Mizuho China Macro

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Serena Zhou | Senior China Economist

Aiming 5% or lower?

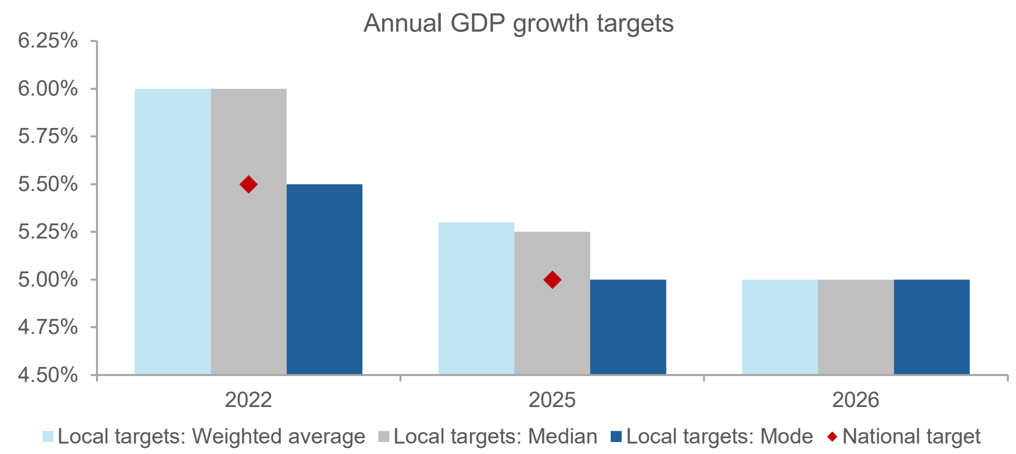
Despite differing market views on China's 2026 growth target, recently released provincial targets indicate that the national goal is likely to remain at "around 5%", rather than be lowered to "4.5–5%."

The market remains split over whether China will keep its growth target at "around 5%" or adjust it downward to "4.5–5.0%". From our perspective, the answer is already hiding in plain sight. If we connect the dots, Beijing's target is poised to remain unchanged at "around 5%."

All provincial-level governments have now released their growth targets for 2026. These local targets typically reflect both the national guidance set during December's Central Economic Work Conference and each region's economic trajectory. Based on the provincial announcements, the weighted-average national growth target comes to 5.0% for 2026, a modest dip from 5.3% in 2025.

Despite 19 of the 31 provinces lowering their goals this year, most still aim for 5% or higher. Among the other six provinces setting targets below 5%, only Guangdong carries substantial economic weight, which is not surprising given the province's heaviest trade exposure among all. Meanwhile, the other four largest provincial economies have all held their growth goals at or above 5%.

Fig 1 Local government targets for 2026 hint at an unchanged growth target at the national level



Source: Wind, Mizuho

Looking further ahead, provinces with disclosed targets for the next Five-Year Plan (2026–2030) are mostly signaling a consensus around the 5% mark. Beijing reinforced its long-term ambitions last year, reiterating the objective of lifting GDP per capita to levels comparable with a "medium-developed country" by 2035.

By our estimate, achieving this would require annual nominal GDP growth of around 6% over the next decade. In addition to the persistent decline in GDP deflator, Beijing also has incentive to set slightly higher targets for real growth during the first half of the 2035 timeline, building in a buffer against potential future shocks. This implies that China will likely need to maintain growth around 5% till 2030.

That said, we expect a target miss in 2026, with GDP rising 4.6%, as *the economy faces three major challenges*: a prolonged property correction, a lack of local fiscal support, and persistently weak consumer sentiment.

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