

CHINA

Shanghai's Covid Lockdown Spells Trouble for Chinese Consumers. That's Bad News for Global Companies.

By Reshma Kapadia [Follow](#) April 8, 2022 3:00 am ET

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Residents are tested for the Covid-19 coronavirus during the second stage of a pandemic lockdown in Shanghai on April 6, 2022. The lockdown could take a toll on global companies.

Hector Retamal/AFP via Getty Images

As China has extended its drastic lockdown of Shanghai, leaving people in the city of 25 million sleeping in their offices, separated from loved ones and pleading online for food and medicine, concern is growing about the scars it may leave on Chinese consumers—a crucial growth engine for the struggling economy but also for a host of global companies.

The outlook doesn't look good—and that could be a near-term problem for

Chinese stocks and even the global economy. "Consumers will be more cautious this time around. Their pandemic savings are depleting, wealth has been destroyed in equities and property and wage growth has already turned down," says Freya Beamish, head of macro research at TS Lombard says via email. Also not helpful: Layoffs in the technology sector as companies try to adjust to a raft of new regulations that keep coming, despite Beijing's recent reassurances its crackdown would wind down soon.