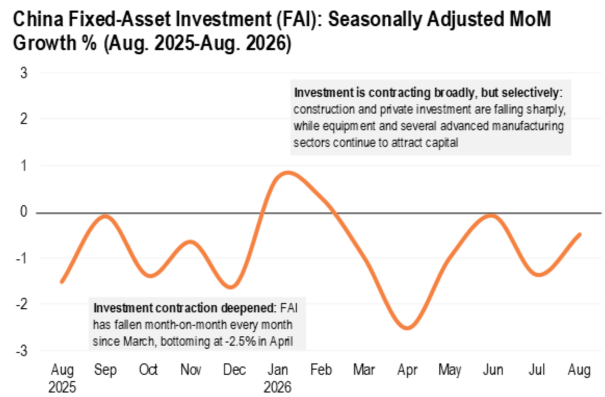
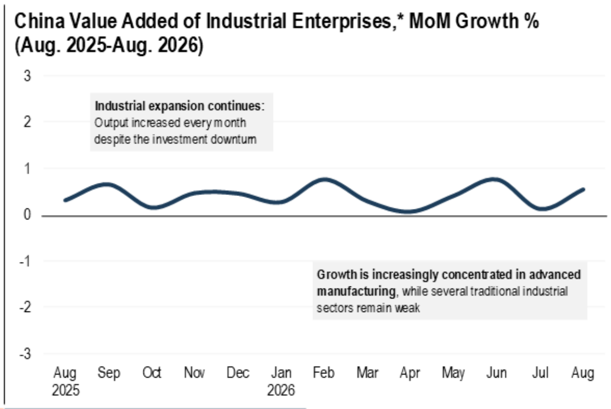
China Is Producing More While Investing Less in 2026

Fixed-asset investment has contracted for six consecutive months as private and construction spending weaken, while industrial output continues to expand, led by high-tech manufacturing, machinery and transport equipment.





The Investment Shift in 2026: More selective capital spending

- Digital infrastructure remains strong: information transmission +28.4%
- Transport investment is expanding: civil aviation +16.7%; water transport +14.7%
- Public facilities are all contracting: public facilities -11.2%; road transport -8.0%

Investment: Jan.-Aug. 2026 YoY Growth %		
Total FAI	↓	-7.2
Non-governmental investment	↓	-10.1
State-holding investment	↓	-3.6
Construction & installation	↓	-9.8
Manufacturing investment	↓	-2.3
Mining investment	↑	3.4
Computers & electronics investment	↑	8.1
Railway, ship & aerospace investment	↑	16.3
Infrastructure investment	↓	-4

Industrial Value Added: Jan.-Aug. 2026 YoY Growth %		
Total industrial value added	↑	5.3
Manufacturing	↑	5.7
High-tech manufacturing	↑	14.2
Mining	↑	2.1
General-purpose machinery	↑	8.1
Special-purpose machinery	↑	9.2
Automobiles	↑	7.4
Railway, ship & aerospace equipment	↑	12.8
Computers & electronics	↑	15.7

The Output Shift in 2026: Advanced manufacturing leads growth

- Advanced equipment is surging: industrial robots +29%; machine tools +8.8%
- Tech. & new-energy output remains strong: integrated circuits +22.3%; NEVs +11.3%
- Traditional industrial products are weaker: cement -9.0%, coal -3.3%, crude steel -3.1%

Note: *Industrial enterprises above designated size. Monthly chart data are seasonally adjusted MoM; Jan.-Aug. table and panel data are YoY. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's industrial economy is still expanding despite a sustained investment downturn. Fixed-asset investment fell 7.2% year-on-year in January-August this year, with non-governmental investment down 10.1% and construction and installation down 9.8%. Yet capital is still moving into selected areas: equipment purchases rose 9.3%, while investment in information transmission (i.e., China's communications and digital-network infrastructure) increased 28.4%.

Industry tells a different story. Industrial value added grew 5.3% in January-August, led by high-tech manufacturing, which rose 14.2%. The shift is visible on factory floors: industrial robot output rose 29%, integrated circuits 22.3% and New Energy Vehicles (NEVs) 11.3%, while cement, coal and crude steel output all declined.

China in 2026 is not simply investing less and slowing down; it is becoming more selective about where capital goes, while industrial growth increasingly tilts toward advanced manufacturing.

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