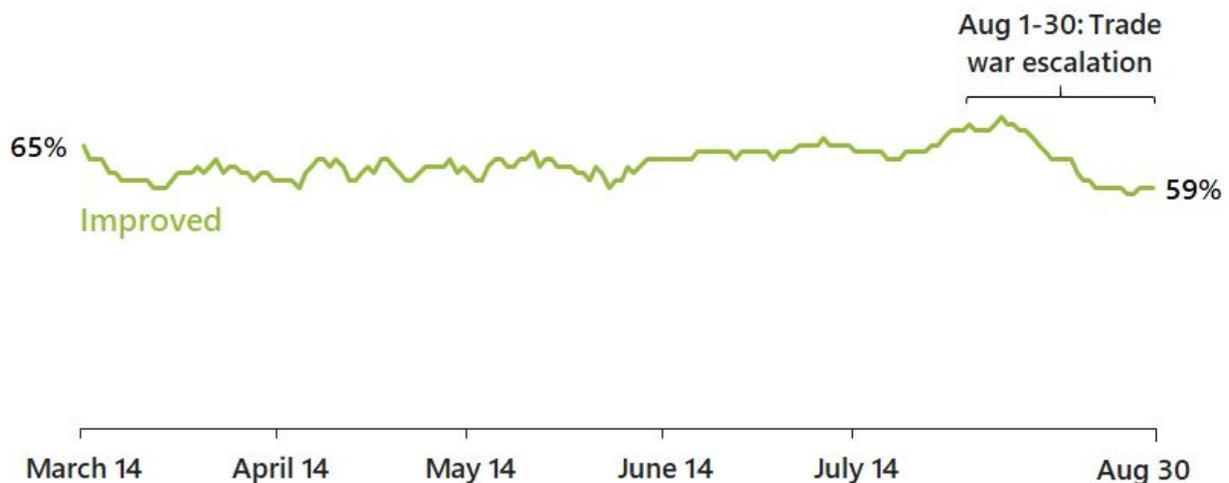


Source: RIWI data, China tracking, Mar 1-Aug 30, 2019, 14 day rolling average, 38,676 respondents representative of the online population. Other answer options include *wrong time* and *don't know*. The share above does not include don't know responses. The share of *don't know* responses remained constant from March to August.

RIWI data show that consumer confidence was mostly stable over March-June and even increased a bit in June (in line with strong retail sales data), then took a slight dip in July (in line with weaker than expected July retail sales data). RIWI’s daily tracking shows that the deterioration in confidence started to show in the wake of the latest trade war escalation that began on August 1, when U.S. President Trump announced he would impose tariffs on almost all remaining Chinese imports. Analysts who remain confident about consumer optimism may be basing their thinking on data from July or earlier.

This signal comes from observations from almost 40,000 respondents (more than 6,000 per month) randomly engaged from China’s Web-using population from March 1 - August 30, 2019. Anyone using the Web could be randomly exposed to a RIWI survey, resulting in the vast majority of RIWI’s Chinese respondents being non-habitual survey respondents. This is unlike typical surveys in China that draw on key urban centres and habitual, incentivized survey respondents. These methods may miss the information that RIWI’s broad-based, real-time signal provides.

Over the past year, your financial position has:



Source: RIWI data, China tracking, Mar 1-Aug 26, 2019, 14 day rolling average, 30,665 respondents representative of the online population. Other answer options include *worsened* and *not changed*. The share above does not include *not changed* responses. The share of *not changed* responses increased slowly from March to August at the expense of *improved*, while *worsened* declined slightly from March to July and increased in August.

The RIWI “good time to make major purchase” data aligns with respondents’ views of their personal financial positions. Most of the respondents in China said their financial position improved over the past year when asked during the March-July period. This started to erode in August with fewer saying their financial position had improved and more saying it worsened than in July.



Is this a blip in confidence or a true inflection point that will sustain itself over time? RIWI will continue to monitor for further changes in these indicators in real-time as events unfold. RIWI is also collecting continuous data in China on a number of other economic indicators, as well as US and Chinese views on the expected length and impact of the trade war, and on whether there is in fact an [anti-US backlash against US consumer products](#).

To get access to September's China consumer confidence data, to add questions to RIWI's real-time China tracking, or to learn more about RIWI's customized real-time trackers available for all countries, please contact:

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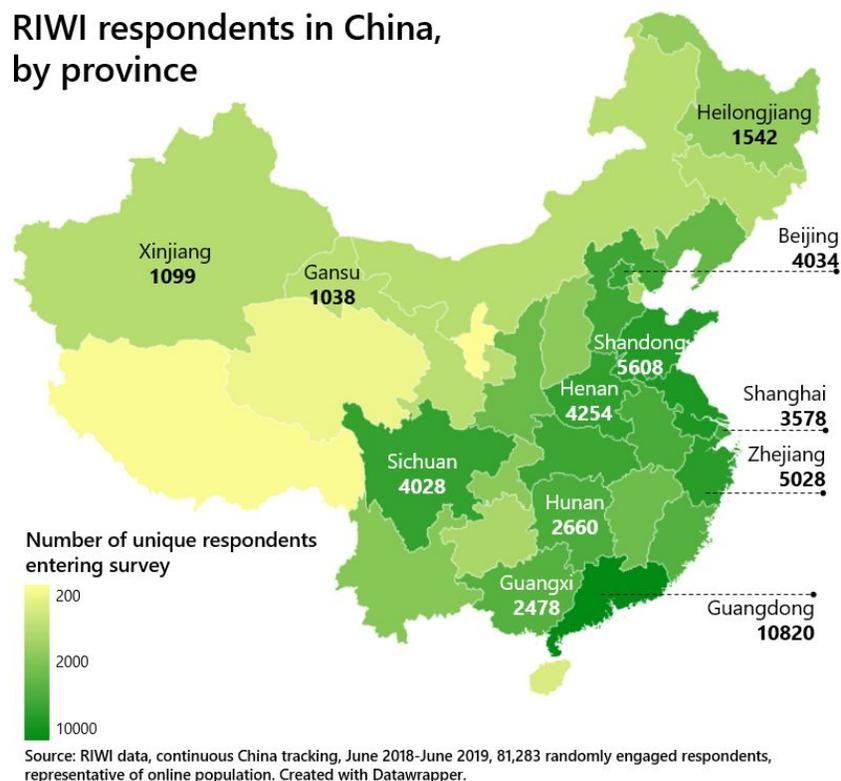
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Better, more reliable data depends on hearing from a broad array of random voices. RIWI technology reaches the broadest possible set of respondents, drawing in populations otherwise not included in data collection. In China and globally, RIWI captures views of respondents representative of the Web-using population. RIWI’s randomized respondent-engagement approach gathers broad-based sentiment from across all of China, including from urban and rural regions, and from across age groups. RIWI respondents remain anonymous and RIWI does not collect, process, store or transfer personally identifiable data, allowing respondents to provide their views freely and securely, reducing social desirability bias. RIWI respondents are not incentivized to participate in RIWI surveys in any way (and therefore respondent numbers can vary by question).



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