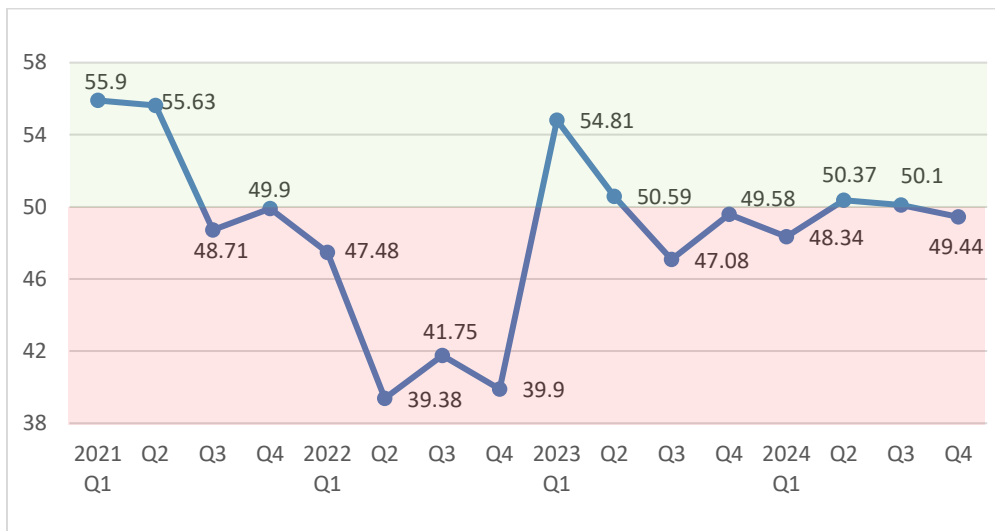


# DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – DECEMBER 2024

49.4

THE DBOC INDEX ESTABLISHED IN JANUARY 2021 TRACKS CHANGES IN THE OUTLOOK OF DANISH COMPANIES WITH ACTIVITIES IN CHINA.

IN Q4, THE INDEX SLIGHTLY DECREASED TO 49.44 FROM 50.08 IN Q3, REFLECTING A MARGINAL DIP IN SENTIMENT, MOVING THE INDEX INTO NEGATIVE TERRITORY. HOWEVER, THE CURRENT SCORE STILL REMAINS ABOVE Q1'S LEVEL OF 48.35.



## THE INDEX EXPLAINED

← If a majority indicate an improvement, the index will be >50

← If there are matching positive and negative trends in the data, the index will be exactly 50.

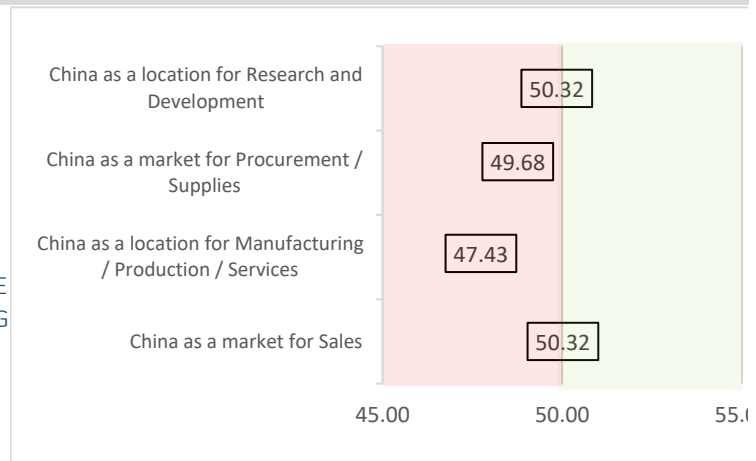
← If a majority indicate a deterioration, the index will be <50

DBOC is a diffusion index. It expresses tendencies in data.

## CHINA AS A LOCATION FOR MANUFACTURING, PRODUCTION & SERVICES DRIVES THE OUTLOOK

WHILE THE INDICES FOR CHINA AS A SALES MARKET AND LOCATION FOR R&D ARE POSITIVE, THE INDICES FOR CHINA AS A MARKET FOR PROCUREMENT/SUPPLIES AND AS A LOCATION FOR MANUFACTURING/PRODUCTION/SERVICES PULLS THE AGGREGATE INDEX INTO NEGATIVE TERRITORY.

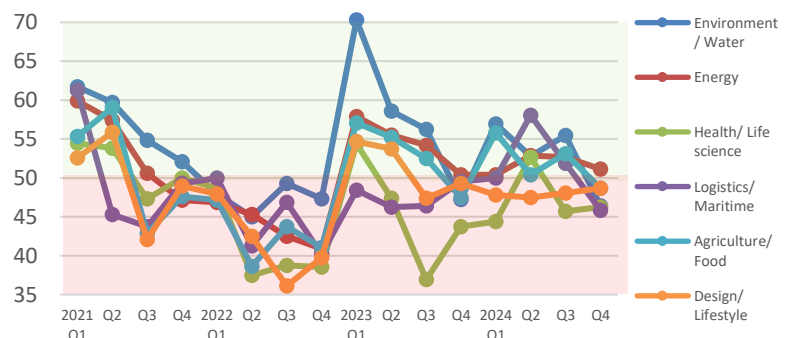
COMPARED TO Q3 THE LARGEST DEVELOPMENT IN SENTIMENT IS WITHIN 1) SALES AND 2) PROCUREMENT/SUPPLIES. WITHIN SALES THE INDEX HAS INCREASED FROM 47.27 IN Q3 TO 50.32 IN Q4, INDICATING A REBOUND AND AN IMPROVED OUTLOOK ON THE CHINESE MARKET FOR SALES. ON THE CONTRARY, THE SENTIMENT ON CHINA AS A MARKET FOR PROCUREMENT/SUPPLIES HAS DETORiated FROM 53.29 IN Q3 TO 49.68 IN Q4.



## FIVE OUT OF SIX SECTORS INDICATE NEGATIVE OUTLOOKS

BREAKING THE OUTLOOK DOWN INTO INDIVIDUAL SECTORS, FIVE OUT OF SIX SECTORS REPORT A NEGATIVE OUTLOOK FOR THE SHORT TERM. ONLY ONE SECTOR REMAINS IN THE POSITIVE TERRITORY, WHICH IS THE ENERGY SECTOR. DESPITE THE OPTIMISM, THE COMPANIES IN THE ENERGY SECTOR SHOWS REDUCED POSITIVE OUTLOOK, SINCE THE INDEX HAS DECLINED FROM 52.68 IN Q3 TO 51.14 IN Q4.

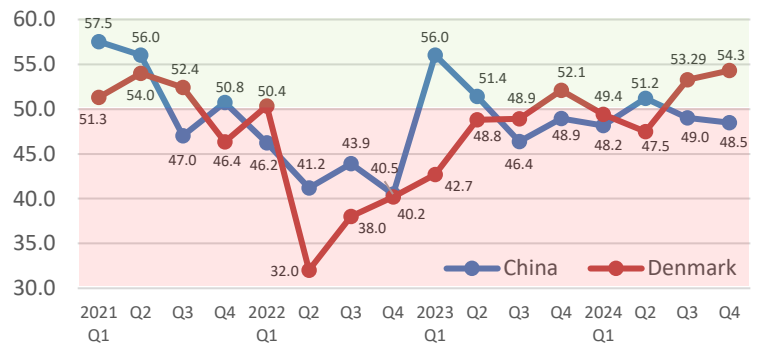
THE MOST NOTABLE DROP IN THE SECTOR INDEX IS PRESENT IN THE ENVIROMENT AND WATER SECTOR, WHERE THE INDEX HAS DECREASED FROM 55.47 IN Q3 TO 46.43 IN Q4.



## OUTLOOK IMPROVES FURTHER FOR RESPONDENTS BASED IN DENMARK

THE TREND FROM Q3 IS CONTINUING, SHOWING A SLIGHTLY IMPROVED SENTIMENT AMONG RESPONDENTS BASED IN DENMARK WITH AN INCREASE IN THEIR INDEX FROM 53.29 IN Q3 TO 54.33 IN Q4.

ON THE OTHER HAND, THE NEGATIVE TREND IN THE INDEX FOR RESPONDENTS BASED IN CHINA IS ALSO CONTINUING, WITH A FURTHER DECREASE IN THE INDEX FROM 49.02 IN Q3 TO 48.51 IN Q4.

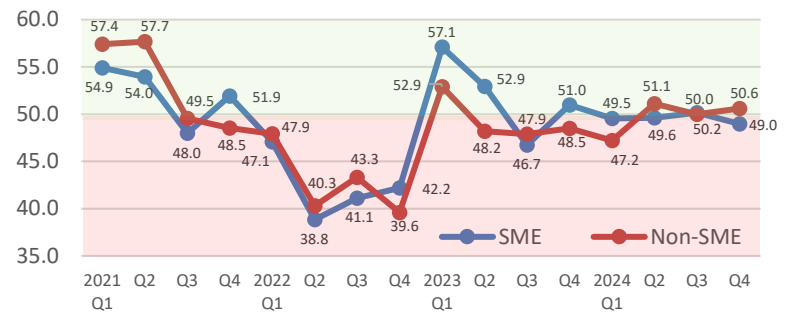


## THE OUTLOOK FOR LARGER COMPANIES ARE SLIGHTLY POSITIVE

AS OPPOSED TO A GREATER DEVIATION BETWEEN RESPONDENTS BASED ON LOCATION, THEN COMPANIES SEEMS MORE ALIGNED WHEN COMPARING SIZE.

LARGE FIRMS SLIGHTLY SURPASSED SMEs IN TERMS OF SENTIMENT, WITH A DBOC INDEX OF 50.6 COMPARED TO 49.44 FOR SMEs.

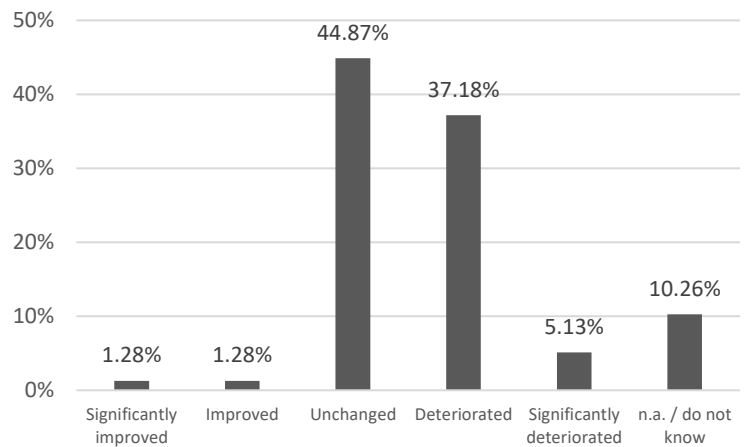
THIS IS A REVERSAL FROM THE PREVIOUS QUARTER, WHERE LARGE FIRMS WERE LESS OPTIMISTIC THAN SMEs.



## TRUMP ADMINISTRATION'S IMPACT ON THE CHINA OUTLOOK

THE MAJORITY OF RESPONDENTS BELIEVE THE INCOMING TRUMP ADMINISTRATION IN 2025 WILL HAVE NO IMPACT ON THEIR OVERALL OUTLOOK ON CHINA.

HOWEVER, A SIGNIFICANT SHIFT IN THE SENTIMENT IS EVIDENT COMPARED TO THE 2021 DBOC SURVEY, WHEN THE BIDEN ADMINISTRATION TOOK OFFICE. AT THAT TIME, ONLY 1 PCT. OF RESPONDENTS FELT THE BIDEN ADMINISTRATION WOULD NEGATIVELY IMPACT THEIR OUTLOOK ON CHINA, WHEREAS NOW, OVER 37 PCT. BELIEVE THE TRUMP ADMINISTRATION WILL HAVE A DETERIORATING EFFECT.



The Danish Business Outlook on China (or DBOC) Index is a joint initiative of the Embassy of the Kingdom of Denmark in Beijing, the Danish Chamber of Commerce in China (DCCC), the Danish-Chinese Business Forum (DCBF) and the Sino-Danish Center for Education and Research (SDC). DBOC is a quarterly index tracking changes in short-term outlook of the Danish business community regarding China using the following recurrent question: "Looking at the past three months, has your short-term outlook for China: significantly improved / improved / unchanged / deteriorated / significantly deteriorated / not applicable". Respondents provide replies separately regarding China as a market and as a location for various business related activities. This survey was conducted between 18 November 2024 until 6 December 2024 with the participation of 80 Danish companies located in either China or Denmark. All participating companies have a Danish CVR number and are either members of DCCC or DCBF. For further information or questions, please contact Minister Counsellor, Morten Kruse (morkru@um.dk) at the Embassy of the Kingdom of Denmark. Find the latest data and information about the DBOC index on the following homepages: