BBVA Research

SEPTEMBER 2025

China Economic Outlook

BBVA Research

Global Economic Outlook

Main messages

US policies are an increasing source of concerns. Tariffs have recently risen beyond expectations and immigration curbs and attacks on the Fed have been harsher than anticipated. Still, despite some moderation signs, the global economy remains broadly resilient. Growth has expanded more than expected, while US inflation has surprised to the downside. Financial volatility has been surprisingly low, backed by prospects of a more significant monetary easing by the Fed.

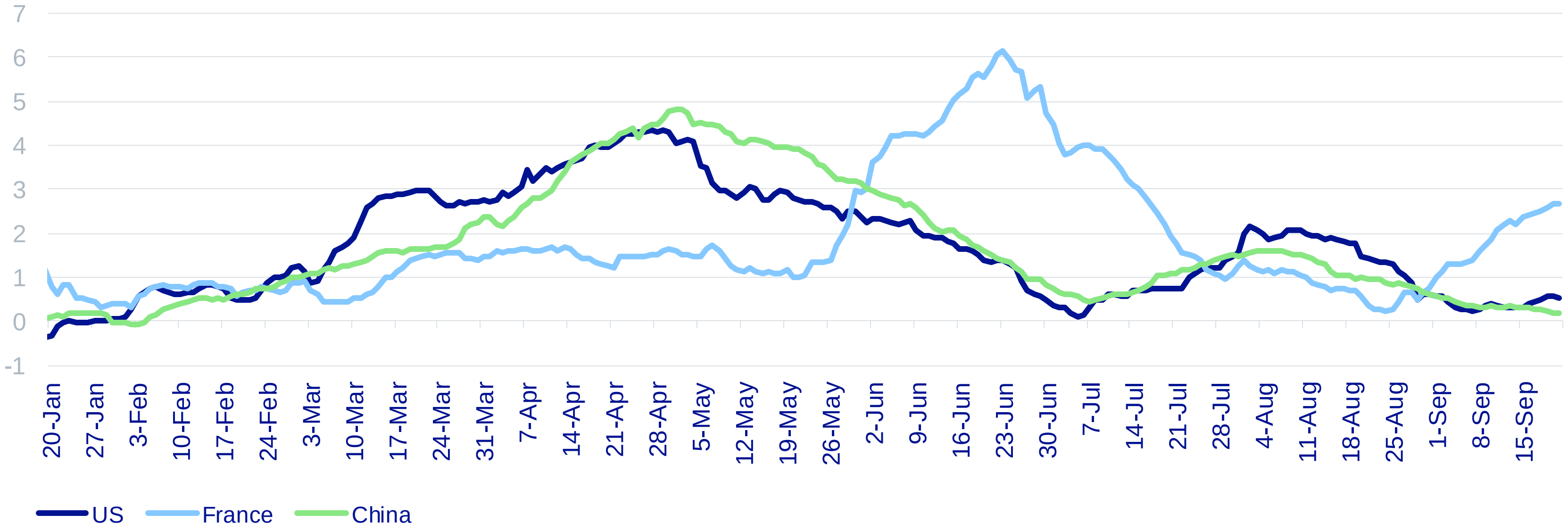
Global growth will likely ease ahead, from 3.3% in 2024 to around 3.0% in 2025 and 3.1% 20226. Although fiscal policy, less strict monetary conditions and the AI boom will provide some support, activity iwill likely be hit by raising protectionism, immigration curbs, persistent uncertainty, geopolitical tensions… Still, recent data suggest that the impact of these factors could be more gradual than anticipated.

Tariff effects are still likely to keep US inflation relatively high, around 3% in 2025-26. Still, growth deceleration is expected to allow the Fed to drive rates down to 3% in 2026. In Europe, inflation is forecast to remain close to the target level and interest rates to remain at 2%.

Risks are mounting amid heightened uncertainty, recurring shocks, weaker global cooperation and potential non-linearities. On top of trade and immigration policies, threats to the Fed independence are among the main concerns.

Protracted uncertainty on tariff news, pressure on the Fed, immigration policies, debt risks, geopolitical tensions…

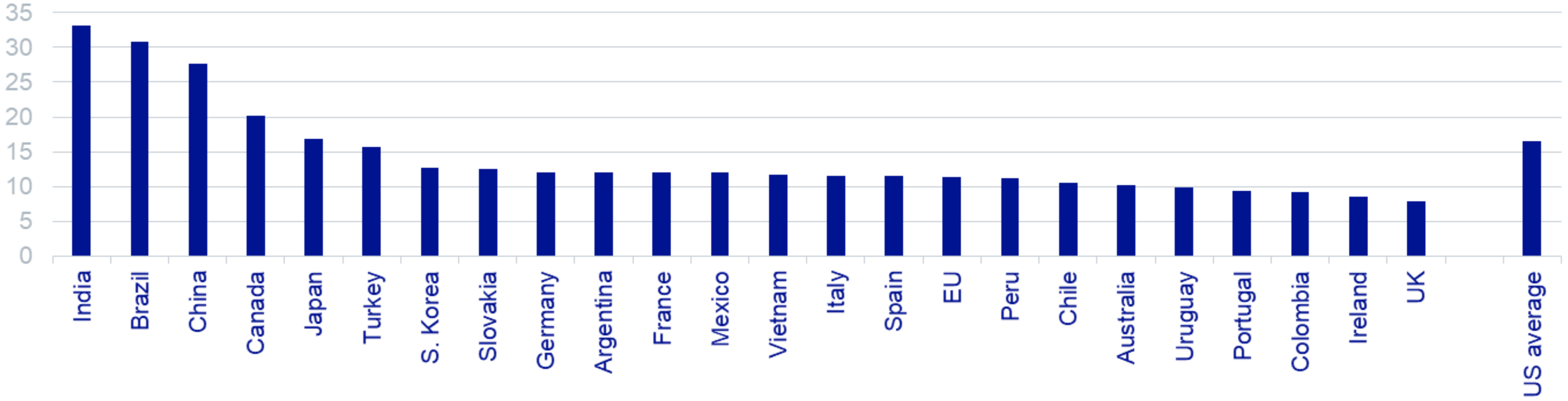
ECONOMIC POLICY UNCERTAINTY INDEX (2025): UNITED STATES, FRANCE AND CHINA (*)
(INDEX: HISTORICAL AVERAGE = 0; 28-DAY MOVING AVERAGE)



(*) Last available data: September 21, 2025
Source: BBVA Research

Protectionism: US tariffs have reached high levels, especially for some targeted countries

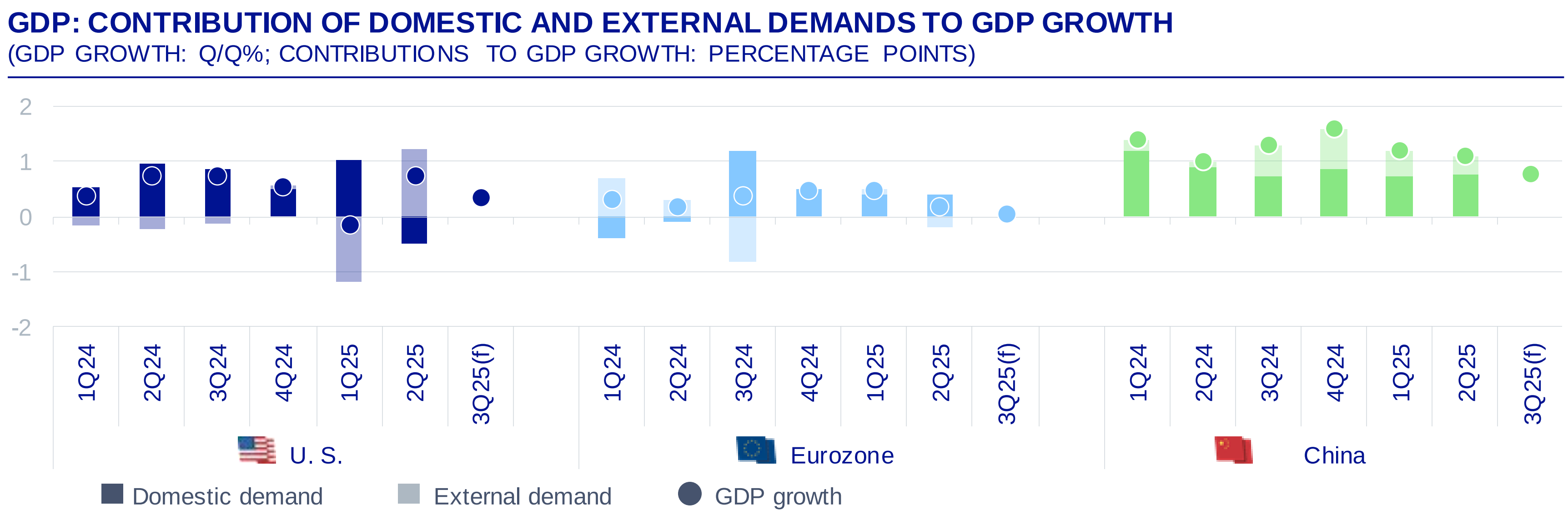
US TARIFFS: ESTIMATED INCREASE SINCE THE BEGINNING OF 2025 UNTIL SEPTEMBER 22 (*)
(PP)



(*) Following recent trade deals and unilateral US announcements. Based on general tariffs set for each country (reciprocal and/or fentanyl), specific tariffs on some sectors (steel, aluminun, automobiles, autoparts…) and exempted goods (selected electronics, oil…). Sectoral weights are calculated according to 2024 trade flows.
Source: BBVA Research

Despite US trade deals with the EU, UK, Japan, Vietnam, etc., uncertainty on tariffs remain given still unsettled negotiations, legal challenges and the view that they are now part of the US policy toolkit; preliminary evidence suggest that effective tariffs are below face-value tariffs

GDP growth has remained broadly resilient in the first half of the year, despite deceleration signs



(f): BBVA Research forecast
Source: BBVA Research based on data from Haver and China's NBS

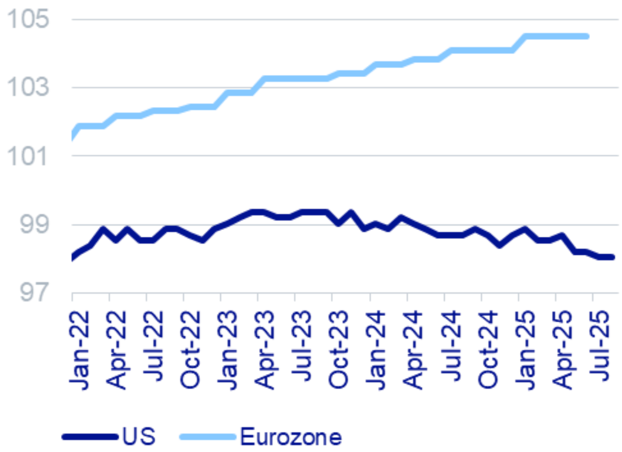
GDP data surprised upwards in 1H25; consumption has slowed, but remained relatively robust; investment has been supported by AI spending; exports have stayed resilient

Global trade surged ahead of tariffs, but has slowed lately; US labor markets have eased amid lower immigration flows

GLOBAL EXPORTS OF GOODS: VOLUME
(4Q19=100; THREE-MONTH MOVING AVERAGE)

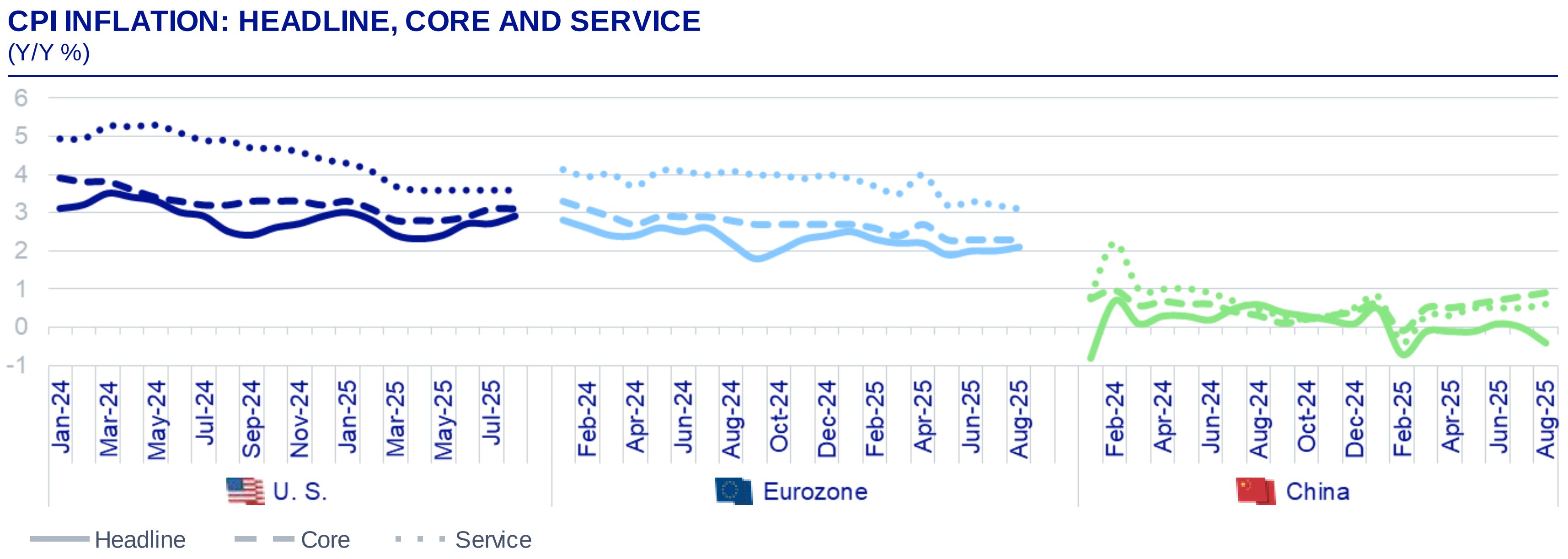
Source: BBVA Research based on data from Haver

EMPLOYMENT-POPULATION RATIO
(INDEX: 2019 AVERAGE = 100)



Source: BBVA Research based on data from Fred and Eurostat

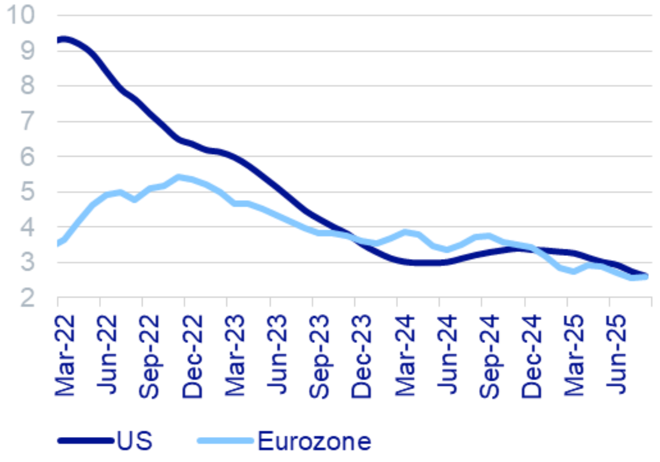
Inflation has risen (but less than expected) in the US; it remains close to 2% in the Eurozone and very low in China



Source: BBVA Research based on data from Haver

Wage moderation and lower energy prices have taken some pressure off inflation

NOMINAL WAGES: INDEED WAGE TRACKER
(Y/Y %, 3-MONTH MOVING AVERAGE)



Source: BBVA Research based on data from Indeed

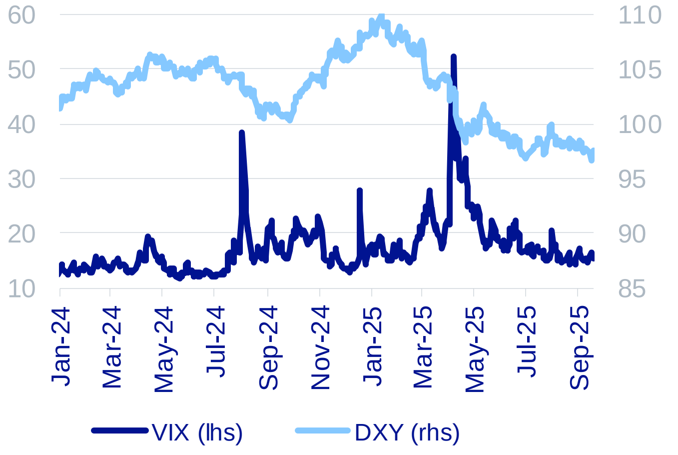
BRENT PRICES (*)
(USD PER BRENT BARREL)

(*) Last available data: September 17, 2025
Source: BBVA Research based on data from Haver

Wage growth has slowed despite immigration curbs while oil prices have remained low despite ongoing geopolitical tensions; their effects are helping to offset the initial impact of tariffs

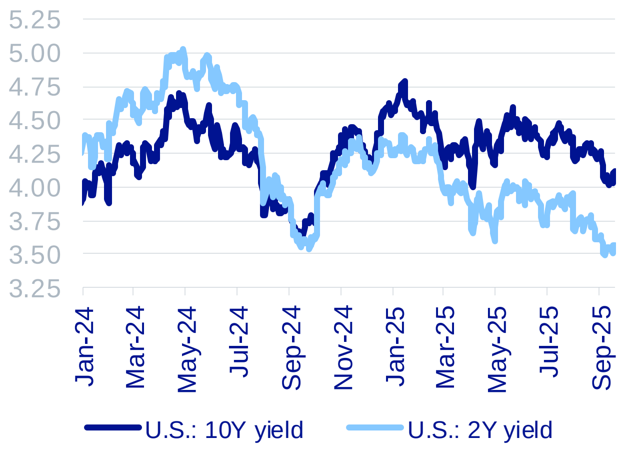
Financial markets continue to exhibit a positive tone, supported by prospects of lower interest rates in the US

EQUITY VOLATILY (VIX); US DOLLAR (DXY)
(INDEXES)



(*) A lower DXY represents a weaker US dollar. Last available data: September 19, 2025.
Source: BBVA Research based on data from Haver

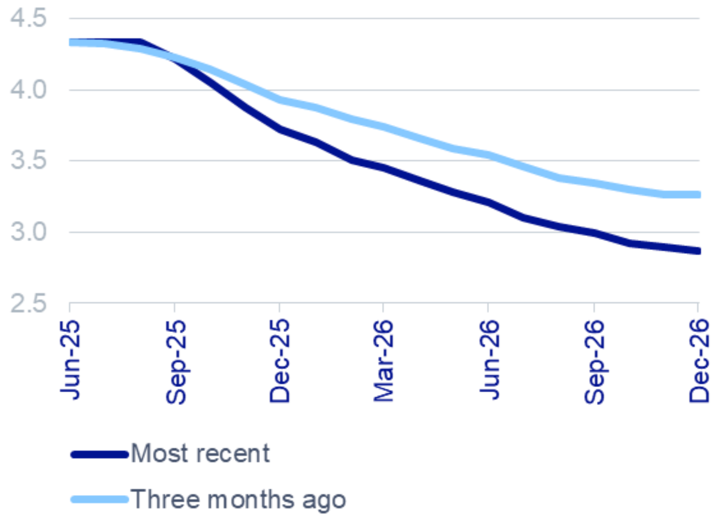
US SOVEREIGN YIELDS
(%)



(*) Last available data: September 19, 2025.
Source: BBVA Research based on data from Haver

Financial markets continue to exhibit a positive tone, supported by prospects of lower interest rates in the US

US: IMPLICIT RATE IN FED FUND FUTURES (*)
(%)



- Concern on US policies has triggered some (limited) **pressures on long term yields and the dollar**
- Despite lingering inflation risks, **the Fed cut rates** by 25bps in Sep/25 amid labor market slowdown and **mouting political pressure**
- In Europe, markets now discount that **ECB policy rates will remain unchanged** ahead
- Prospects of **lower US policy rates have helped to drive the dollar further down**
- **Volatility has remained surprisingly low**, spurring capital flows into riskier assets
- In **France**, the risk premia rose on political and fiscal uncertainty, with limited spillovers

(*) Last available data: September 18, 2025
Source: BBVA Research based on data from Haver

Unsettling US policies are likely to hit the global economy, even though impact could be more gradual than expected

Global resiliency, so far, due to fiscal stimulus, AI boom, looser monetary conditions, weaker dollar, preemptive exports, effective tariffs below nominal levels, etc.

More disruptive US policies: tariffs rose beyond expectations, attacks on institutions and immigration curbs have been harsher than anticipated, fiscal deficits will stay high, geopolitical conflicts remain unresolved...

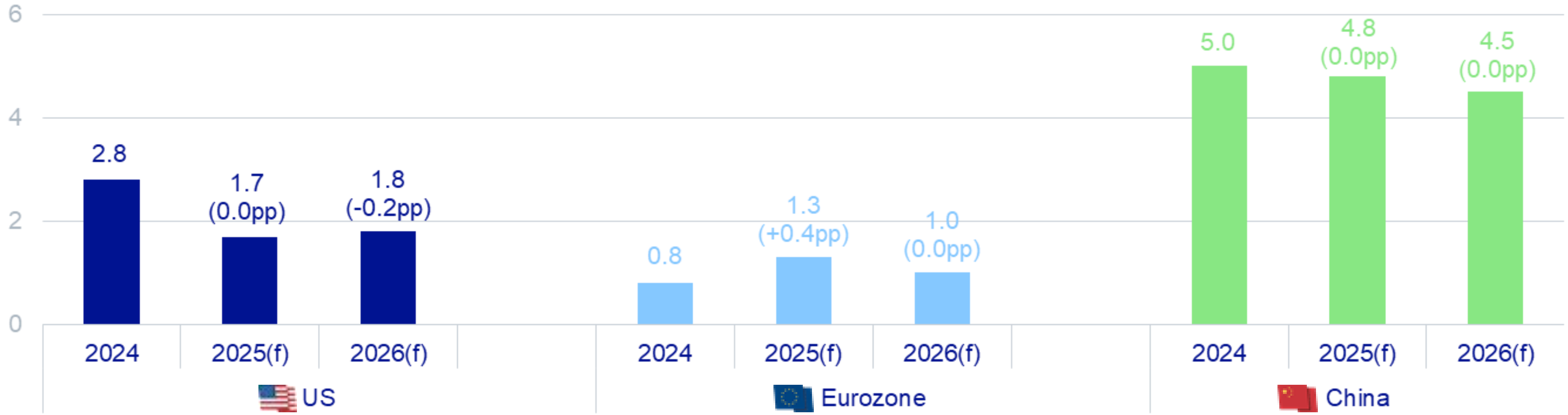
Global growth will likely slow; policy rates are expected to converge to 3% in the US and remain at 2% in Europe; inflation to remain high in the US, under control in Europe and low in China

Risks are rising; they include more negative supply shocks on tariffs, immigration policies... and stress due to Fed intervention; and also a positive AI wave

Global growth is forecast to moderate gradually moving forward, from 3.3% in 2024 to 3.0% in 2025 and 3.1% in 2026

GDP GROWTH

(%, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)



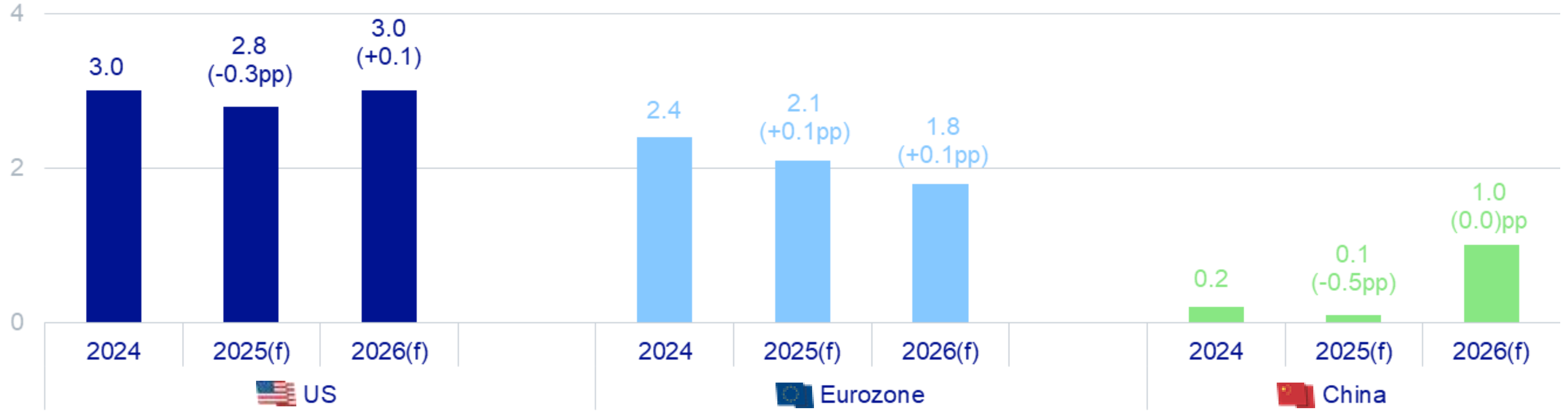
(*) Global GDP grew by 3.3% in 2024 and is forecast to expand by 3.0% in 2025 and 3.1% in 2026, unchanged in comparison to previous forecasts.
(f): forecast.
Source: BBVA Research

In the US, more disruptive policies favor weaker growth despite supportive 2Q25 GDP data and positive AI effects; in Europe, recent data support higher growth in 2025, while 2026 outlook stays unchanged: defense stimulus to offset tariff impact; in China, slowdown prospects remain in place

Inflation: tariff effects are still expected; mostly unchanged prospects in Europe; lingering deflation risks in China

HEADLINE CPI INFLATION

(Y/Y %, PERIOD AVERAGE, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

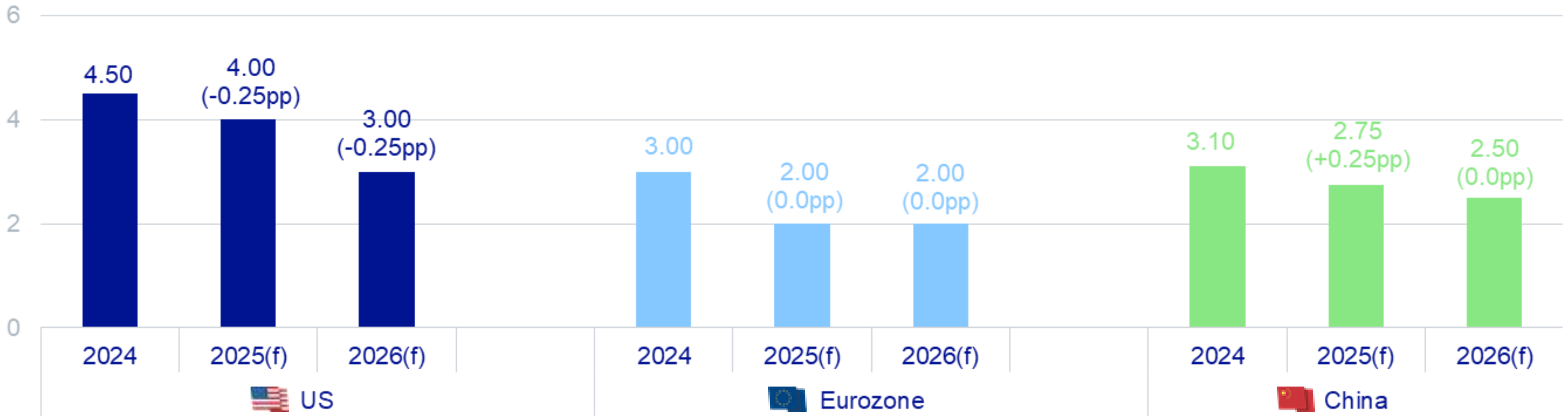


(f): forecast.
Source: BBVA Research

US inflation has surprised downward, but tariffs and immigration curbs will keep it around 3%; in the Eurozone inflation will likely be slightly higher than previous forecasts but still very close to 2%; In China, moving out of the low-inflation regime is proving increasingly challenging

A more dovish Fed will keep easing monetary conditions, likely lowering rates to 3% in 2026; ECB to hold at 2%

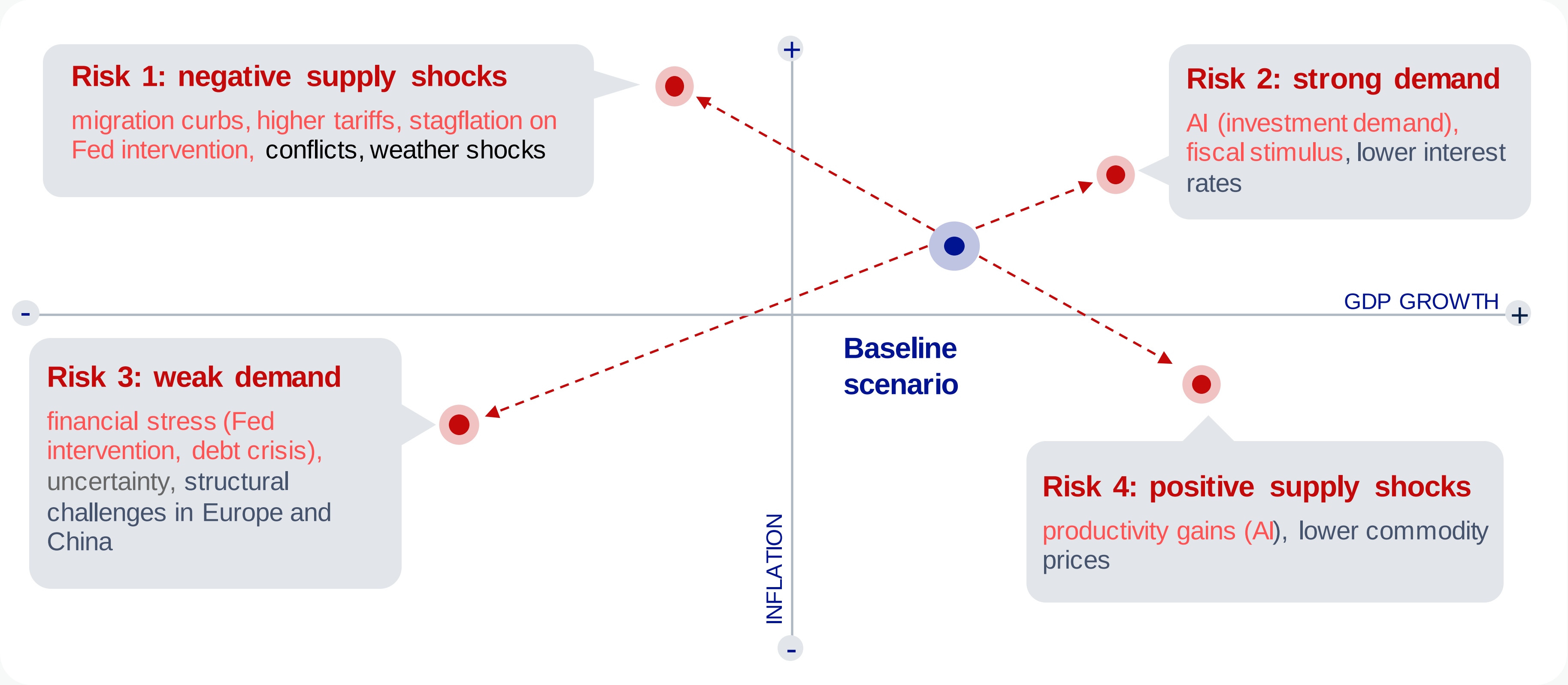
POLICY INTEREST RATES(*)
(%, END OF PERIOD, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)



(f): forecast.
(*) In the case of the Eurozone, interest rates of the deposit facility.
Source: BBVA Research.

Fed's easing path towards 3% in 2026 will depend on upcoming inflation and labor market outcomes; the risk is that rates are cut twice, rather than only once, in 4Q25; ECB expected to hold rates at 2%, with risk of one more cut on weak growth, trade uncertainty, and euro strength

Risks are mounting amid heightened uncertainty, recurring shocks, weaker global cooperation and potential non-linearities



BBVA Research

China Economic Outlook

Content

1

After the three China-US bilateral meetings, the two countries achieved the three Agreements in Geneva, London and Sweden. The Agreements announced a significant reduction of tariffs that the US will reduce the tariffs to China from 145% to 30%, and China will reduce the tariffs to the US from 125% to 10%. That means, the China-US trade war could be viewed as almost settled. But other conflicts in tech war and finance war are set to continue.

2

After the tariff war shock stabilizes, a number of weaker-than-expected July activity readings surprised the market to the downside. Domestic headwinds including housing market crash, overcapacity, weak consumption caused by weak employment and income expectations etc. still remain the dominant factors for China's growth slowdown.

3

The authorities are expected to unveil more simulative measures to reverse the market sentiments and sustain a decent growth figure in 2H 2025 amid the fading trade war shock and rising domestic risks. We maintain our 2025 GDP forecast at 4.8% and 2026 at 4.5%. As 1H 2025 already reached 5.3%, the authorities have enough maneuvering room to achieve 5% growth target.

4

The draft of 15th Five-Year Plan (2026-2030) is to be released in the Q4 2025, which will sketch the blueprint of the economic and social development of the next five years aiming for achieving "socialist modernization" in 2035. In addition, the ongoing "Anti-involution" campaign is deleveraging overcapacity sectors such as new energy, steel, cement and food delivery, as well as to curb "price wars" and to arrest accelerating deflation.
We also introduce China's recently established new monetary policy framework at the end of our presentation.

The timeline of the China-US trade war: focusing on the recent three Agreements

Feb 1 — **US announces 25% tariffs on Canada, Mexico and 10% China.** Canada announces two rounds of retaliatory tariffs.

Feb 4 — Tariffs on China take effect.
China applies new tariffs to US in retaliation.

Feb 5 — US temporarily reinstates duty-free shipments from China.

Mar 4 — **US announces an additional 10% tariff on Chinese imports**

Mar 12 — China applies new tariffs to US in retaliation by additional 10%.

Apr 2 — **Trump announces "reciprocal" tariffs of 10%-50% on 185 countries; (China 34%)**

Apr 4 — **US imposes additional 50% tariffs on China**

Apr 8 — **Trump announces 90-day moratorium on reciprocal tariffs to countries that have not retaliated but excluded China**
China announces tariff hike on US by 84%

Apr 9 — **Trump announced to increase China's tariffs from 104% to 125%, altogether it is 145% tariff rate.**

Apr 11 — China announced to impose 125% tariffs on US imports from 84% previously

Apr 15 — The US announced that China may face at most **245% tariffs.**

May 12 — **Geneva Agreement**: the US will reduce the tariffs to China from 145% to 30%, and China will also reduce the tariffs to the US from 125% to 10%.

June 7 — **London Agreement**: (i) Two sides agreed "in principle" to a framework on how to implement the consensus reached by Geneva Agreement; (ii) The US will allow Chinese college students to attend American universities after "aggressively revoke" students visas. (iii) China's restrictions on exports of rare earth minerals and magnets to the US will be resolved as a "fundamental" part of the agreement. Trump said a "deal" with China has been completed.

July 28 — **Sweden Agreement**: China and US held the 3nd meeting in Sweden, in which China will continue to suspend its earlier tariff hike for 90 days, while retaining a 10% duty and the US extended the tariff suspension on China for another 90 days.

Source: BBVA Research

A summary of key points of China-US three Agreements: Geneva-London-Sweden

Key contents:

i. **Tariff Reductions**: Effective from May 14, 2025, the U.S. reduces tariffs on Chinese goods from 145% to 30%, while China reduces tariffs on U.S. imports from 125% to 10%.

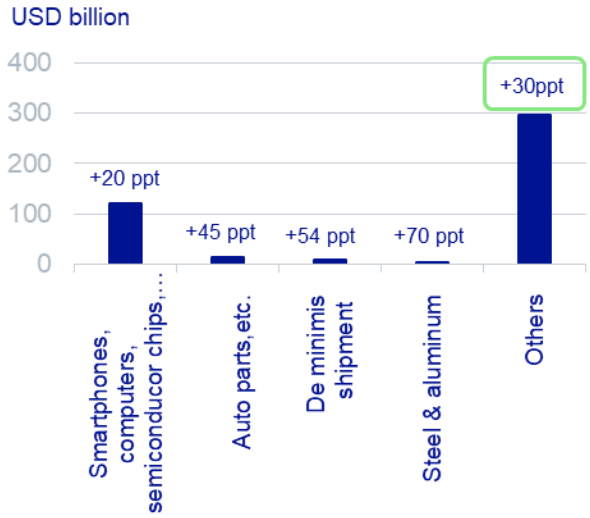
ii. **Non-Tariff Measures**: China revoked export bans on certain rare earth elements and blacklist some US firms while the US permitted Nvidia to export H20 chips to China

iii. **Fentanyl Precursors**: Both acknowledged the importance of addressing the flow of fentanyl precursors from China to the U.S.

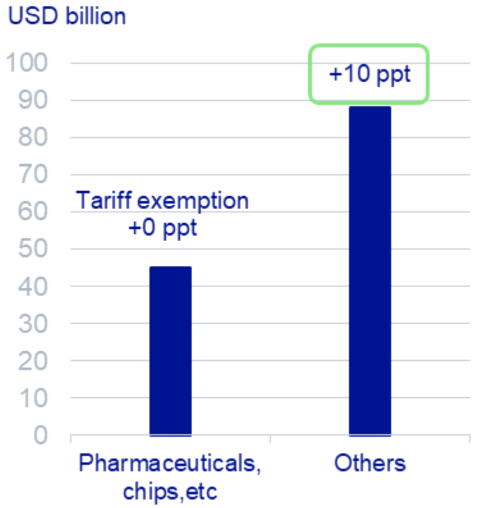
iv. **90-day tariff suspension** : China and the US will continue to suspend its earlier tariff hike for 90 days.

TARIFFS:

CHINA EXPORTS TO THE US

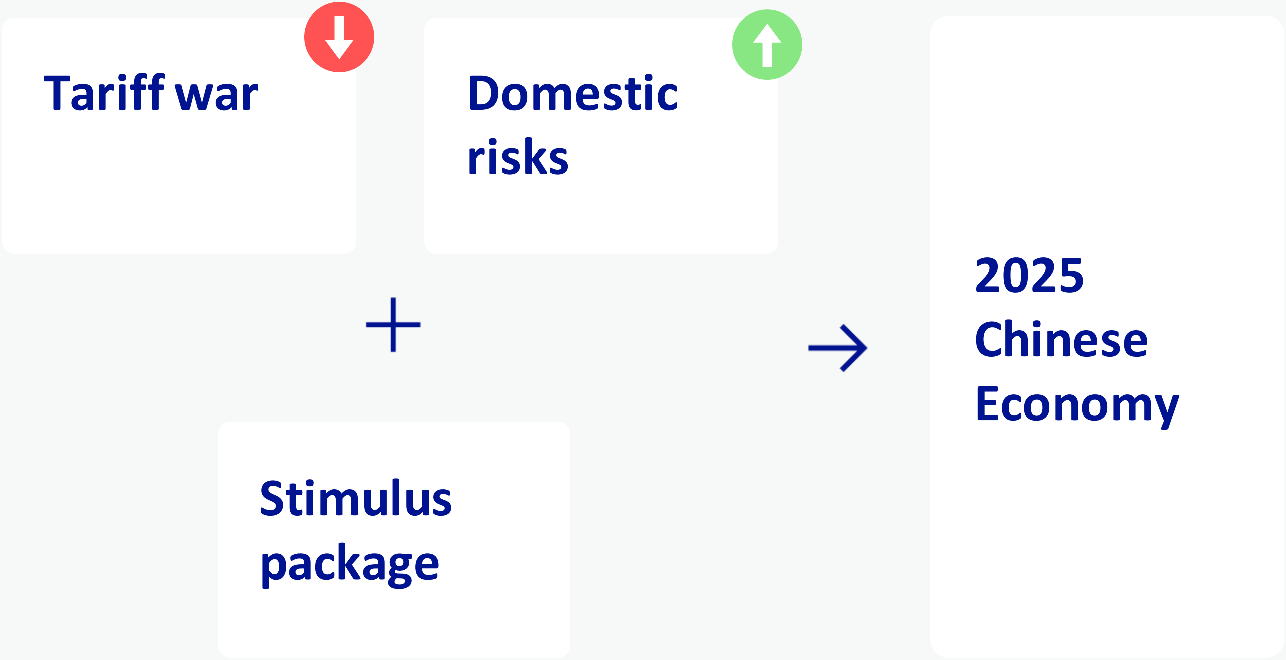


US EXPORTS TO CHINA



Source: website news and BBVA Research

Economic outlook in 2025 hinges on three key factors



Source: NBS and BBVA Research

Three rounds of stimulus package: 2024-2025

The 1st round stimulus (2024 Sep 24)

- Interest **rate cut and RRR cut**
- Housing stimulus (Cut the rate for the existed residential mortgage by 50 bps. Lower down payment ratio for second house purchase to 15% from 25%)
- Local government **debt swap** program
- Consumption stimulus programs ("Large-scale equipment renewal and consumer goods trade-in")

The 2nd round stimulus (2025 March "two sessions")

- 2025 growth target "around 5%"
- Inflation target at 2% instead of previous 3% cap
- Fiscal deficit budget in 2025 surpassed the 3% red line to be set at 4%.
- "Modestly loose" monetary policy to support growth

The 3nd round stimulus (2025 May 7)

i. Cut RRR by 0.5%, releasing 1 trillion RMB in long-term liquidity.

ii. The RRR for auto finance and financial leasing companies was reduced from 5% to 0%

iii. The 7-day reverse repo rate was reduced from 1.5% to 1.4%, lowering the Loan Prime Rate (LPR) by 0.1%.

iv. The personal housing provident fund loan rate was reduced by 0.25% to 2.6%.

v. Re-lending facility supports technology, industrial upgrading, service consumption, agriculture and SMEs.

vi. Capital market support.

The recent and further stimulus (more structural):

i. Subsidies for boosting birth: RMB 3,600 (USD 500) per baby (<3y) per year (RMB 90 bn in 2H 2025)

ii. Mega project of infrastructure investment (Yarlung Zangbo River hydropower project, RMB 1.2 trn in 10y)

iii. Elimination of overcapacity (M&A? Administrative measures?)

iv. Monetary policy easing on top of the May interest cut

v. Subsidizing service sector?

vi. More stimulus on real estate market?

vii. The 15th five-year plan (2026-2030)

Source: NBS and BBVA Research

The outlook of China's 15th Five-Year Plan(2026-2030)

The draft will be released in Q4 2025 at the CCP's national Congress while the final version is to be released during the Two Sessions in March 2026. Below are the outlook of what will be included in the 15th Five-Year Plan:

1. **Bolstering technological innovation and scientific research**: To continue to emphasize "new quality productive forces" to play a prominent role in economic transformation; To build a modern industrial system and achieve breakthroughs in core and cutting-edge technologies while strengthening basic scientific research to improve innovation; To dedicate the development of "AI Plus" initiative.

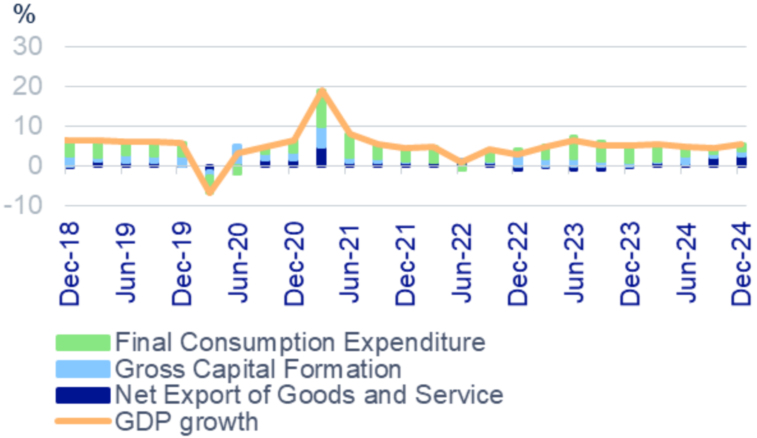
2. **Stimulating domestic demand:** Transferring growth model from investment and export driven to consumption driven has been always the priority in the past decade, but the road has been bumpy as "China produces, US consumes" has been the typical mode after China joining WTO. A more comprehensive framework will be applied, including consumption subsidies, "old durable goods trade-in program", a series of long-term reforms to increase disposable income, improve income distribution, and reforms in health care, child care subsidies, social securities etc.

3. **To continue and expand "opening-up" policy:** The plan will also emphasize "opening-up" policy and the ways to deal with geopolitical risks with the US and corporations with emerging markets etc.

4. **Setting key carbon emission targets and realigning the decarbonization strategy:** The end of 15th Five-Year Plan will mark the deadline for China's first major carbon emission target which is reaching peak carbon emissions by 2030. The authorities will therefore set key targets for carbon emissions, renewable energy and energy consumption to prepare carbon peaking and eventually carbon neutrality in 2060.

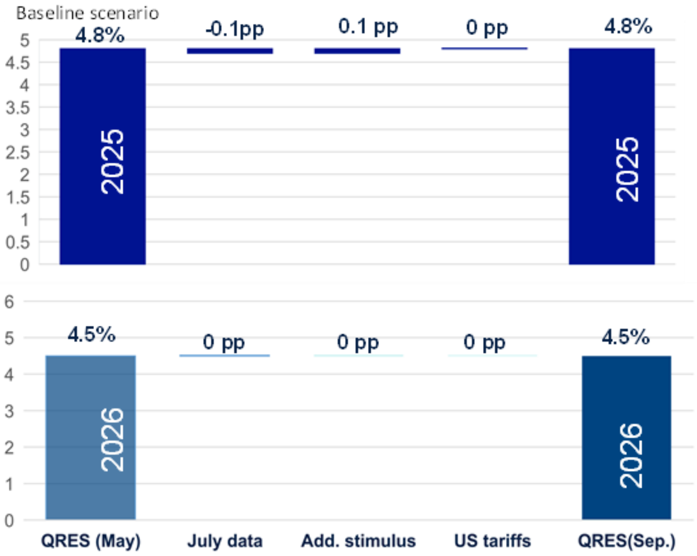
2025 1H GDP reached 5.3% y/y, making the authorities' 5% target easier to achieve

2025 Q2 GDP REACHED 5.2%, SUPPORTED BY CONSUMPTION AND FRONT-LOADING EXPORTS



Forecast	2025Q1	2025Q2	2025Q3	2025Q4
Y/Y%	5.4	5.2	4.8	4.1
Q/Q% (HAVER SA)	1.4	1	0.8	1.1

WE MAINTAIN OUR 2025 GDP FORECAST AT 4.8%, 2026 GDP AT 4.5%

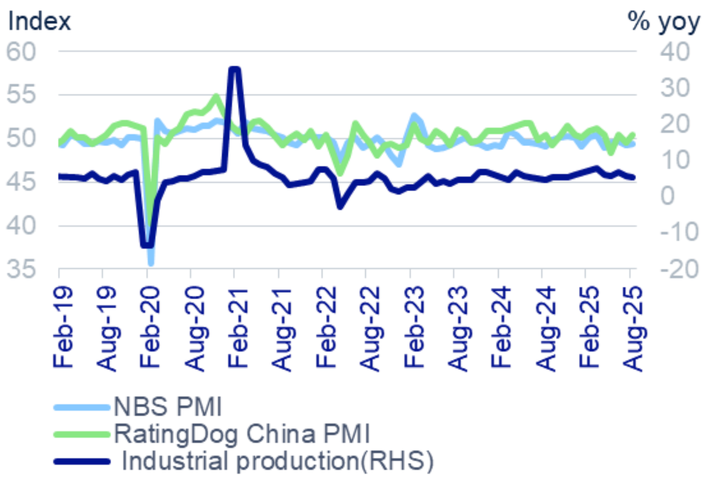


Source: NBS and BBVA Research

From supply side, August PMI below 50 and industrial production decelerated

“Anti-involution” campaign is aiming at deleveraging and curbing “price war”

AUGUST NBS PMI DECREASED TO 49.4 BELOW 50; INDUSTRIAL PRODUCTION DECELERATED TO 5.2% FROM 5.7%



Source: xxxxxxxx

What is the “Anti-involution” campaign?

i. "Anti-involution" refers to government-backed efforts in China to combat "involution”, which describes **excessive, unproductive competition among firms** leading to **diminishing returns, worker exhaustion, price wars and accelerating deflation.**

ii. Which **industries** have overcapacity issue? Solar and electric vehicles, lithium batteries, steel, cement, food delivery, etc.

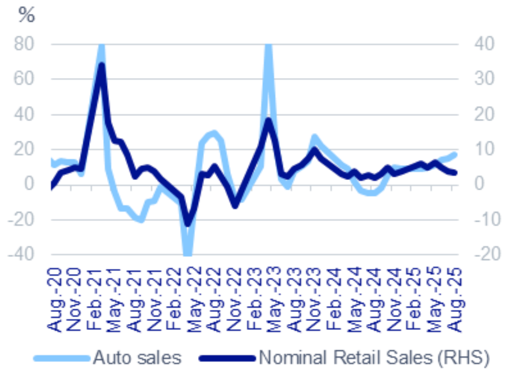
iii. The campaign seeks to **channel investment funds** to advanced manufacturing, control production in highly competitive industries, oversee pricing and subsidies, and continue phasing out obsolete industrial capacity.

iv. However, **there are still challenges ahead**. Compared with China’s supply-side reform back to 2015-2017 in which China deleveraged the state-owned overcapacity sectors, the majority of this round of “anti-involution” are in the private sector. Another big challenge is the possibility of job losses.

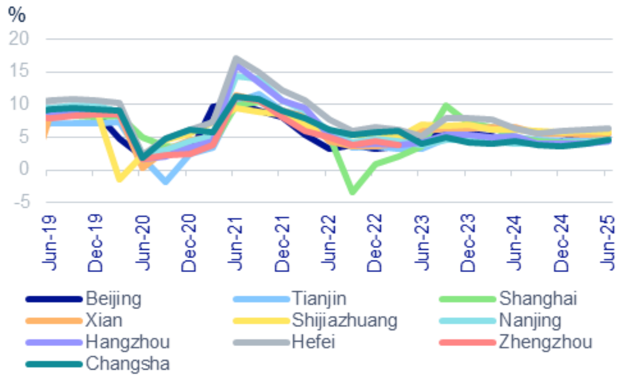
Retail sales dipped too, despite the consumption stimulus, such as consumption coupon,

“large-scale equipment renewal and trade-in old consumer goods” program

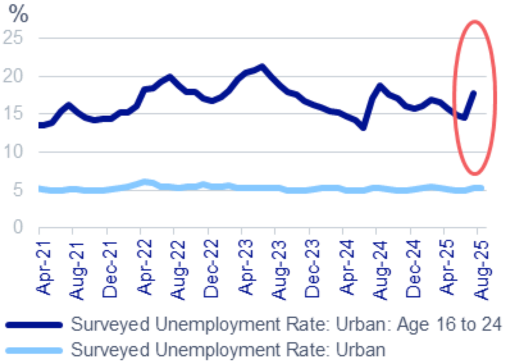
RETAIL SALES DIPPED TO 3.4% IN AUGUST FROM 3.7%



REASON FOR SLUGGISH CONSUMPTION IS WEAK INCOME GROWTH AND INCOME EXPECTATION…



…AND HIGH YOUNG AGE UNEMPLOYMENT RATE WHICH IS AROUND 15%



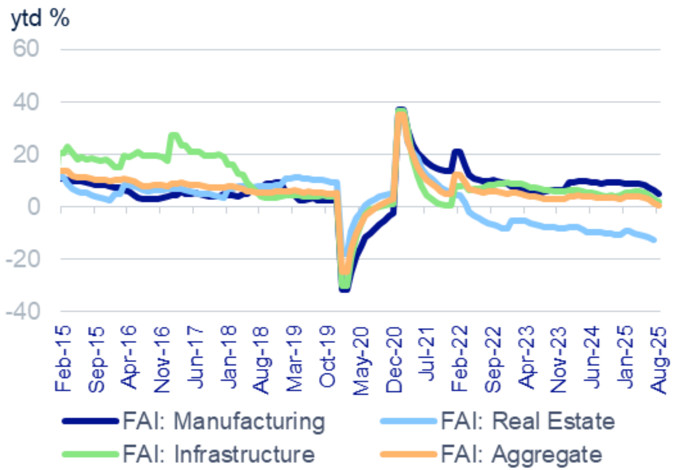
Source: NBS and BBVA Research

1.The authorities issued RMB 300 billion long-term government bond in 2025 (2024: RMB 150 bn) to support consumption by “large-scale equipment renewal and trade-in old consumer goods and “national subsidies” to stimulate retail sales. The effect may gradually fade as the program runs out. 2. Weak income growth and weak income expectation as well as a dipping housing price deteriorated households’ consumption.

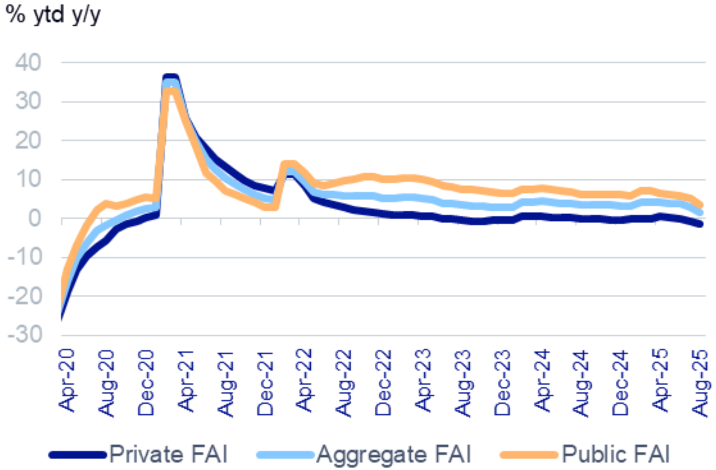
Investment further expanded its decline to 0.5% ytd y/y from 1.6%, the lowest since Covid-19 pandemic:

Housing FAI remains the main lag (-12。9%); manufacturing FAI decelerated due to rising tariffs but remained the lead (5.1%), surpassing infrastructure FAI (2%) despite of fiscal support

HOUSING INVESTMENT REMAINED THE LARGEST DRAG ON INVESTMENT



THE MULTIPLIER EFFECT OF PUBLIC FAI TO PRIVATE FAI REMAINS WEAK

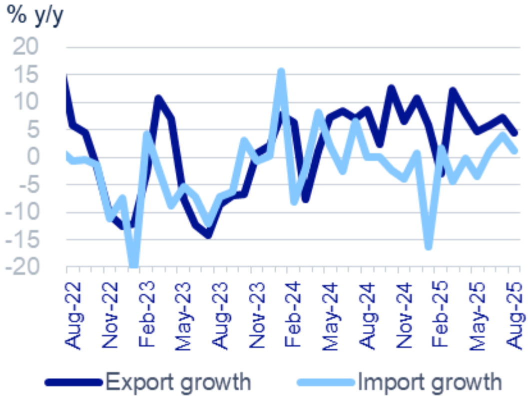


Source: BBVA Research and NBS

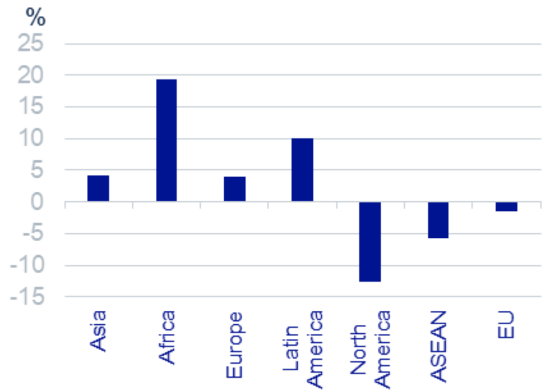
Public FAI reached 5% ytd y/y; however, private FAI dipped to -0.6% ytd y/y, the lowest level since 2023.

Roller-coaster trade data have been disturbed by “front-loading” exports amid China-US tariff war

AUGUST EXPORTS DECELERATED FROM 7.2% TO 4.4%; IMPORTS FROM 4.1% TO 1.3%



IMPORTS FROM AMERICA DECLINED SIGNIFICANTLY DUE TO TARIFF, BUT INCREASE IN ASIA, EU AND LATAM (JUL)



EXPORTS DIPPED SIGNIFICANTLY TO NORTH AMERICA DUE TO TARIFF WAR (JULY)

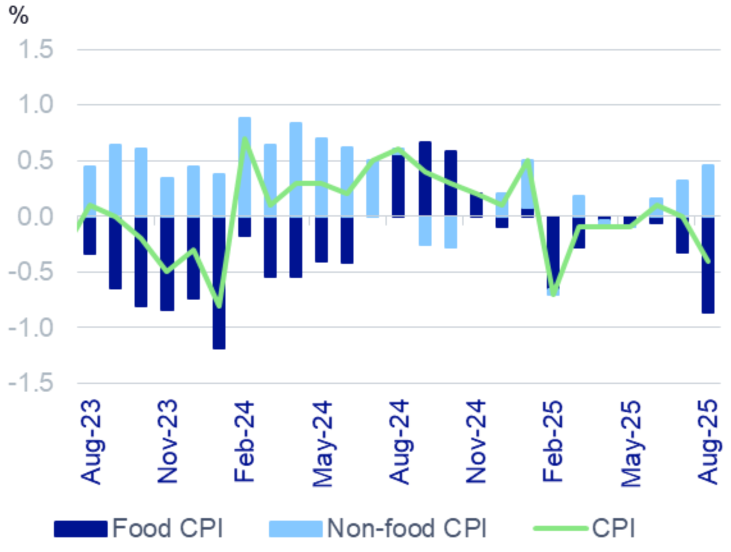
Source: NBS and BBVA Research

Unless China-US tariff war uncertainty truly settled, both Chinese and US importers accelerated their orders from China to build up their inventory, leading to China’s exports and imports surge in 1H 2025.
However, we expect exports growth in 2H 2025 will significantly decelerate to 2% (1H 2025: 5.9%) due to the fading effect of “front-loading”, leading the whole year exports to 4%; thus, net export contributes to only around 0.8% of 2025 GDP growth, compared with contribution of investment 1.3% and consumption 1.8%.

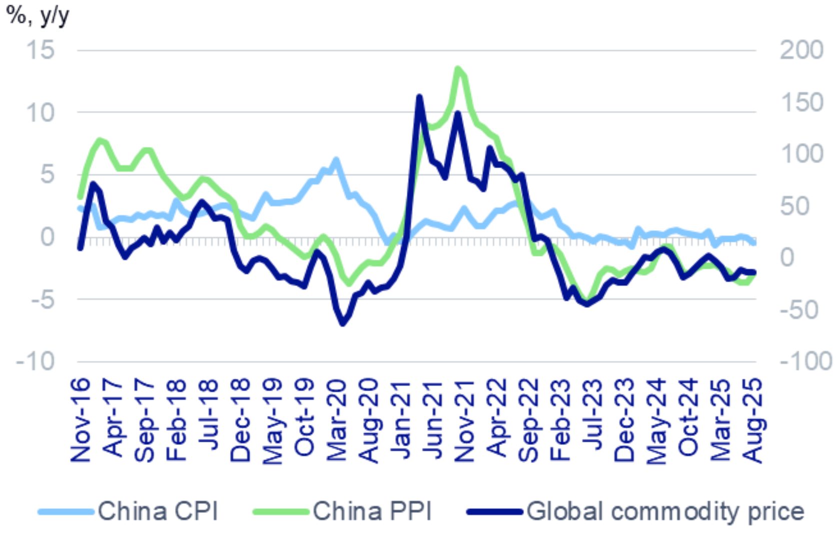
Deflationary Environment Remained and difficult to change,

amid unbalanced economic structure and weak market sentiments

CPI DECLINED TO -0.4% GROWTH IN AUGUST, COMPARED WITH 0% IN PREVIOUS MONTH, DRAGGED BY FOOD CPI



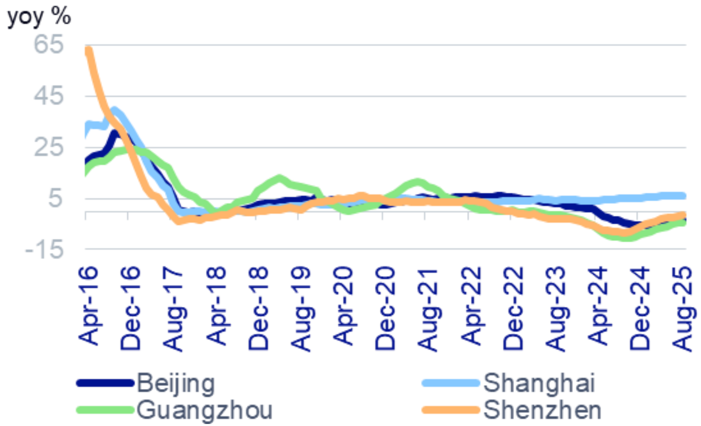
PPI REMAINED NEGATIVE AT -2.9% IN AUG. FROM -3.6%, HIGHLY SYNCHRONIZED WITH GLOBAL COMMODITY PRICE



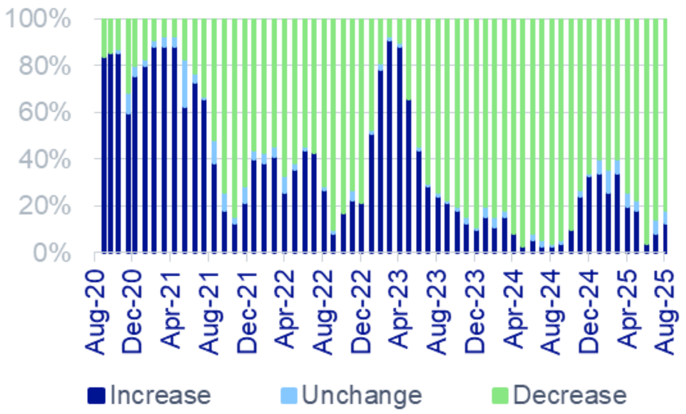
Source: BBVA Research and NBS

Real estate has not seen bottomed out signals so far; it is still a long haul for housing market stabilization

IN TIER-1 CITIES, EXCEPT SHANGHAI, HOUSING PRICE REMAINED DECLINING



MORE CITIES REPORTED HOUSING PRICE DECREASE IN 70-CITY SURVEY THAN BEFORE



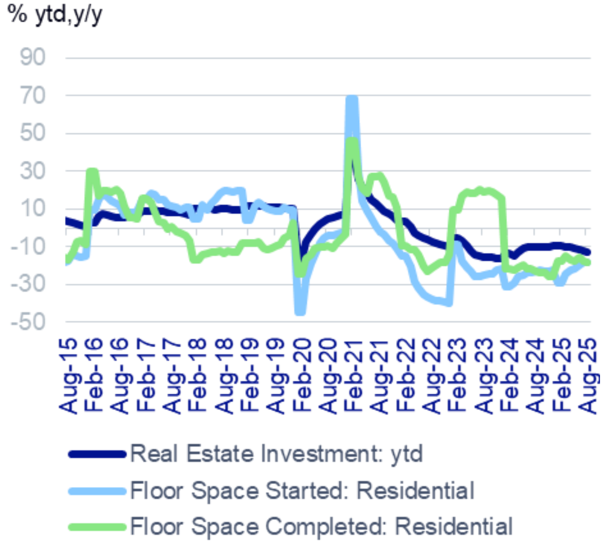
Source: NBS and BBVA Research

The recent housing stimulus: (i) Lower the first and second house purchase's down payment ratio to 15% (ii) To move the lower bound of mortgage rate for home buyers. (iii) The PBoC set RMB 300 billion re-lending pool to encourage local SOEs and government to purchase unsold houses as low-income housing. (iv) The four large cities continuously promulgated easing measures for home purchase. (v) Government could get back the land that sold to real estate developers to increase the cash flows to those developers

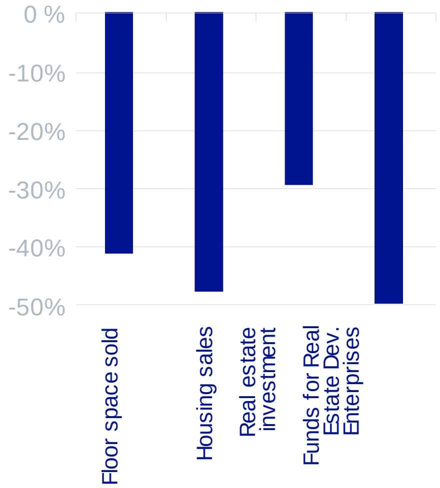
All housing indicators remained lackluster and dropped significantly compared with 2021

BUILDING SOLD REMAINS NEGATIVE GROWTH

FLOOR SPACE COMPLETED & STARTED, AND HOUSING INVESTMENT REMAINED NEGATIVE



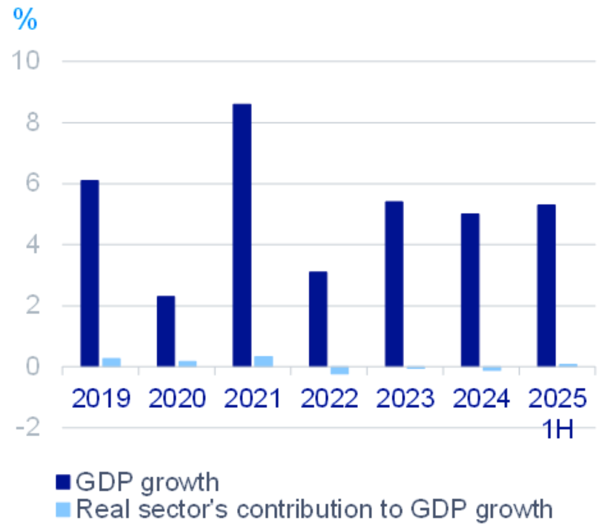
2025 1H HOUSING INDICATORS COMPARED WITH 2021 (% CHANGE)



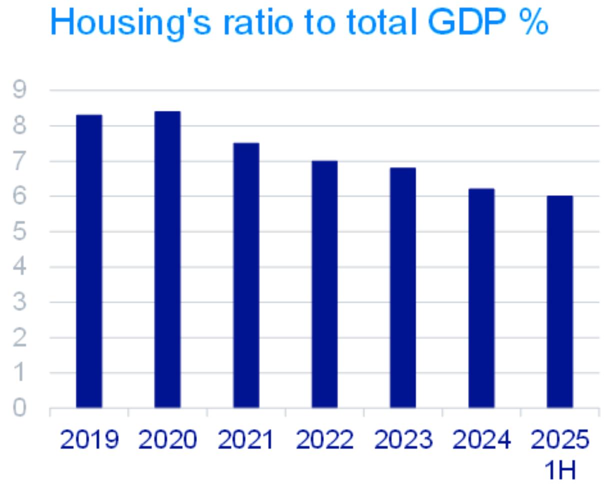
Source: BBVA Research and NBS

Is housing sector still important to China's GDP?

HOUSING SECTOR'S CONTRIBUTION TO GDP GROWTH IS ALMOST IGNORABLE IN RECENT YEARS



REAL ESTATE'S VALUE ADDED TO TOTAL GDP IS AROUND 6% CURRENTLY

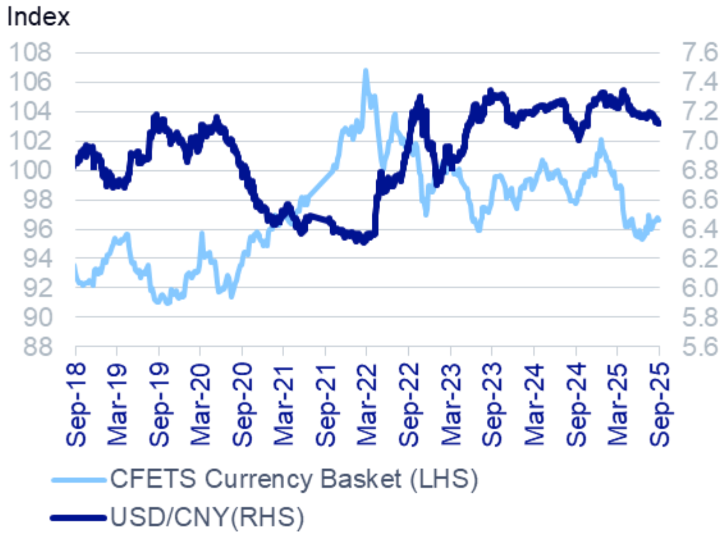


Source: NBS and BBVA Research

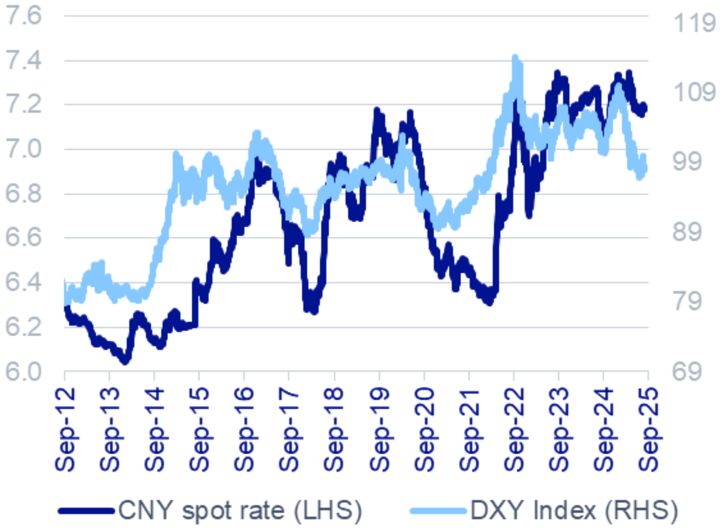
Several forces decide the path of RMB to USD Exchange rate:

USD DXY trend, China-US relations and the economic recovery

RMB APPRECIATED TO 7.1 NOW FROM 7.27 ON APRIL 2 (RECIPROCAL TARIFF) AMID USD DXY DROP AND TARIFF WAR RISK REMOVED



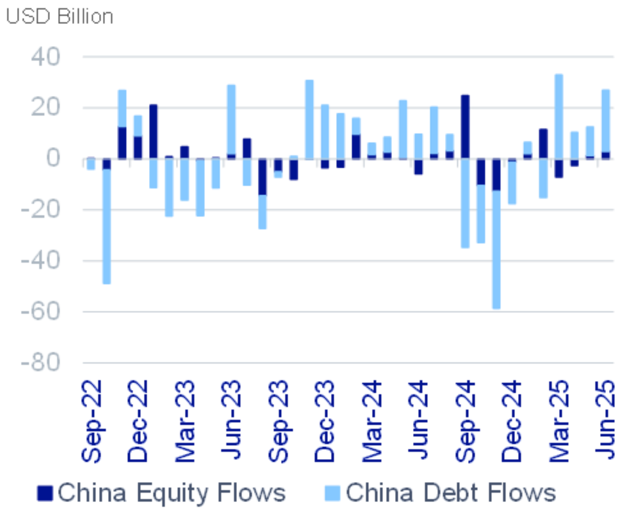
THE MIRROR EFFECT OF RMB EXCHANGE RATE AND USD DXY PERSISTS



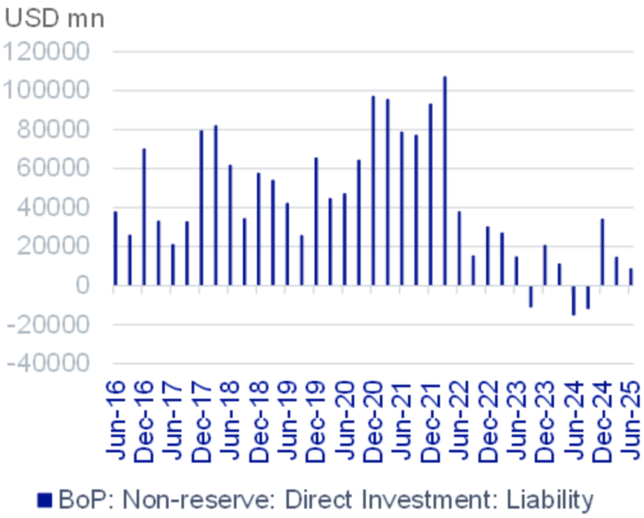
Source: BBVA Research and NBS

Both portfolio flows and FDI flows coming back to China

CAPITAL FLOWING BACK TO CHINA AMID US CUT EXPECTATIONS, PUSHING UP CHINESE STOCK AND BOND MARKET

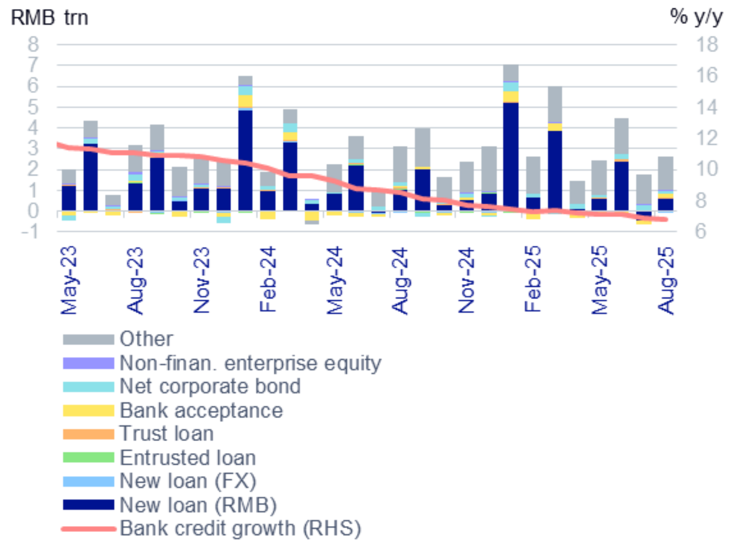


…SO DID FDI INFLOWS WHICH ASO TURNED TO POSITIVE

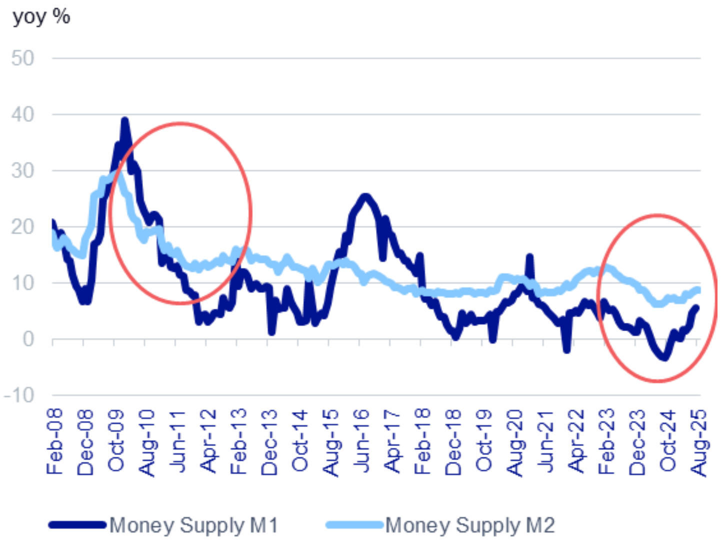


China's credit figures have significantly slowed amid lackluster demand

TOTAL SOCIAL FINANCING, NEW RMB LOANS AND TOTAL CREDIT DECELERATED AMID WEAK DEMAND, DESPITE THE STIMULUS



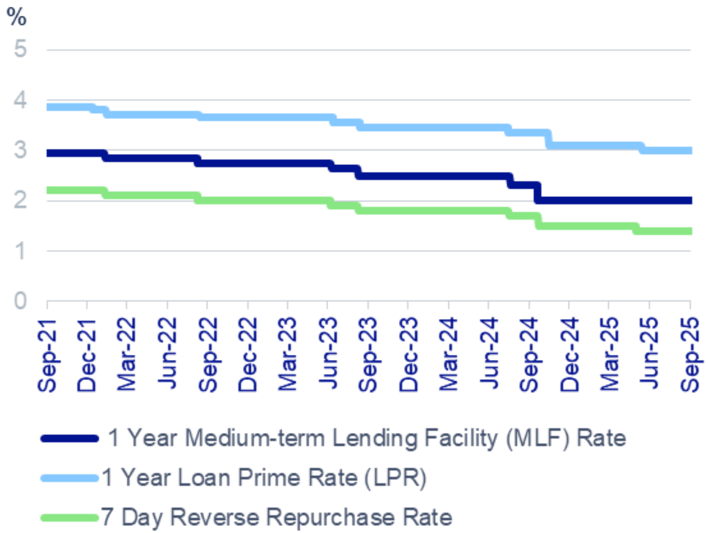
…SO DID THE M2 GROWTH WHICH REMAINED WEAK



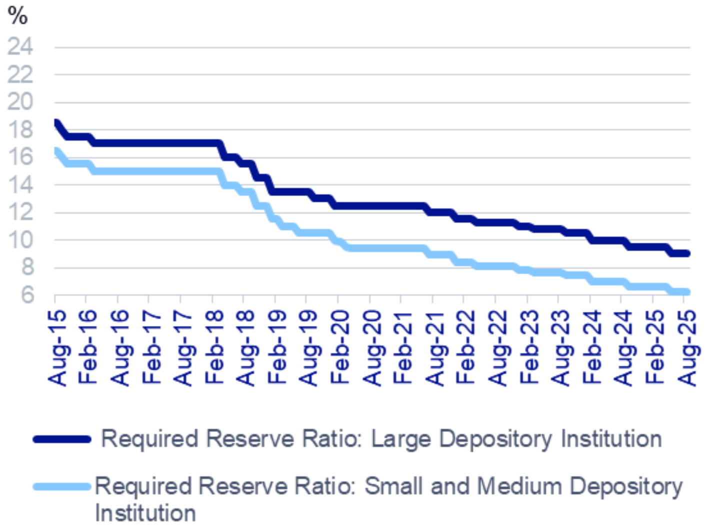
Source: BBVA Research and NBS

The US FED will resume rate cut in September, which provides policy room for the PBoC's further cuts

ON TOP OF RECENT 10 BPS CUT, WE EXPECT ONE MORE RATE CUT THIS YEAR BY 25 BPS



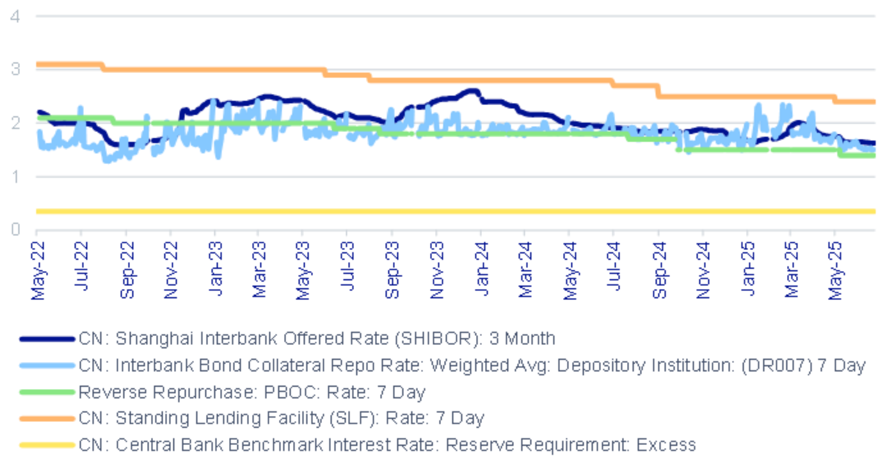
THE PBOC CUT 50 BPS RRR IN 3RD ROUND STIMULUS… WE EXPECT 1-2 MORE RRR CUTS



Source: BBVA Research and NBS

Understanding China's new monetary policy framework

THE PBOC UPGRADED THE "CORRIDOR" MONETARY POLICY SYSTEM



Source: NBS and BBVA Research

1. **Promoting 7-day reverse repo as the new monetary policy rate, to replace the previous policy rate MLF and one-year LPR.** It suggests the PBoC will only control short-term policy rate and let the market to decide the medium and long-term market rates, which is similar to the monetary policy framework as of in the advanced economies.
2. **Upgrading the "corridor system", through narrowing the previous wide "corridor" to a narrower one** by defining different upper bound and lower bound, such as to introduce overnight repo and reverse repo rate.
3. **Developing new monetary policy tools:**
   - Including **treasury bond buy and sell in the secondary market** into monetary policy tool box as a liquidity management tool and base money supply tool.
   - Since October 2024, created **swap facilities** with securities, mutual funds and insurance companies, to support these institutions to use their bond, stock ETF and CSI 300 stocks etc. as the collateral with the PBoC to exchange for high liquidity assets, such as treasury bond and central bank bills. (This leads to the recent Chinese stock market surge)
   - **Open market operaions Buyout Reverse Repo.**
   - **Re-lending facilities** for stock share repurchase and increase in shareholding for high-quality listed firms.

Forecast:

China's main economic indicators: Baseline scenario

	Baseline scenario							
	2020	2021	2022	2023	2024	2025(F)	2026 (F)	2027(F)
GDP (%)	2.3	8.1	3	5.2	5.0	4.8	4.5	4
CPI (%)	2.6	0.9	2	0.2	0.24	0.1 ↓	1	1.3
PPI (%)	-1.8	8.1	4.2	-3	-2.2	-2.6 ↓	-0.7 ↓	1
Interest rate (LPR, %)	3.85	3.8	3.6	3.45	3.1	2.75 ↑	2.75 ↑	2.75
7-day reverse repo	2.2	2.2	2	1.8	1.5	1.2	1.2	1.1
RMB/USD exchange rate	6.5	6.36	6.9	7.1	7.3	7.1 ↓	7 ↓	7 ↓

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