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China 2Q Growth Slowest Since 1Q 2009

- China 2Q GDP rises 7.6% from a year earlier, slowest pace since 1Q 2009
- Industrial production growth slows slightly in June, but fixed-asset investment accelerates
- National Bureau of Statistics says government to make promoting growth its priority

BEIJING--China's gross domestic product rose by 7.6% in the second quarter from a year earlier, the slowest rate of growth since the first quarter of 2009, underscoring difficulties being faced by the world's second-largest economy.

That was slower compared with the first quarter's 8.1% rise, and in line with the 7.6% median forecast in an earlier Dow Jones Newswires poll of 15 economists.

In the first half of this year, China's GDP expanded 7.8% from a year earlier, compared with 9.6% in the same period of 2011, according to the data.

"Chinese policy makers are likely to open the taps on both monetary and fiscal policy measures to revive growth momentum in the second half of the year," said Eswar Prasad, a scholar at the Brookings Institution. "Given the imminent leadership transition, hitting this year's growth target is now the key policy priority."

China's official target is for GDP growth of 7.5% this year, but many analysts see it as more as a minimum acceptable level for the Chinese government.

The National Bureau of Statistics said in a statement the government will give priority to stabilizing growth. But bureau spokesman Shen Laiyun downplayed concerns, saying, "I believe that growth between 7% and 8% is relatively strong in global terms."

Markets around the region were cheered by the data, relieved that it came in at the expected level and not below. China's domestic stocks reversed earlier losses, with the Shanghai Composite Index up 0.5% following the data. The euro, the Australian dollar and the New Zealand dollar all rose against the U.S. dollar as risk appetite improved among traders.

Industrial production growth also weakened, rising 9.5% from a year earlier in June, down slightly from 9.6% growth in May and below the median 9.8% gain forecast by 15 economists in an earlier poll.

However, fixed-asset investment growth accelerated, likely reflecting Beijing's efforts to spur growth through accelerated approval of infrastructure and other construction projects.

Fixed-asset investment in non-rural areas of China rose 20.4% in the first half of the year, up from 20.1% growth in the January-May period, and above expectations for a 20.0% gain.

The National Bureau of Statistics started a news briefing on the data at 0200 GMT.

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