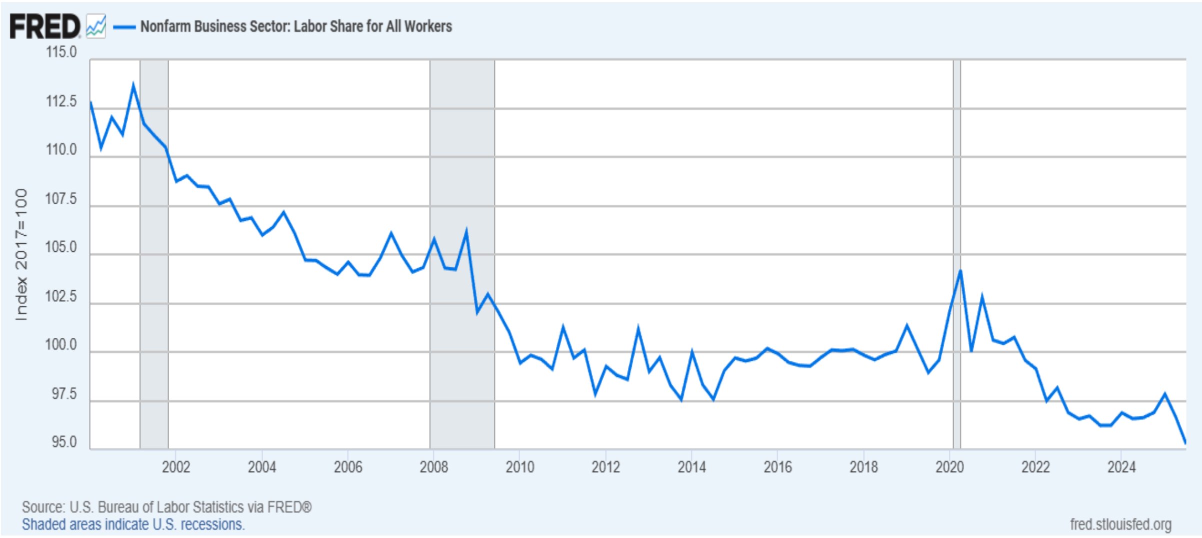
THE US vs THE CHINESE ECONOMY AT THE END OF 2025

This article is data based on November data, the most recent available as well as Q4 reporting by select corporations.

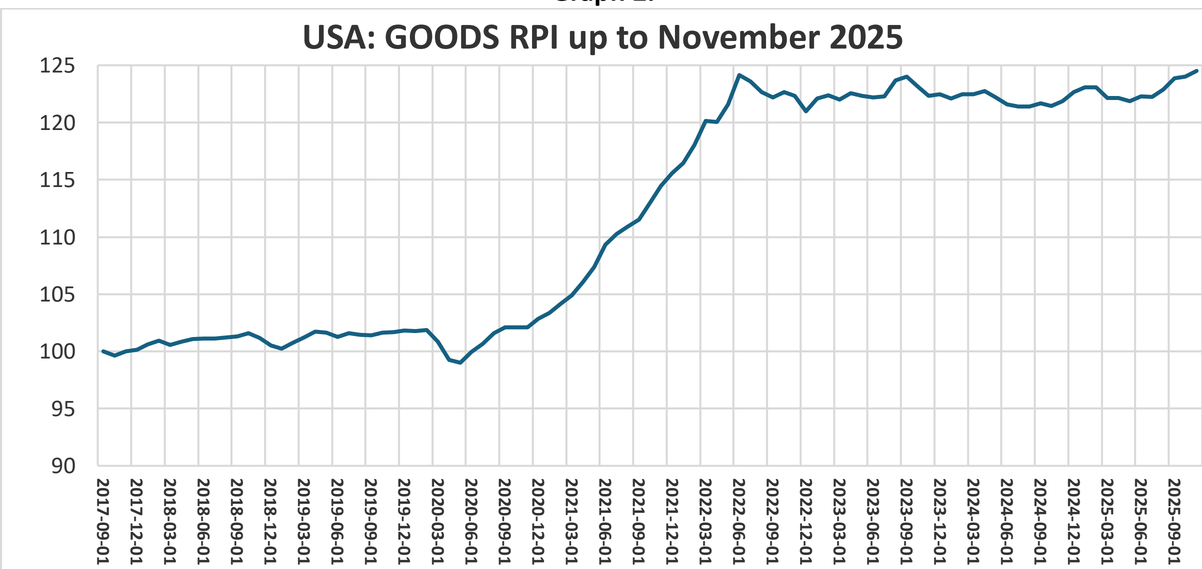
The US economy continued to weaken. The [Challenger Jobs Report] for 2025 reveals the highest layoffs since 2008. This is consistent with [labour's share of national income] in Q3 falling to its lowest level since 1947. [The graph below] covers this collapse in worker numeration this century, down 15% as a share of total income.

Graph 1.



Goods inflation came in at 2.2% in November compared to the previous November, up from 2.1% in October. The RPI (retail price index) can be seen below. The tariff effect is low.

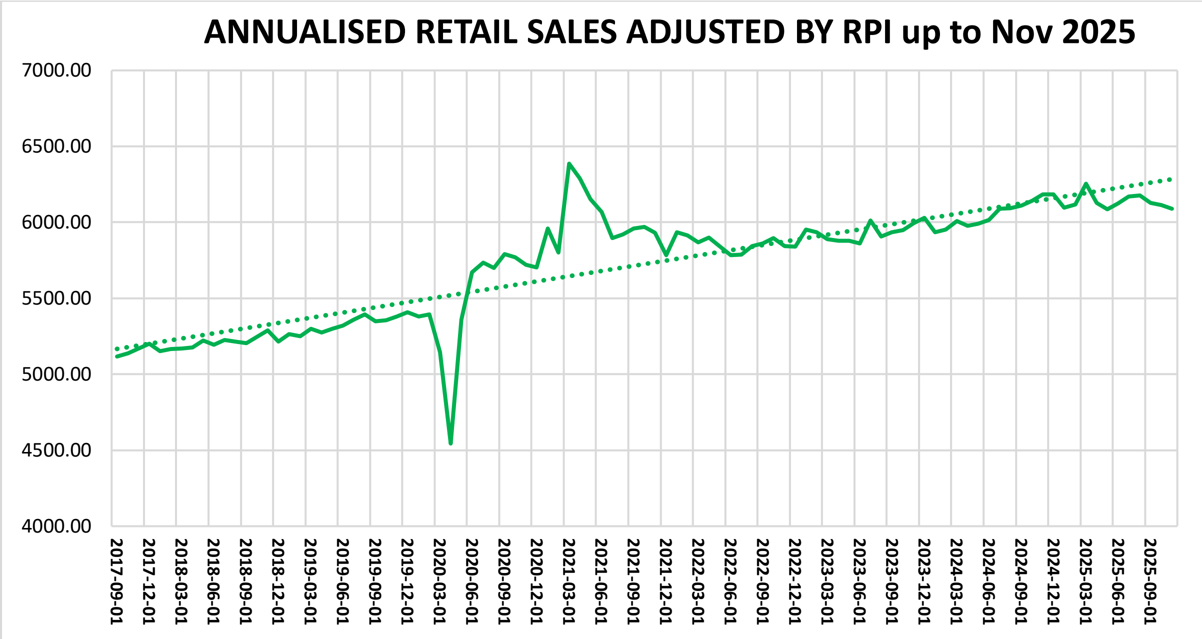
Graph 2.



Sources weighted average based on FRED Tables CUSR0000SAN & CUSR0000SAD for durable goods)

Using this RPI, which is close to the BEA's price indices for PCE expenditures on goods, the following volumes for retail sales emerged. Retail sales measured November over November were down 1.5%. Over the last 18 months the trend in retail sales is essentially flat despite buoyant sales by the top 10%.

Graph 3.

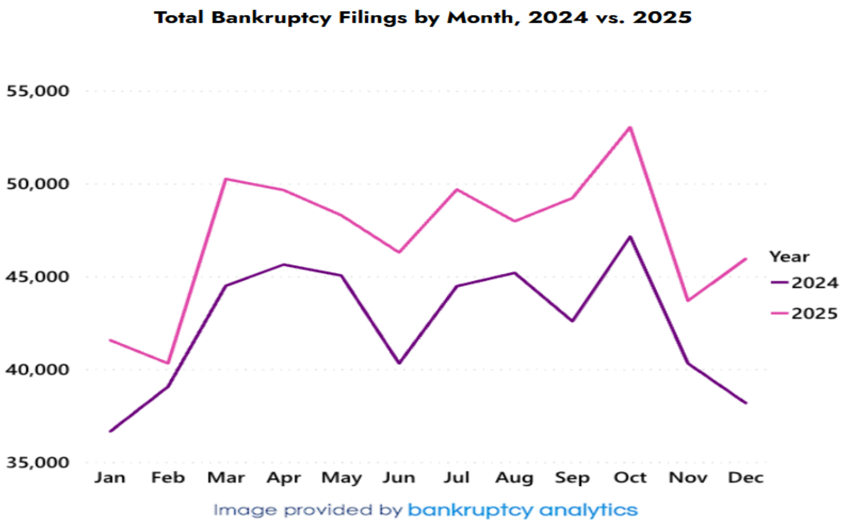


Below is the data for [bankruptcies in the USA for 2025](#).

CY2025 Year-Over-Year Highlights

- Bankruptcy filings including **all chapters** totalled 565,759, an 11% increase from the CY2024 total of 508,953.
- **Commercial chapter 11 filings** increased 1 percent to 7,940 in CY2025 from the 7,893 filings recorded in CY2024.
- **Commercial filings** were 31,810, a 5 percent increase in CY2025 compared to the 30,201 filed in CY2024.
- **Subchapter V small business elections** increased 11 percent to 2,446 in CY2025 from the 2,202 filings last year. For more on subchapter V filing stats from ABI's analysis, please [click here](#).
- **Individual filings** increased 12% to 533,949, up from the CY2024 individual filing total of 478,752.

Graph 3.



At year end, the number of applications rose rather than fell, compared to the previous year. This is significant. However, the all-important Chapter 11 filings, normally executed by larger corporations, was stable. The same cannot be said for small business filings which rose 11%. In sum, at around 570,000 filings in 2025, filings remain below their 2019 levels.

Table 1.

Bankruptcy Filings Nationwide Calendar Years 2000 - 2024					
	Total	**Chapter 7**	**Chapter 11**	**Chapter 13**	**Other Cases***
2024	**517,308**	**310,631**	**8,884**	**197,244**	**549**
2023	452,990	261,277	7,456	183,596	301
2022	387,721	225,455	4,918	157,087	261
2021	413,616	288,327	4,836	120,002	451
2020	544,463	378,953	8,333	156,377	800
2019	*774,940*	*480,206*	*7,020*	*286,979*	735

The benign Chapter 11 data corelate to the Big Four Bank's bad debt provisions as announced in their Q4 earning reports. On balance there were falls in provisions compared to Q4 2024 rather than rises. This helped boost their net income. Revenue and income data can be seen in Table 2. Pre-tax income as a share of revenue was stable, though real growth, despite rampant speculation, was mediocre.

Table 2 ($s millions)

BANK	Revenue Q4 24	Revenue Q4 25	Change	Income Q4 24	Income Q4 25	Change
JP Morgan	42,768	45,798		14,005	13,025	
Bank of America	26,500	28,400		8,200	9,600	
Wells Fargo	20,378	21,292		5,079	5,361	
Citibank	19,465	19,671		3,802	3,811	
TOTALS	**109,111**	**115,161**	**+5.5%**	**30,086**	**31,797**	**+5.7%**

An analysis of JP Morgan's results says it all. Much of the revenue and income growth was due to speculation not lending. Non-lending and non-lease revenue amounted to 48% of total revenue helped by an 11.1% rise in income. However, despite this rise in speculative income, overall income fell by 7%.

The US REPO market continued to show elevated stress within the financial plumbing. Usually, due to Quantitative Buying (QT) by the FED, which by reducing regulated bank reserves and therefore liquidity, this should have a sedatory-effect on REPO activity, as there are fewer Treasuries available to be traded in this market. The fact that the REPO market has been over-active suggests that this activity originates from the unregulated financial sector. This development is ably discussed in the following *Financial Times* article *REPO IS EVEN BIGGER THAN WE THOUGHT* (13th January 2026). It shows that $5 trillion out of the $12.6 trillion worth of contracts in Q3, yes, it is huge, was conducted directly (bilaterally) between contracting parties without central clearing. The F.T. describes this activity as accruing in a "shadowy corner" of the market. The F.T. goes further by examining the quality of the paper traded and finds the share of Treasuries being used as collateral to have fallen form 90% to just 62%, which means lower grade paper is being used raising the risk profile of these trades.

The economy remained split between the half and half nots as the AI boom progressed. Industrial production rose by 2.5% in volume terms in November yoy driven mainly by a 11.2% rise in business investment and utilities at +4.8%.

However, the volume of export growth was lacklustre with Q3 still below Q3 2022. Since 1999 nominal US exports have increased 3.3 times while China's exports increased 18.8 times or nearly 6 times faster.

Graph 4.

The residential housing market continued to weaken. According to Redfin data US median sale prices have fallen below mid 2022 levels (even before adjusting for inflation). Zillow expects house prices to rise by 2.6% over the year. In Q4 its data shows sales rose by 2.3% in metro areas. Of course, this picture is mixed. In the previously hottest housing market as in the South, sales are way down. The crisis in housing is evidenced by the *Trump Panic* as he tries to browbeat Fannie Mae & Fannie Mac into reducing mortgage rates and as he seeks to restrain institutional buyers from pushing up house prices.

Housing foreclosures rose 14% in 2025 to over three hundred and sixty thousand. This is partly due to the weak labour market and wages now falling behind inflation. The US job market added fewer jobs than at any time since 2003 and that was before the BLS provides its annual revisions which are normally negative. Over the last quarter net employment fell as did the average workweek.

Generally, an economy that continued to weaken while continuing to build up financial problems obscured by the shimmer of the AI bubble.

Geopolitical tensions.

Before analysing The Chinese economy, it is worthwhile analysing the growing tensions between China and the USA over Venezuela and more importantly Iran. To begin, there is a difference in strategic importance to China and Russia when measuring Venezuela against Iran. Venezuela is on the periphery of Chinese influence, Iran is not. It is central to China's belt and braces ambitions, and it is central to protecting Russia's exposed Southern underbelly. Neither China nor Russia can countenance the loss of Iran, to it becoming a failed state within the orbit of US imperialism.

If China took action over Venezuela after the kidnapping of its president by US imperialism, then to be sure it took even firmer action over Iran. The report below by an analyst based in China, details the steps China took following Trump's Venezuela adventure, which was probably the reason why he did not conduct further strikes within Venezuela as he had promised.

"Without declaring war, China is taking action, exerting influence, and imposing new realities."

What has China done for Venezuela? Without resorting to empty rhetoric and speeches in the style of Trump or Macron, China began to implement a series of concrete and practical steps. This is because China was aware that the US had turned its control of Venezuelan oil into a means of limiting China's presence in South America and halting its unstoppable rise. China took steps that directly targeted the "floating line" of the American empire. The attack on Venezuela meant a declared war against the multipolar world project and the BRICS group. Just hours after news spread that President Nicolas Maduro had been kidnapped, Chinese President Xi Jinping called an emergency meeting of the Standing Committee of the Political Bureau of the Communist Party of China. The meeting lasted exactly 120 minutes. No official statement was made, no diplomatic threats were issued; a storm-before-the-calm silence prevailed. This meeting activated what Chinese strategists call the "asymmetric comprehensive response" mechanism. This was China's response to an attack targeting its partners in the Western Hemisphere. Venezuela is China's main springboard in Latin America, seen as the US's "backyard." China's first-stage response began at 9:15 a.m. on January 4. The People's Bank of China quietly announced that it was temporarily suspending all US dollar transactions with companies linked to the US defense industry. Companies such as Boeing, Lockheed Martin, Raytheon, and General Dynamics woke up to the news that all their transactions with China had been frozen without any prior warning. At 11:43 a.m. that same day, the State Grid Corporation of China, which operates the world's largest power grid, announced that it had placed all contracts with American electrical equipment suppliers under comprehensive technical review. This step effectively signaled the beginning of China's process of decoupling from American technology. At 2:17 p.m., the China National Petroleum Corporation, the world's largest state-owned oil company, announced that it had strategically reorganized its global supply lines. This decision meant the reactivation of the "energy weapon" with the cancellation of oil supply contracts worth $47 billion annually to American refineries. Oil shipments bound for the US East Coast were redirected to partners in India, Brazil, South Africa, and the Global South. As a result, oil prices rose 23% in a single trading day. More importantly, the strategic message was clear: China has the capacity to strangle the US in terms of energy without firing a single shot. In another move, the China Ocean Shipping Company (COSCO), which controls approximately 40% of the world's maritime transport capacity, implemented a practice it called "operational route optimization." As a result, Chinese ships began bypassing American ports such as Long Beach, Los Angeles, New York, and Miami. These ports, which are heavily dependent on Chinese maritime logistics, suddenly lost 35% of their container traffic. This situation turned into a real disaster for large companies such as Walmart, Amazon, and Target. These companies were dependent on Chinese ships to transport goods produced in China to U.S. ports. Their supply chains partially collapsed within hours. The most striking aspect of these moves was their simultaneity. They created a chain reaction, multiplying the economic blow. This was not a gradual escalation; it was a systemic shock designed to paralyze the US's capacity to respond. While the US government was still reeling from this blow, China took a new step: mobilizing the Global South. At 4:22 p.m. on January 4, Chinese Foreign Minister Wang Yi offered preferential trade terms, effective immediately, to Brazil, India, South Africa, Iran, Turkey, Indonesia, and 23 other countries that had clearly stated they would not recognize any Venezuelan government that came to power through American intervention. Within less than 24 hours, 19 countries accepted the offer. Brazil was the first to accept, followed by India, South Africa, and Mexico. Thus, the concept of a "de facto multipolar world" became concrete. China succeeded in instantly forming an anti-US coalition by using economic incentives as a weapon. The "final touch" came on January 5: Beijing deployed its financial weapon. China's cross-border interbank payment system announced that it had expanded its capacity to handle any international transaction seeking to bypass the SWIFT system controlled by Washington. This meant that China was offering the world a fully functional alternative to the Western-centric financial system. Any country, company, or bank wishing to trade without relying on the American financial infrastructure could now use the Chinese system, which is 97% cheaper and faster. The response was immediate and disruptive: $89 billion worth of transactions were processed within the first 48 hours. The central banks of 34 countries opened operational accounts in the Chinese system. This indicated that the process of de-dollarization was accelerating in one of the US's most important sources of financing. On the technology front, *China, which controls 60% of the world's rare earth element production, imposed temporary restrictions on exports of these minerals, vital for semiconductors and electronic components, to countries supporting the kidnapping of Nicolas Maduro. This decision caused great concern among American technology giants such as Apple, Microsoft, Google, and Intel. These companies were dependent on Chinese supply chains for essential components, and their production systems faced the risk of collapse within weeks. Every move China makes is a direct blow to the economic heart of the American empire. "What did China do for Venezuela?" friends and foes ask. The above is the clear answer to this question: Without declaring war, China is taking action, exerting influence, and imposing new realities. Kurt Grötsch German academic and researcher. PhD from the University of Nuremberg, MBA from Madrid. Lecturer and speaker at European and international universities. Expert in culture, communication, and creative industries; founder of numerous cultural centers and institutions.*

Vice-chair of the "China Chair" and ambassador of Minzu University of China. #VenezuelaCrisis #KURTGRÖTSCH

Despite these actions China was caught off-guard in Iran tripped up by the cunning of the Yankee/Zionist axis of reaction when they orchestrated the collapse of the Iranian Rial in late December 2025. This collapse was unnecessary. China has over $4 trillion in foreign assets and currency holdings. A currency swap involving just a few billion Dollars, peanuts to the Chinese, could have reversed that fall, restored confidence in the Rial and prevented the cost of buying protests that broke out in Iran. China really needs to improve its game and be more proactive despite a weaker Rial benefitting its marginal refiners who are dependent on discounted Iranian crude. These refiners are responsible for purchasing over 90% of Iranian crude or nearly 2 million barrels per day equal to 14% of Chinese crude imports.

For the time being the political challenge to the Iranian regime is over. The transition from peaceful merchant protests to violent protests was clearly orchestrated from abroad with the aim of regime change once again. The action by Iranian authorities in closing down telecommunication, internet and Starlink devices disrupted what was turning out to be a colour counter-revolution. The speed with which the Iranians, presumably with Russian help, closed down Starlink, produced a lot of angst in Washington and Tel Aviv. The Iranian police were able to turn Starlink from an asset into a liability by using it to track down, locate and arrest organisers using these devices.

The Chinese and Russian governments with the support of several Gulf States made it clear that US intervention in Iran was not acceptable. The threat by Iran of missiling Israel was also a factor as was the failure of assessment once again by the West, when they overestimated popular hostility to the Iranian regime while underestimating its durability.

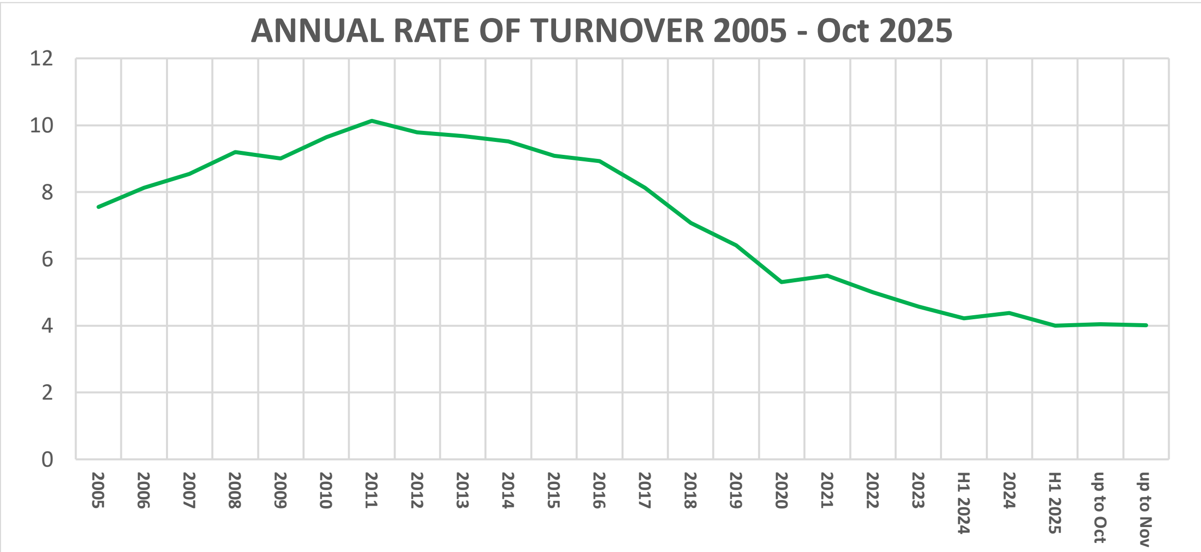
For the time being the crisis in Iran is on pause. Iran has given Trump an off-ramp by halting executions. The Rial has stabilised and the protests have been contained by the repressive apparatus which remains intact. But relations between Iran and China need to change. Iran needs to shake off its standalone attitude, and China needs to be more alert and responsive to Western machinations even if this antagonises the West. The West needs Iran to collapse for three reasons, firstly, to secure Israel, secondly to dominate regional sea routes and thirdly to weaken both Russia and China through its fall.

It's important to make our position clear. Those who pose the question, should we support or oppose the Iranian clerico regime, are asking the wrong question, notwithstanding the fact that the Iranian political system is the most democratic in the region. No, the correct question is to ask what will happen were the US/Zionist axis of reaction to successfully topple the regime. The answer is that Iran would be reduced to another Libya, Syria or Iraq. The US/Zionist axis aims to turn Iran into a failed state, and to achieve this, they are co-opting the movement from the outset, something which has been years in preparation. We must consider the Iranian regime to be the lesser evil and the US/Zionist axis the greater evil, which is why we defend Iran without endorsing the regime, whenever foreign interference imperils the country. Any other position is sophistry embroided with naivety.

Chinese economic data.

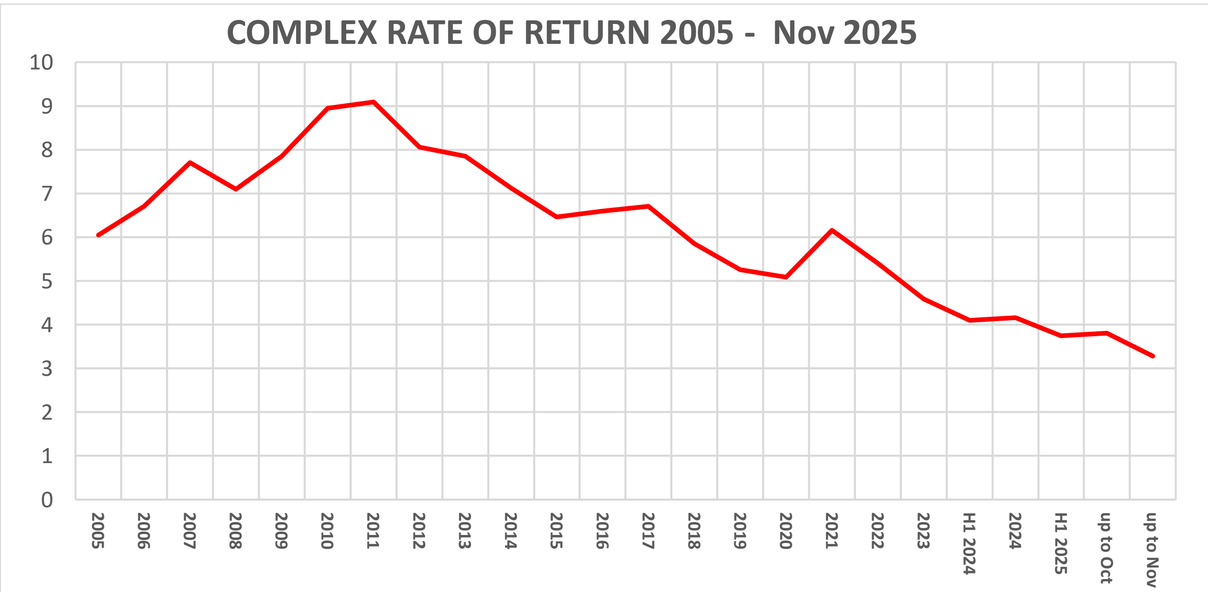
The foundational economic data continued to deteriorate through November. The annual rate of turnover has remained flat for 6 months at around 4 due to an extended payment period. (See the accompanying report by the Chinese National Bureau of statistics.) This confirms ongoing constipated market conditions only slightly relieved by growing exports.

Graph 5.



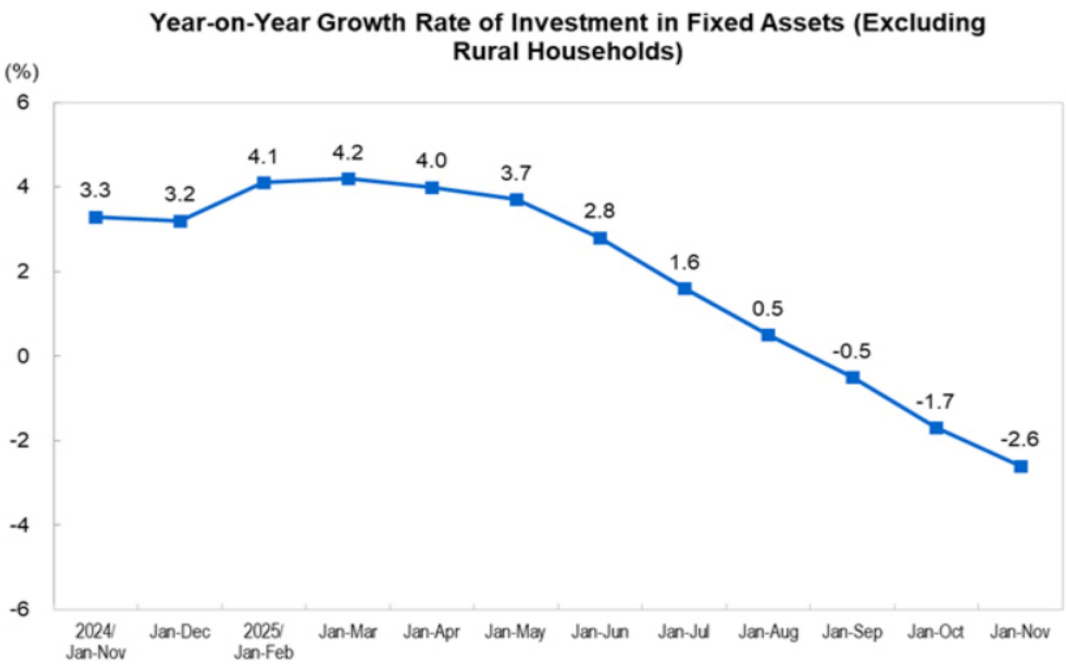
These market conditions have ensured a significant fall in profitability in the year to November. The rate of return is now barely one third of its peak in 2011/12.

Graph 6.



Which in turn has led to a sharp decline in overall investment (including real estate) in China. In 2024 investment represented 40.4% of GDP. A figure much higher than competitors. Currently investment is falling at a rate of over 7% annually relative to GDP (-2.6% vs + 4.8%). If this trend holds then by the end of this year, investment will have reduced to around 25% of GDP which is not significantly higher than competitors.

Graph 7.



In the secondary industry, the industrial investment increased by 4.0% year on year. *"Specifically, the investment in mining increased by 4.0%,* ***the investment in manufacturing increased by 1.9%,*** *and the investment in production and supply of electricity, thermal power, gas and water increased by 10.7%."* (My emphasis)

Exports were the bright spot. They rose 6.1% in Yuan terms, more so in Dollars, due to the strengthening of the Yuan over 2025. The surplus when measured in Dollars exceeded $1.2 trillion, equal to almost half the entire size of US goods exports over the same period.

Finally, bank credit or social lending as it is called in China, fell 9% compared to 2024, to its lowest level since 2018. Lending to households fell three months in a row for the first time. The only bright spot is the demand for government bonds which remains robust due to investors seeking safety rather than risk. The lack of demand for credit, and the elevated risks, suggests a struggling economy.

Conclusion.

Both economies weakened even as tensions between them strengthened. A clearer picture of the US economy will emerge when corporations issue their earning reports over the next few weeks. There is no evidence that investment in AI by the hyperscalers is reducing. It continues to prop up a debt infected world economy.

Brian Green, 16th December 2026.