Mizuho China Weekly

Economics & Strategy | Asia ex-Japan

23 November 2026

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China Weekly Outlook

Bruised Investment Sentiment

China's equity markets joined the global sell-off in AI-related trades last week, with the Shanghai Composite and ChiNext falling 2.8% and 8.8%, respectively. Weaker risk sentiment and a more hawkish Fed outlook also weighed on the Hang Seng Tech Index, which dropped 7.9%, its steepest weekly decline in more than a year.

On the macro front, renewed weakness in October activity data underscored the conflict between local governments' dual mandates of resolving hidden debt and supporting growth. The persistent contraction in public fixed-asset investment suggests that many local governments lack the fiscal capacity to pursue both objectives simultaneously, particularly as land-sale revenue declined over 25% YoY during the first ten months.

Moreover, the trilateral summit between Presidents Trump, Putin and Xi offered little immediate support to markets. Its joint declaration covered four broad areas, only one of which had a relatively direct market implication: a commitment to support increased supplies of refined petroleum products. Ukraine, Iran and the China-US trade truce were notably absent. That said, it would be premature to dismiss the meeting as inconsequential. By maintaining high-level dialogue, the summit may help contain existing tensions and reduce the risk that the US-Iran conflict, the Russia-Ukraine war or China-US trade frictions escalate into crises with a broader regional reach and far more destructive consequences.

Amid sharply weaker sentiment, China lowered the minimum margin requirement for stock purchases from 100% to 80%, effective 30 November. The move could release nearly RMB400bn in additional financing capacity, although the actual impact will depend on overall investor sentiment. The ratio was raised from 80% to 100% in January to contain leverage-related risks, albeit both ratios are considered high from an international standard.

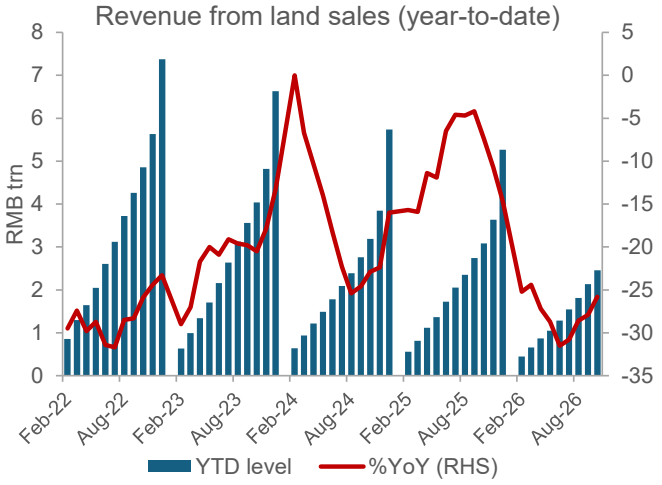
A Less Bearish PMI?

Looking ahead, we expect China's official manufacturing PMI, due next Monday, to remain in contractionary territory but edge up to 49.4 in November from 49.3 in October. In addition to more favorable seasonal effects, lower global oil prices (Fig. 16), resilient demand for thermal coal used in power generation (Fig. 1), and a pickup in crude-steel production (Fig. 3) all point to a slower deterioration in manufacturing conditions this month.

< Striking weakness in fixed asset investment >



< Deep declines in government revenue from land sales >



Source: CEIC, Wind, Mizuho

CNH Outlook

Weekly Price Change#	Week Open	Week High	Week Low	Week Close	Weekly Change*
USD/CNH	6.6736	6.6999	6.6633	6.6745	-4
USD/CNY	6.6704	6.6944	6.6645	6.6718	0
CNY PBoC Fixing	6.7141	6.7141	6.7118	6.7131	-21
Shanghai Composite Index	3611.54	3623.12	3500.83	3533.79	-100.56

#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)	-1995	56	CNH HIBOR (3mth)	1.650	0.000
CNH Currency Swap (3yr)	1.385	0.000	CNH Implied yield (1Y)	1.410	-0.031

Recap

The offshore renminbi (CNH) weakened sharply on Thursday night, as the trilateral summit delivered few direct market implications and investors looked ahead to Anthropic's high-profile IPO. Amid thin overnight liquidity, USD/CNH briefly approached 6.70. However, the move quickly reversed once onshore flows returned on Friday, leaving the CNH little changed over the week.

Notably, this rapid recovery came despite an increase in the foreign-exchange reserve requirement ratio last week, reinforcing our view that the renminbi will remain resilient in the near term. Meanwhile, the PBoC continued to lean against excessive currency strength, setting its daily fixings an average of 0.6% weaker than the levels implied by our CFETS model (Fig. 27).

Despite a 0.38% rise in the dollar index, the renminbi strengthened by 0.53% against its trading-partner basket last week. Within Asia, the CNH underperformed the Korean won (+1.7%), Japanese yen (+0.7%) and Hong Kong dollar (+0.1%), but outperformed most other regional currencies. The won led regional gains as strong earnings from chipmakers offset continued foreign equity outflows. By contrast, the Malaysian ringgit was the region's worst performer against the dollar, falling 0.6%, amid concerns that US technology restrictions could significantly impede the country's AI data-center expansion.

Outlook

The domestic and offshore calendars are relatively light this week, with few major data releases or policy events expected. As a result, renminbi movements are likely to be driven primarily by the pace at which Chinese exporters settle their dollar profits. **We expect USD/CNH to trade around its current level of 6.67 this week, with risks tilted modestly to the downside.**

We also maintain our call for modest renminbi appreciation into year-end, with USD/CNH reaching 6.58. Seasonal foreign-exchange conversion by Chinese exporters should provide additional support in the fourth quarter, particularly with China's full-year trade surplus on track to exceed USD1.2trn and set another annual record.

<FX Charts on Page 8>

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Activity monitor (1/2)

Fig 1 **Thermal coal**: sentiment stays positive

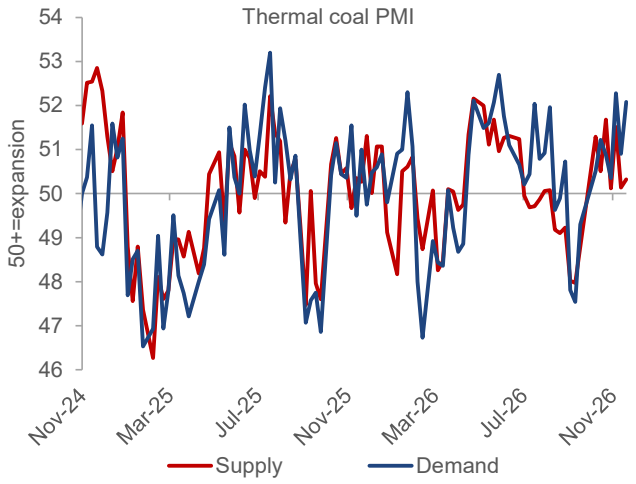
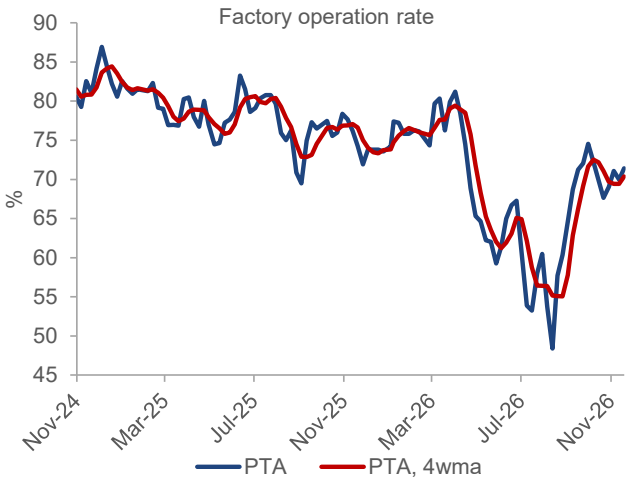


Fig 2 **PTA production** has improved since late August



Source: Wind, Mizuho

Fig 3 **Steel production** improved further in early November

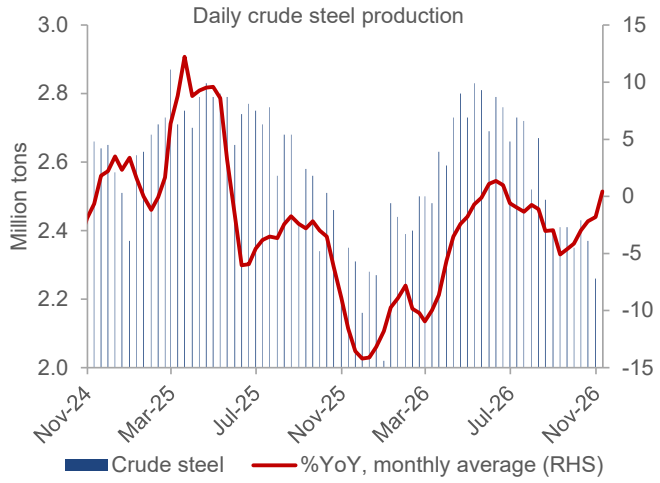


Fig 4 **Steel tire production** stays weak amid subdued auto sales



Source: Wind, Mizuho

Fig 5 **CCFI:** a recent weakening in shipments to the US

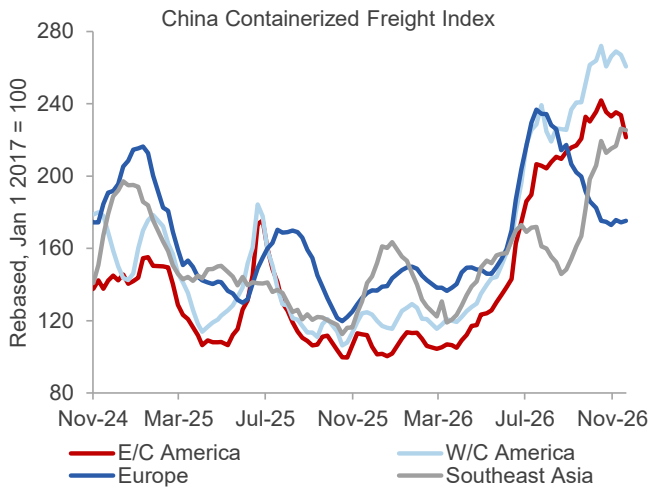
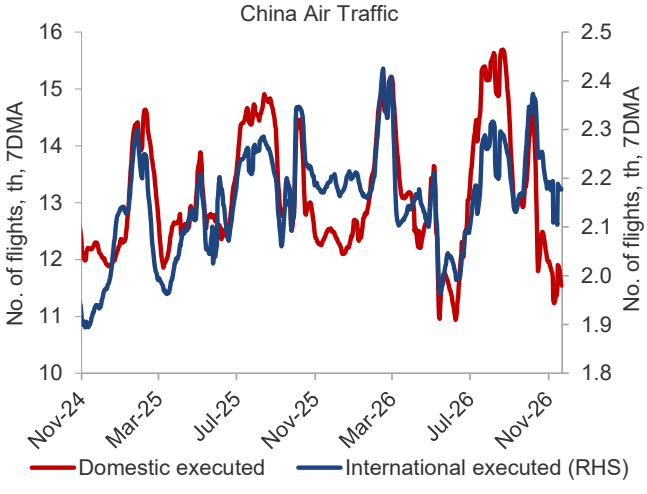


Fig 6 **Air traffic** moderated in November



Source: Wind, Mizuho

Activity monitor (2/2)

Fig 7 **Road construction activity** improved in general

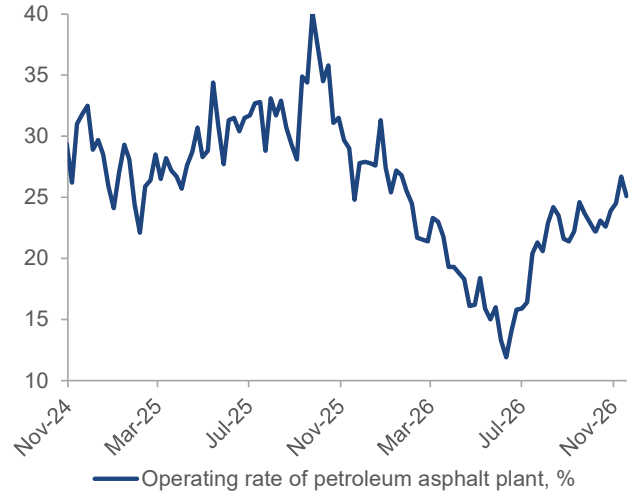


Fig 8 **Construction material prices:** cement prices rose to a YTD high



Source: Wind, Mizuho

Fig 9 **Land sales:** an unusual surge in November

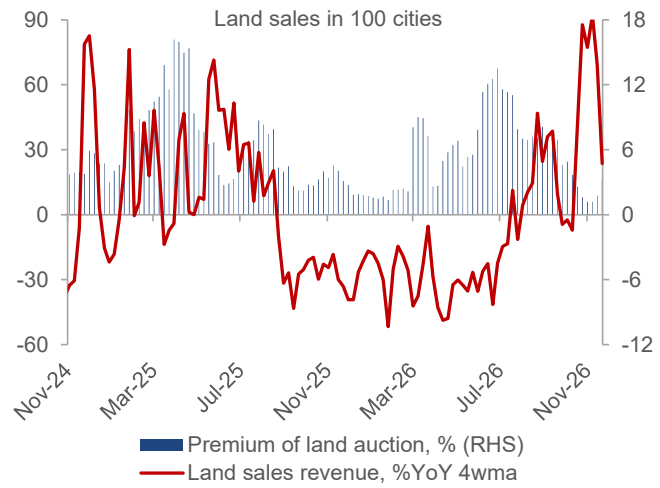
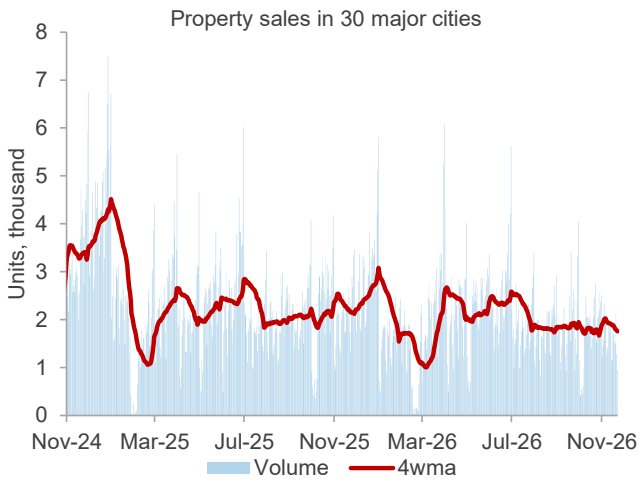


Fig 10 **New home sales:** a lack of widespread improvement



Source: Wind, Mizuho

Fig 11 **Movie box office revenue** deteriorated further in Nov

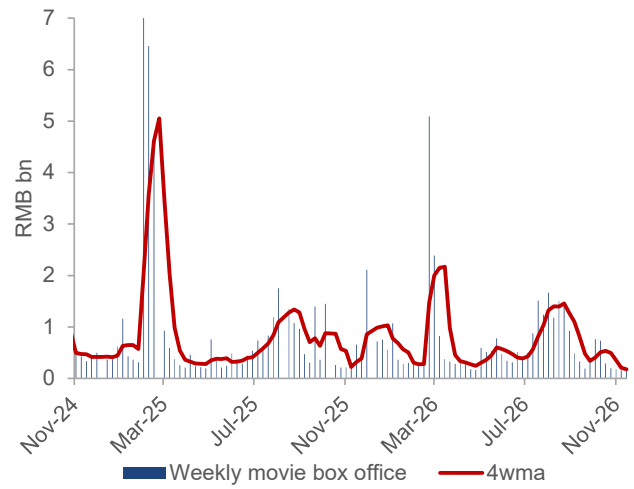
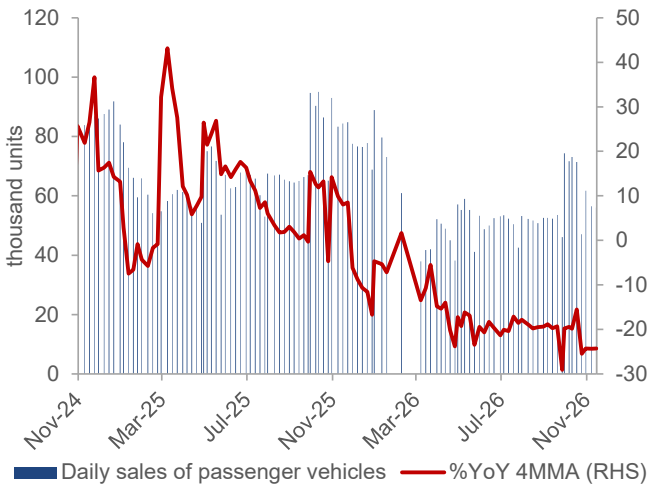


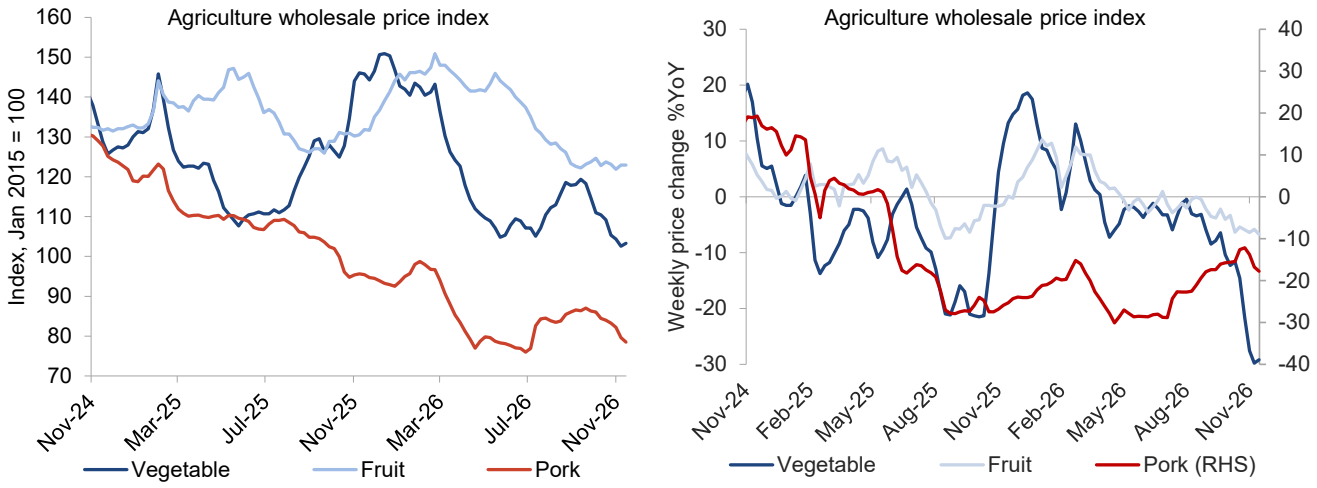
Fig 12 **PV sales**: the YoY decline accelerated further



Source: Wind, Mizuho

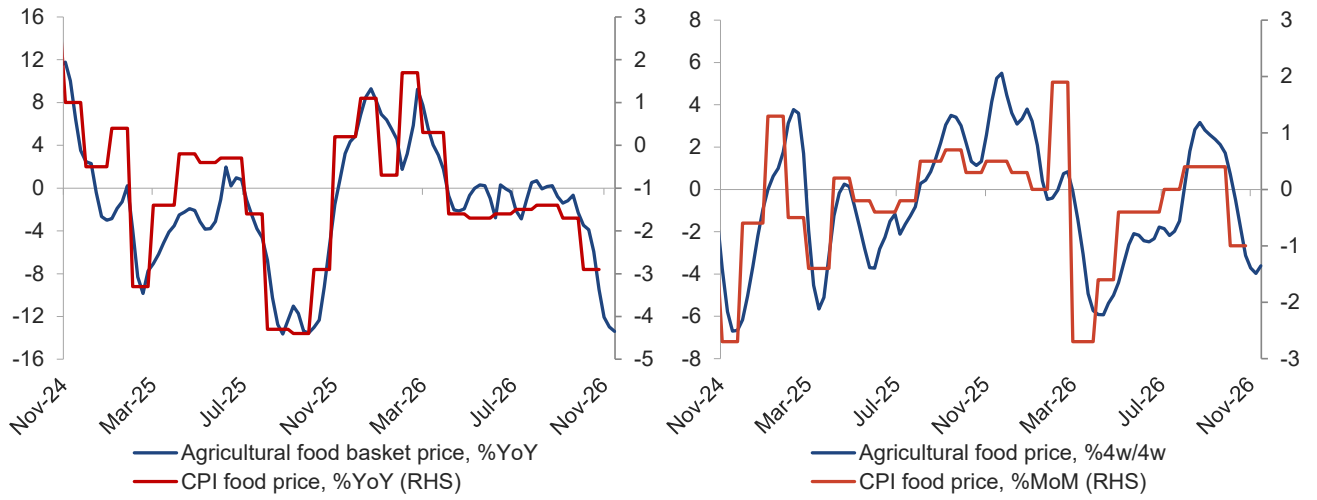
Price monitor

Fig 13 **Major food items:** renewed declines seen in both fresh vegetable and pork prices



Source: Wind, Mizuho

Fig 14 **Wholesale food prices** declined notably in recent weeks



Source: CEIC, Mizuho

Fig 15 **Non-ferrous metal prices** declined notably along AI trade

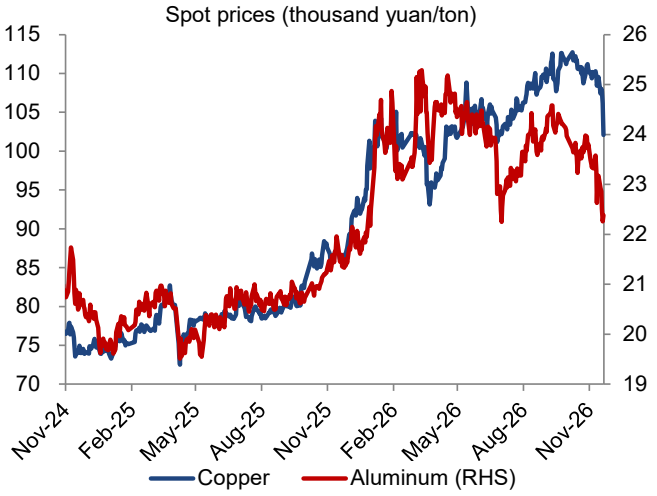
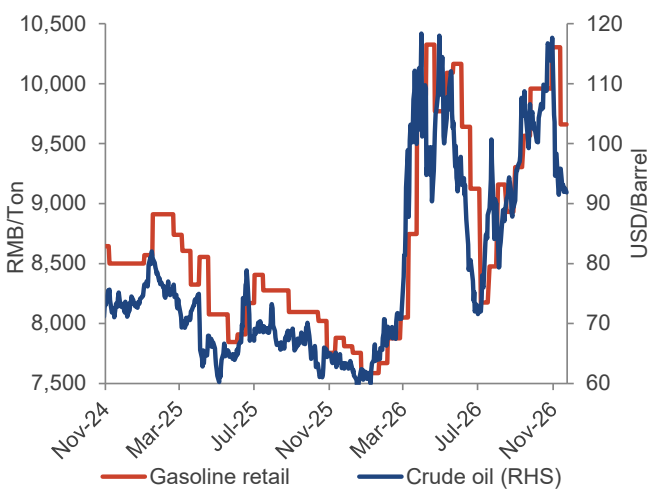


Fig 16 **Oil prices:** came off on hopeful progress in US-Iran talks



Source: CEIC, Wind, Mizuho

Liquidity monitor

Fig 17 **OMOs:** net withdrawal of RMB385b during 16 – 20 Nov

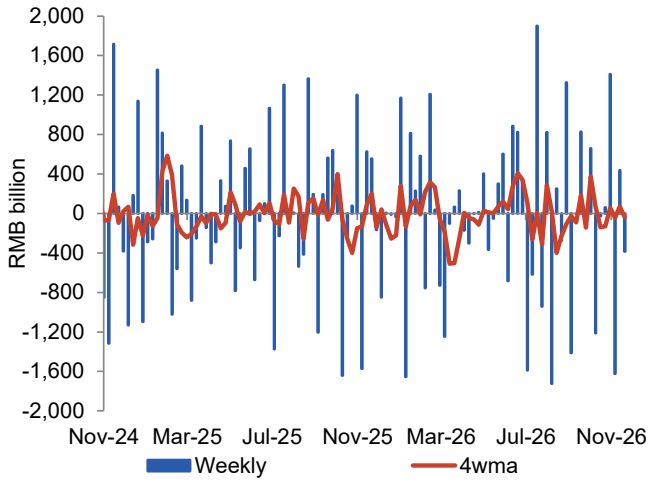
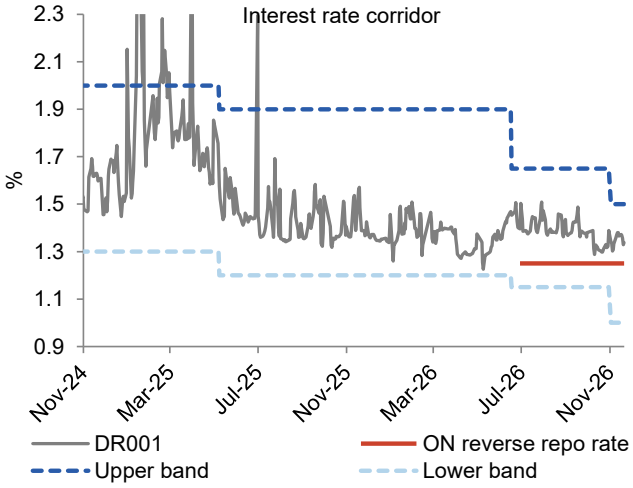


Fig 18 **O/N repo for banks** remained above its new benchmark



*Effective 17 June 2026. Source: CEIC, Wind, Mizuho

Fig 19 **Short-end CGB yields:** edged up on the tax talk

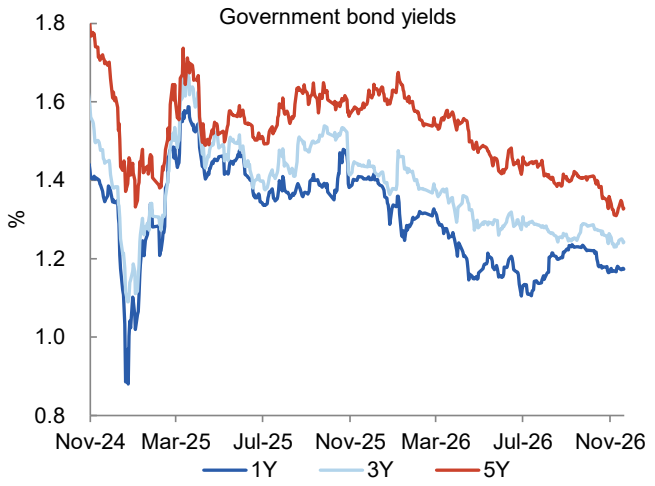
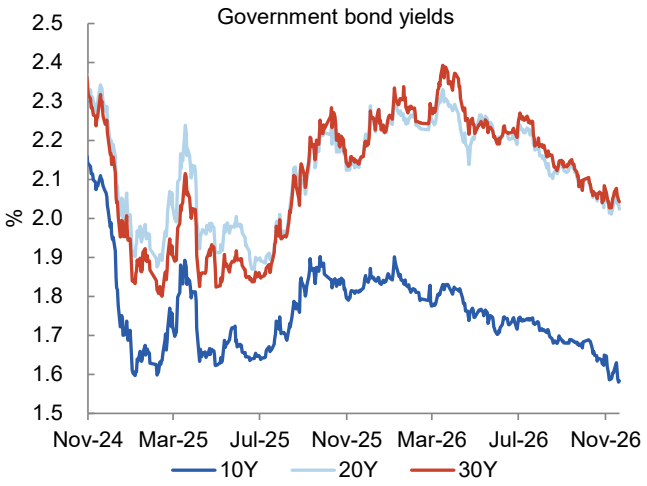
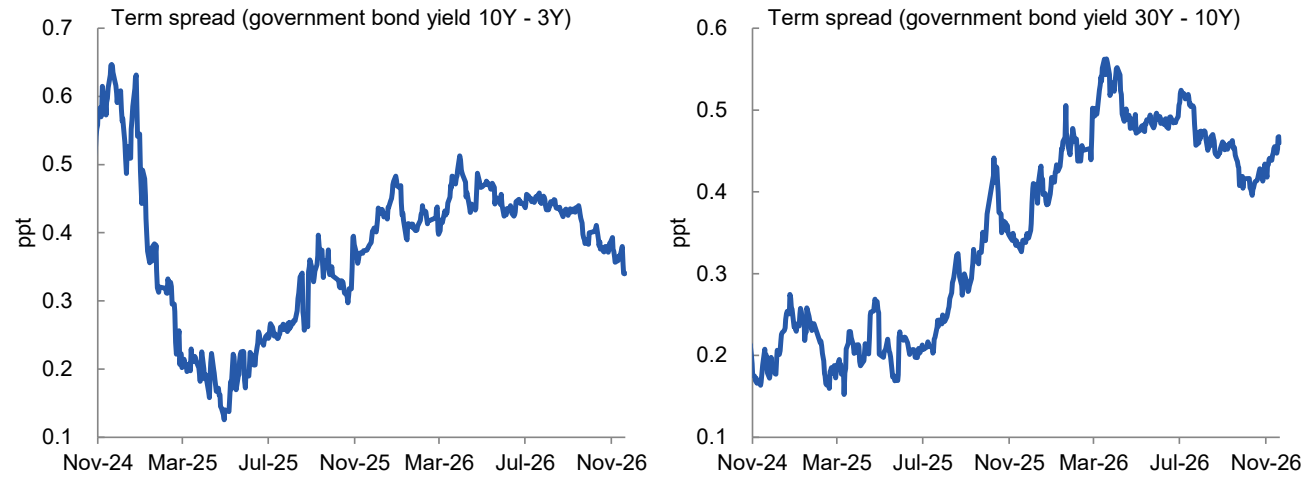


Fig 20 **Long-end CGB yields** recovered most of the loss amid risk-off



Source: CEIC, Mizuho

Fig 21 **CGB yield curve** flattened in the left part of the curve but widened at the right part.



Source: CEIC, Mizuho

Credit monitor

Fig 22 **Onshore IG credit yields** continued to trade higher

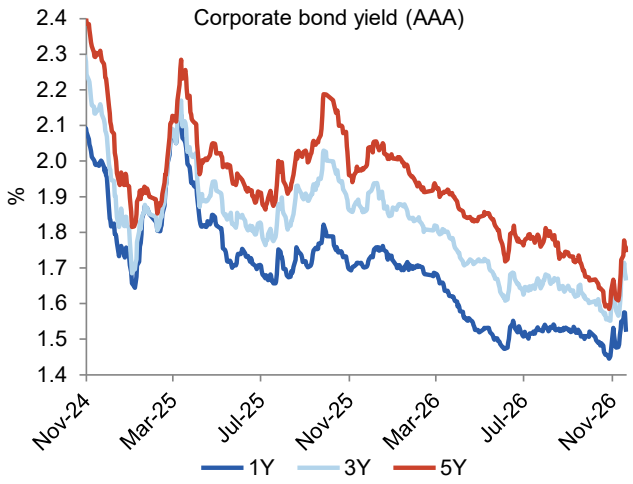


Fig 23 **IG corporate risk premium** widened significantly



Source: Wind, Mizuho

Fig 24 **Onshore HY credit yields** also picked up across maturities

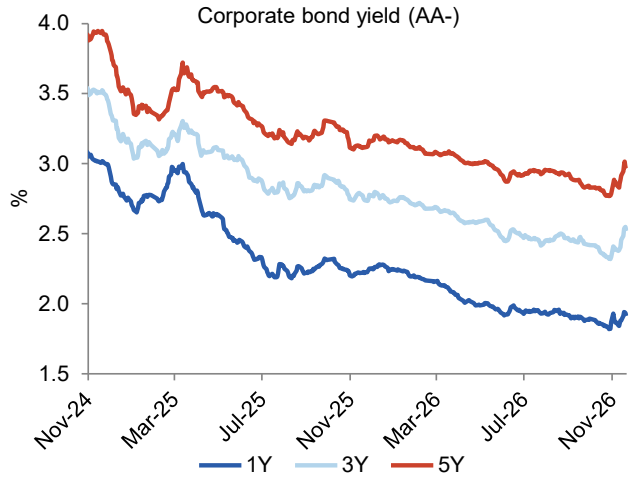
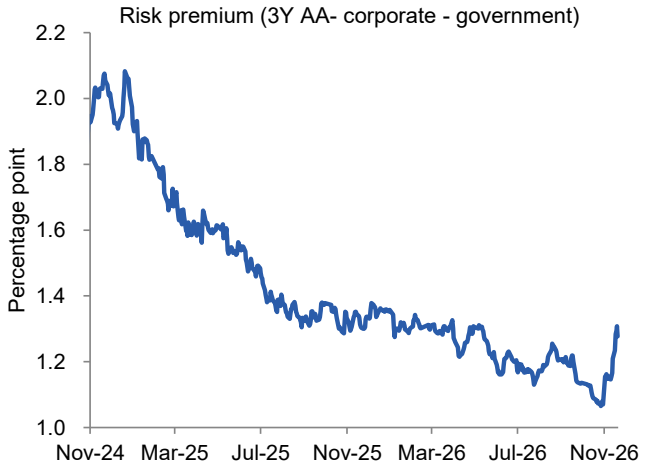


Fig 25 **HY corporate risk premium** widened to a six-month high



Source: Wind, Mizuho

Fig 26 **China USD credit spreads**: no updates





Source: IHS Markit, Mizuho

FX monitor

Fig 27 **RMB fixing rate**: continued to tilt towards the weak side

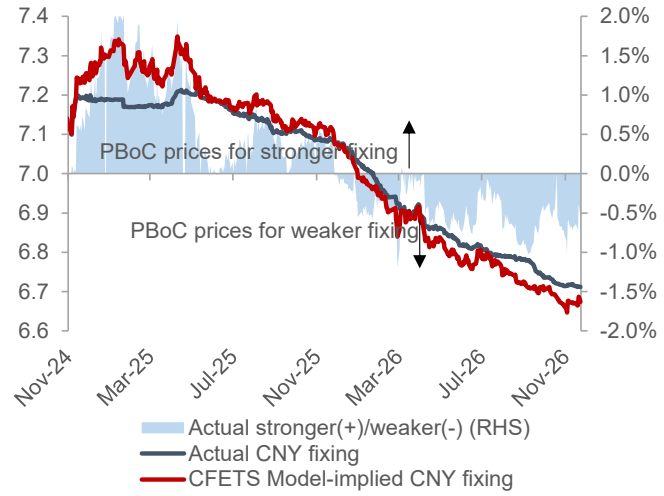
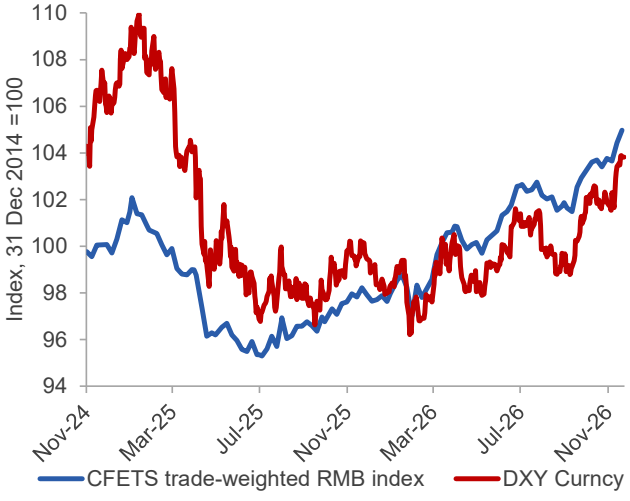
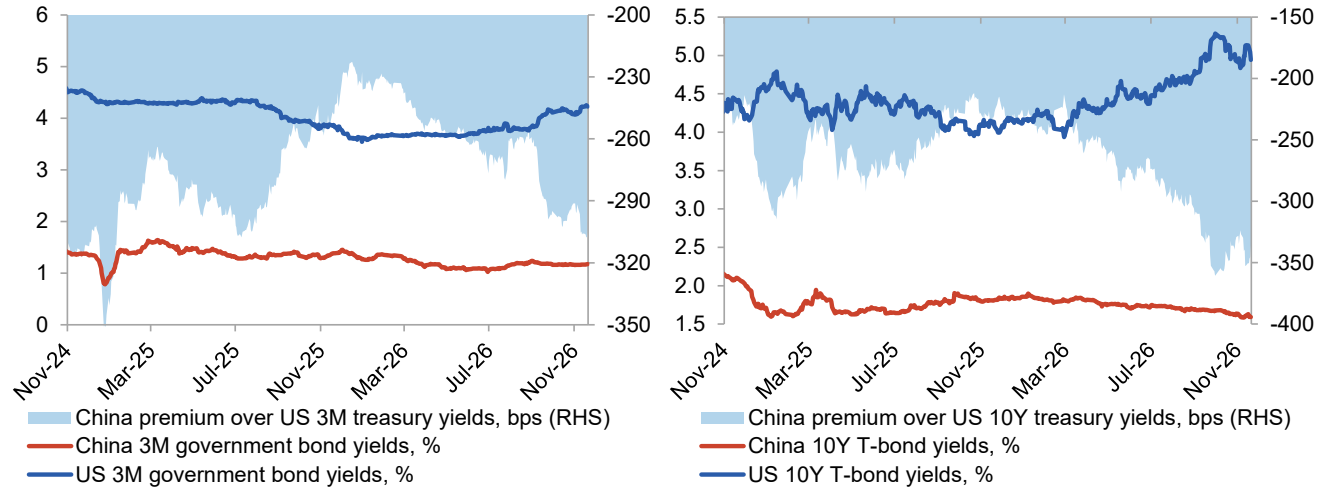


Fig 28 **RMB trade-weighted index** strengthened along the dollar



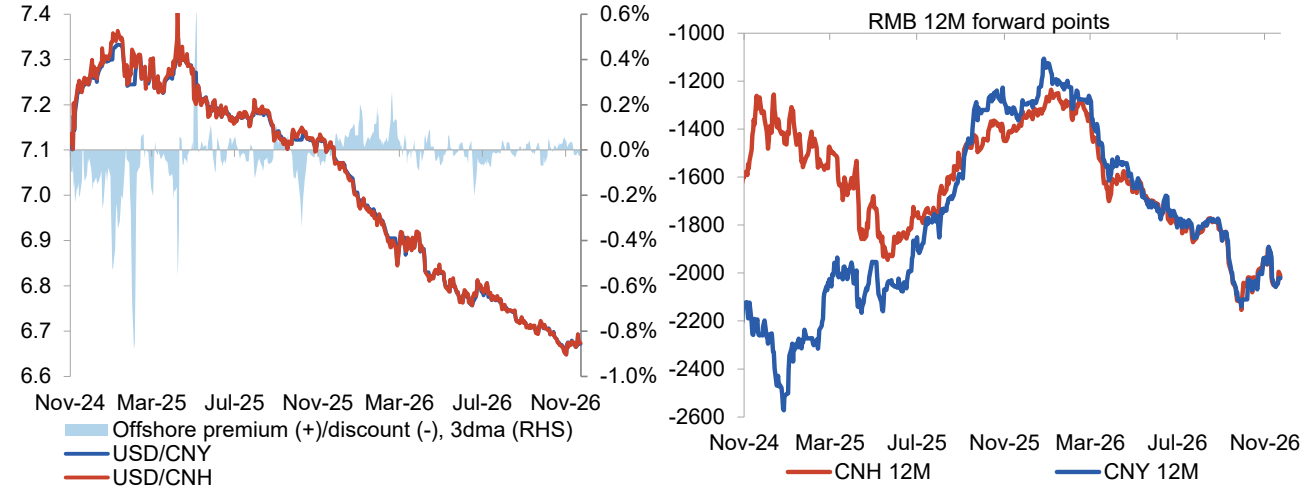
Source: CEIC, Bloomberg, Mizuho

Fig 29 **China-US interest rate spreads** moved wider again in recent weeks amid rising US treasury yields



Source: CEIC, Bloomberg, Mizuho

Fig 30 **Offshore RMB (CNH):** the forward premium moved tighter in general last week



Source: Bloomberg, Mizuho

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