BBVA Research

China Economic Outlook

March 2025

Creating Opportunities

BBVA Research

01

Global Economic Outlook 1Q25

Creating Opportunities

Main messages

RECENT DEVELOPMENTS

The global economy is facing major geopolitical and economic shifts with uncertain consequences, mostly due to the policies of the new Trump administration. US growth remains resilient despite recent negative signs, while the Eurozone stays weak and China recovers. Inflation continues above target, mainly in the US. The Fed has kept rates steady and the ECB has continued its easing cycle in 1Q25.

GROWTH OUTLOOK

Global growth is set to slow amid rising uncertainty and protectionism. While some recent growth momentum supports upward forecast revisions for the US and China, both are still expected to decelerate. In the Eurozone, growth prospects have worsened as trade and geopolitical uncertainty weigh negatively, but fiscal spending (particularly in defense) may provide support.

INFLATION AND RATES OUTLOOK

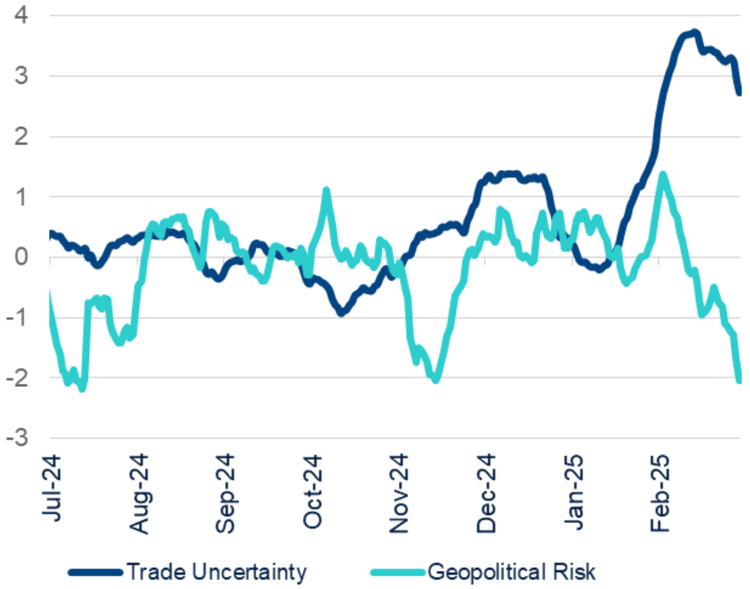
US inflation is expected to rise, partly due to tariffs, while in the Eurozone it should converge to target. The Fed will likely hold rates steady in the near term, but monetary easing could resume from 2H25. The ECB is preparing to end its easing cycle as monetary conditions are now less restrictive; two rate cuts in 2Q25 are still likely. Controlled inflation should clear the path for lower interest rates in China.

RISKS

The balance of risks for the global economy remains skewed to the downside. The main source of concerns are higher US tariffs and persistent uncertainty. Even though talks on ending the war in Ukraine are a positive development, geopolitical risks will remain in the radar.

The policies of the new U.S. administration create significant uncertainty

US TRADE UNCERTAINTY AND GLOBAL GEOPOLITICAL RISK INDEXES (*)
(MEAN SINCE JAN/23 EQUALS TO 0; 28-DAY MOVING AVERAGE)



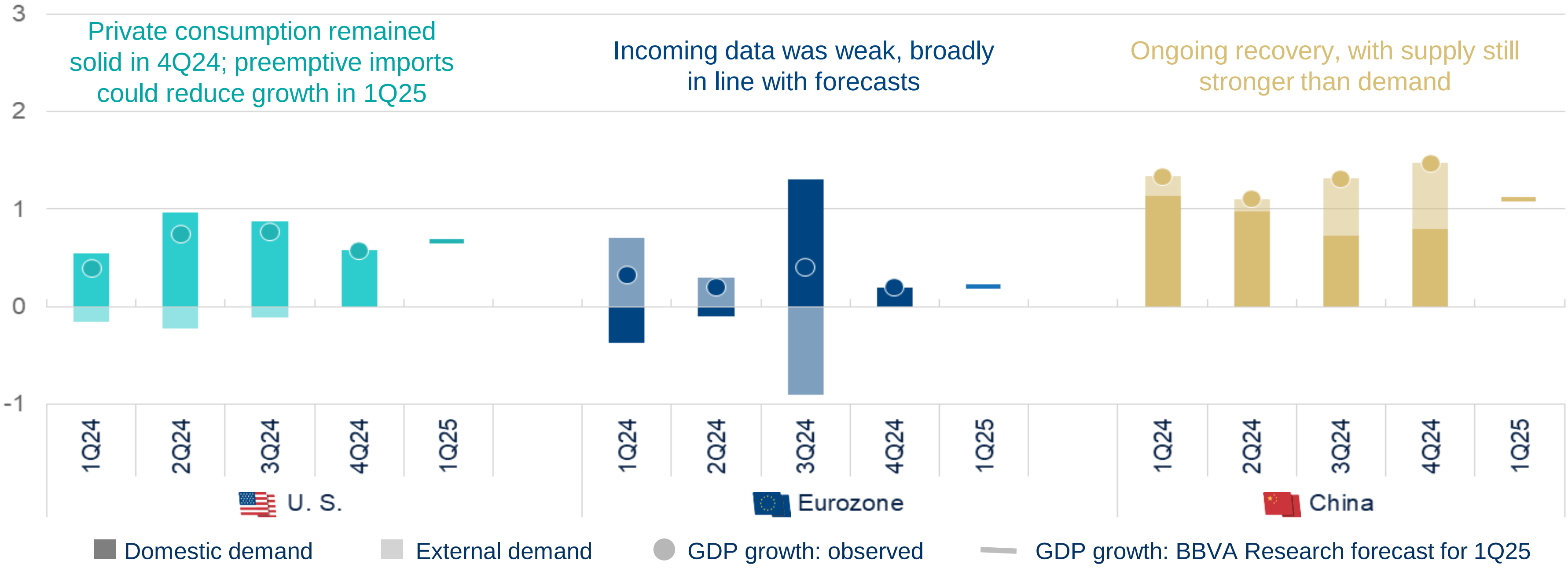
(*) Last available data: March 5th, 2025
Source: BBVA Research Geopolitics Monitor.

- Higher uncertainty on Trump's policies:
  - Trade: 20% tariffs on China, 25% on some Western allies (later delayed), 25% tax on steel and aluminum, etc., along with various threats of further protectionism measures
  - Other: policies to tighten immigration controls, promote fossil fuel production, cut public spending while favoring lower taxes, reduce US support for multilateral institutions, etc.
- Short-term geopolitical risk has eased lately on talks to end the war in Ukraine and Israel-Hamas truce, taking some pressure off energy prices.
- Still, geopolitics will remain a concern given latent US rivalry with China and the rising US tensions with Western allies, which are triggering a determined increase in defense spending in Europe.

Growth still has strong inertia: it remained robust in the US and China but was barely positive in the Eurozone by late 2024

GDP: CONTRIBUTION OF DOMESTIC AND EXTERNAL DEMANDS TO GDP GROWTH

(GDP GROWTH: Q/Q%; CONTRIBUTIONS TO GDP GROWTH: PERCENTAGE POINTS)

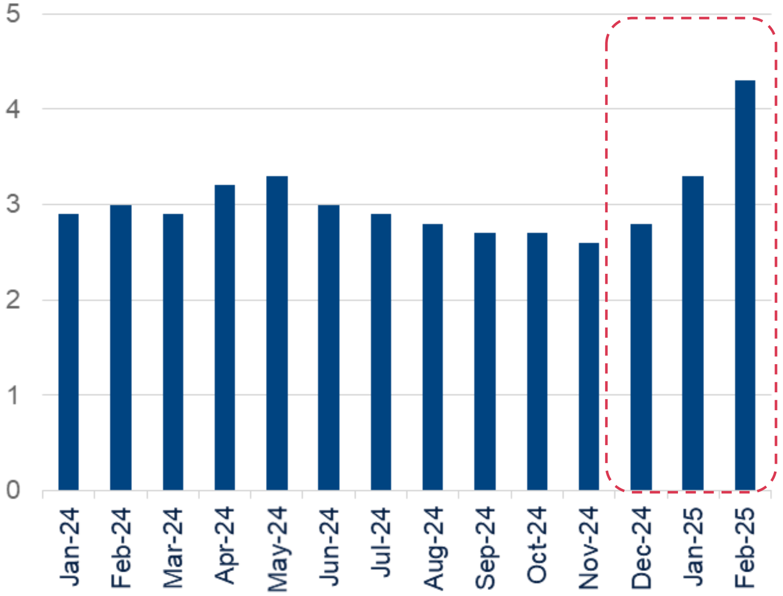


Source: BBVA Research based on data from Haver and China’s NBS.

Despite the recent resilience of US growth, uncertainty already appears to be weighing on consumer confidence and inflation expectations

US CONSUMER INFLATION EXPECTATIONS: ONE YEAR AHEAD

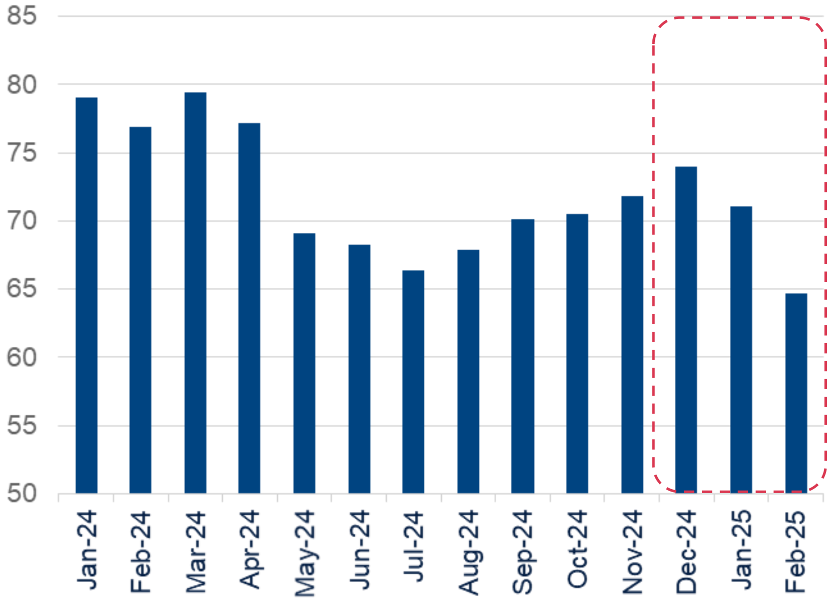
(Y/Y %)



Source: BBVA Research based on data from Survey of Consumers, University of Michigan.

US CONSUMER SENTIMENT

(INDEX)

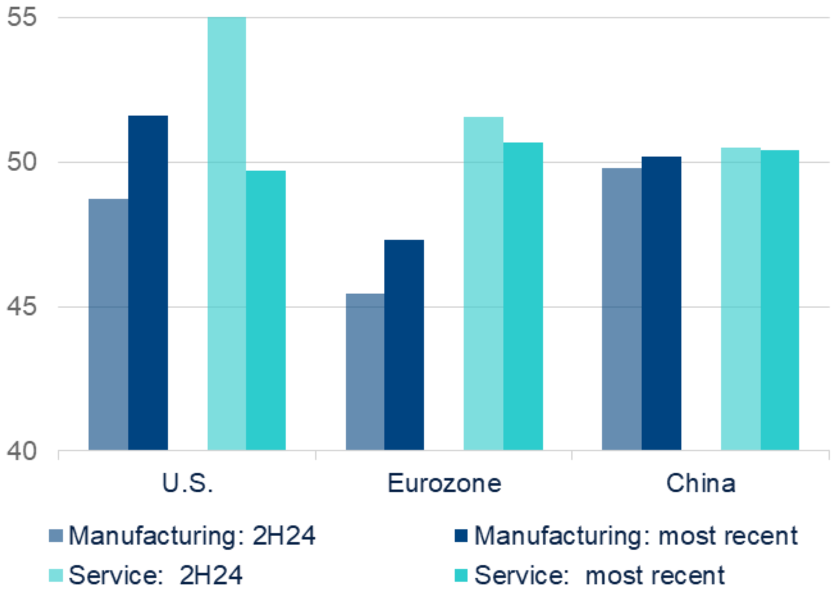


Source: BBVA Research based on data from Survey of Consumers, University of Michigan.

The recent slowdown in services and signs that manufacturing has bottomed out raise questions about the persistence of the post-pandemic growth model

PMI INDICATORS: 2H24 AVERAGE AND MOST RECENT DATA (*)

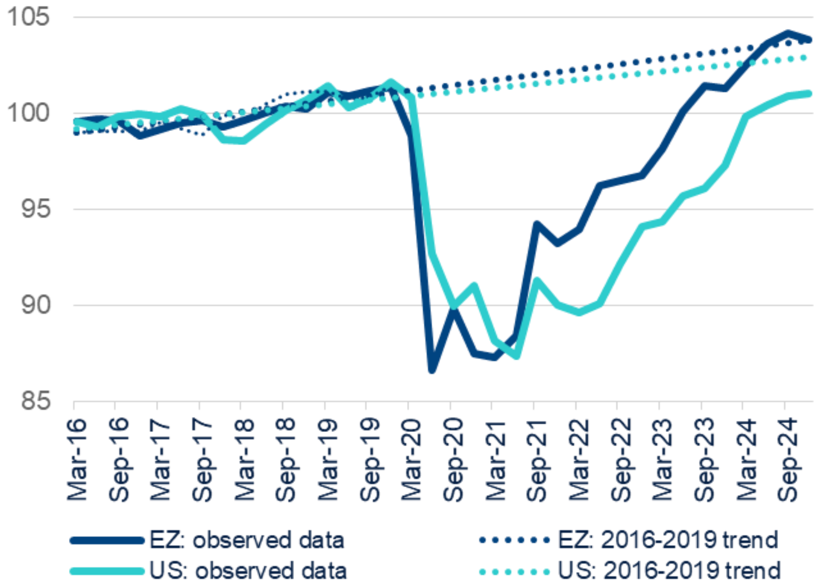
(MORE THAN 50: EXPANSION; LESS THAN 50: CONTRACTION)



(*) Most recent data: February 2025.
Source: BBVA Research based on data from Haver.

SERVICES/GOODS PRIVATE CONSUMPTION RATIO (*)

(INDEX: 2016-19 AVERAGE = 100; BASED ON NOMINAL VALUES)

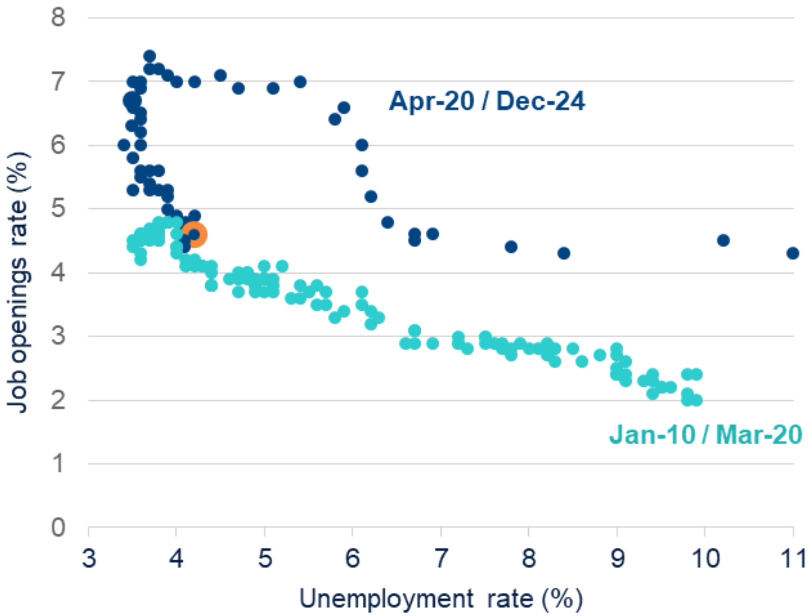


(*) 4Q24 data for the Eurozone is based on preliminary figures for Denmark, Germany, Spain, France, Netherlands and Slovenia.
Source: BBVA Research based on BEA and Eurostat data.

Labor markets remain resilient despite recent moderation: job openings have fallen sharply, but unemployment continues to be at low levels

US: BEVERIDGE CURVE (*)

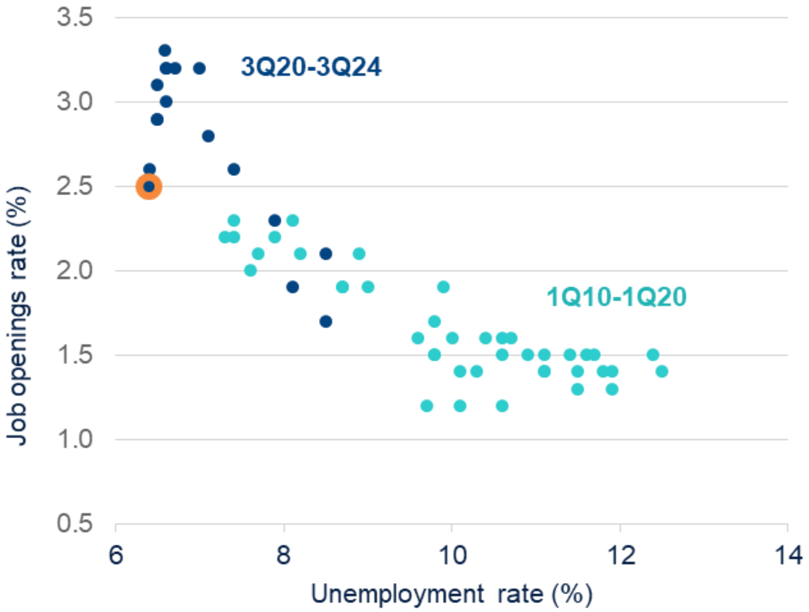
(MOST RECENT MONTHLY DATA HIGHLIGHTED IN ORANGE)



(*) Unemployment: share of labor force. Job openings: share of sum of employment and job openings.
Source: BBVA Research based on data from FRED.

EUROZONE: BEVERIDGE CURVE (*)

(MOST RECENT QUARTERLY DATA HIGHLIGHTED IN ORANGE)

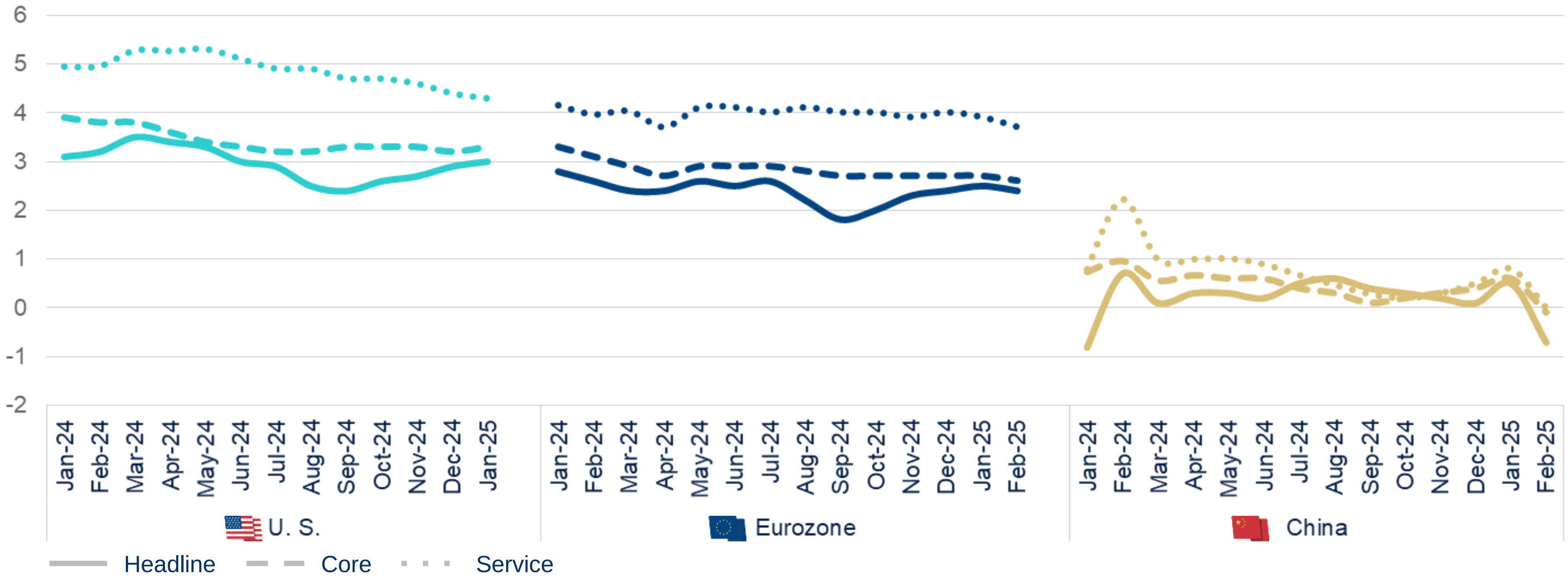


(*) Unemployment: share of labor force. Job openings: share of sum of employment and job openings.
Source: BBVA Research based on data from Eurostat.

Inflation remains above target, particularly in the US but to a lesser extent also in the Eurozone, after having rebounded more than expected in recent months

CPI INFLATION: HEADLINE, CORE AND SERVICE

(Y/Y %)

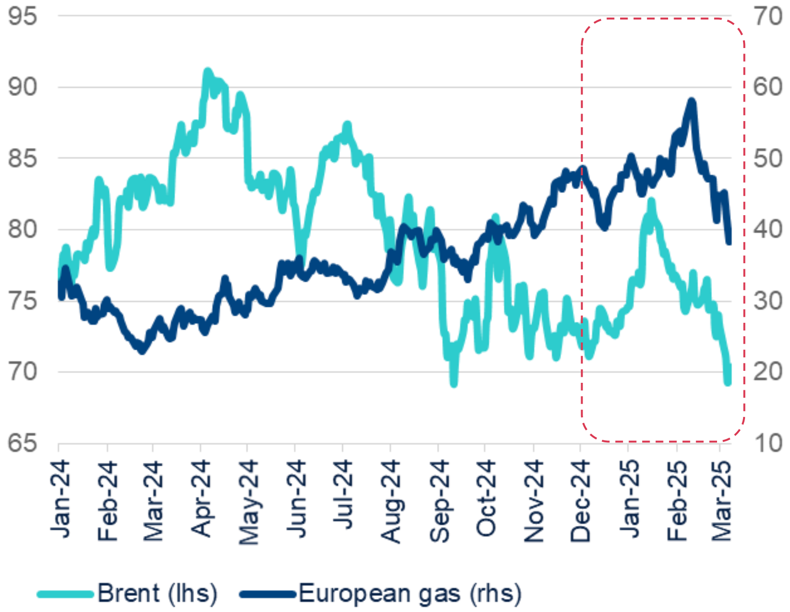


Source: BBVA Research based on data from Haver.

Energy prices have eased on more positive supply prospects and recent geopolitical developments, but remain volatile; wages seem to have lost steam

OIL AND GAS PRICES (*)

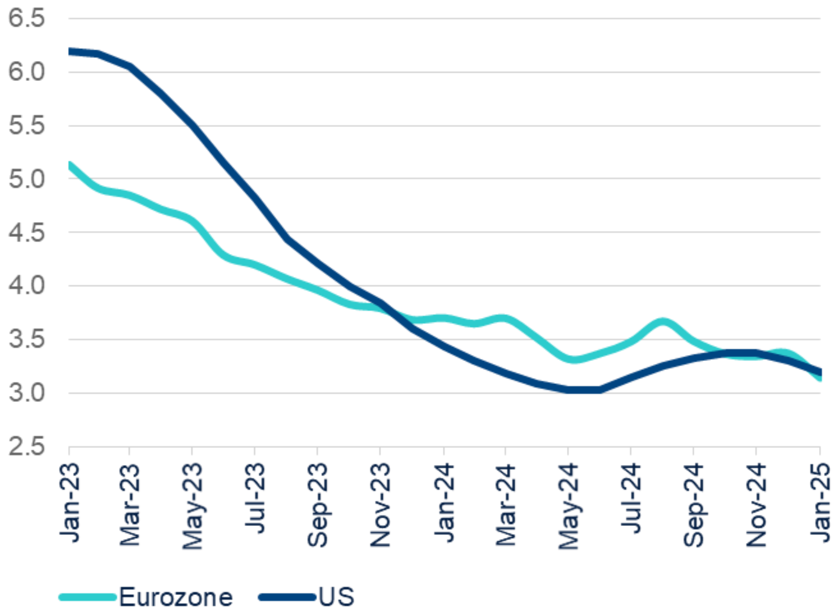
(OIL: USD PER BRENT BARREL; GAS: EURO /MWH)



(*) Last available data: March 7th, 2025.
Source: BBVA Research based on data from Haver.

NOMINAL WAGES: INDEED WAGE TRACKER

(Y/Y %, 3-MONTH MOVING AVERAGE)

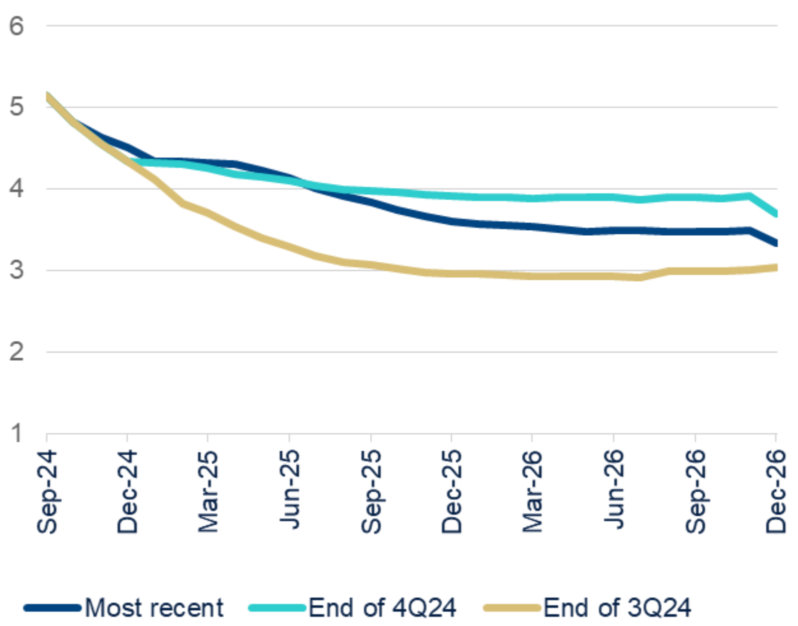


Source: BBVA Research based on data from Indeed.

The Fed has held rates steady, signaling no rush for more cuts; the ECB has kept easing, but stressed that conditions are now meaningfully less restrictive

US: IMPLICIT RATE IN FED FUND FUTURES (*)

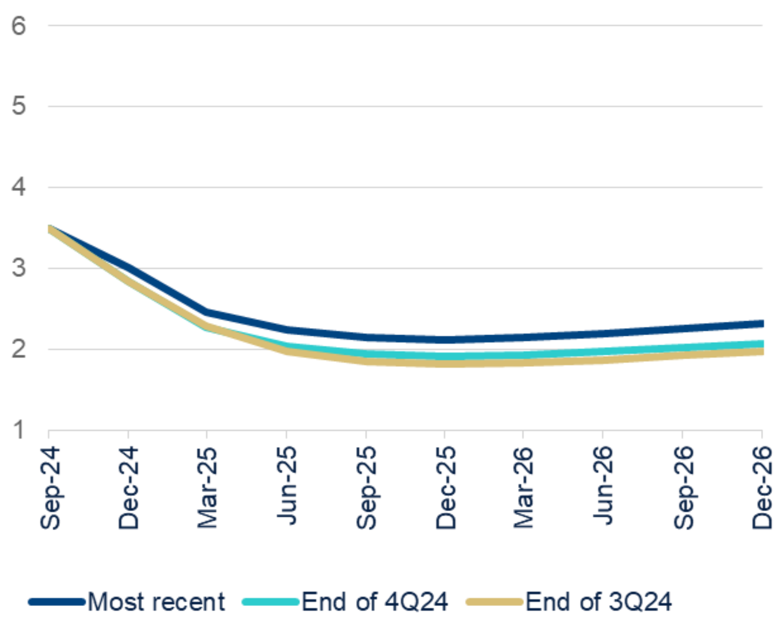
(%)



(*) Last available data: March 7th, 2025.
Source: BBVA Research based on data from Haver.

EZ: IMPLICIT RATE IN 3-MONTH EURIBOR FUTURES (*)

(%)

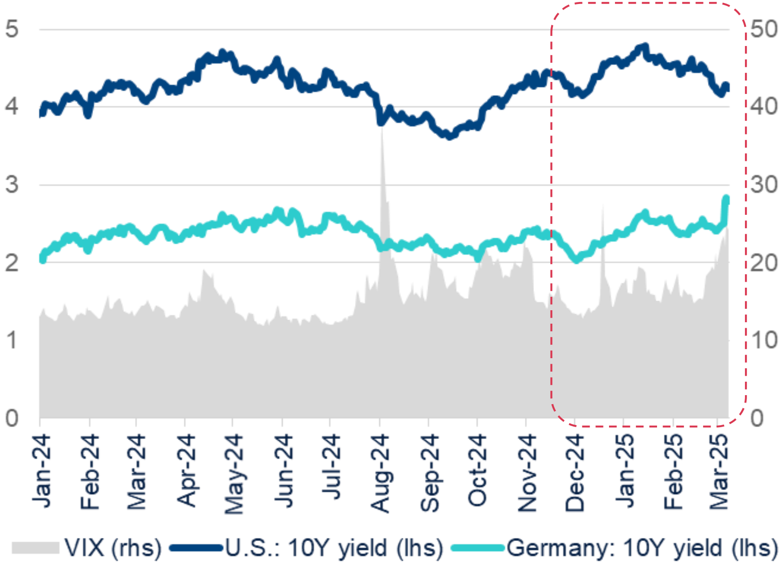


(*) Last available data: March 7th, 2025.
Source: BBVA Research based on data from Haver.

Financial volatility has risen as markets gauge the impact of evolving US policies; Europe’s defense spending plans have driven Germany yields higher

SOVEREIGN YIELDS AND VOLATILITY (VIX) (*)

(%)



(*) Last available data: March 7th, 2025.
Source: BBVA Research based on data from Haver.

US DOLLAR: DXY (*)

(INDEX)

(*) A lower DXY index represents a weaker US dollar. Last available data: March 7th, 2025.
Source: BBVA Research based on data from Haver

The new US administration's erratic policies are set to bring major shifts, posing growing challenges to the global economy

BBVA RESEARCH BASELINE SCENARIO ON MAIN TRUMP POLICIES

TRADE POLICY	US tariffs are more than a negotiating tool. Working assumption: a 10% blanket tariff from 2Q25 and 60% tariffs on China from 2H25.
GEOPOLITICS	No changes in the current status quo; risks are tilted to the downside, although the eventual end of the war in Ukraine will have positive effects.
MIGRATION	No strong impact on labor markets; deportations will rise, but not sharply.
FISCAL POLICY	Deficits will be large, pressured by low taxes, despite some spending cuts.
MONETARY POLICY	The Fed will remain independent, but Trump’s criticism may create noise.
DEREGULATION	No significant positive effects are being assumed.

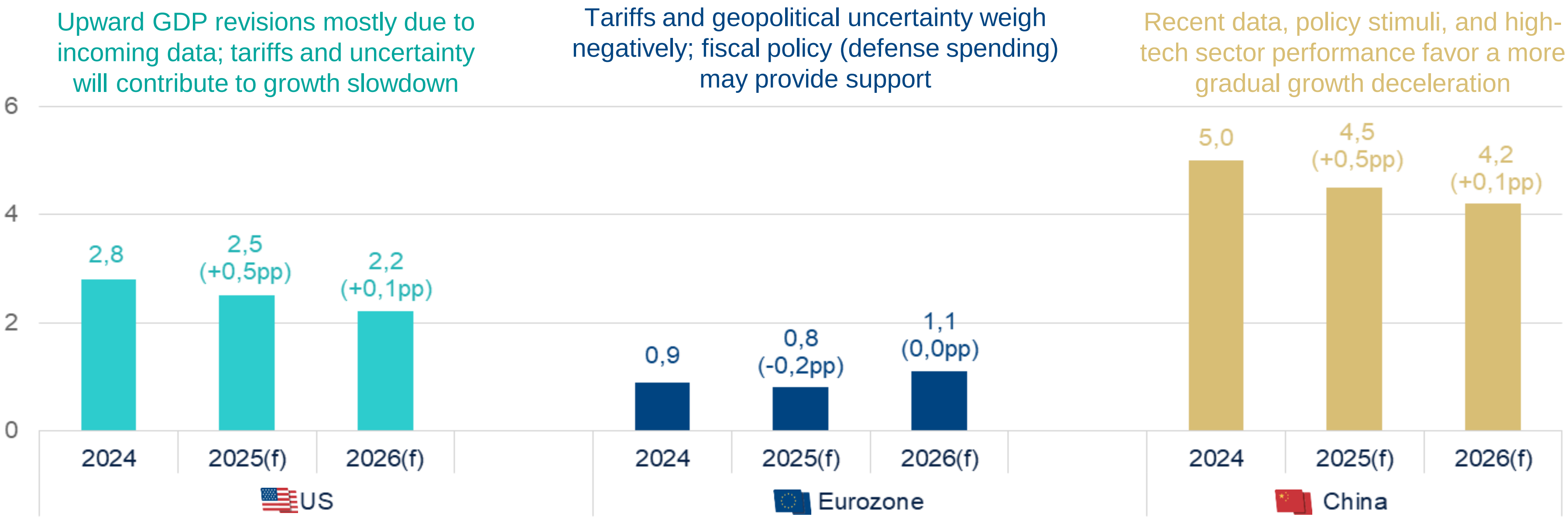
US tariffs are set to create negative supply and uncertainty shocks

	BASELINE SCENARIO	MAIN RISKS
SHOCKS CREATED BY US POLICIES	Negative supply and uncertainty (demand) shocks	Very negative supply and uncertainty (demand) shocks
US TARIFF LEVELS	Tariffs as a negotiation and policy tool (working assumption: 60% on China, 10% on other countries)	Tariffs mostly as a policy tool (25% or higher permanent tariffs on most important trade partners)
TARIFF ESCALATION	Moderate	Large and dynamically unstable
GROWTH IMPACT	Significant	Very significant and potentially disruptive
INFLATION IMPACT	Upwards in the US, downwards elsewhere	Upwards if supply shock prevails; downwards if uncertainty shock dominates

Growth is expected to lose momentum amid rising uncertainty and protectionism, despite positive incoming data in the U.S. and China

GDP GROWTH

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



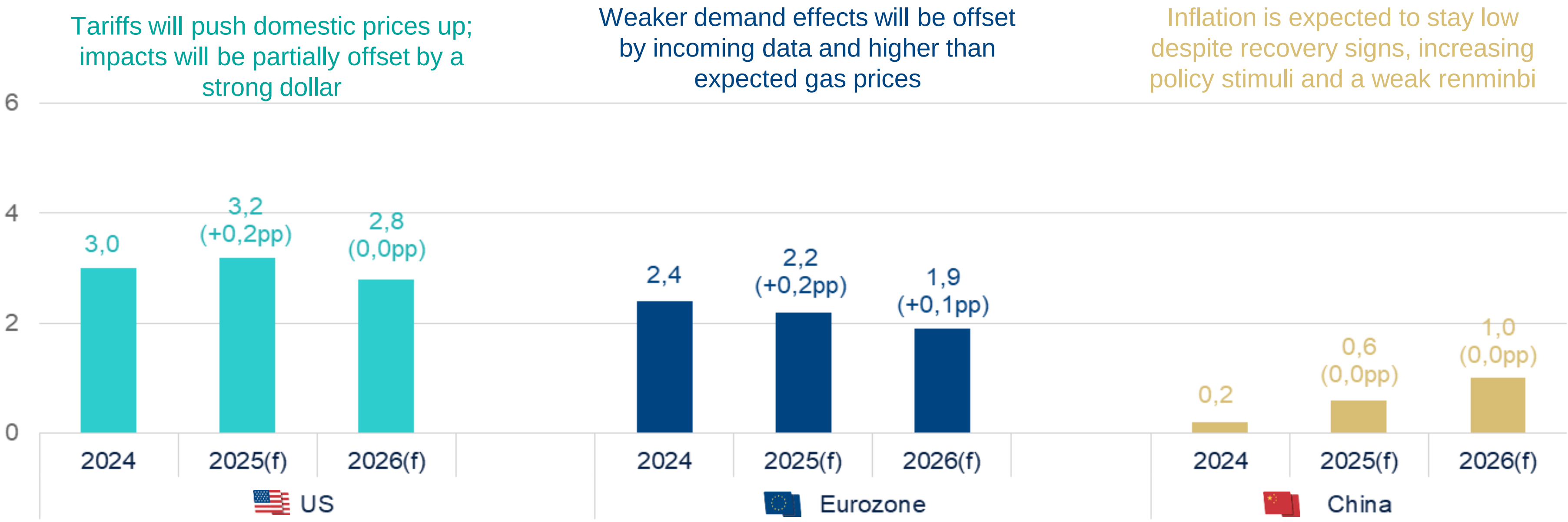
(f): forecast.

Source: BBVA Research.

US inflation is set to rise further, partly due to tariffs, while in the Eurozone it will likely keep converging to target

HEADLINE CPI INFLATION

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



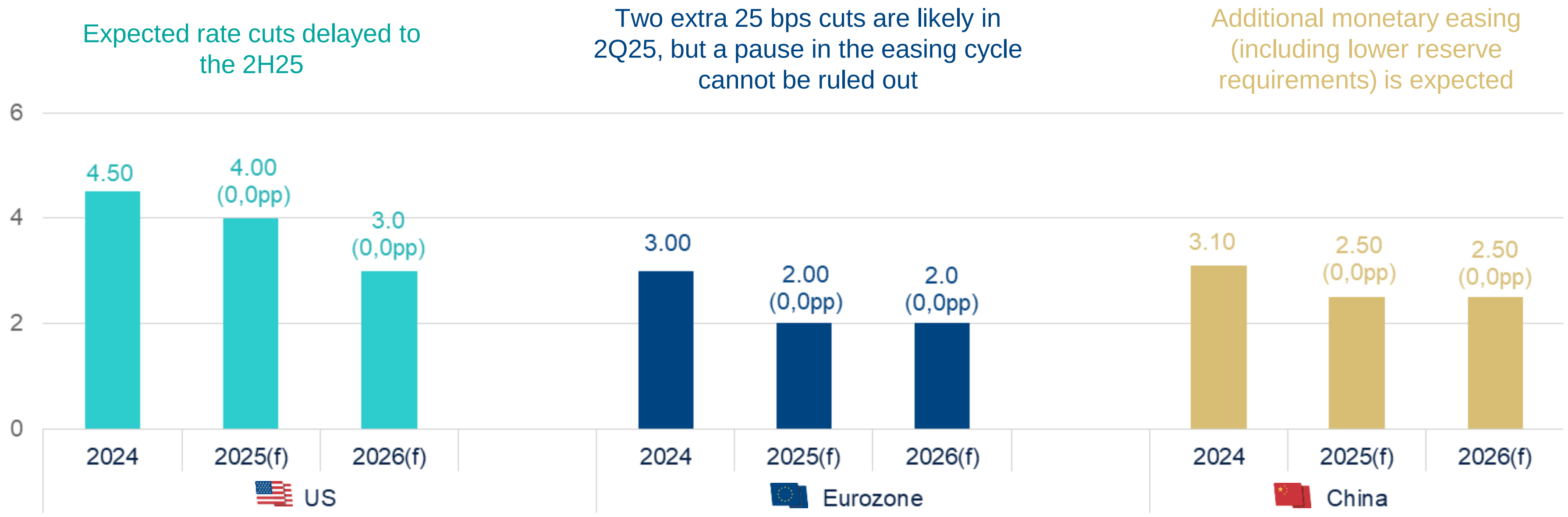
(f): forecast.

Source: BBVA Research.

The Fed will hold rates steady before resuming cuts in 2H25; the ECB is preparing to end its easing cycle but extra reductions in 2Q25 are still likely

POLICY INTEREST RATES (*)

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

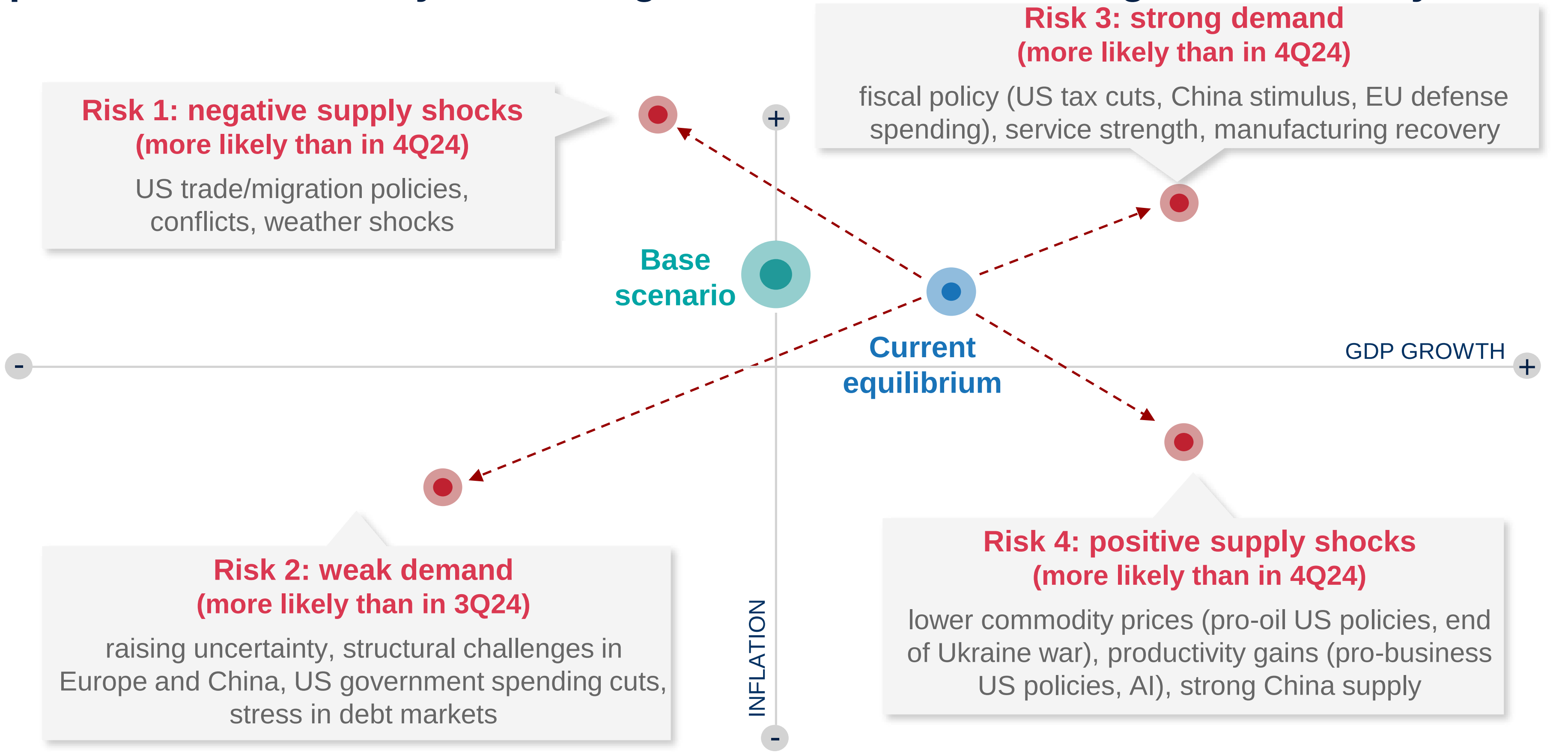


(f): forecast.

(*) In the case of the Eurozone, interest rates of the deposit facility.

Source: BBVA Research.

Risks continue to build up: US trade policies and the negative impact of persistent uncertainty are among the main threats to the global economy



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02

Why we raise 2025 and 2026 China GDP forecast?

Why we raise 2025 and 2026 China GDP forecast?

(1) Lower-than-expected tariffs and the Trump-Xi meeting

We raise our China GDP forecast in 2025 to 4.5% from previous 4.1%, and 2026 GDP to 4.2% from 4% previously.

1. The lower-than-expected tariff imposed by Trump from previous 60% to 20% for all Chinese exports. However, we cannot exclude the possibility of additional 60% tariffs on all Chinese exports in the future, which depends on China-US negotiation. The possible 60% tariffs could be fully in place some time in 2H 2025, after the Trump-Xi prospective meeting in June 2025.

2. China's retaliation measures are also measured and contained. Regarding the first round of 10% tariffs on all Chinese exports, the MOFCOM imposed tariffs to selected US goods, including a 15% tariff on coal and LNG imports from the U.S., and 10% tariff on crude oil, agricultural machinery etc., as well as export controls on certain rare metals used in AI products. For the second round of additional 10% tariff, China imposed 10-15% tariffs on US agricultural products. It bears a symbolic meaning politically but does little damage to US imports.

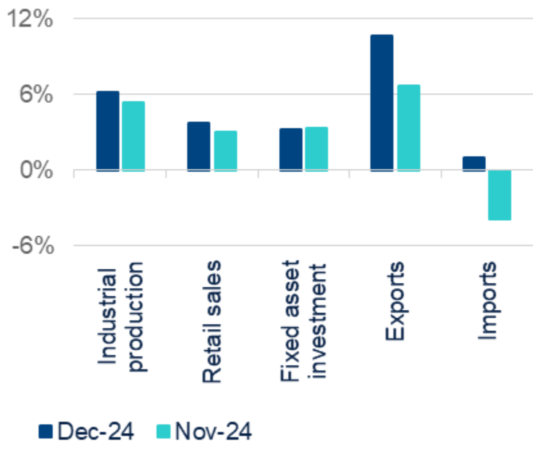
3. The delayed imposition of 60% tariffs, coupled with Trump's current approach of indiscriminate tariff attack, is to provide more an important time window for China's authorities to stimulate domestic growth and ease trade tensions with other partners.

Why we raise 2025 and 2026 China GDP forecast?

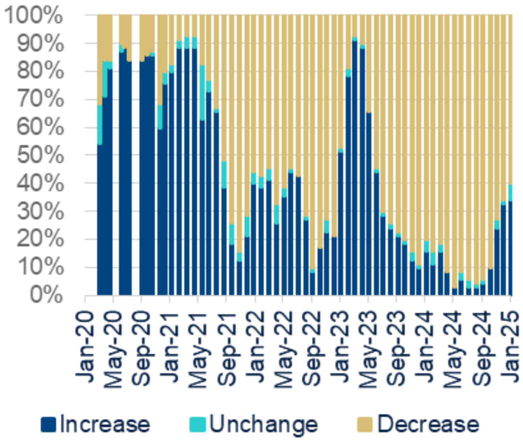
(2) The jumbo size stimulus package takes effect, which helps to support sentiments…

1. Consumption indicators accelerated in the recent months.
2. Housing indicators particularly housing prices started to bottom out.
3. Stock markets show certain stabilization of investor sentiment due to the recent rise of Deepseek together with China's technology advancement in AI, robots, semi-conduct etc..

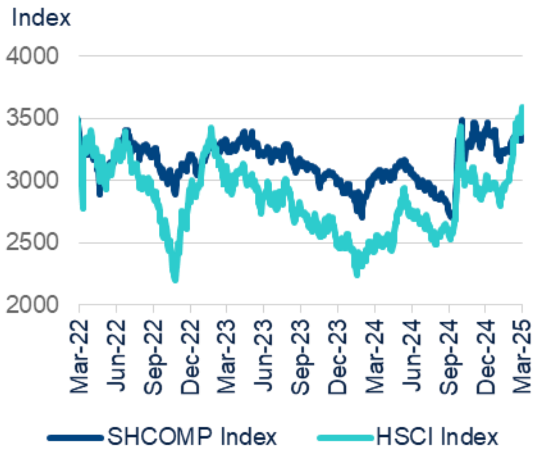
ALMOST ALL INDICATORS ACCELERATED IN DECEMBER



MORE CITIES REPORTED HOUSING PRICE INCREASE IN 70-CITY SURVEY



INVESTORS SENTIMENT IMPROVE SINCE 2025 START

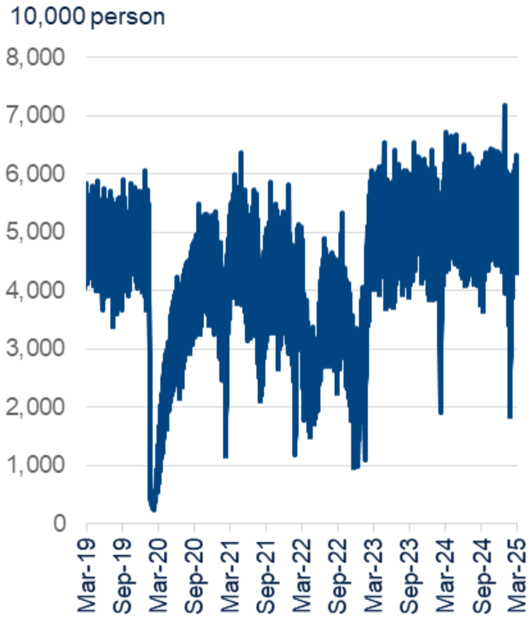


Source: NBS and BBVA Research

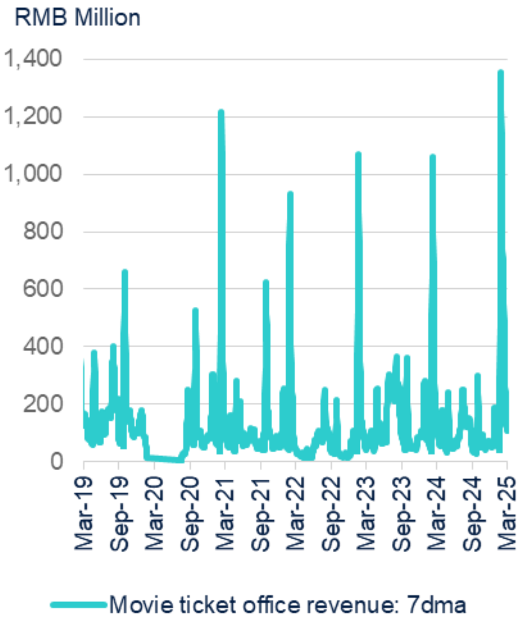
Why we raise 2025 and 2026 China GDP forecast?

(2) … some high frequency indicators suggest the recent recovery of consumption and tourism sentiments

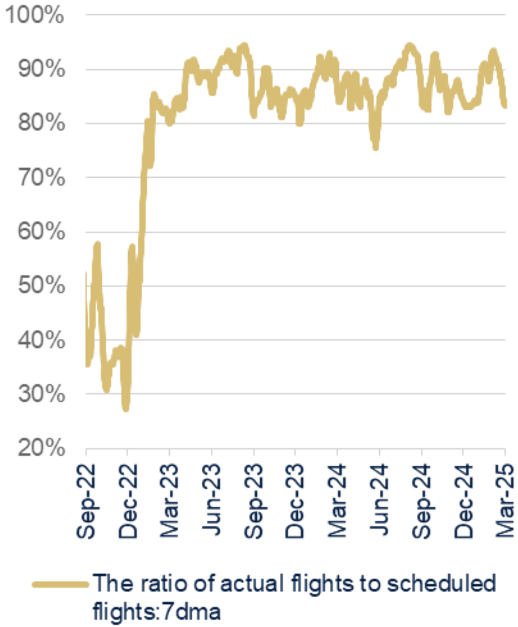
SUBWAY PASSENGERS IN MAJOR CITIES (SUM OF 10 MAJOR CITIES)



BOX OFFICE SURPASSED THE PREVIOUS YEAR IN LUNAR NEW YEAR



DOMESTIC FLIGHTS ALSO RECOVERED STRONGLY FROM 2023 LUNAR NEW YEAR



Source : NBS and BBVA Research

Why we raise 2025 and 2026 China GDP forecast?

(3) China’s new growth engine high-end manufacturing to support growth; “Made-in-China 2025” exceeding people’s expectations

- Made in China 2025 (MIC25) is a national strategic plan and industrial policy to further develop the manufacturing sector of China promulgated in May 2015. As part of the 13th and 14th Five-year plans, China aims to move away from being the "world's factory"—a producer of cheap low-tech goods facilitated by lower labour costs to high-end manufacturing centre in the world.

- It is reported that among 260 targets covering 10 key areas such as robots, agricultural equipment, bio medicine, marine engineering in Made in China 2025 program, more than 86% targets have already been achieved in 2024. The rest of targets will be finished in 2025. Meanwhile, EV and renewable energy are much better than expectations.

- The recent innovation of Deepseek in China also launched revolution to AI industry which could significantly save the R&D costs of AI, leading to a sharp dip of US chip producer giant Nvidia stock and even Nasdaq index.

Key Industries of the Made in China 2025

- Industry sector
- Information technology
- Robotics
- Green energy and green vehicles
- Aerospace equipment
- Ocean engineering and high tech ships
- Railway equipment
- Power equipment
- New materials
- Medicine and medical devices
- Agriculture machinery

Why we raise our 2025 and 2026 China GDP forecast?

(4) More pro-growth measures announced in 2025 March “two sessions”

1. Growth target in 2025 is set “around 5%” again, which signals the authorities’ strong determination to support growth amid Trump’s tariff war with China and China-US relationship uncertainties. Other economic targets are also announced in March “two sessions”, for instance, inflation target is set at 2% (lower than 3% previously), unemployment target is set at 5.5%.

2. Fiscal deficit budget in 2025 surpassed the 3% red line to be set at 4%. Total scale of deficit is RMB 5.5 trillion, special local government bond issuance is anticipated to be RMB 4.4 trillion; RMB 1.3 trillion long-term special central government bond to support “old consumer goods and equipment trade-in program” as well as some long-term strategic projects. RMB 500 billion special government bond to supplement state banks’ capital. Augmented fiscal deficit is expected to be 9%.

3. “Modestly loose” monetary policy to support growth but will be more cautious as FED paused rate cut considering financial stability. We expect 1-year LPR will be cut by 2-3 times from 3.1% to 2.5% this year. RRR cuts will also be conducted 2-3 times.

4. To stimulate domestic demand and develop technology advancement to offset the tariff war and global uncertainties will be the new concentration in 2025.

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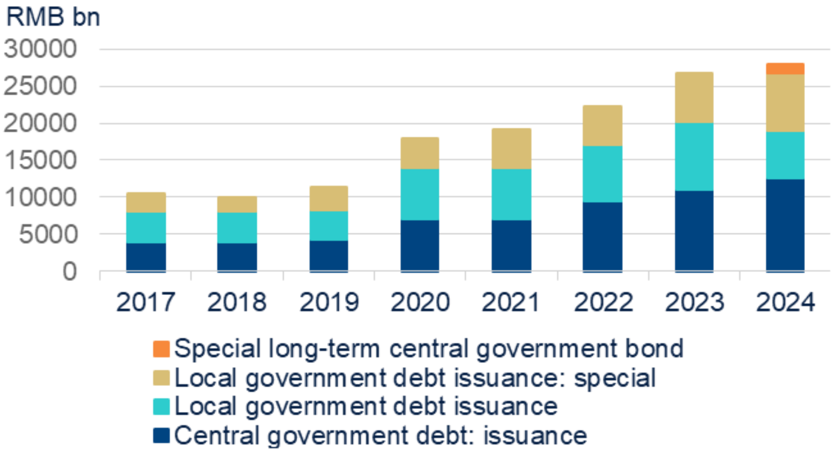
03

What could go wrong with China’s jumbo size stimulus package?

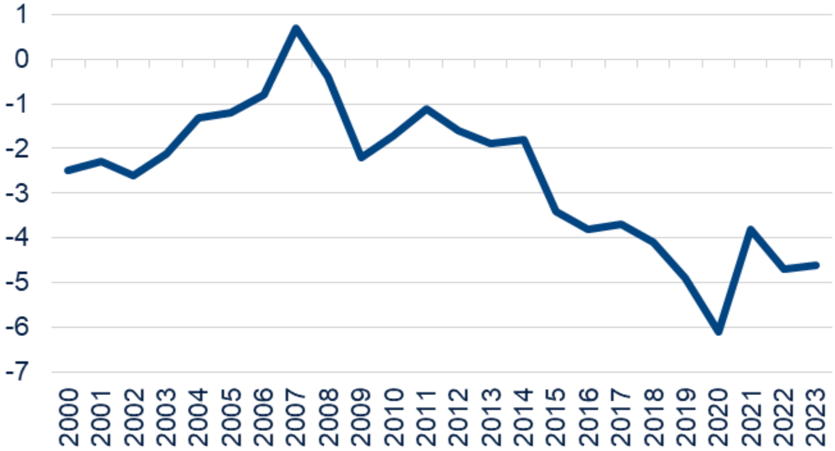
What could go wrong with China's jumbo size stimulus package? (1)

1 Insufficient Size of Fiscal Stimulus Measures: The market is not satisfied with the scale of newly-issued central government bond, and complains that the fiscal measures only focus on local government debt swap program but not on newly issued central government bond; The market is also concerned about lack of direct cash injection to households as the US and Europe did during Covid-19.

THE STIMULUS PACKAGE ON THE FISCAL SIDE FOCUSES MORE ON DEBT SWAP PROGRAM



AUGMENTED GOVERNMENT DEFICIT TO GDP%

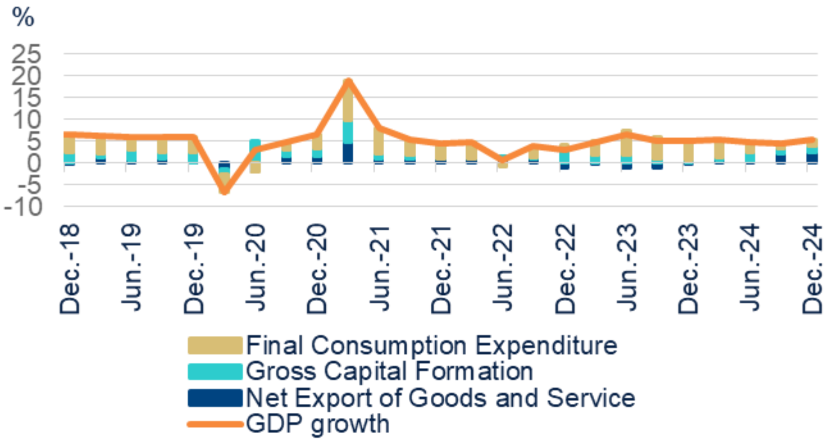


Source: NBS and BBVA Research

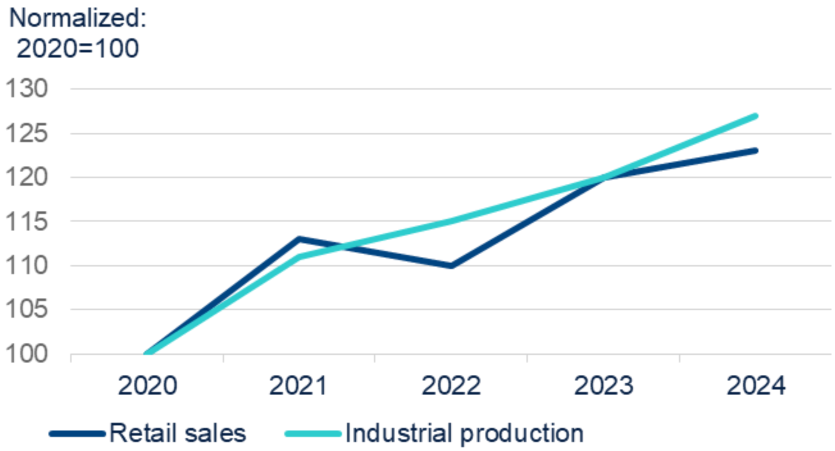
What could go wrong with China’s jumbo size stimulus package? (2)

2 Inefficient Allocation of Stimulus Funds: Investment versus Consumption: There is risk that the stimulus might be directed towards areas that are not efficient or overcapacity in boosting the economy; Chinese economy is long-lasting experiencing supply-demand mismatch with supply is significantly higher than demand. Thus, the stimulus funds should be relocated more to consumption side.

CONSUMPTION CONTRIBUTION TO GDP GROWTH HAS BEEN DECLINING



RETAIL SALES GROWTH HAS BEEN LOWER THAN INDUSTRIAL PRODUCTION GROWTH AFTER COVID-19



Source: NBS and BBVA Research

What could go wrong with China’s jumbo size stimulus package? (3)

3 Slow pace of Policy Implementations: Chinese authorities might want to wait for Trump to make his further moves first and then step up their policy stimulus; may also want to wait until March 2025 “two sessions” to announce the exact figures of fiscal stimulus.

4 Lack of Incentives for Bureaucrats’ Implementation: (i) The indebtedness of local governments has limited financial resources they can mobile to stimulate the economy. Local government officials feel more urgent to meet their debt obligations and payrolls. (ii) The Party’s anti-corruption campaign led officials to shy away from making big decisions, in particular regarding relations between government and business.

5 Counterproductive Communication Between the Authorities and the Market. During the “4 trillion stimulus” in 2008-09 GFC, it was the then Premier Wen Jiabao who took the lead to announce the stimulus package to show the determination. This time, different ministries held their own press conferences separately to announce specific measures in their domains. Such separated efforts might not be well accepted by the market as people are keen to see a comprehensive stimulus package with a strong commitment.

6 Premature Withdrawal of Stimulus: China's authorities might withdraw the stimulus too early after observing initial signs of recovery. A premature withdrawal could halt the recovery process and lead to a relapse into economic downturn.

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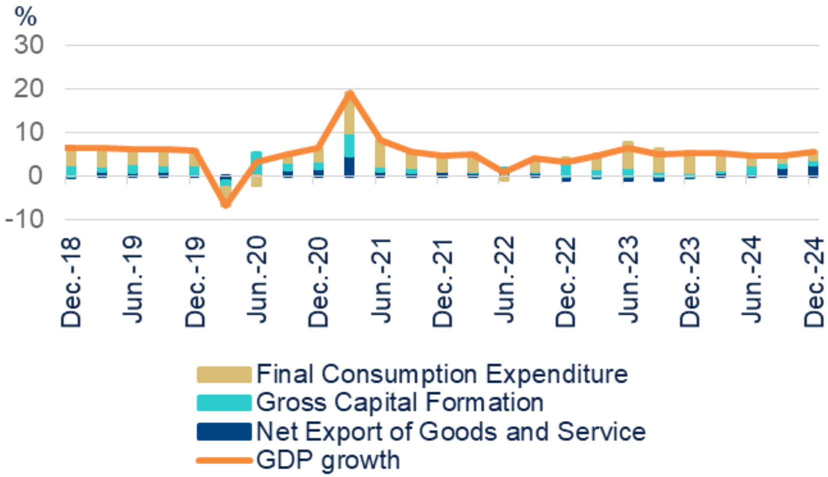
03

Economic analysis of the recent Chinese economy

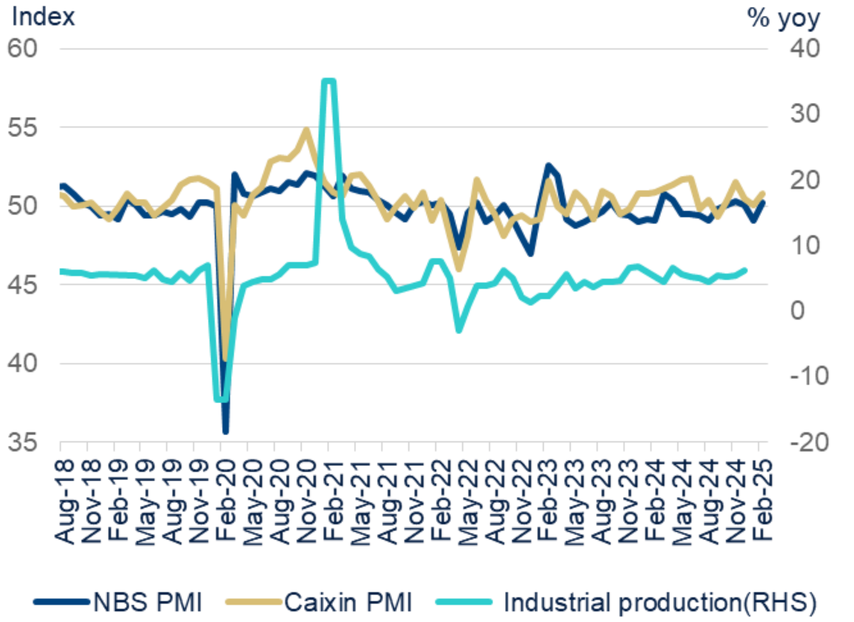
2024 GDP reached 5%, achieving the authorities’ growth target and higher than market expectations, with an unbalanced structure persists

2024 Q4 GDP ACCELERATED TO 5.4% FROM 4.6% IN Q3, WE RAISED 2025 GDP FORECAST TO 4.5%



Forecast	2025Q1	2025Q2	2025Q3	2025Q4
Y/Y%	4.3	5.4	4.2	4.3
Q/Q% (HAVER SA)	1.1	0.4	1.1	0.9

NBS PMI DECREASED TO 49.1 FROM 50.1; INDUSTRIAL PRODUCTION ACCELERATED TO 6.2% FROM 5.4%

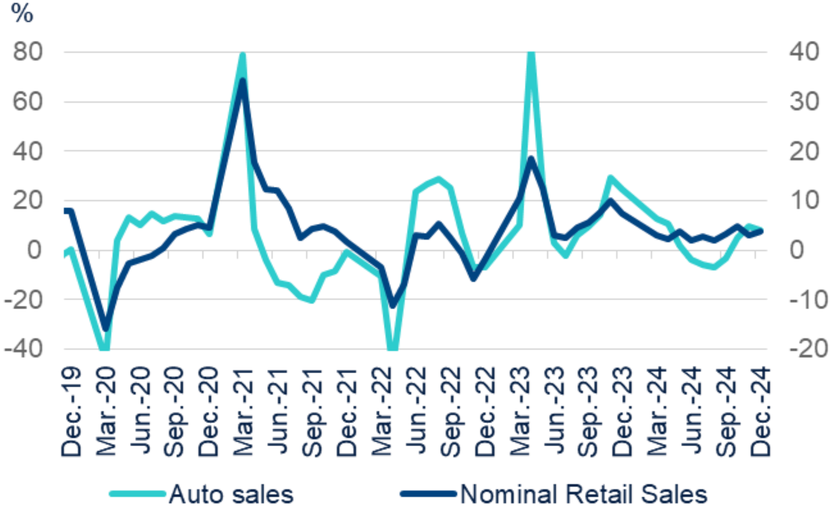


Source: BBVA Research and NBS.

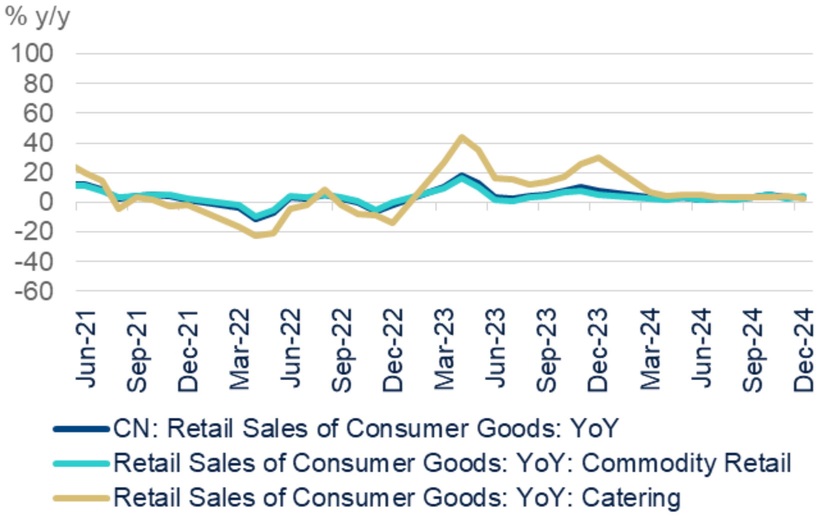
Retail sales picked up due to the authorities’ stimulus measures,

such as consumption coupon, “large-scale equipment renewal and trade-in old consumer goods”

RETAIL SALES PICKED UP TO 3.7% IN DECEMBER FROM 3%



RETAIL SALES SLOWDOWN IS COMPREHENSIVE FOR ALL SECTORS, DIFFERENT FROM PREVIOUS DIVERGING PATTERN



Source: BBVA Research and NBS.

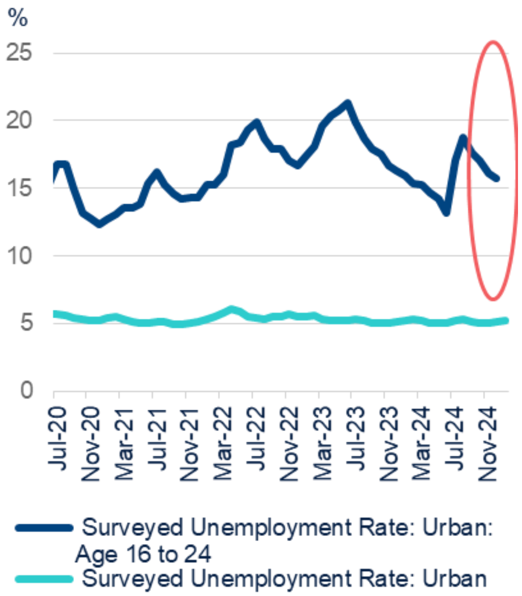
1. The authorities issued RMB 300 billion long-term government bond to support consumption by “large-scale equipment renewal and trade-in old consumer goods and “consumption coupon” to stimulate retail. But low possibility to direct inject cash to households.

2. A dipping housing price deteriorated households’ wealth effect.

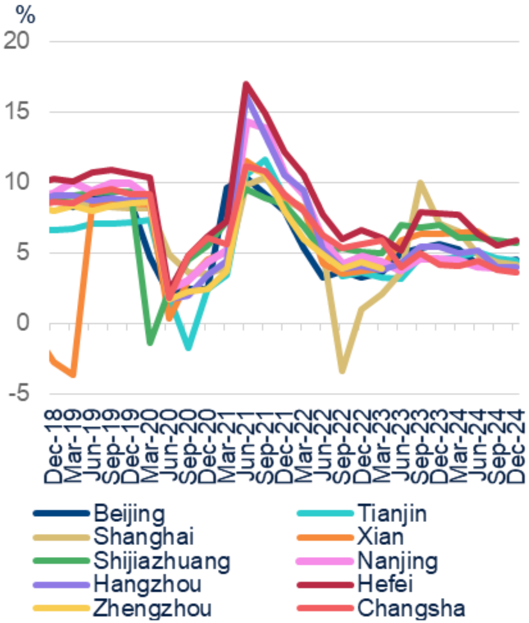
Retail sales is constrained by

(i) high unemployment rate in young group (ii) “salary cap campaign” in finance, government and SOE sectors; (iii) wealth effect: sliding housing and stock price and (iv) weak market sentiments

REVISED 16-24 UNEMPLOYMENT RATE MUCH HIGHER THAN HEADLINE UNEMPLOYMENT 5%



INCOME GROWTH IN BIG CITIES LOWER THAN PRE-PANDEMIC LEVEL



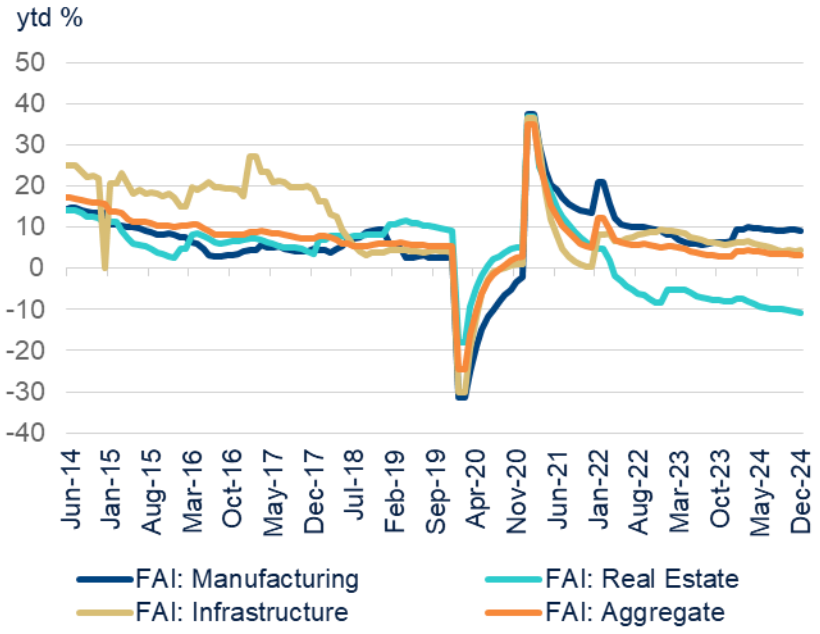
WEALTH EFFECT： STOCK MARKET REACTED LUKEWARMLY

NOTES: The revised statistic method of 16-24 unemployment rate excludes the survey on final year students at school
Source: NBS and BBVA Research.

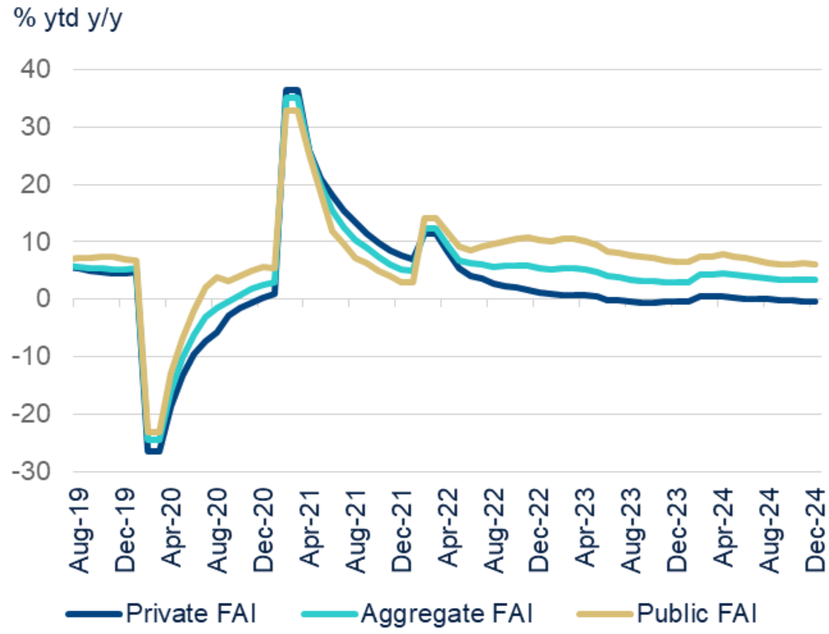
Investment declined to 3.2% ytd y/y with diverging pattern:

housing FAI remains the main lag (-10.6%); manufacturing FAI remained strong (9.2%), surpassing infrastructure FAI (4.4%)

HOUSING INVESTMENT REMAINED THE LARGEST DRAG ON INVESTMENT



THE MULTIPLIER EFFECT OF PUBLIC FAI TO PRIVATE FAI REMAINS WEAK

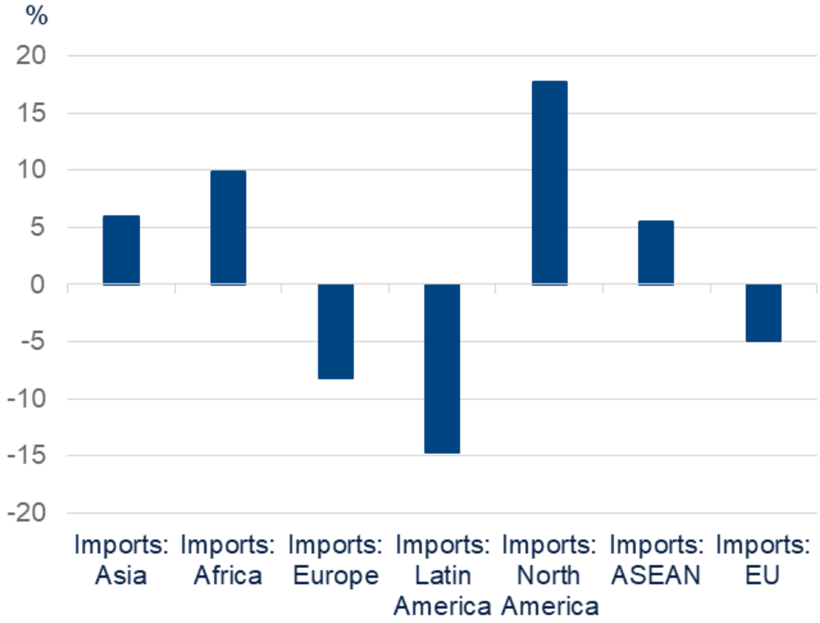


Source: BBVA Research and NBS.

Exports increased as exporters accelerated orders before tariffs announced

EXPORTS ACCELERATED FROM 6.6% TO 10.7%; IMPORTS FROM -4% TO 1% IN DECEMBER 2025

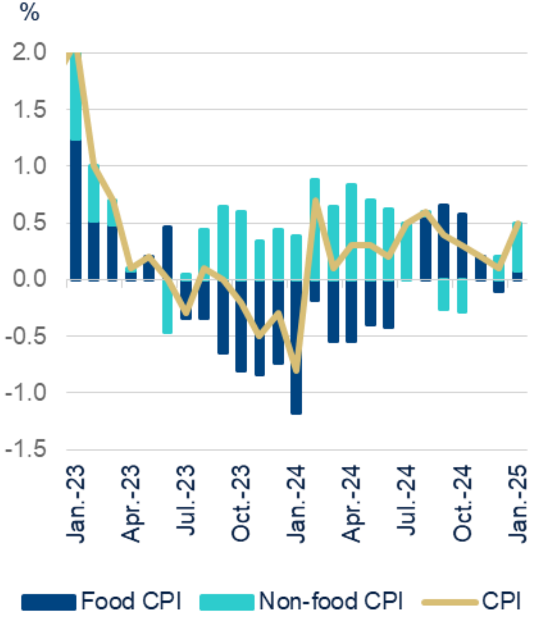
IMPORTERS ALSO ACCELERATED THEIR IMPORTS FROM US BEFORE TARIFF ANNOUNCED



Source: BBVA Research and NBS.

Deflationary environment persists amid deep real estate adjustment and unbalanced economic structure

CPI WENT UP TO 0.5% FROM 0.1% IN THE PREVIOUS MONTH IN JANUARY



PPI REMAINED NEGATIVE AND SYNCHRONIZED WITH GLOBAL COMMODITY PRICE

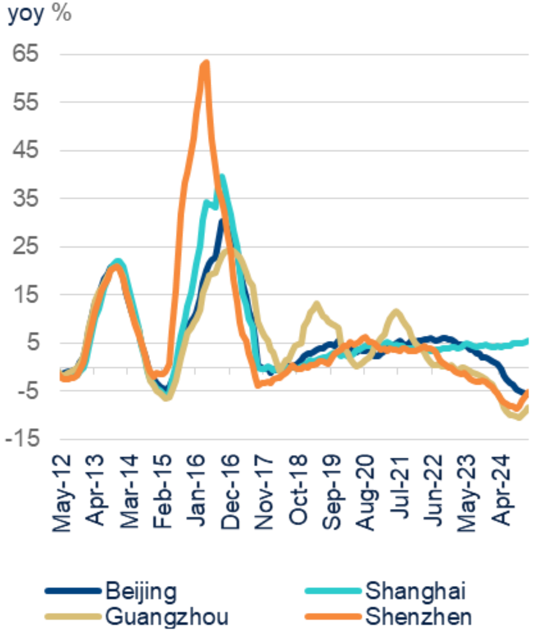
DEFLATION IN CHINA:

1. Weak domestic demand and weak sentiments VS. strong supply.
2. Price decelerated due to the “salary cap campaign” in financial and gov. sector etc., together with high unemployment in young age group;
3. Pork cycle is outside the swine flu period, pork supply expanded significantly leading to overcapacity. 4. Conservative central banks indicates limited liquidity in the market.

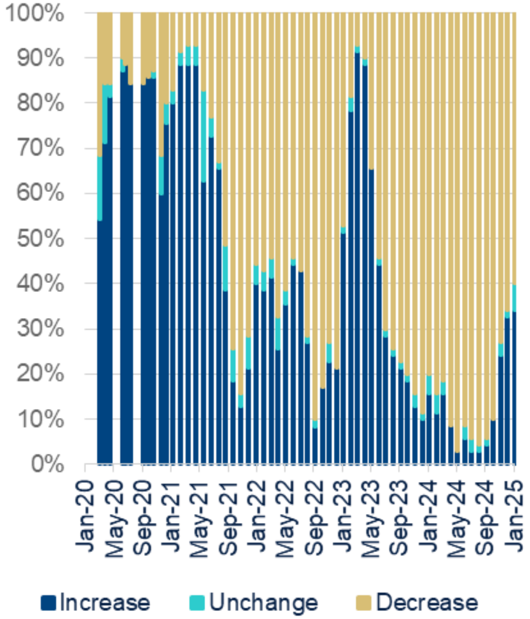
Source: BBVA Research and NBS.

China's real estate market remains the primary risk, housing price rebounded marginally but not for other housing indicators (1)

IN TIER-1 CITIES, ONLY SHANGHAI'S HOUSING PRICE STABILIZES, OTHERS REMAINED NEGATIVE GROWTH



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



Source: BBVA Research and NBS.

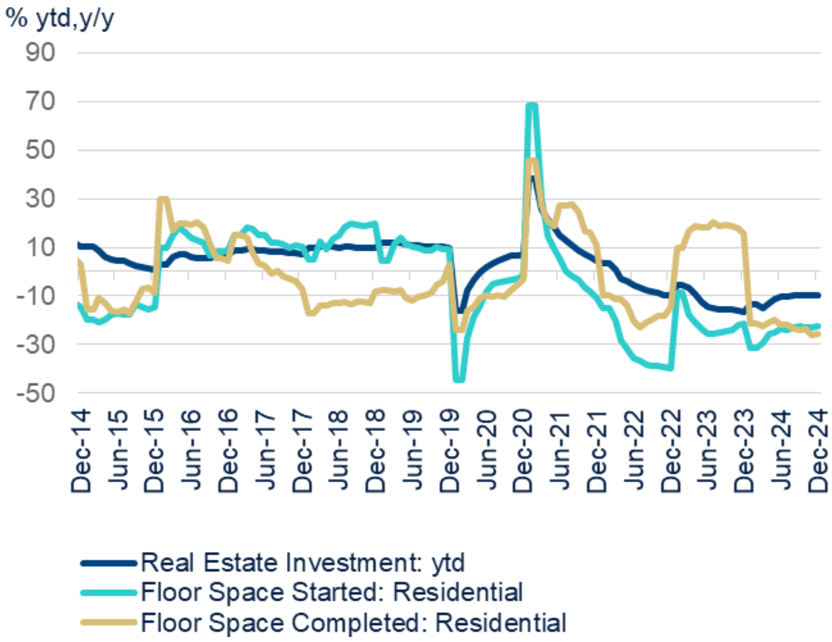
THE RECENT HOUSING STIMULUS:

1. Lower the first and second house purchase's downpayment ratio to 15%
2. To move the lower bound of mortgage rate for home buyers.
3. PBoC set RMB 300 billion re-lending pool to encourage local SOEs and government to purchase unsold houses as low-income housing.
4. The four large cities continuously promulgated easing measures for home purchase.
5. Gov could get back the land that sold to real estate developers to increase the cash flows to those developers.

China's real estate market remains the primary risk, housing price rebounded marginally but not for other housing indicators (2)

BUILDING SOLD REMAINS NEGATIVE GROWTH

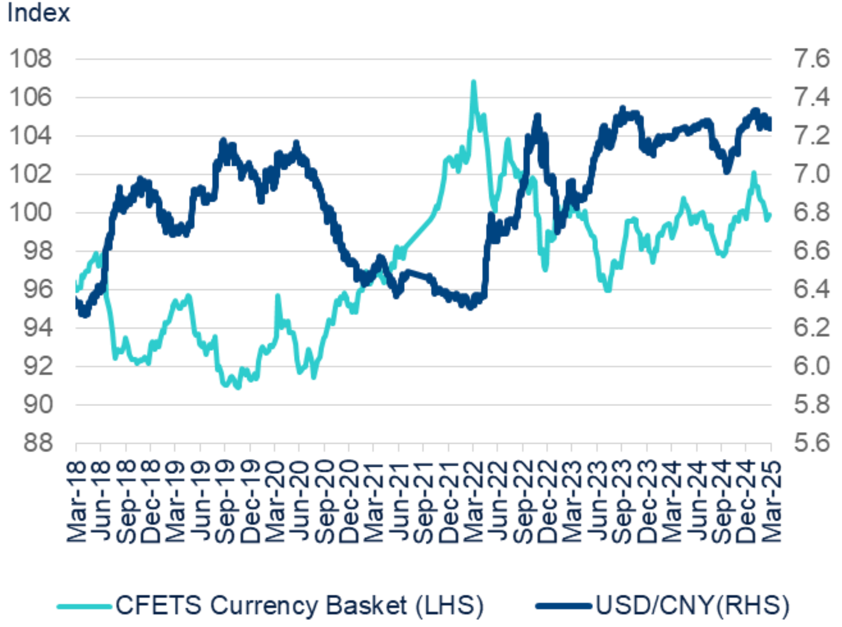
FLOOR SPACE COMPLETED & STARTED, AND HOUSING INVESTMENT REMAINED NEGATIVE



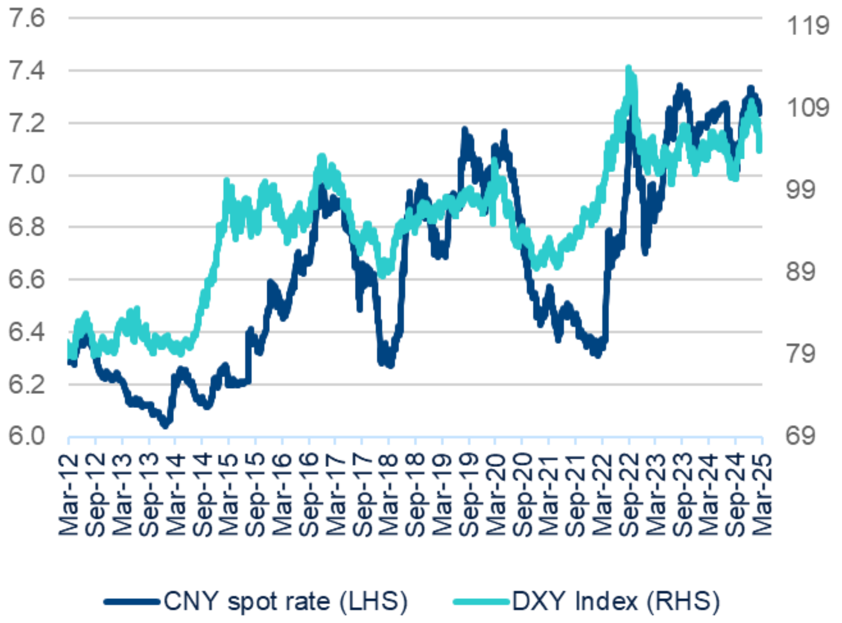
Source: BBVA Research and NBS.

Two forces decide the path of RMB to USD Exchange rate: Trump’s trade war and the stimulus package

RMB APPRECIATED TO 7.25 FROM 7.33 AS TRUMP’S TARIFF ON CHINA IS LOWER-THAN-EXPECTED SO FAR TOGETHER WITH A DIPPING USD DXY



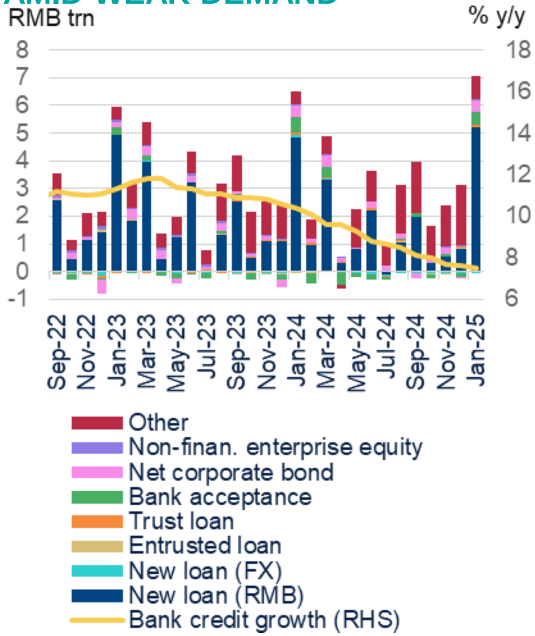
THE MIRROR EFFECT OF RMB EXCHANGE RATE AND USD DXY PERSISTS



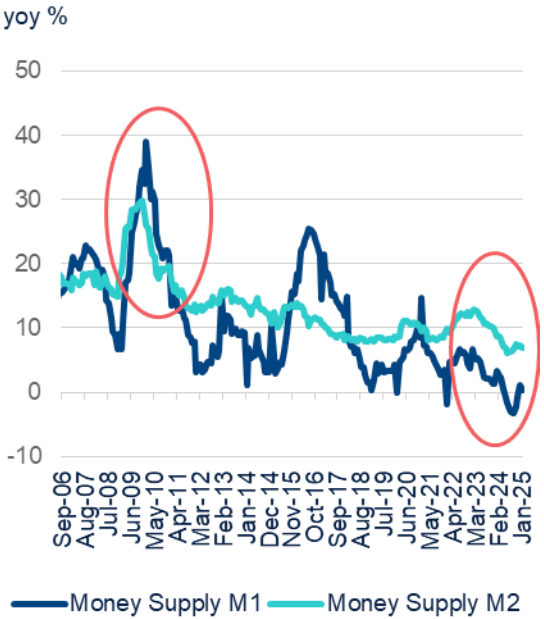
Source: BBVA Research and NBS.

China’s total credit growth significantly slowed amid lackluster demand

TOTAL SOCIAL FINANCING AND NEW RMB LOANS DECELERATED AMID WEAK DEMAND



M2 DIPPED TO HISTORICAL LOW; M1 HAS REMAINED NEGATIVE BUT MARGINALLY PICKED UP

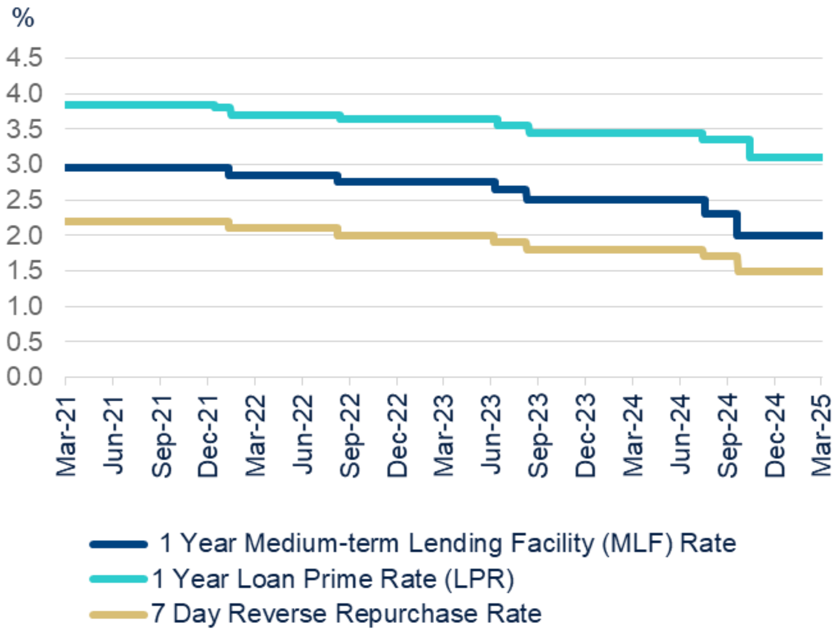


- Behind negative M1 growth: sluggish economic activities, weak market sentiments, weak enterprises’ liquidity condition.
- No substitution effect among corporate loans, household loans, non-financial institutions loans and other kinds of loans, they all declined to a large extent.

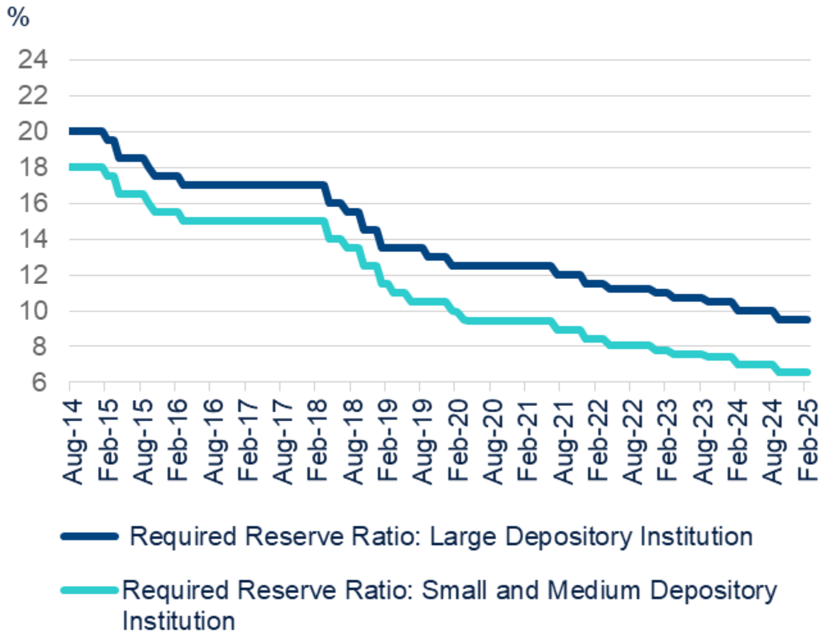
Source: BBVA Research and NBS.

Monetary policy: keeps expansionary amid the stimulus package, but will be more cautious as FED paused the rate cut

WE EXPECT TWO MORE RATE CUT THIS YEAR…



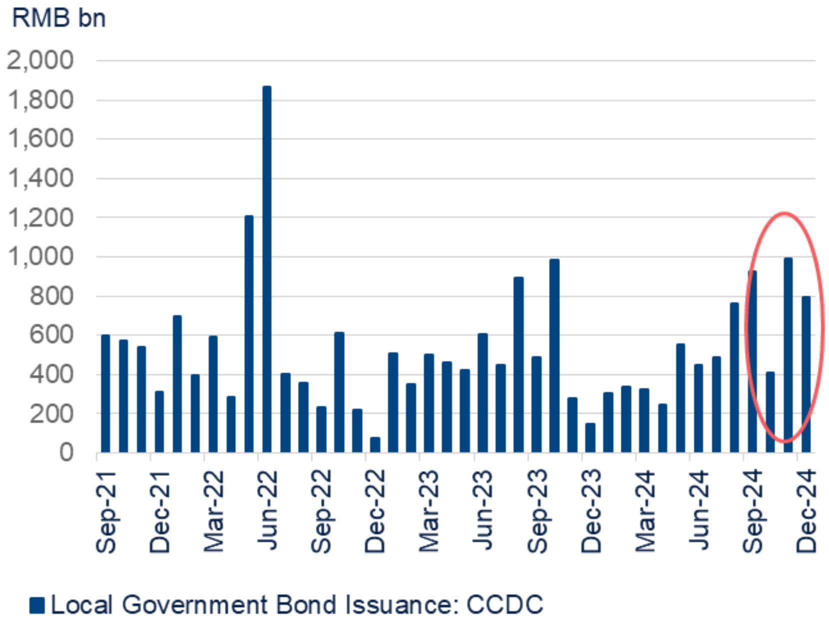
…ALSO EXPECT 2-3 RRR CUTS



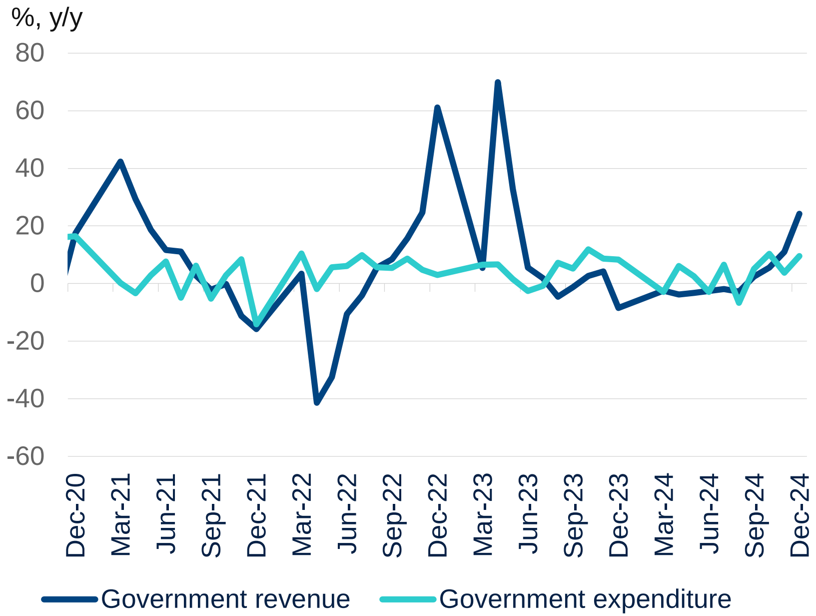
Source: BBVA Research and NBS.

Fiscal easing focuses on central government bond issuance and local government debt swap program

LOCAL GOV BOND ISSUANCE IS AT A STEADY PROGRESS, RMB 4.4 TRILLION TO BE ISSUED IN 2025



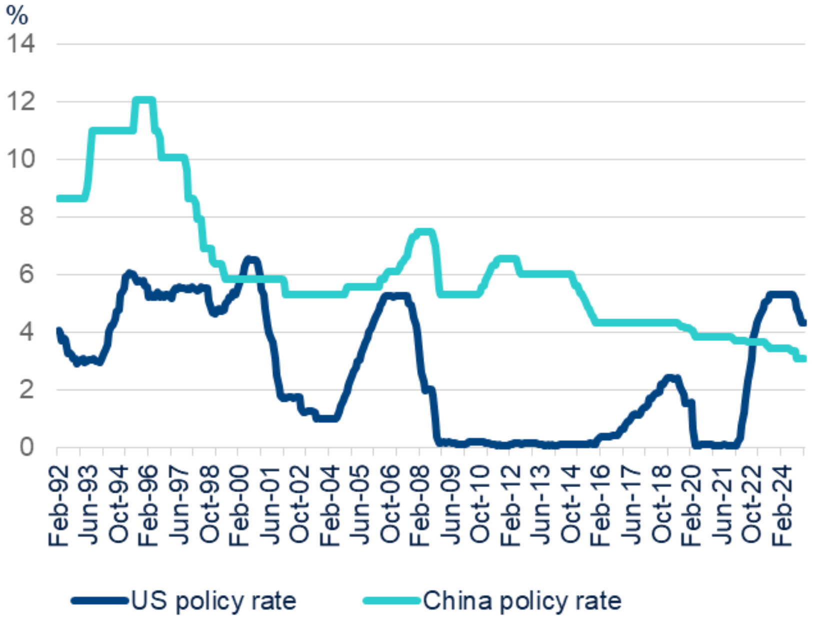
GOV REVENUE WAS DRAGGED BY LAND SALES DIPPING



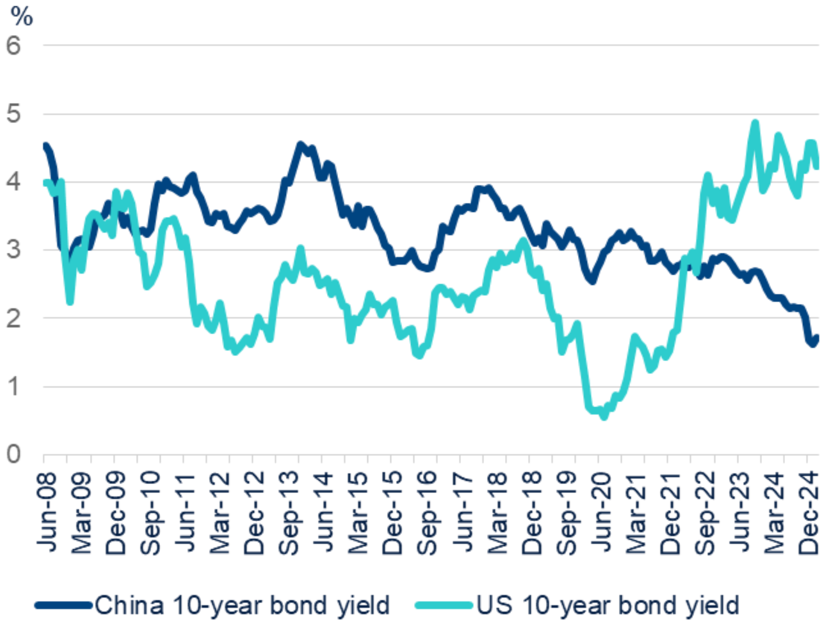
Source: NBS and BBVA Research.

China-US rate reversion reached historical high due to China-US unsynchronized monetary policy

CHINA AND THE US POLICY RATE REVERSION HAPPENED ONLY TWICE IN HISTORY



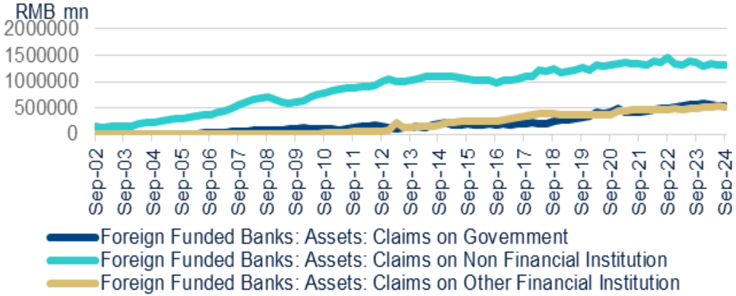
CHINA-US LONG TERM BOND YIELD REVERSION ALSO REACHED HISTORICAL HIGH



Source: NBS and BBVA Research

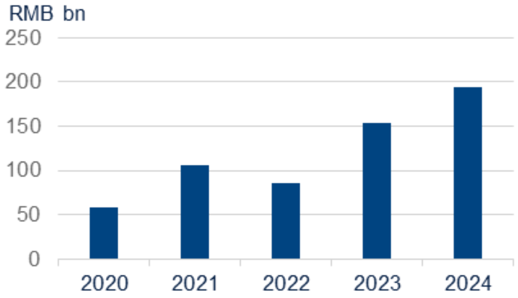
China-US rate reversion significantly impacts our Chinese corporate financing business

THE ASSET OF FOREIGN BANKS DECLINED

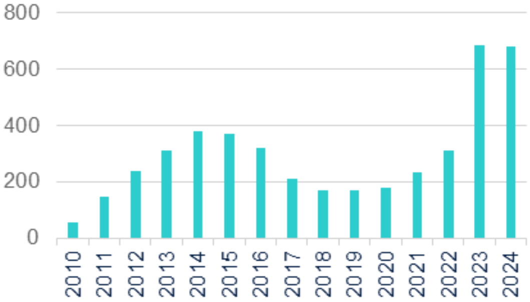


LOAN IN FOREING CURRENCY ALSO DECLINED: YOY

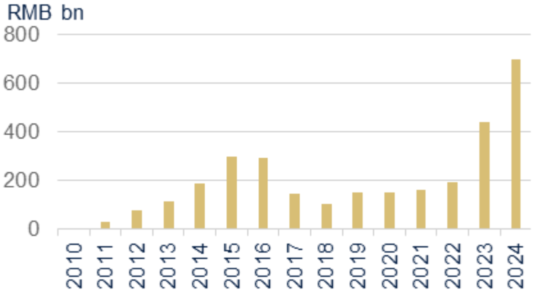
PANDA BOND ISSUANCE (RMB BN)



RMB DIM SUM BOND OUTSTANDING IN HK



RMB LOANS IN HONG KONG: OUTSTANDING (RMB BN)



Source: NBS and BBVA Research

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	▲ 4.5	▲ 4.2	4
CPI (%)	2.6	0.9	2	0.2	0.24	0.6	1	1.3
PPI (%)	-1.8	8.1	4.2	-3	-2.2	▼ -1	1	1
Interest rate (LPR, %)	3.85	3.8	3.6	3.45	3.1	2.5	2.5	2.5
RMB/USD exchange rate	6.5	6.36	6.9	7.1	7.3	7.4	7.3	7.2

Disclaimer

BBVA Research

China Economic Outlook

March 2025

Creating Opportunities