



By: *Tomorrow's Affairs Staff*

# Celebrating the beginning of the Year of the Snake with expressions of concern regarding the economy

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While hundreds of millions of Chinese are already out and about starting Tuesday to celebrate the Lunar New Year and the traditional Spring Festival, the festive days of family togetherness will be somewhat overshadowed by concerns about the state of the economy and personal standards.

This year, the authorities have extended the holidays by one day until 22 February, not only to encourage optimism among the population but also to boost demand, which has been in decline for some time.

The traditionally largest global seasonal migration will also have fascinating numbers this year. The authorities **estimate** that up to 9 billion domestic trips will take place during the 40 days of the holiday, slightly more than last year.

Private vehicles will make up about 80% of these trips, trains will make up half a billion, and aircraft will make up about 90 million.

A significant increase in trips abroad is also expected. The Chinese will travel 10% more abroad during the holiday season than last year, mainly due to the visa facilitation measures introduced last year.

## Decline in industrial production

However, the troubling news about the **decline** in industrial production in January, the sharpest since August last year, has sent people off on holidays, travels, and family gatherings.

The decline was surprising as it comes after three consecutive months of growth in manufacturing. It is certainly the traditional January decline in industrial production, as industrial activity is down these days due to New Year's holidays and vacations.

**Export orders are at their lowest level since February of last year**

However, as this is a sector on which the

Chinese economy is basing its growth, the concerns cannot be dismissed with seasonal reasons and the absence of a large number of workers.

"The extent of decline is beyond our expectation. The economy is far from recovering," **said** Raymond Yeung, chief economist at Australia & New Zealand Banking Group.

Export orders are at their lowest level since February of last year, reflecting the decline in industrial production.

## Savings dominate household budgets

Although this parameter has many seasonal characteristics, it remains unclear whether the Chinese will continue to spend money after the holidays or whether they will restrict their household budgets, which is more likely.

Furthermore, according to previous research, their spending plans are likely to focus more on services than goods, which is not particularly favourable for the Chinese industrial sector.

**Young Chinese are entering the Year of the Dragon with many concerns, as their unemployment rate is still high**

The main areas in which the population will spend more include education, travel, health services, culture, and entertainment.

Young Chinese are entering the Year of the Snake with many concerns, as their unemployment rate is still **high**. In December, it was around 16%, although the authorities changed the methodology a year ago and excluded students from the statistics to keep the rate lower.

When they are with their families over the holidays, they will receive slightly thinner red

envelopes, into which parents and relatives traditionally put money as a New Year's gift for young people.

This year, many of them have decided to take the ordinary train home instead of the high-speed train, as the prices are many times lower.

## Concerns will not disappear over the holidays

Their main concerns will not disappear during the holidays, because when they return to the cities, they will continue to be confronted with job offers that often involve difficult working conditions and disregard for their professional qualifications.

In addition, many of them will be looking for a new job after the holidays because they want a change in the new year, which is also a characteristic of the post-Lunar New Year period.



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But employers will not be able to offer them better financial incentives and annual bonuses this year, as annual salary growth is estimated at around 4%, which will not be attractive to many.

The coming Year of the Snake will be another year of enormous challenges for the Chinese economy. This is due to the still major internal problems and the expected external headwinds, especially the announced US

tariffs on exports.

Last year's growth of 4.9% met Beijing's **expectations** (the forecast was 5%) and is truly impressive compared to other developing economies. However, for the majority of Chinese, this growth is concerning, as it falls short of the 5.2% growth in 2023.

Furthermore, this downward trend is expected to persist in 2025 at approximately 4.5% and in 2026 at approximately 4.2%.