Mizuho China Weekly

Economics & Strategy | Asia ex-Japan

14 July 2025 | Serena Zhou | Senior China Economist

China Weekly Outlook

- **China's trade growth exceeded the market consensus.** Exports rose 5.8% YoY in June, up from 4.8% in May. **Shipments to the US declined at a slower pace following the trade truce**, subtracting 2.4ppt from headline growth, compared to -5.0ppt in May. However, **exports to other regions grew at the slowest rate in four months**, likely due to reduced transshipments amid ongoing trade uncertainty. Notably, tariffs announced by President Trump last week range from 25% to 36% for most Asian economies, albeit they do not take full effect until 1 August.

- Auto vehicle exports led the rebound, surging 23.1% YoY in June (May: 13.7%). Hi-tech exports rose 6.9% YoY, the strongest in three months. Exports of toys and furniture also improved despite higher tariffs.

- Thanks to better near-term trade outlook, imports edged up 1.1% YoY in June. Meanwhile, the trade surplus widened to a five-month high of USD114.8b in June.

- Market rumors suggest **China may hold a top-level meeting this week to discuss further property support**. This seems plausible, as recovery momentum in the sector has weakened since April amid trade uncertainty. New home sales by value fell 6.3% YoY during April and May, compared to a 0.4% decline in Q1.

- **In our view, elevated inventory levels pose a significant risk to sustained recovery**, with the floor space of finished but unsold new homes up 6.5% YoY in May, the highest since 2016. In this sense, accelerated government-led destocking remains crucial to stabilizing market expectations. Recently, the NDRC announced that cities with population inflow may use ultra-long-term government bonds to acquire idle land and existing homes, and expand affordable housing supply for rural migrants.

Activity monitor (1/2)

Fig 1 Thermal coal: both supply and demand trended up

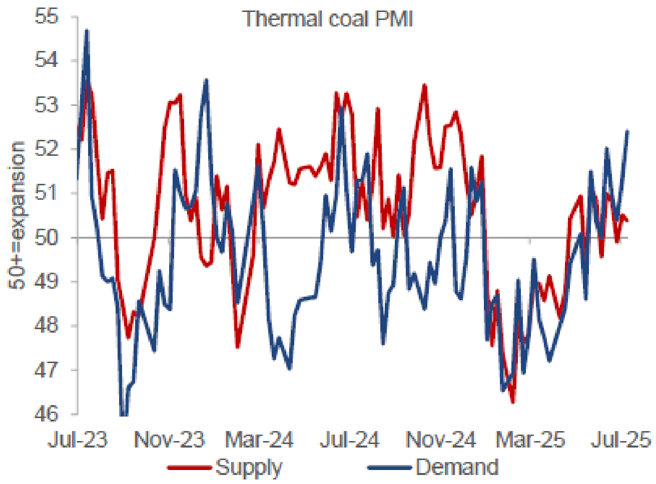
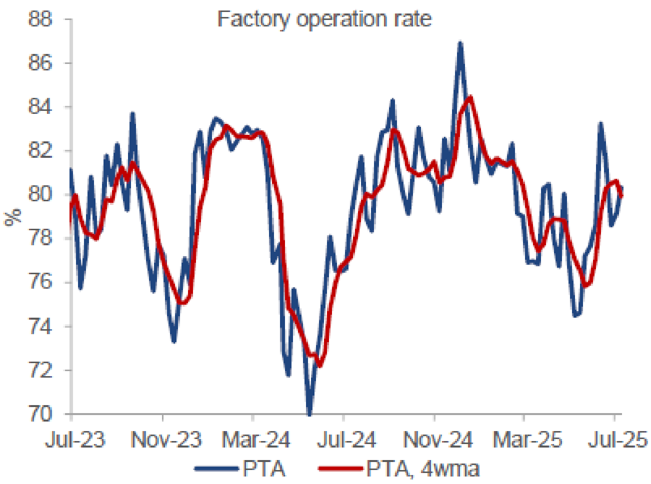


Fig 2 PTA production slightly slowed from the previous peak



Source: Wind, Mizuho

Fig 3 Steel production: the increase has slowed in June

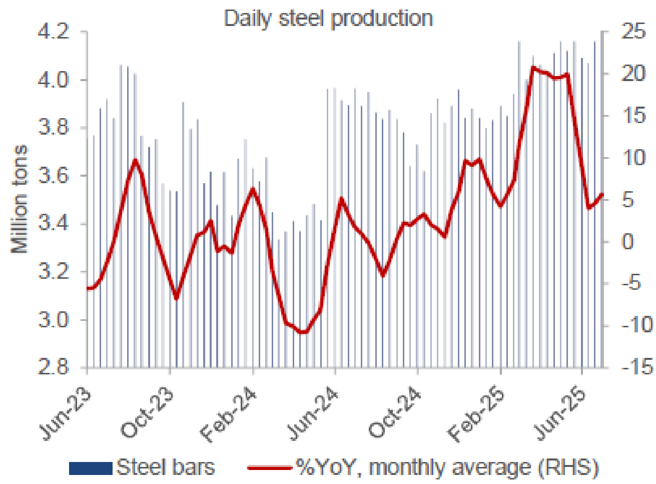
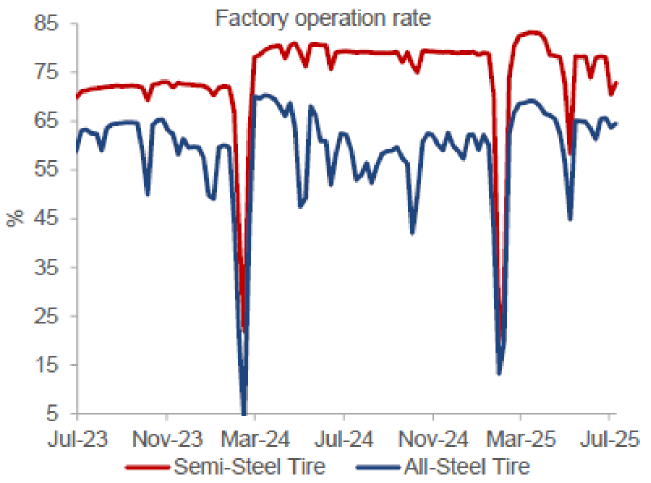


Fig 4 Steel tire production weakened in early July



Source: Wind, Mizuho

Fig 5 CCFI: shipping prices to the US moderated in recent weeks

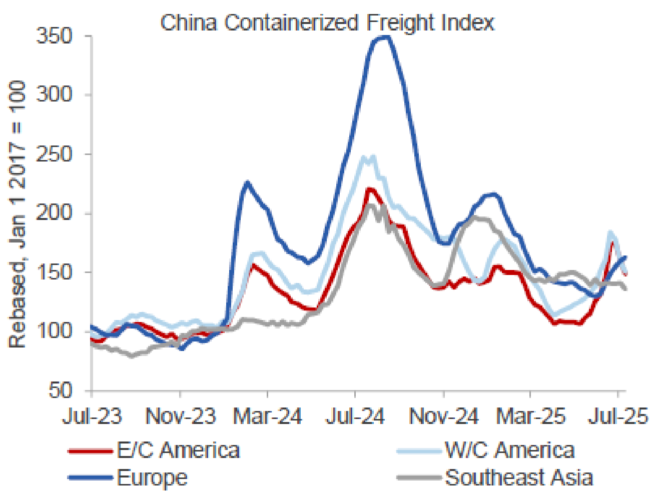
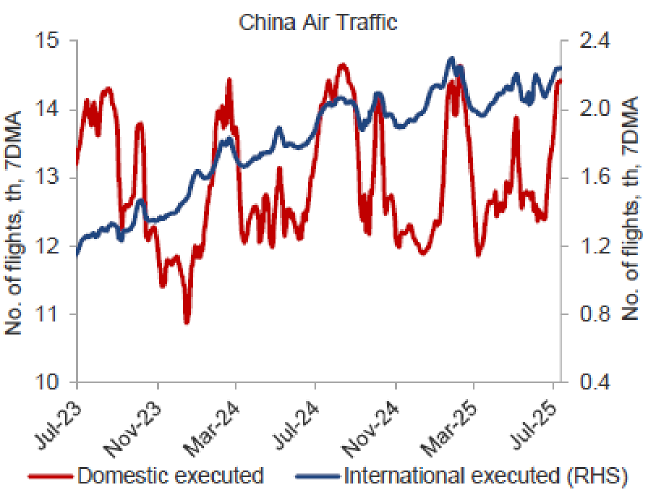


Fig 6 Air traffic has increased significantly since end of June



Source: Wind, Mizuho

Activity monitor (2/2)

Fig 7 Road construction continued to improve

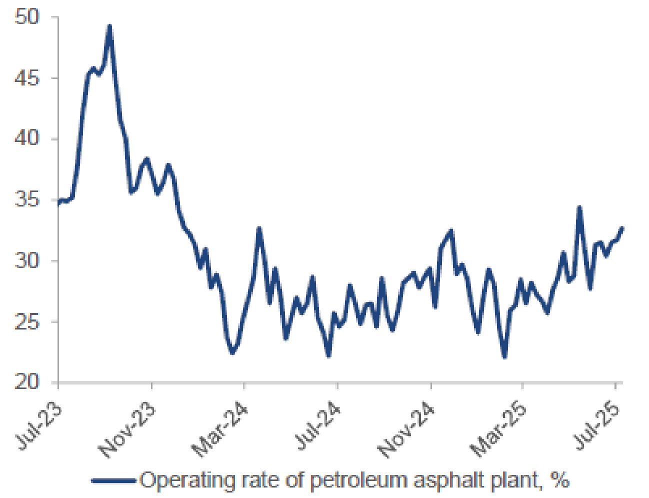
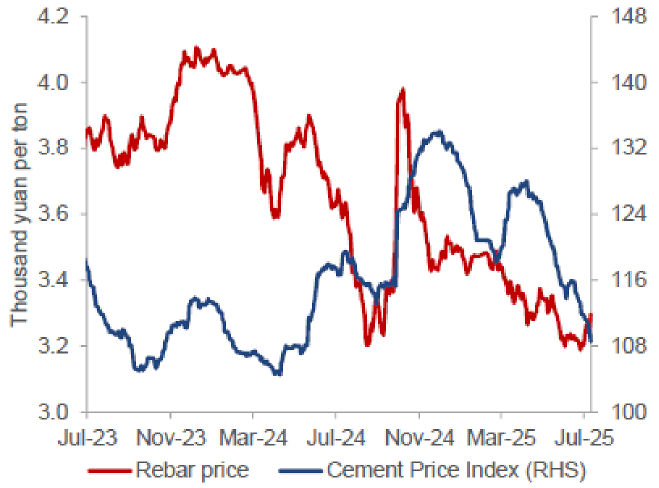


Fig 8 Construction material prices were mixed last week



Source: Wind, Mizuho

Fig 9 Land sales rose at a faster pace YoY

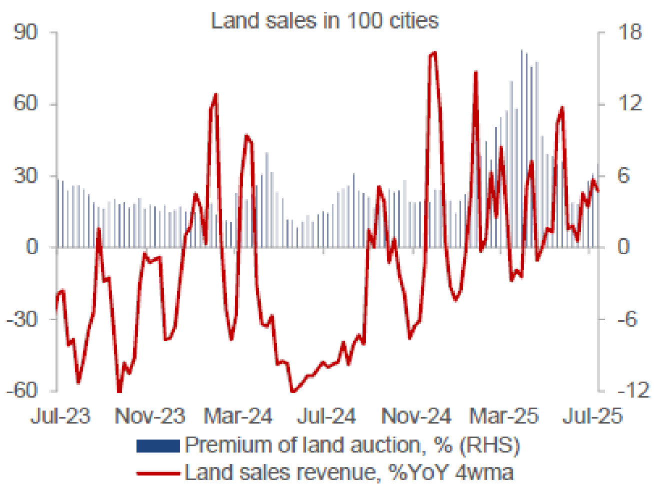
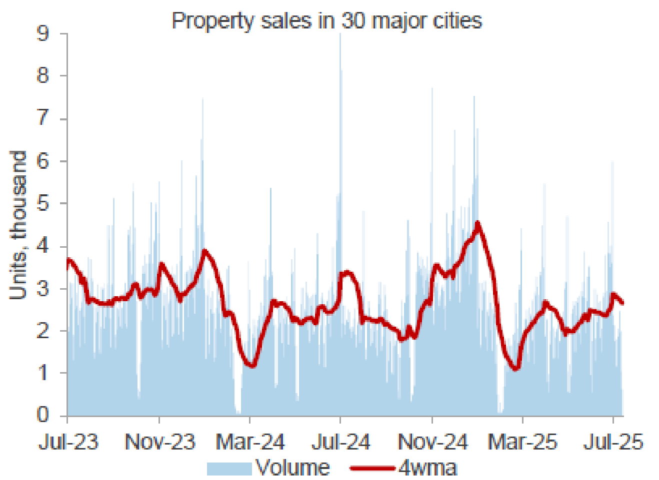


Fig 10 New home sales held up in higher-tier cities



Source: Wind, Mizuho

Fig 11 Movie box office revenue slightly improved

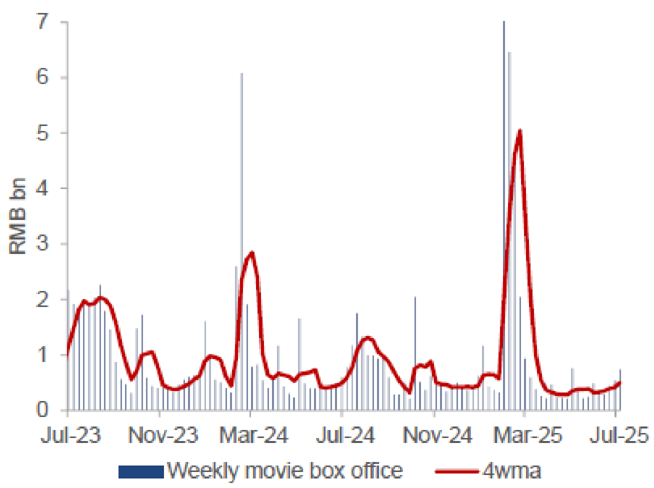
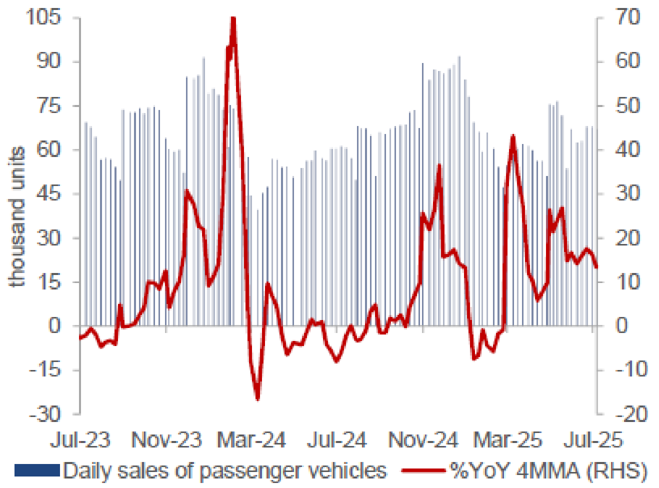


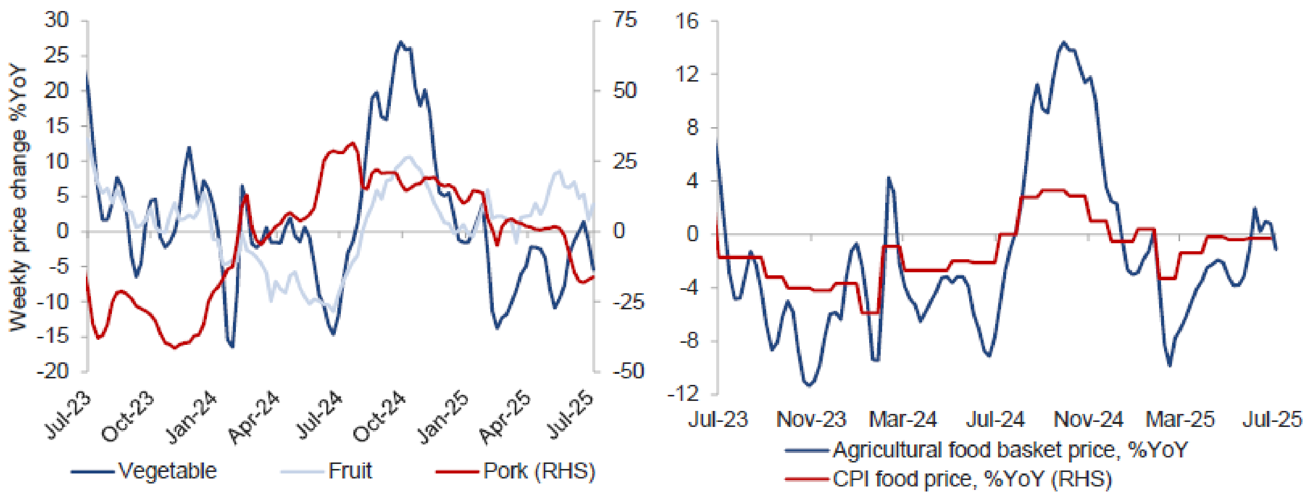
Fig 12 PV sales: YoY growth remained supported



Source: Wind, Mizuho

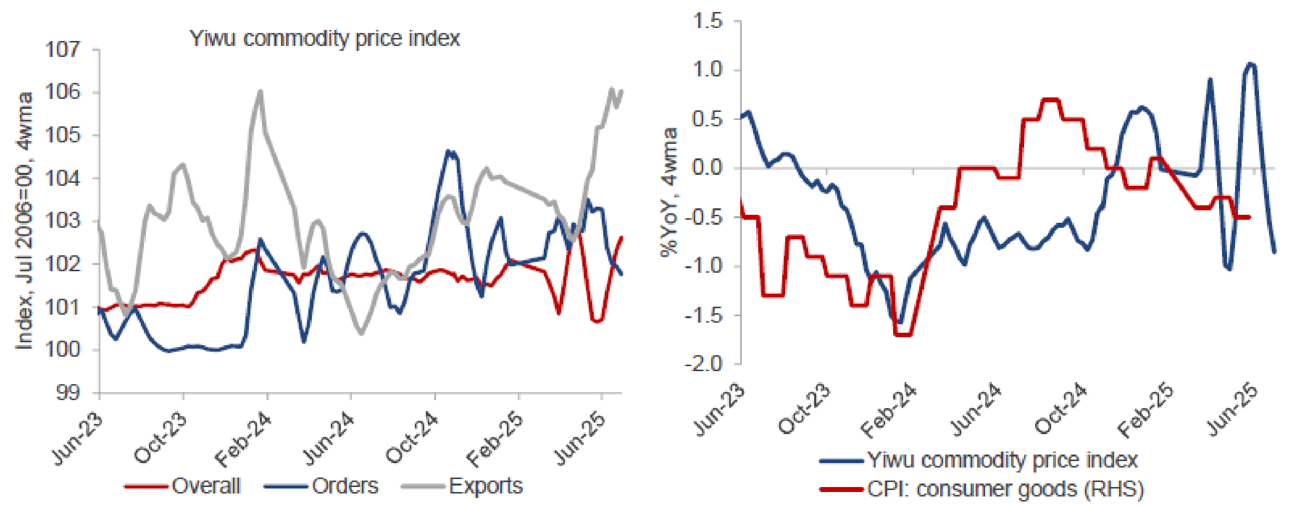
Price monitor

Fig 13 Agricultural prices fell YoY last week on declines in pork and vegetable prices



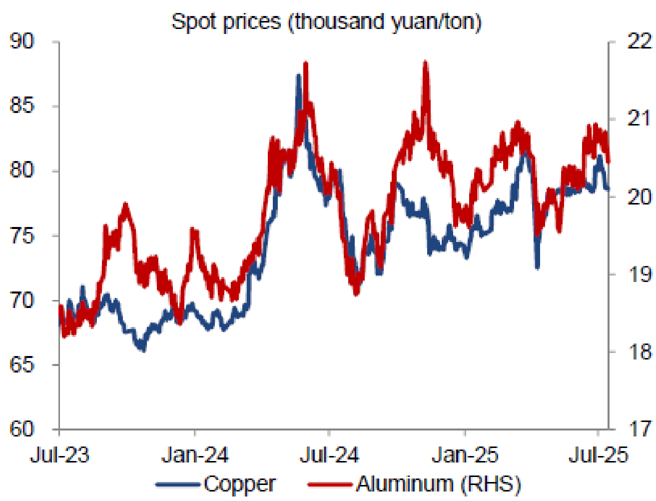
Source: CEIC, Mizuho

Fig 14 Yiwu Commodity Prices: no updated for the first week of July



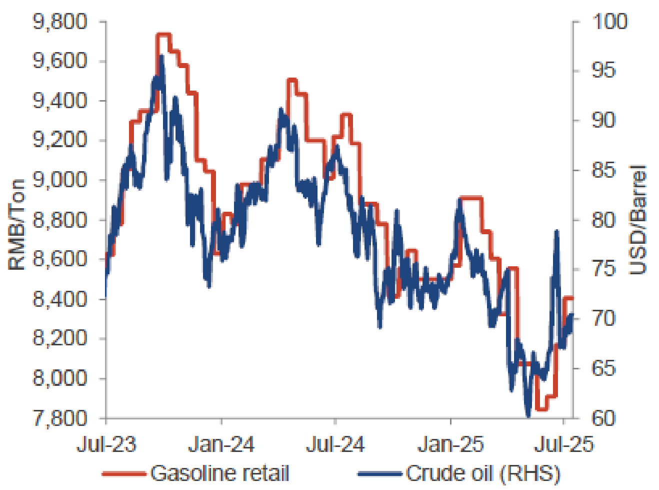
Source: Wind, Mizuho

Fig 15 Non-ferrous metal prices softened in recent weeks



Source: CEIC, Wind, Mizuho

Fig 16 Oil prices fell on eased on the tentative ceasefire deal



Liquidity monitor

Fig 17 OMOs: net withdrawal of RMB227b during 7 - 11 Jul

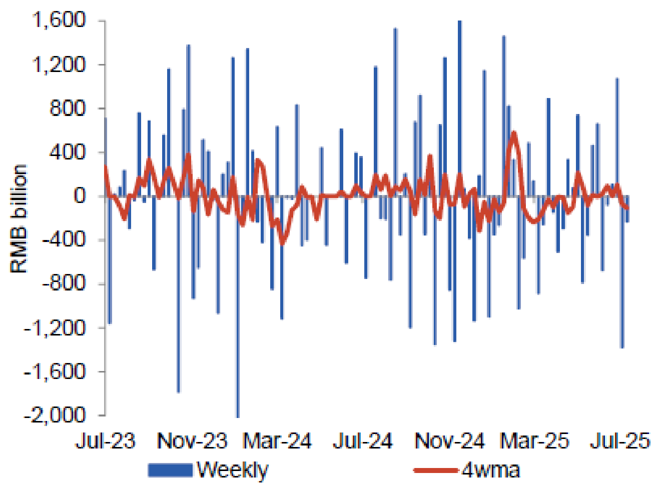
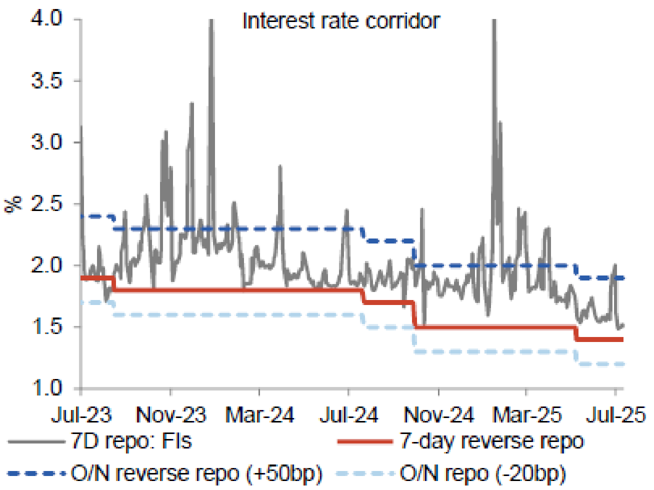


Fig 18 7D repo for FIs moved toward the target level



Source: CEIC, Wind, Mizuho

Fig 19 Short-end CGB yields edged up last week

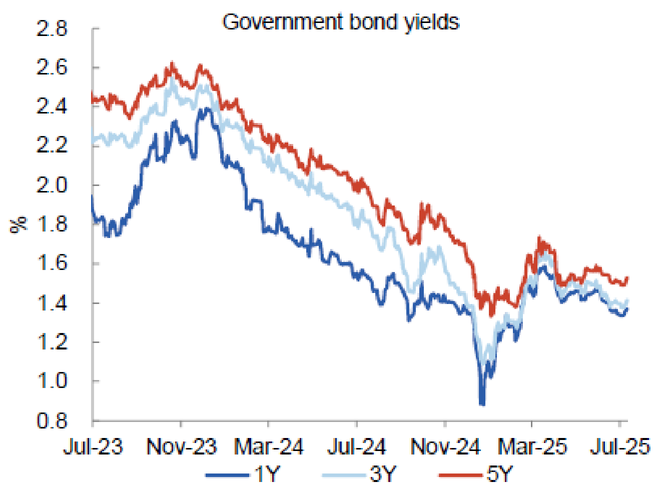
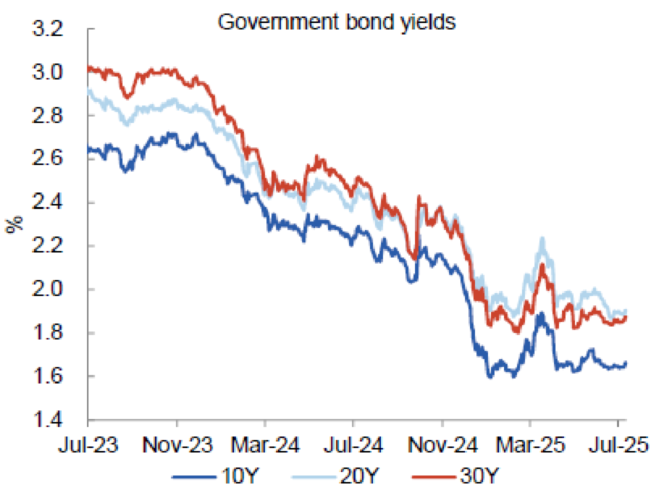
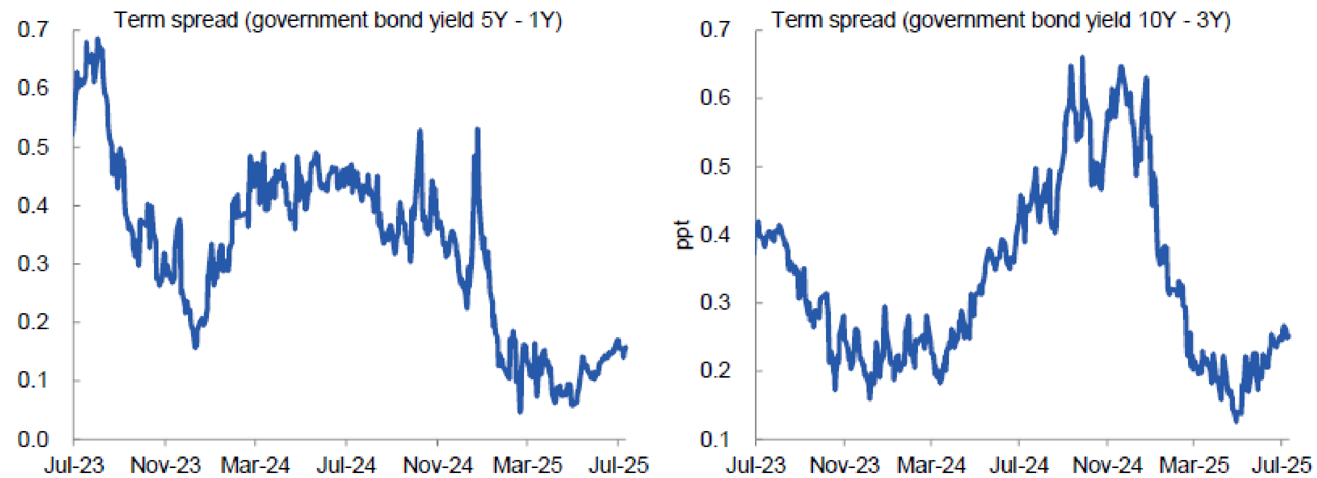


Fig 20 Long-end CGB yields were less affected by the withdrawal



Source: Wind, CEIC, Mizuho

Fig 21 CGB term spreads remain at their recent wides



Source: CEIC, Mizuho

Credit monitor

Fig 22 IG Corporate bond yields trended lower

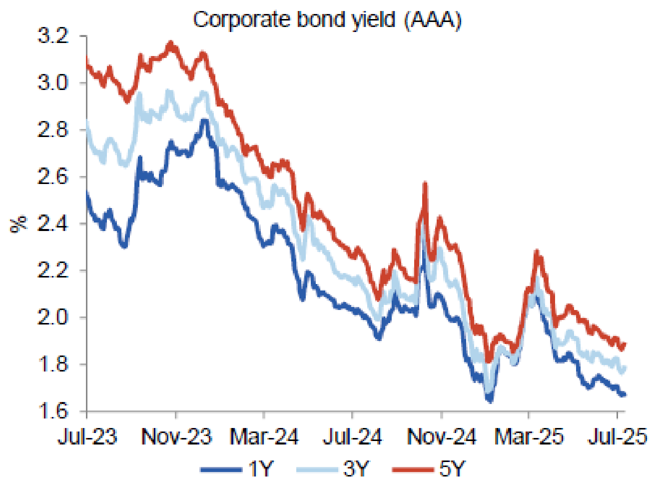
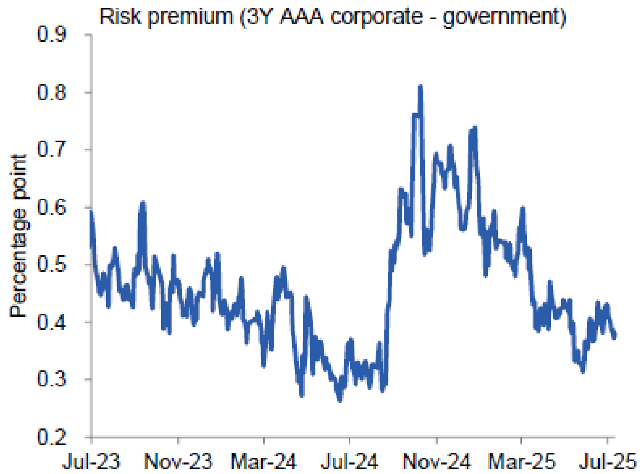


Fig 23 IG corporate risk premium grinded tighter last week



Source: Wind, Mizuho

Fig 24 HY Corporate bond yields continued to move lower

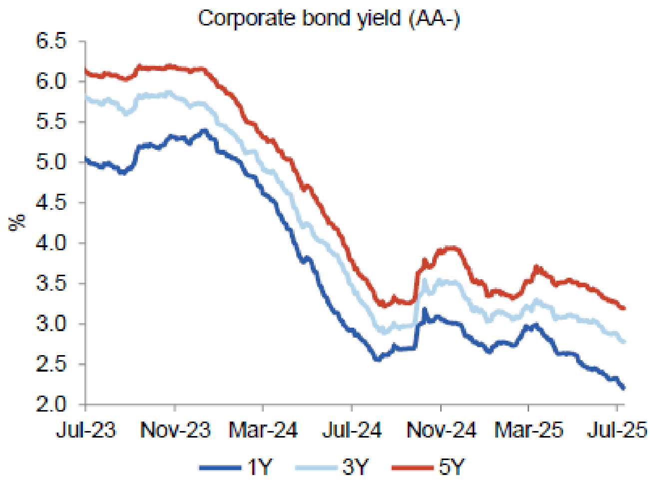
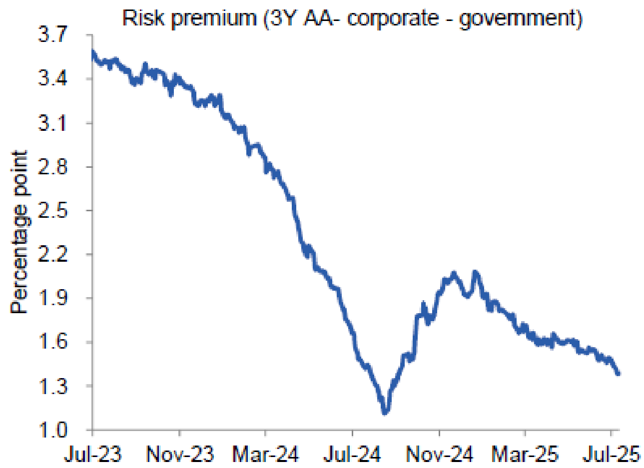


Fig 25 HY corporate risk premium continued to squeeze tighter



Source: Wind, Mizuho

Fig 26 China USD credit spreads finished little changed last week amid ongoing US tariff threats and possible property stimulus

Source: IHS Markit, Mizuho

FX monitor

Fig 27 RMB fixing rate: increased PBoC intervention last week

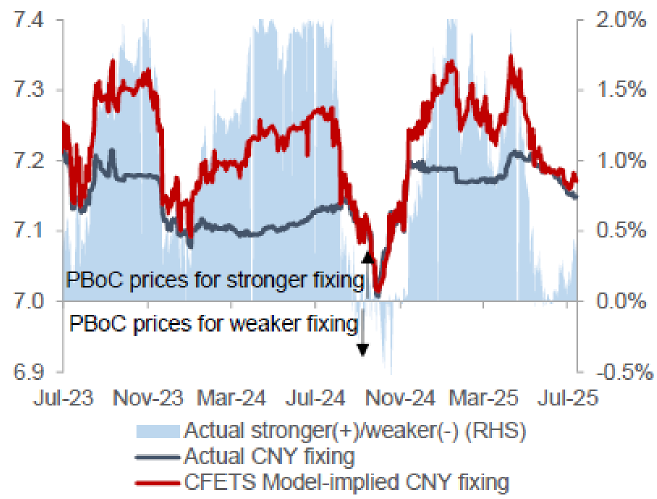
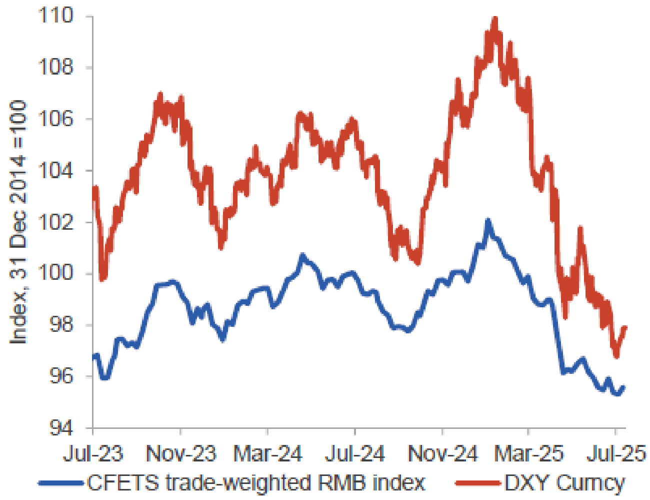
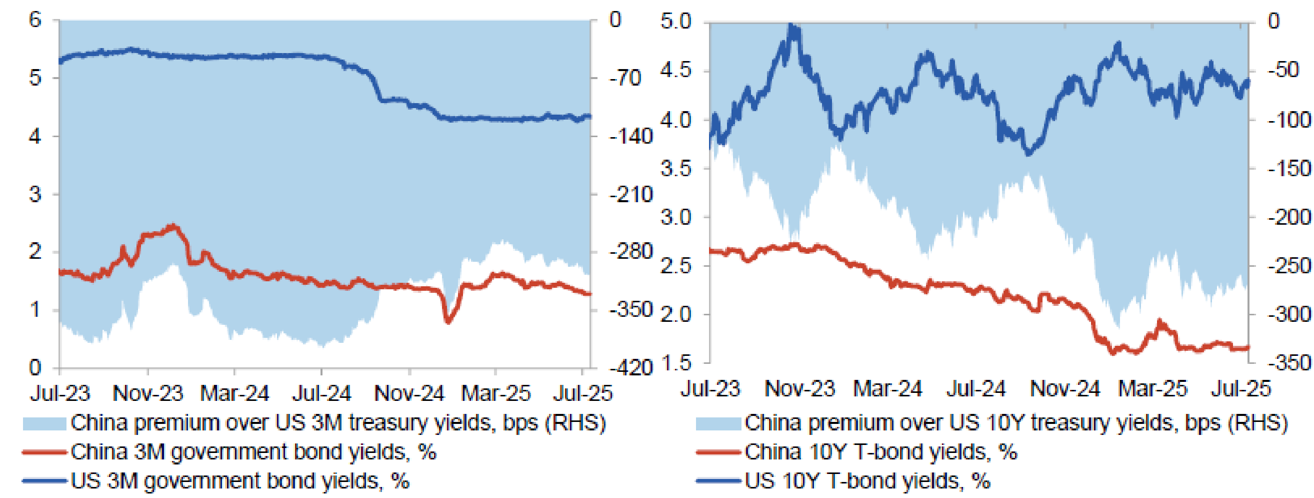


Fig 28 RMB trade-weighted index picked up notably



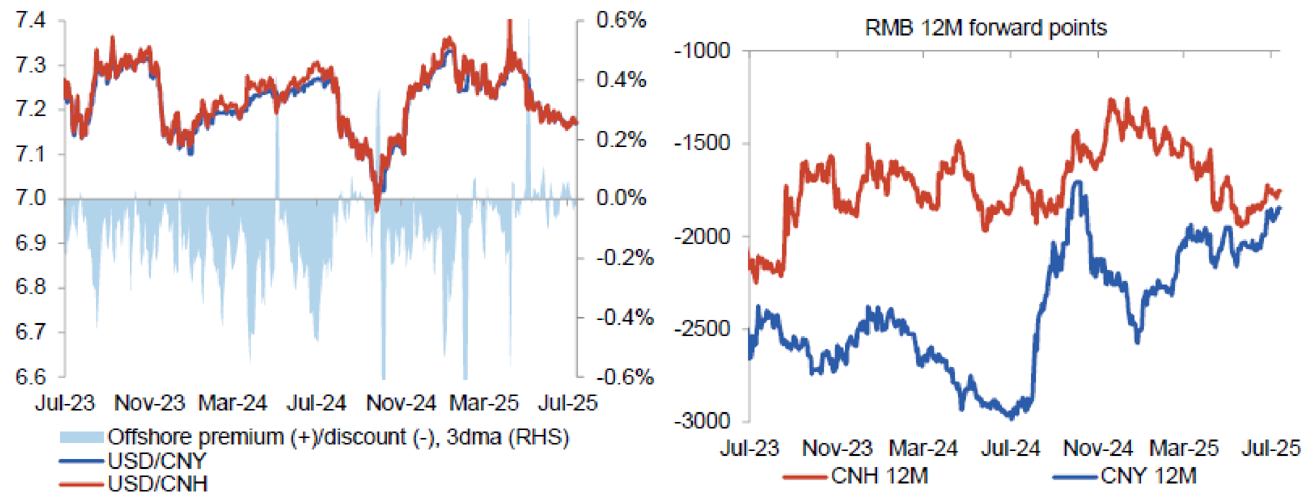
Source: CEIC, Bloomberg, Mizuho

Fig 29 China-US interest rate spreads continued to move wider at the front-end



Source: CEIC, Bloomberg, Mizuho

Fig 30 Offshore RMB (CNH) is trading on par with the CNY, with a similar forward outlook



Source: Bloomberg, Mizuho

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