China's trade swung to a surplus in April after showing a small deficit in March as exports posted a better-than-expected rise that is likely to ease some concerns over the health of the world's second-largest economy.

But analysts cautioned that the 14.7% growth in exports during the month, after a rise of 10% in March, may have been a bit too good to be true, with some of the gains due to overinvoicing by exporters claiming higher payments than they actually receive from their customers.

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China had a slightly bigger than expected surplus of $18.16 billion in April, topping estimates of a $15.55 billion surplus—after a surprising $884 million deficit in March.

"This is definitely much better than expected," said Citigroup economist Ding Shuang. "But this probably reflects some overinvoicing [by exporters]. It was inconsistent with cargo volumes at the nation's ports."

Analysts had been looking for export growth of about 8.6% as China's exporters still face headwinds from sluggishness in key markets such as the U.S. and the European Union. Relatively weak figures from a year earlier, when exports were up just 4.9%, had also helped improve the data.

So far the economic growth picture has been a bit disappointing, and weak global demand has been a key factor. Growth in China's gross domestic product in the first quarter came in at a less-than-expected 7.7% year on year, down from 7.9% in the final quarter of last year.

And there was more disappointing news recently from a gauge of manufacturing activity in April as the official Purchasing Managers' Index lost ground, slipping to 50.6 from 50.9 in the previous month. That was just barely in the range showing expansion, which is marked by a reading above 50.

The problem with overinvoicing probably reflects efforts by exporters to bring more funds onshore, sidestepping capital controls, in a bid to take advantage of a strengthening local currency, analysts say. The Chinese yuan has risen slightly more than 1% against the dollar this year and analysts expect to see further advances.
The State Administration of Foreign Exchange, the nation's foreign exchange regulator, seemed to confirm the suspicions over the weekend by announcing greater scrutiny over export invoices and tougher penalties for those found providing false data.

UBS economist Wang Tao estimated in a note to clients that exports had been overstated by 6 to 8 percentage points in the first quarter, when they were up 18.4% over the previous year.

"Trade statistics [especially through trade bonded areas] have been significantly inflated in recent months by arbitrage behavior of enterprises, which bypassed the stricter regulation of capital account transactions and were disguised instead as regular current account items. This has intensified the pressures of foreign exchange inflows and renminbi appreciation," she wrote, referring to the Chinese yuan currency by its other name.

Economist Luis Kuijs of RBS was even more skeptical of China's export data, saying that adjusting for the overinvoicing, exports in April were actually up only 5.7% over a year earlier—meaning there was a huge distortion of 9 percentage points in the headline growth figure.

"We have for a while now adjusted headline export growth for data discrepancies between China's data on exports to other Asian (economies)—especially Hong Kong—and the incoming economies' data," he wrote.

Another telltale sign of problems with China's trade data is the weakness of tallies from other key exporters in the region such as South Korea, which saw exports rise only 0.4% over a year ago in April, and Taiwan, which showed a downturn of 1.9%.

Key markets have shown weak demand this year. Exports to the U.S. in the January-April period were up 5% from a year earlier while those to the European Union were down 0.9%, according to customs data released Wednesday.

Imports in April alone were stronger than expected at 16.8% after a 14.1% rise in March, giving some encouragement about China's appetite for global commodities.