

# China sees worst deflation streak in 14 yrs

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China's consumer prices marked their longest streak of declines since 2009, extending the deflation that may require more government support to reverse. Exports posted their first annual decline in seven years.

The consumer price index slipped 0.3 per cent in December from a year earlier, in line with economists' expectations for a third straight month of

declines. Factory-gate costs dropped 2.7 per cent and have been falling for more than a year because of lower commodity prices and weak demand at home and abroad.

Chinese exports, meanwhile, fell 4.6 per cent over all of last year in the first annual drop since 2016 — yet another knock to what has historically been a major pillar of growth for the world's second-largest economy. The December data shows signs of stabilisa-

tion, rising 2.3 per cent from the same month a year ago.

"China needs to act boldly to break the deflationary cycle. It will fall into a negative spiral otherwise," said Raymond Yeung, chief economist for Greater China at Australia & New Zealand Banking Group, adding that firms have been cutting their selling prices and migrant workers have been slashing asking wages as price pressures persist.

## On eve of Taiwan polls, China vows to 'smash independence plots'

Tens of thousands of people will attend final pre-election rallies in Taiwan on Friday ahead of critical presidential and parliamentary polls, as China's defence ministry warned it would "smash any Taiwan independence plots".

Taiwan has been a democratic success story since holding its first direct presidential election in 1996, the culmination of decades of struggle against authoritarian rule and martial law. **REUTERS**