

## **Lower Growth in Chinese Electricity Consumption**

Data from the National Energy Administration released last week showed that electricity consumption grew year-on-year last month by 7.2%. While this a strong level of growth, of note is that growth during the first two months of this year has come in at only 4.5%. This is significantly lower than the 8.5% growth that was seen during all of 2018, and so far puts this year with electricity consumption experiencing the lowest growth since 2015.

It is far too early to come away with the impression that electricity consumption this year will end up achieving only 4.5% growth. Electricity consumption grew by just 1.8% in January, which is very low, but February achieved much greater strength (Lunar New Year has not had an impact on this year's growth; both 2018 and this year saw Lunar New Year occur in February). For now, it is encouraging that February most recently achieved strong growth -- although that 7.2% is lower than the 8.5% growth that was seen during all of last year. China's economic slowdown last year did not have an adverse effect on electricity consumption, but it remains to be seen if this will be the case this year. As we discussed often last year (and again this year), it is retail spending in various sectors in China that has remained where the largest amount of distress has been seen. 2018 saw many industrial sectors, including China's steel and electricity market, fare very well.

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