Mizuho China Weekly

Economics & Strategy | Asia ex-Japan

24 November 2025

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China Weekly Outlook

Little improvement in manufacturing…

High-frequency indicators suggest little improvement in China's manufacturing and construction activity during November. On the manufacturing side, the average operating rate for PTA production—a key input for clothing and plastic materials—edged lower from October's level (Fig 2). Likewise, output of crude steel and steel tires softened compared to last month (Fig 3 & 4), signaling a lackluster manufacturing backdrop. Even with November's typically favorable seasonality, we expect the official Manufacturing PMI, due this Sunday (30 Nov), to stay flat at 49.0.

...and construction activity in November

Turning to construction, the operating rate of petroleum asphalt plants fell to its lowest point since the Chinese New Year holiday (Fig 7), pointing to subdued road-building activity. Prices for core construction materials such as rebar and cement also remained weak throughout November (Fig. 8).

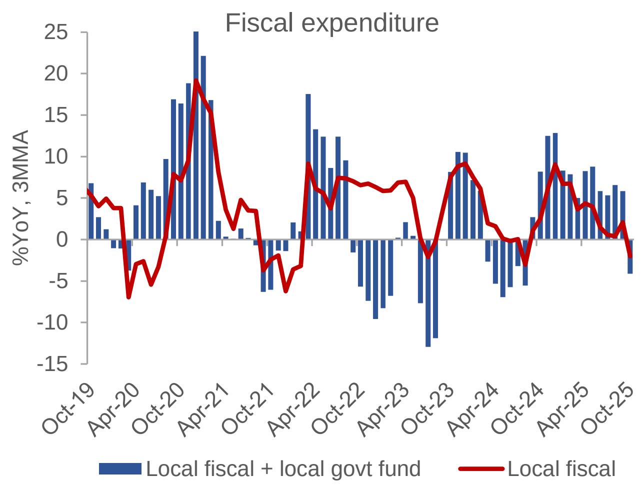
Against this backdrop, the Construction PMI is likely to slip further from October's multi-year low, dragging down the official Non-manufacturing PMI for November. We note an unusual softness in public fixed asset investment since July, as local governments accelerate efforts to clean up financing vehicles ahead of the official June 2027 deadline.

Growth target to stay at "around 5%"

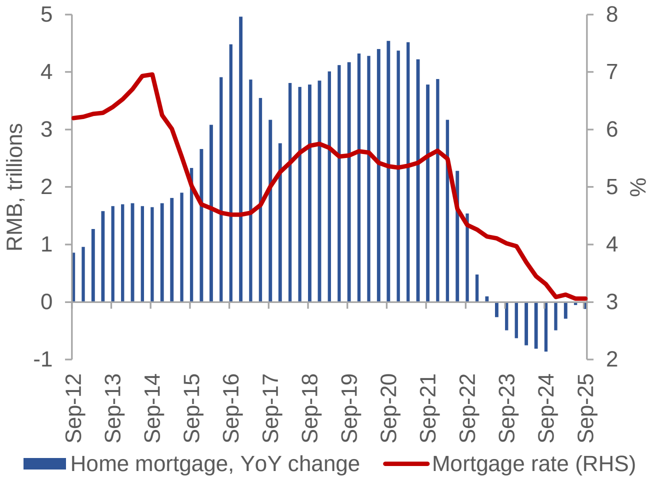
Looking ahead, the annual Central Economic Work Conference (CEWC), where Chinese authorities set growth targets and policy priorities next year, is likely just weeks away. We expect Beijing to maintain its growth target at "around 5%" for 2026, while emphasizing more flexibility through the word "around." Meanwhile, we forecast GDP growth to ease to 4.6% in 2026 from 4.8% in 2025, in view of mounting structural headwinds stemming from deleveraging by local governments and households.

Additionally, reports indicate Beijing is weighing new measures to stabilize the property market, including nationwide mortgage subsidies for new homebuyers. If implemented, such policies would likely be unveiled after the CEWC.

<Local government spending started to decline in recent months>



<Home mortgage continued to decline YoY in 3Q25>



Source: Wind, Mizuho

CNH Outlook

Forex – CNH found firm support at the 7.12 level

Rates – Offshore rates were mixed amid a risk-off backdrop

Equities – SHCOMP closed below 3900 for the first time in five weeks

Weekly Price Change#	Week Open	Week High	Week Low	Week Close	Weekly Change*
USD/CNH	7.0972	7.1205	7.0947	7.1051	60
USD/CNY	7.0992	7.1182	7.0992	7.1052	59
CNY PBoC Fixing	7.0816	7.0905	7.0816	7.0875	50
Shanghai Composite Index	3988.56	3992.40	3834.75	3834.89	-155.60

#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)	-1382	4	CNH HIBOR (3mth)	1.816	0.029
CNH Currency Swap (3yr)	1.540	-0.040	CNH Implied yield (1Y)	1.543	-0.070

Recap

Against a global risk-off backdrop, the offshore renminbi (CNH) softened to 7.12 during the week, yet found firm support at this level and ultimately closed only marginally weaker than its week opening. With a weakening of less than 0.1% versus the USD, CNH once again outperformed most regional peers. In contrast, the KRW and JPY led losses in the region, sliding 1.4% and 1.2%, respectively.

After Asian markets closed, sentiment stabilized after NY Fed President John Williams rekindled hopes for a December rate cut. Known as a centrist with a dovish lean, Williams remarked, “I still see room for a further adjustment in the near term.” Futures-implied odds for a December cut surged to over 63% following his comments, up sharply from 35% just a day earlier.

Outlook

In the weeks ahead, Fed commentary on the December rate decision and developments from China’s upcoming Central Economic Work Conference will be key drivers for movements in CNH towards the year-end.

As weak economic data continues to cloud China’s growth outlook, we expect Beijing to unveil additional measures to revive sentiment, particularly in investment. Until then, growth concerns may cap CNH strength. We project GDP growth to slow to 4.0% YoY in Q4, down from 4.8% in Q3, a deceleration that could dampen appetite for Chinese assets and nudge CNH toward 7.15.

< FX Charts on Page 8>

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Activity monitor (1/2)

Fig 1 Thermal coal: Contained supply amid government curbs

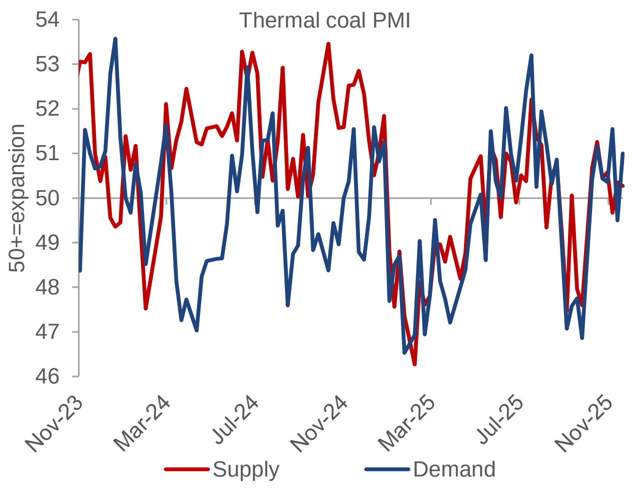
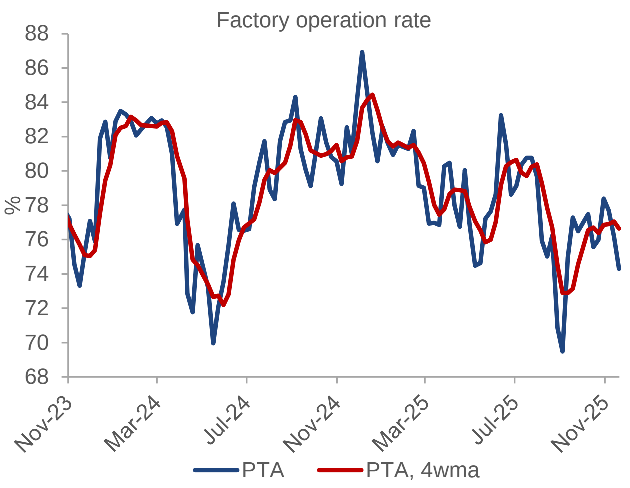


Fig 2 PTA production dipped notably last week



Source: Wind, Mizuho

Fig 3 Steel production: the decline worsened further in early Nov

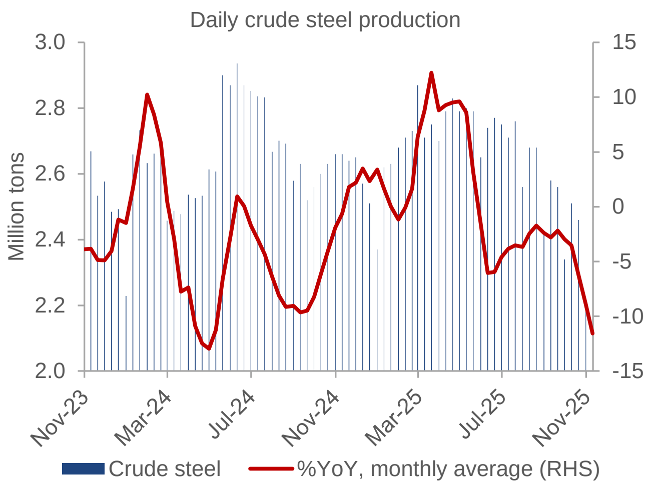
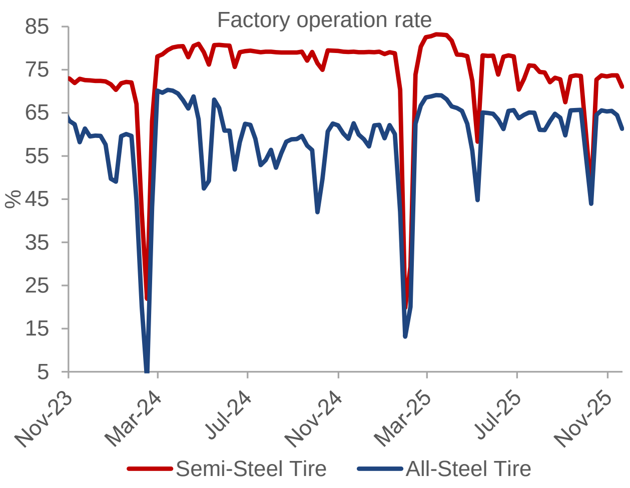


Fig 4 Steel tire production hints at moderating PV production



Source: Wind, Mizuho

Fig 5 CCFI: shipping prices picked up on improved trade relations

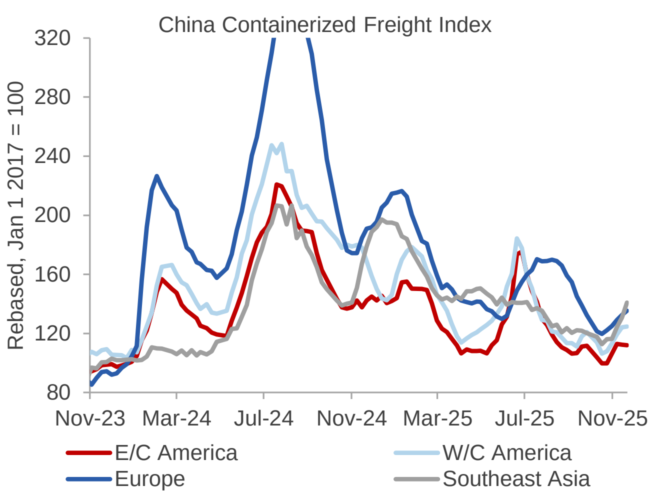
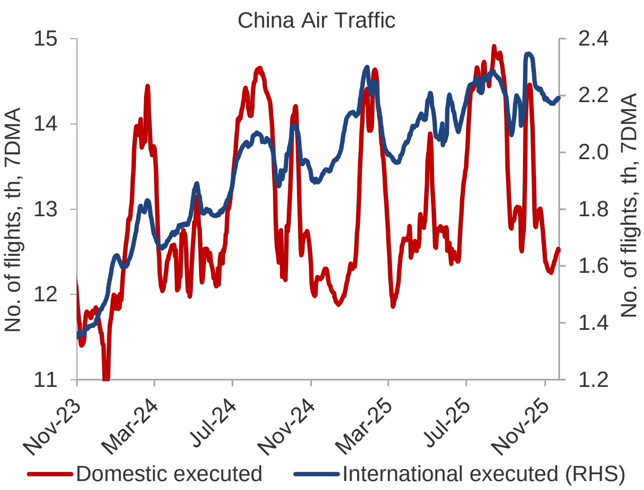


Fig 6 Air traffic: travelling demand stayed soft in Nov



Source: Wind, Mizuho

Activity monitor (2/2)

Fig 7 Road construction activity dropped to a 9-month low

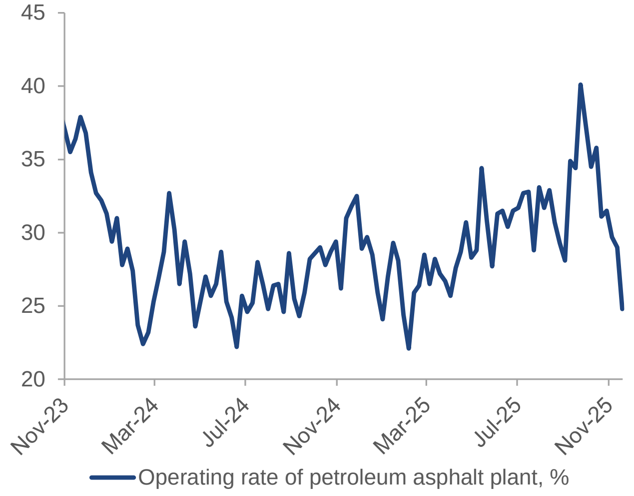


Fig 8 Construction material prices remained subdued

Source: Wind, Mizuho

Fig 9 Land sales have stayed subdued since August

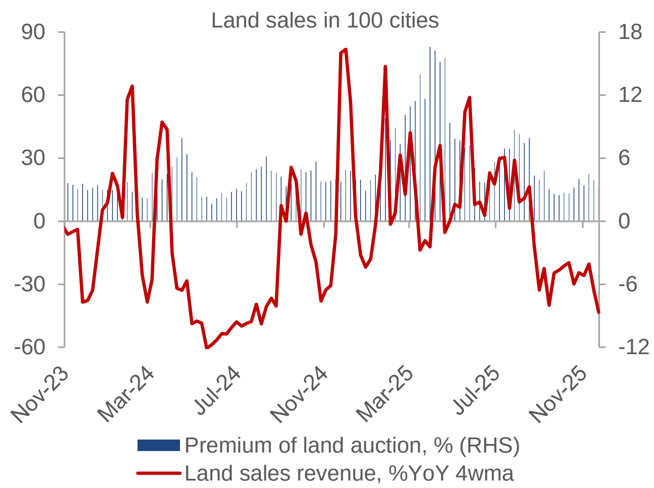
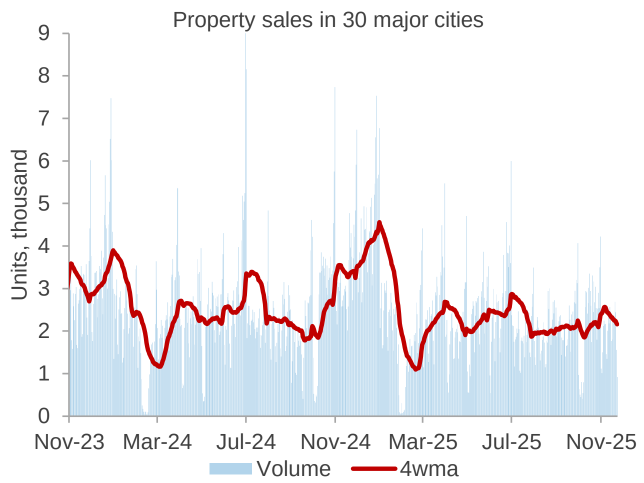


Fig 10 New home sales weakened again in November



Source: Wind, Mizuho

Fig 11 Movie box office revenue has been tepid

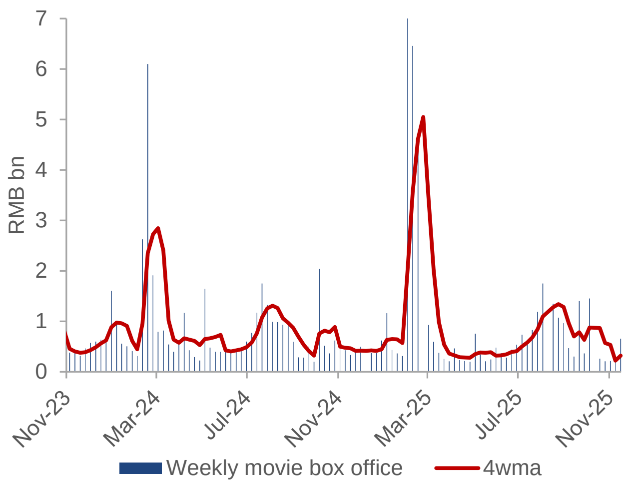
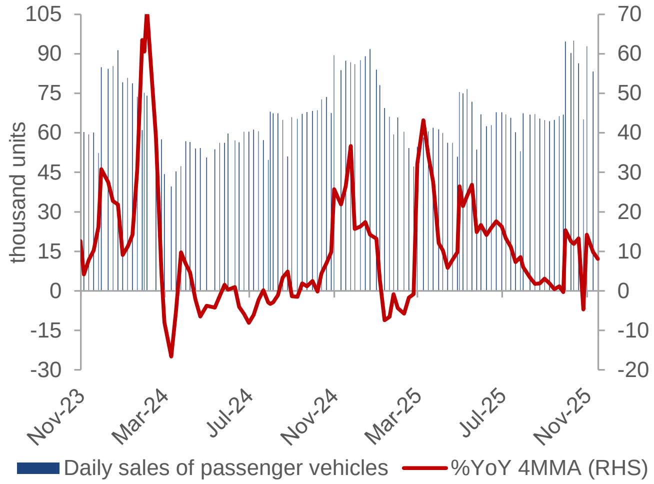


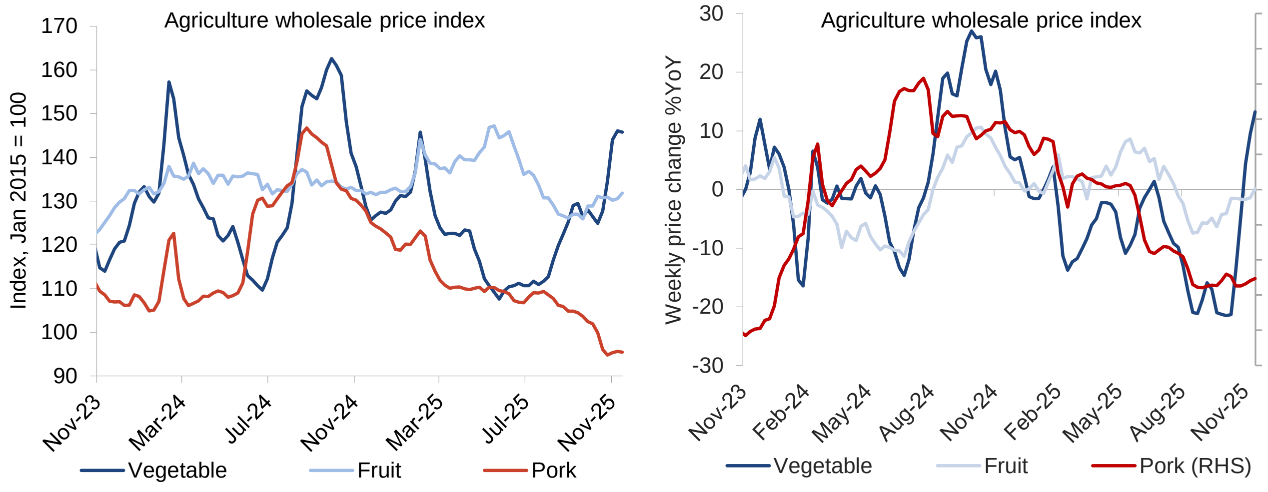
Fig 12 PV sales saw renewed weakness in November



Source: Wind, Mizuho

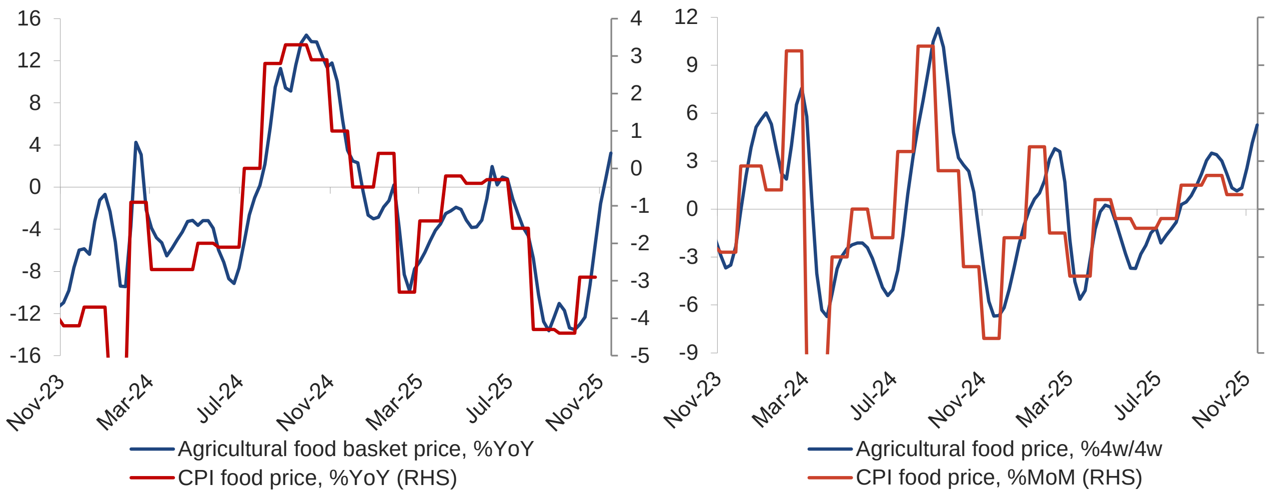
Price monitor

Fig 13 Major food items: pork prices saw further declines while vegetable prices rebounded



Source: Wind, Mizuho

Fig 14 Wholesale food prices: YOY growth has turned positive since November



Source: CEIC, Mizuho

Fig 15 Non-ferrous metal prices saw a notable pickup

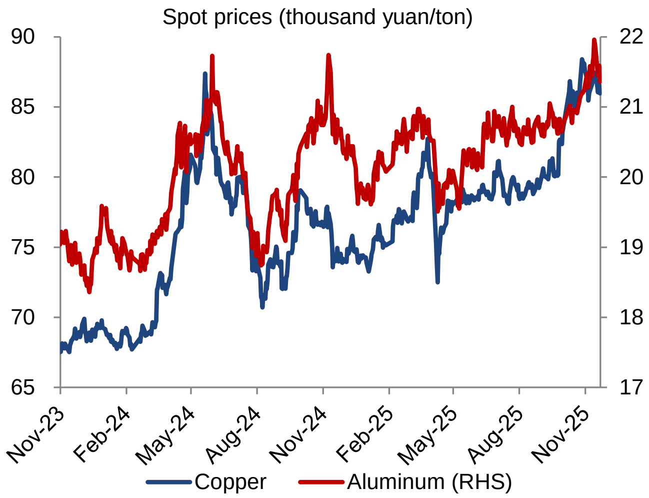
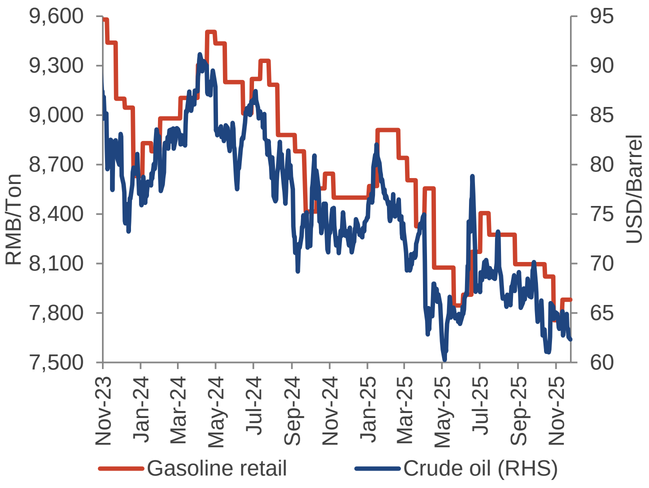


Fig 16 Oil prices fell further in recent weeks



Source: CEIC, Wind, Mizuho

Liquidity monitor

Fig 17 OMOs: net injection of RMB554b during 17 - 21 Nov

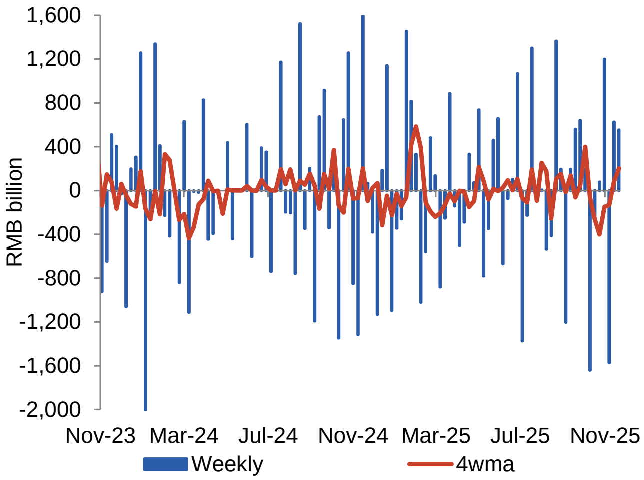
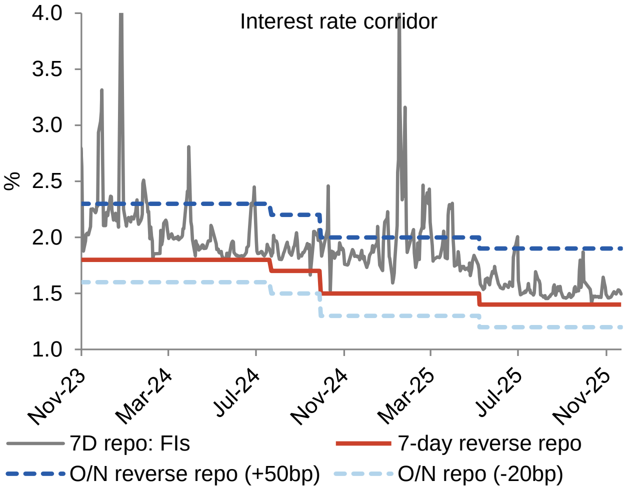


Fig 18 7D repo for FIs back to their benchmark levels



Source: CEIC, Wind, Mizuho

Fig 19 Short-end CGB yields: 1Y & 3Y yields dropped

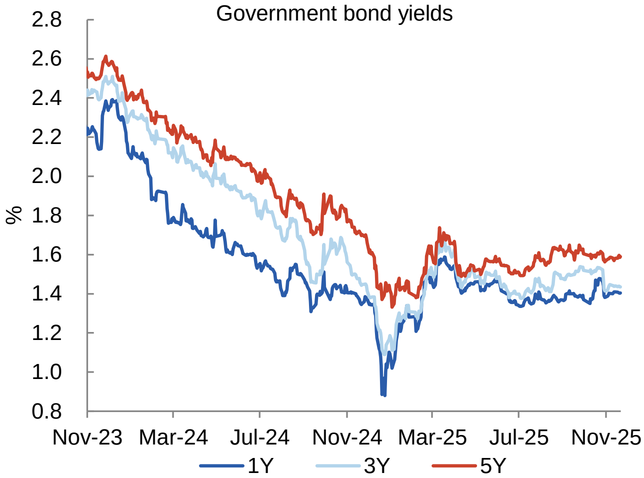
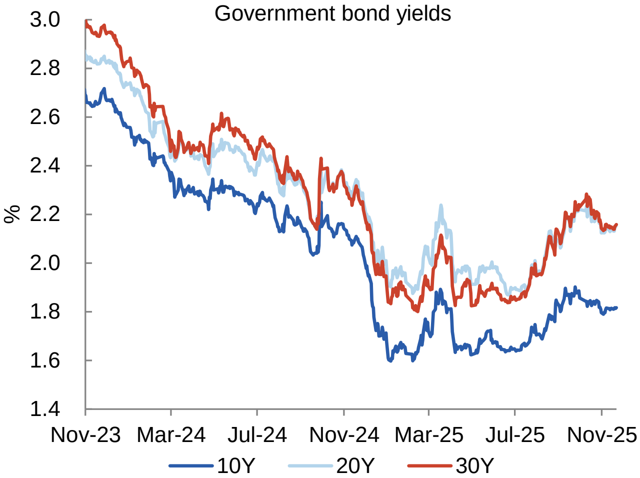
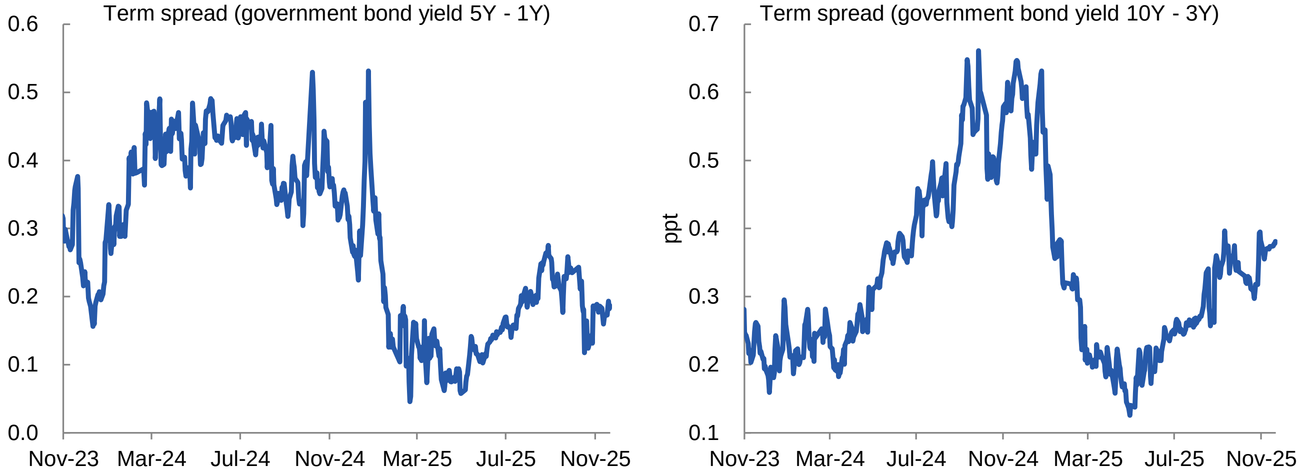


Fig 20 Long-end CGB yields have stabilized in November



Source: Wind, CEIC, Mizuho

Fig 21 CGB term spreads moved tighter at the front part of the curve but wider at the back part



Source: CEIC, Mizuho

Credit monitor

Fig 22 Onshore IG credit yields fell across maturities

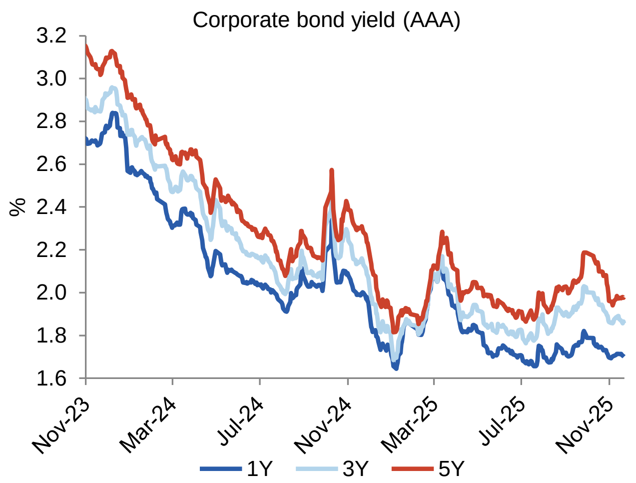
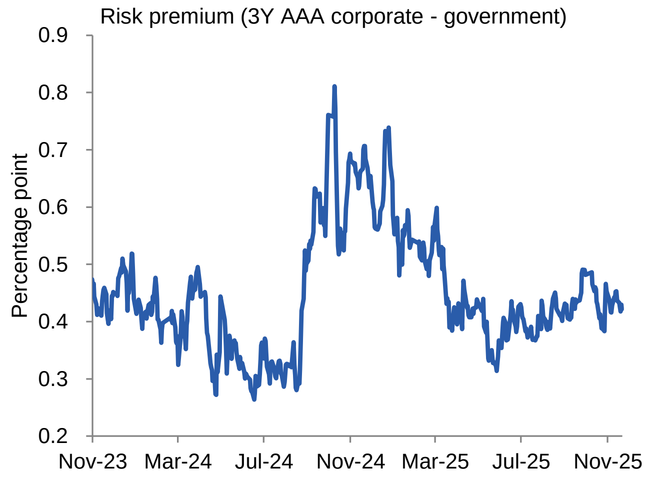


Fig 23 IG corporate risk premium remained much unchanged



Source: Wind, Mizuho

Fig 24 Onshore HY credit yields moved a touch lower

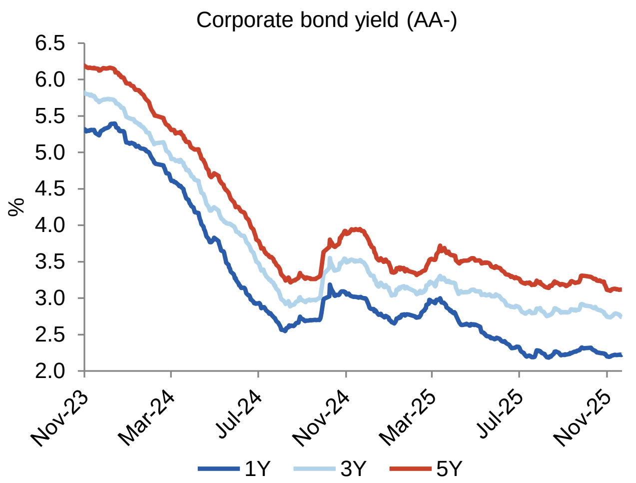
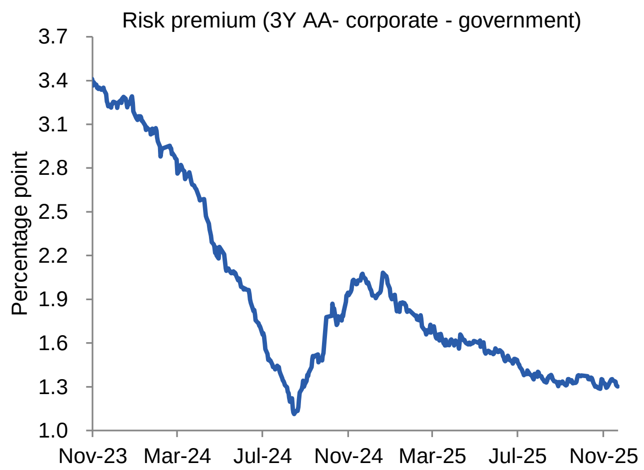


Fig 25 HY corporate risk premium remained relatively tight



Source: Wind, Mizuho

Fig 26 China USD credit spreads were pushed wider last week amid growing concerns re global AI valuations and funding requirements

Source: IHS Markit, Mizuho

FX monitor

Fig 27 RMB fixing rate continued to see a stronger bias

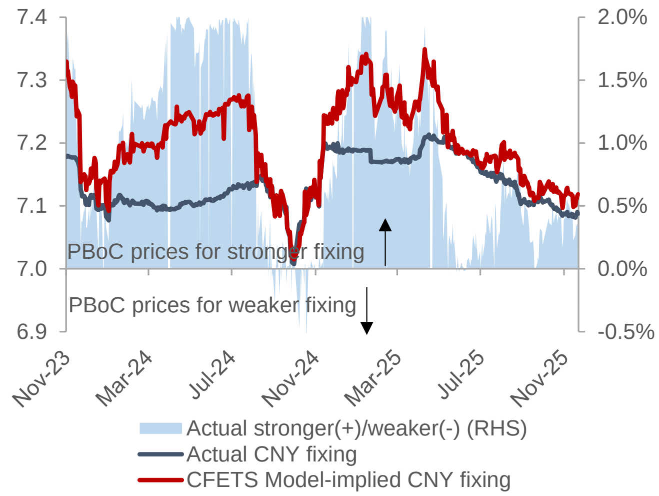
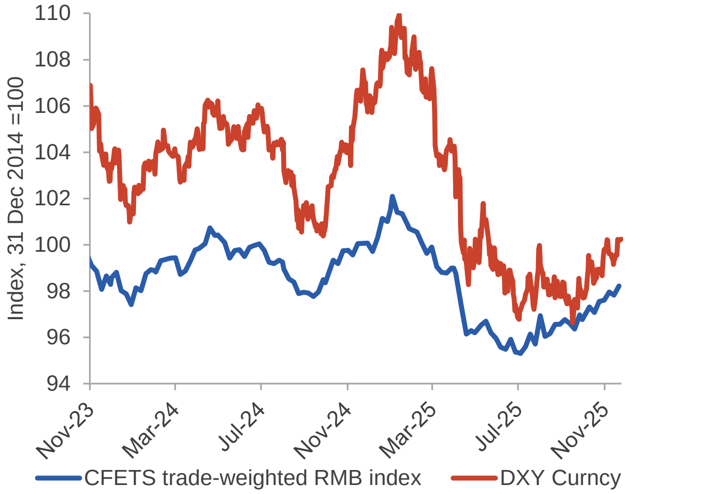
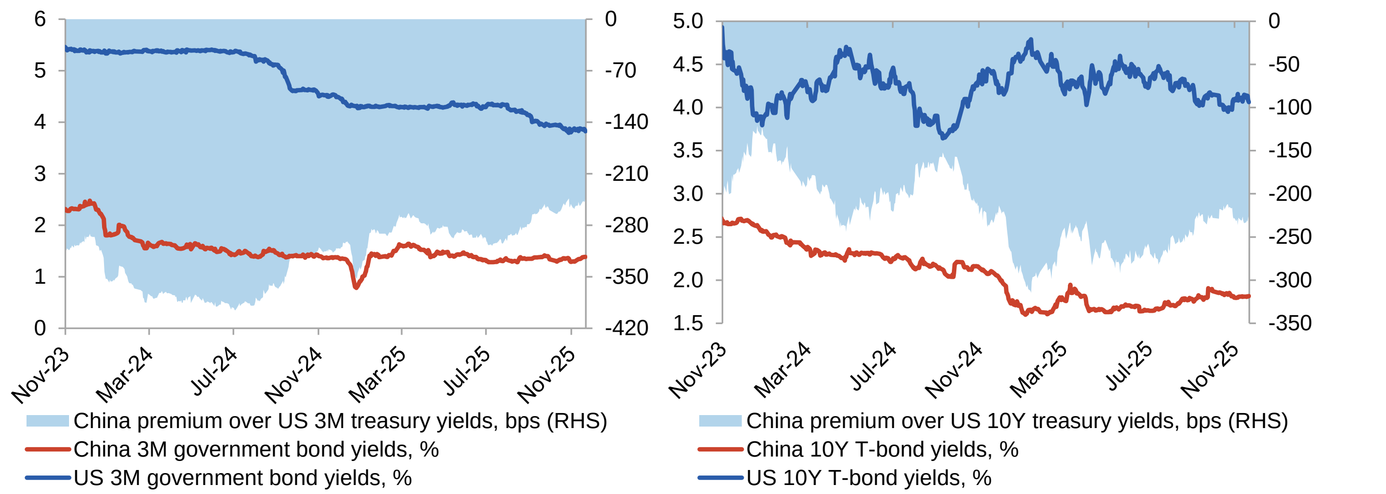


Fig 28 RMB trade-weighted index rose alongside stronger dollar



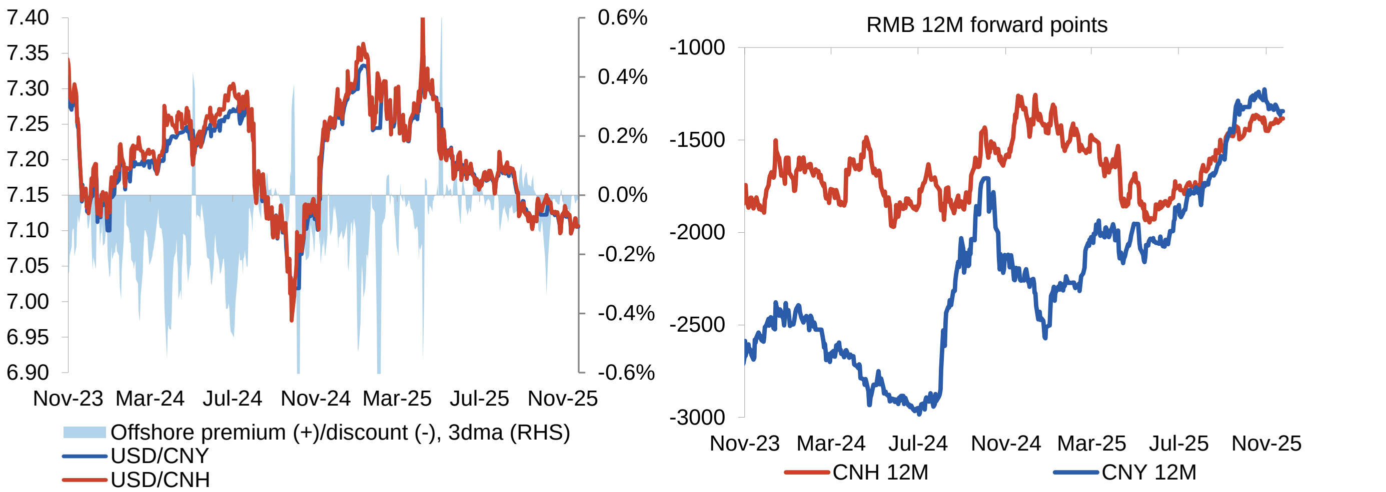
Source: CEIC, Bloomberg, Mizuho

Fig 29 China-US interest rate spreads slightly widened at the back end



Source: CEIC, Bloomberg, Mizuho

Fig 30 Offshore RMB (CNH) has been trading almost on par with the CNY recently



Source: Bloomberg, Mizuho

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