

## CNH Outlook

Weekly Price Change#	Week Open	Week High	Week Low	Week Close	Weekly Change*
USD/CNH	7.1425	7.1432	7.1187	7.1364	-71
USD/CNY	7.1252	7.1272	7.1169	7.1224	-121
CNY PBoC Fixing	7.1089	7.1089	7.1055	7.1055	-97
Shanghai Composite Index	3828.17	3887.57	3809.54	3882.78	54.67

#Last week, from Monday to Friday  
\*pips in USD/CNY, USD/CNH row

Weekly Price Change#	HK Close	Weekly Change	HK Close	Weekly Change
CNH Forward (1yr)	-1446	44	CNH HIBOR (3M, %)	1.727
CNH Currency Swap (3yr, %)	1.540	-0.005	CNH Implied yield (1Y, %)	1.528

### Recap

Last week was a relatively quiet one for global market, with China largely offline due to its National Day holiday (Oct 1–8), and the US skipping key labor data releases, including the September non-farm payrolls, amid a federal government shutdown. Against the backdrop, the offshore yuan (CNH) began on solid ground but gradually weakened, edging toward the 7.15 mark against the US dollar.

Early in the week, China's official Manufacturing PMI climbed to a six-month high of 49.8 for September. However, this uptick seems more reflective of seasonal trends than a true rebound in underlying demand. Meanwhile, political developments in Japan made headlines as Ms. Takaichi secured victory in the LDP leadership race, positioning her to become Japan's first female prime minister in mid-October. Her pro-stimulus stance, both fiscal and monetary, triggered a 1.7% depreciation in the yen, pushing it close to the 150 level against the dollar and lifting the DXY index above 98.

While the CNY managed a modest gain of 0.1% last week, it lagged behind most of its regional peers. In addition to the JPY, the IDR stood out with a 1.22% rise against the USD, while the THB posted its second consecutive weekly loss, weighed down by dovish signals from the new BoT Governor, Ratanakorn.

### Outlook

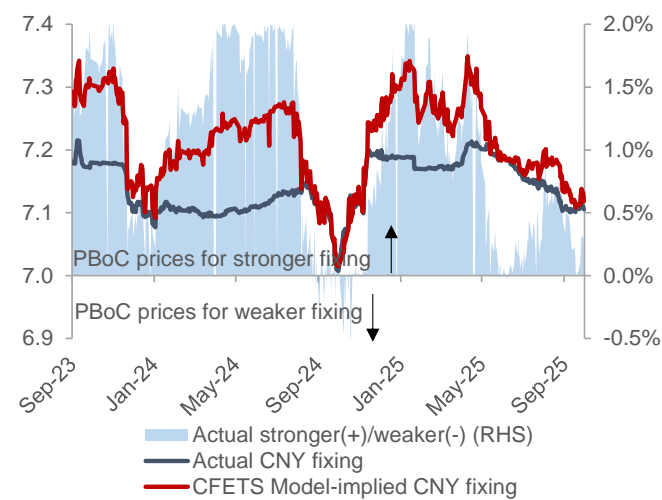
Looking ahead, we believe further monetary easing from the PBoC remains necessary to support domestic demand, especially as growth momentum is expected to slow more sharply in Q4. In the near term, the CNH may retest the 7.15 level, particularly if consumer spending during the Golden Week holiday shows signs of softness.

Later this month (20-23 Oct), China is expected to hold the fourth plenary session of the 20th CPC Central Committee, where it will review development plans for the next five years. As such, we expect the focus to be on medium-term sectoral policies rather than immediate responses to current economic headwinds. In this context, we are likely to see a further slowdown in China's activity growth over the coming months, dampening sentiment toward the yuan.

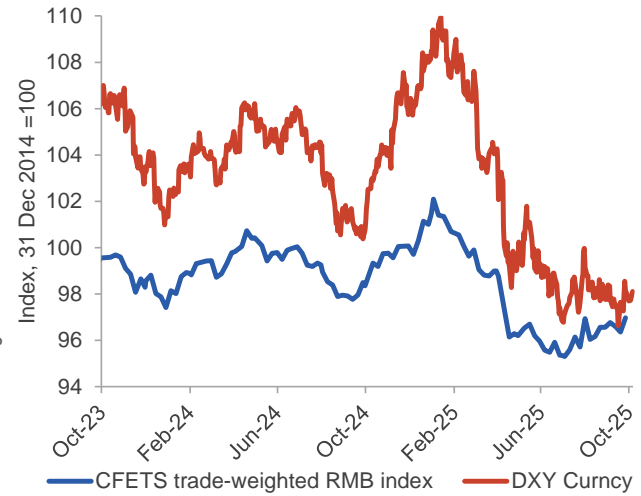
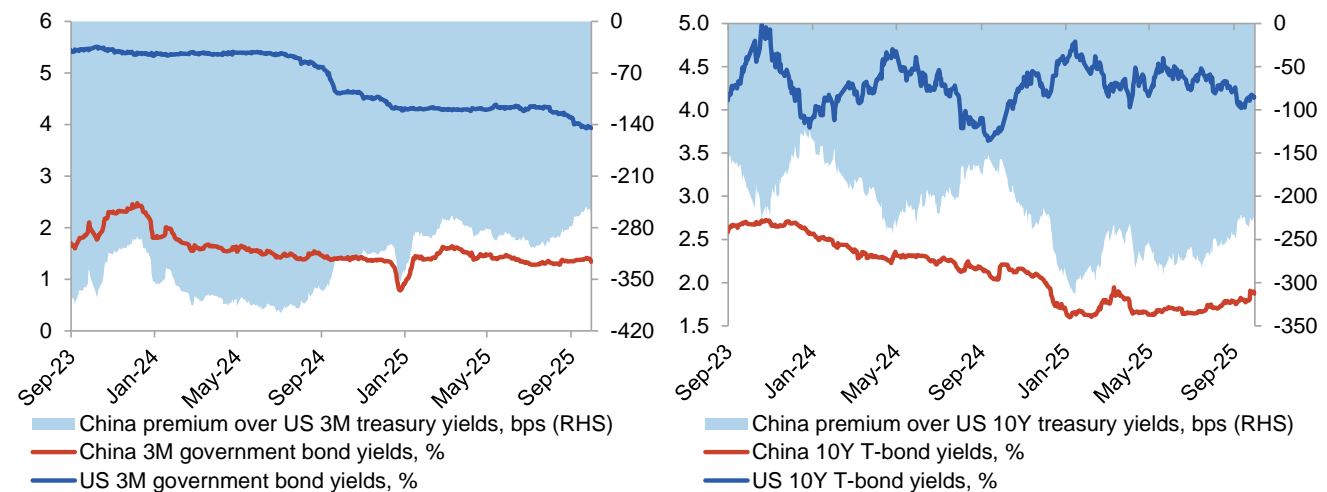
< FX Charts on Page 2 >

*\*No updates for Activity/ Price/ Liquidity/ Credit monitor as China remains in holiday. Macro Outlook will resume next week, on 14 October.*

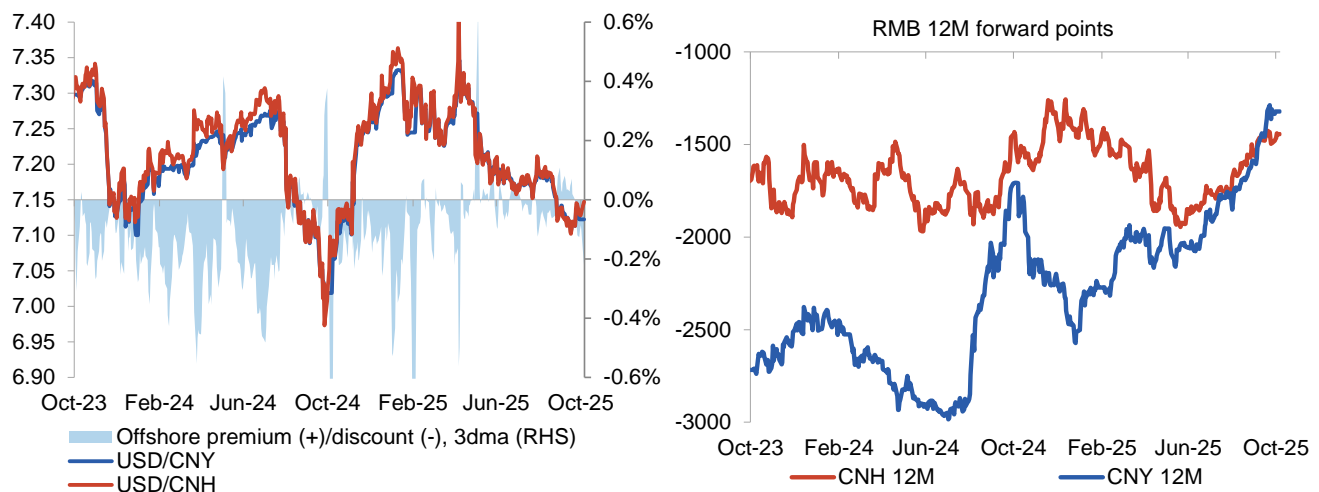
## FX monitor

**Fig 1 RMB fixing rate: the PBoC support was reinstalled**

Source: CEIC, Bloomberg, Mizuho

**Fig 2 RMB trade-weighted index: no update last week****Fig 3 China-US interest rate spreads stayed much unchanged at the end of September**

Source: CEIC, Bloomberg, Mizuho

**Fig 4 Offshore RMB (CNH) traded without the CNY anchor last week as China was largely offline due to its National Day holiday**

Source: Bloomberg, Mizuho

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