China: positive data trend likely continue into Q4

- **China's Q3 GDP and September activity growth indicators broadly improved and came in mostly better than expected. The growth divergence remains apparent: trade and tech-related manufacturing and services growth continued to lead, while domestic demand growth remained weak.**
- **We expect that the overall economic growth momentum could continue its modest improvement in Q4, supported by incremental policy easing and base effects.**
- **With GDP growth in Q3 bouncing back to 4.5% YoY, we think China would likely achieve its annual GDP growth target of 4.5-5.0% in 2026, without further significant easing barring major external shocks.**



Xiaojia Zhi
Chief China Economist and Head of Research Asia, ex-Japan
+852 2826 5725
xiaojia.zhi@ca-cib.com



Jeffrey Zhang
EM Strategist
+852 2826 5749
jeffrey.zhang@ca-cib.com

with assistance from Olivia Liu and Jasper Lan

Growth rebounded in Q3, positive trend to continue in Q4…

China's Q3 GDP and September activity growth indicators broadly improved and came in mostly better than expected. The growth divergence remains apparent with trade and tech-related manufacturing & services growth continued to lead, while domestic demand growth remained weak. Nonetheless, we expect that the overall economic growth momentum could continue its modest improvement in Q4 after the rebound in Q3. With GDP growth in Q3 bouncing back to 4.5% YoY and GDP growth at 4.6% YTD, we think China would likely achieve its annual GDP growth target of 4.5-5.0% in 2026, and there is a small upside risk to our GDP growth forecast of 4.5%.

…to be supported by incremental easing and base effects

Importantly, the positive policy impact could become more visible on real data in the coming months, after the Chinese government has stepped up its incremental policy easing measures to shore up growth. In September, government bond issuance for project funding has finally quickened, the new policy financing tool has started to be deployed, the PBoC expanded its relending facility with a 25bp PSL rate cut to policy banks, while China introduced its first mortgage interest subsidies in an attempt to boost new home sales in lower tier cities. In October, China further announced an increase in local government bond issuance quota (at RMB550bn, including RMB250bn in LGSBs to support local project financing). In addition, weather condition has normalised after being unfavourable in the summer, supportive to a rebound in construction activities with funding conditions improving and project approval quickening especially under Six Networks. Furthermore, the YoY comparison base could become increasingly favourable given the notable growth deceleration in retail sales and FAI in H225 (especially in Q4). Meanwhile, external demand for China's tech and green products could still stay relatively resilient, though risks related to global trade protectionism measures and AI sell-offs deserve a close watch.

Barring major external shocks, we think Chinese policymakers would remain focused on delivering their incremental policy easing measures that have been introduced recently, with little urgency to aggressively ease further. The PBoC will likely continue its targeted monetary and credit support and keep overall liquidity conditions ample to coordinate with fiscal and quasi-fiscal expansion.

Rate bull flattening and gradual CNY gains to continue

CGB yields rebounded slightly, with likely some profit-taking flows following stronger-than-expected Q3 and September data, which dented hopes of major policy easing into year-end. That said, we believe the bond supply-demand dynamics remain favourable for bull flattening in CGBs for the rest of the year. In terms of CNY, we think the trend of modest CNY appreciation will likely continue.

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05-Oct – *China Weekly Dynamics:* *Incremental policy supports to boost growth marginally*
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Q3 GDP and September activity growth indicators broadly improved, mostly better than expectation

	Q3 GDP		Retail sales	IP	FAI	FAI YTD
	% YoY	% QoQ	% YoY	% YoY	% YoY	% YoY
Actual (Q3/September)	4.5	1.2	1.1	5.5	-7.2	-7.2
Previous(Q2/August)	4.3	0.9	0.4	5.2	-10.6	-7.2
CA-CIB forecast	4.4	1.0	0.7	5.5	-9.4	-7.5
Market consensus	4.4	1.0	0.5	5.5	-	-7.3

Source: Bloomberg, Crédit Agricole CIB

Macro data heatmap – September macro data showed improvement, while domestic demand remained weak

		Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
NBS PMI, mfg	%	49.8	49.0	49.2	50.1	49.3	49.0	50.4	50.3	50.0	50.3	49.2	49.8	50.1
IP	% YoY	6.5	4.9	4.8	5.2	6.3	6.3	5.7	4.1	4.5	5.3	4.5	5.2	5.5
Retail sales	% YoY	3.0	2.9	1.3	0.9	2.8	2.8	1.7	0.2	-0.6	1.0	0.6	0.4	1.1
FAI YTD	% YoY	-0.5	-1.7	-2.6	-3.8	1.8	1.8	1.7	-1.6	-4.1	-5.7	-6.7	-7.2	-7.2
Export	% YoY	8.3	-1.1	5.9	6.6	19.8	19.8	2.5	14.1	19.4	27.0	23.9	25.0	36.3
Import	% YoY	7.4	1.0	1.9	5.7	6.9	6.9	27.8	25.3	27.4	36.0	27.5	28.2	31.0
Trade balance	USD bn	90.5	90.1	111.7	114.1	122.6	91.0	51.1	84.8	105.4	125.6	112.5	119.1	133.5
Urban surveyed unemployment	%	5.2	5.1	5.1	5.1	5.2	5.3	5.4	5.2	5.1	5.0	5.2	5.3	5.2
Service production index	% YoY	5.6	4.6	4.2	5.0	5.2	5.2	5.0	4.3	4.4	4.7	4.3	4.1	4.7
Outstanding AF	% YoY	8.7	8.5	8.5	8.3	8.2	8.2	7.9	7.8	7.7	7.4	7.4	7.2	7.1
Outstanding loan	% YoY	6.6	6.5	6.4	6.4	6.1	6.0	5.7	5.6	5.5	5.3	5.2	5.0	4.8
M2	% YoY	8.4	8.2	8.0	8.5	9.0	9.0	8.5	8.6	8.6	8.0	7.7	7.5	7.2
CPI	% YoY	-0.3	0.2	0.7	0.8	0.2	1.3	1.0	1.2	1.2	1.0	0.5	0.8	0.9
PPI	% YoY	-2.3	-2.1	-2.2	-1.9	-1.4	-0.9	0.5	2.8	3.9	4.1	3.5	3.8	5.0
Property FAI	% YoY	-21.3	-23.0	-30.3	-38.6	-10.3	-10.3	-11.7	-20.1	-24.9	-26.0	-28.7	-26.1	-27.2
Property developers' funding	% YoY	-11.5	-21.9	-32.5	-27.6	-16.2	-16.2	-18.3	-21.5	-20.7	-25.0	-22.2	-26.8	-25.8
New property sales volume	% YoY	-10.5	-18.8	-17.3	-21.8	-13.5	-13.5	-8.0	-10.3	-14.1	-16.3	-14.5	-15.4	-22.6
New home price	% YoY	-2.7	-2.6	-2.8	-3.0	-3.3	-3.5	-3.6	-3.7	-3.6	-3.5	-3.4	-3.4	-3.0

Source: Bloomberg, Crédit Agricole CIB

GDP growth surprised on the upside in Q3

China's Q3 GDP growth surprised on the upside. It rebounded to 4.5% YoY in Q3 from 4.3% in Q2, vs market and our expectation of 4.4%. In QoQ sa terms, it accelerated notably to 1.2% from 0.9% previously. Nominal GDP growth edged up to 6.0% YoY from 5.9%, with GDP deflator at 1.4% (vs 1.5% in Q2).

By sector breakdown, the higher headline real GDP growth was supported by a growth rebound in secondary industry (industry and construction) to 3.4% from 3.0%, while tertiary sector (services) remained in the lead, with growth ticking higher to 5.2% from 5.1%. Primary sector (agriculture and mining) growth edged down to 3.6% from 3.7%.

By expenditure breakdown, the NBS suggests that consumption contributed 2.1ppt to the GDP growth of 4.6% in Q3 YTD, vs 2.2ppt to 4.7% growth in H2.

That said, household income and consumption expenditure both weakened in Q3 with a climbing household savings ratio, showing continued sluggishness in household consumption demand amidst caution on income growth outlook. In Q3, household disposable income growth eased to 5.4% YoY from 5.6%, as growth of wage and transfers ticked lower (at 5.4% and 5.4% YoY respectively) despite better business and property income growth (at 6.8% and 2.9% respectively). This remains lower than nominal GDP growth (at 6.0%). Consumption expenditure growth declined to 3.5% from 3.8%. As such, household savings ratio continued climbing, to 32.9% in Q3 from 32.6% in Q2 on a 12-month rolling sum basis, the highest level in more than three years.

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IP growth further strengthened in September

Real IP growth edged up to 5.5% YoY in September from 5.2% in August, in line with both our expectation and market consensus. On a quarterly basis, IP growth increased to 5.1% in Q326 from 4.6% in Q226.

We think the headline acceleration in IP growth was primarily supported by resilient tech manufacturing as well as normalised weather conditions. By sector, IP growth in mining and utilities accelerated to 1.3% and 5.6% YoY respectively in September, from -1.4% and 4.9% in August. Manufacturing IP remained resilient, though growth eased slightly to 6.0% from 6.1%.

In September, high-tech manufacturing IP growth remained fast at 15.3% YoY, vs 16.7% in August. IP growth in electrical machinery & equipment manufacturing and electronics manufacturing was also relatively stable at high levels, to 8.1% and 16.4%, respectively, vs 9.9% and 17.2%. In particular, by products, IC and industrial robotics IP growth was particularly rapid at 18.4% and 18.9%, respectively, vs 20.6% and 34.6%.

IP growth in general equipment manufacturing and special equipment manufacturing was at 8.5% and 12.1%, respectively, compared with 9.8% and 11.4% in August. IP growth in auto manufacturing and other transportation equipment manufacturing (including rail, ship, aircraft and spacecraft) remained solid at 6.7% and 11.7% from 8.7% and 13.4%. EV production growth slightly moderated to 16.9% from 21.9%.

Retail sales growth boosted by holiday consumption

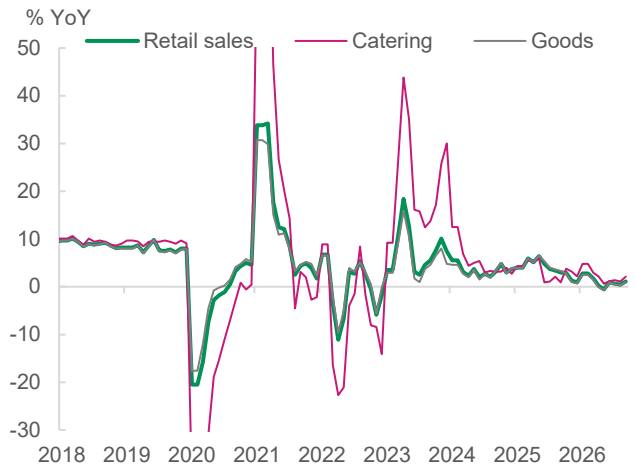
Nominal retail sales growth rebounded to 1.1% YoY in September from 0.4% YoY in August, above both market consensus of 0.5% and our expectation of 0.7%. In Q326, retail sales growth increased to 0.7% from 0.2% in Q226. We think holiday-related consumption has likely given the headline a boost, given that the Mid-Autumn Festival occurred in September this year, whereas it fell in October last year. Meanwhile, base effects could be getting more favourable, while the government subsidies for consumer goods trade-in have appeared to be flexible in use to fill up the budgeted quota. Fuel and chip inflation could also have lifted retail sales in related retail sales growth.

By category, growth in catering and goods sales strengthened to 2.1% and 1.0% YoY, respectively, from 1.1% and 0.3% in August. Strong demand for technology products, alongside tech-related input price inflation, continued to support sales growth of communication appliances, which rose to 31.1% from 27.3% in August. Amidst the holiday demand, sales growth strengthened for food, tobacco & liquor and cosmetics, to 6.7%, 13.8% and 5.4%, respectively, from 4.0%, 12.5% and 4.9% in August. Growth in beverages, daily-use goods and office goods was 5.0%, 4.1% and 7.9%, respectively, compared with 4.9%, 1.8% and 5.8%.

Jewellery, autos and property-related products remained the main drags. Jewellery sales contraction narrowed to -9.6% YoY from a -17.5% decline in August. Auto sales decline further widened to -21.2% from -18.5%. The decline in petroleum product sales narrowed to 0.8% from 7.0%, and that in construction materials sales also moderated, to -9.2% from -11.8%.

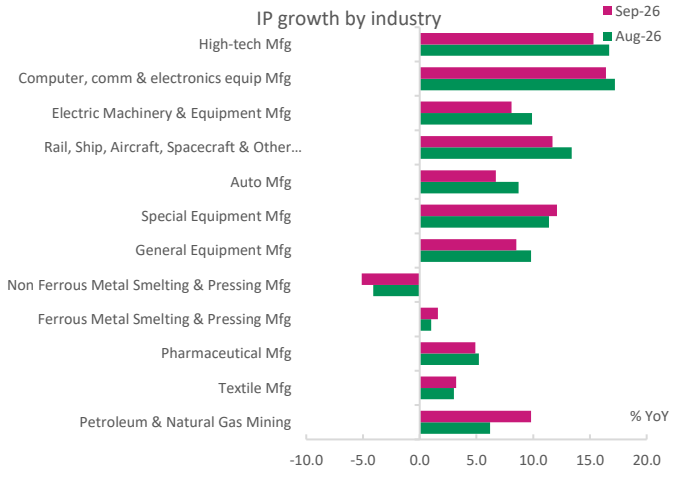
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Retail sales growth boosted by holiday consumption



Source: CEIC, Crédit Agricole CIB

IP growth supported by strong tech manufacturing



Source: CEIC, Crédit Agricole CIB

FAI contraction narrowed in September

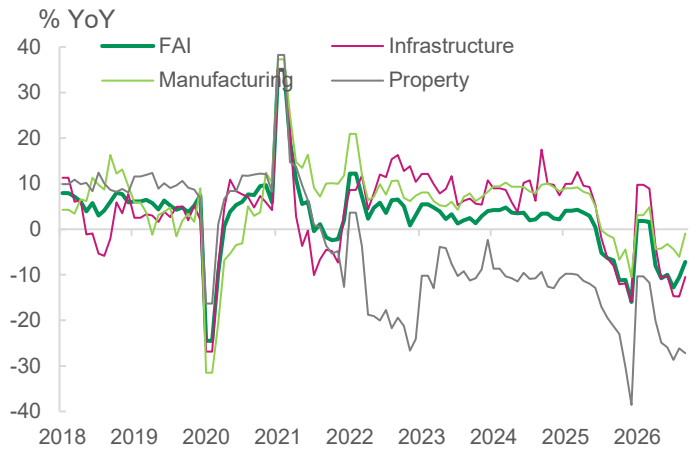
FAI YTD (year-to-date, nominal) growth contracted by 7.2% YoY in September, the same as in August. This is slightly better than market expectation of -7.3%. In Q3, FAI further declined by 10.0% YoY after the fall of 9.7% in Q2.

The structural divergence in investment momentum persisted. FAI remained resilient in sectors aligned with AI, technology hardware and transportation infrastructure. Conversely, downward pressure continued to weigh on mid-to-downstream energy-intensive industries, alongside sectors constrained by weak final consumption and property construction demand. The NBS highlighted that high-tech FAI remained to be the outperformer, though its YTD growth slowed to 4.9% YoY from 5.2% in August. Specifically, FAI YTD growth in electronics & communication equipment, aerospace vehicles & equipment and information services was robust, at 7.6%, 12.5% and 20.2% YoY respectively, vs 6.9%, 14.9% and 22.7% in August.

In September alone, the FAI decline narrowed to -7.2% YoY from -10.6% in August, according to our calculation. By sector, FAI growth in mining eased to 2.1% YoY from 4.1%, though FAI decline in manufacturing narrowed notably to -0.9% YoY in September from -6.1% in August. Meanwhile, that in services remained large at -10.7% (vs -12.7%). Property FAI decline further widened, to -27.2% YoY from -26.1% in August. Among manufacturing, computer & electronic equipment FAI growth further strengthened to 19.2% from 10.3% and that of transport equipment (ex. Autos) quickened to 12.5% from 0.6%. Meanwhile, manufacturing FAI of traditional consumer goods manufacturing (such as food, beverage, textile), auto, as well as mid-stream materials and equipment manufacturing and utility supply remained in contraction. Consumer services FAI (such as education, healthcare and entertainment) remained in deep contraction, despite repeated government pledges to improve consumption services supply to expand demand. Our calculated infrastructure FAI declined by 10.5% in September, following a 14.8% fall in August.

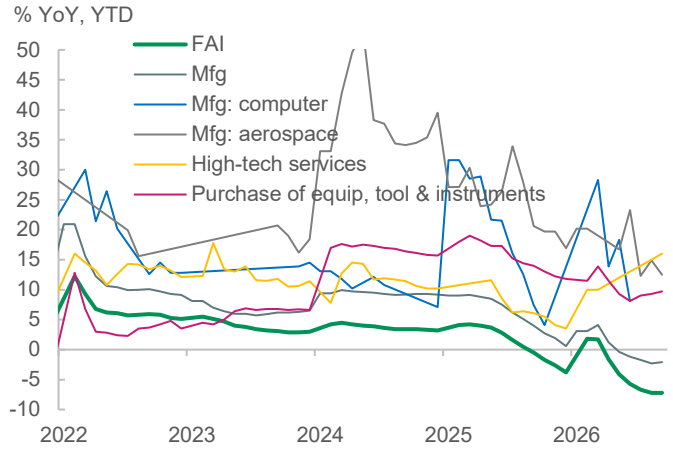
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Property investment remained the primary drag



Source: CEIC, Crédit Agricole CIB

While high-tech FAI be the outperformer



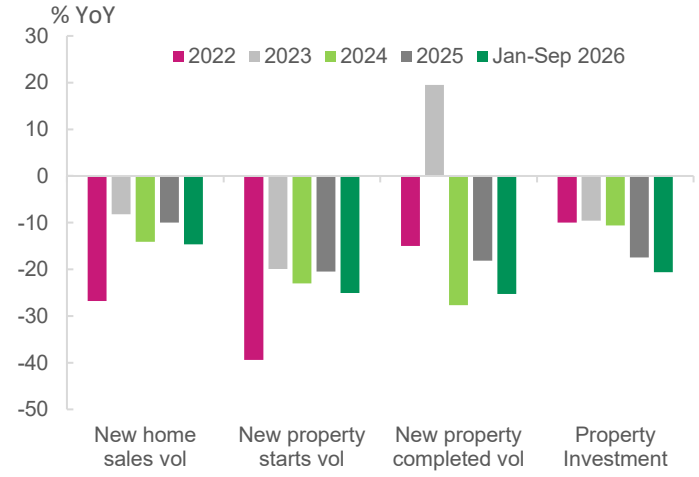
Source: CEIC, Crédit Agricole CIB

Property sector remains in its deep contraction

The contraction of new home sales in 9M26 deepened in both value and volume terms, by 13.7% and 13.8% respectively (vs 13.1% and 13.0% in August). Meanwhile, the YTD decline in property FAI worsened to -20.6% from -19.9% in August, while developers' funding sources plunged by -21.6% YoY YTD (vs -21.0% previously). In terms of property construction activity, the YTD contractions in completed property widened to 26.6% from 25.4% previously, while new starts continued to decline at the same rate as in 8M26. In monthly terms, the value and volume of September new home sales fell sharply as well. Property FAI also slid further to -27.2% YoY**,** while the decline in developers' funding sources moderated marginally but still remained sluggish.

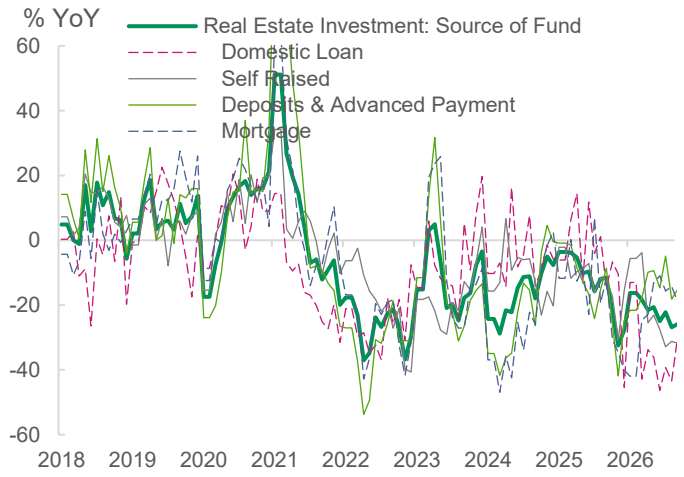
On the front of property prices, the price deflation in September moderated slightly from previous months. New home sales across 70 major cities declined by 0.1% MoM in September, moderating from -0.2% in previous six months. Average price inflation in Tier-1 cities remained steady at 0.1% MoM. Specifically, Guangzhou and Shenzhen both recorded a slight increase in prices to 0.2% and 0.3%, from 0.1% and 0.2%, respectively. In YoY terms, the decline in new home prices narrowed to -3.0% from -3.3% in August. For existing homes, MoM prices declined by 0.3%, the same pace for the fifth consecutive month, while the YoY contraction narrowed to -4.7% from -5.1% previously.

Major property indicators remained in contraction



Source: CEIC, Crédit Agricole CIB

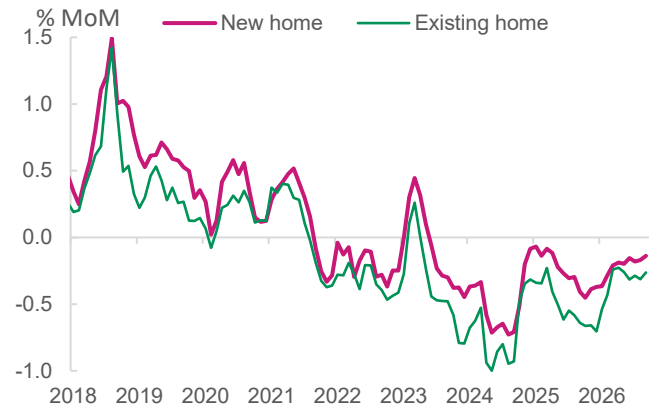
Decline of funding sources moderated in September



Source: CEIC, Crédit Agricole CIB

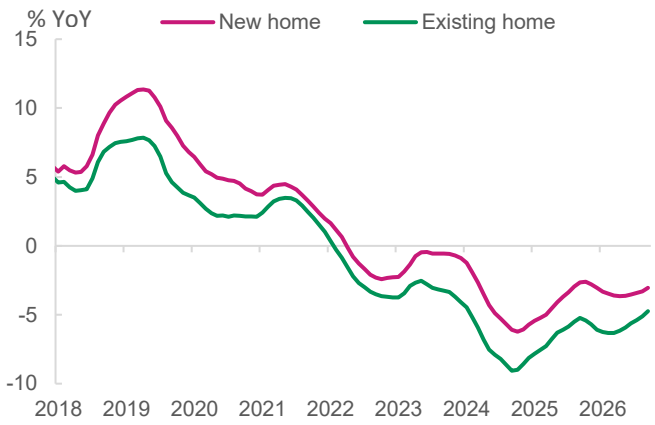
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Home prices MoM decline moderated in September



Source: CEIC, Crédit Agricole CIB

Similar pattern seen in YoY growth



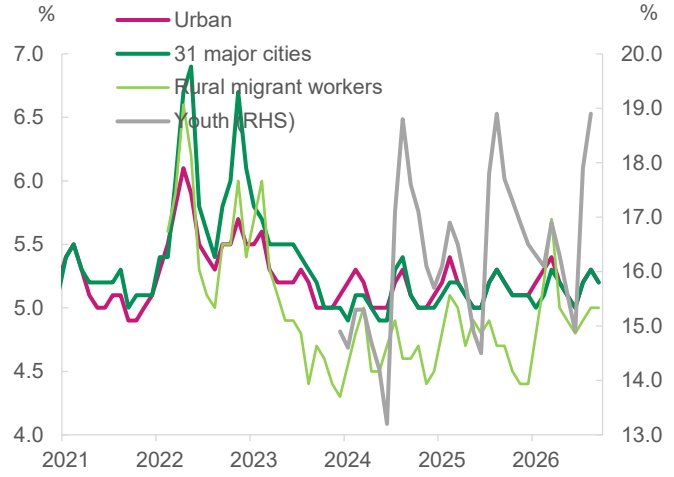
Source: CEIC, Crédit Agricole CIB

Unemployment rates edged down in September

In September, the surveyed unemployment rate ticked lower to 5.2% from 5.3% in both urban areas and for 31 major cities. The unemployment rate for migrant workers ticked lower to 5.1% from 5.2%.

On the service front, growth of service production increased to 4.7% YoY in September from 4.1% previously.

Unemployment rate slightly decreased in September



Source: CEIC, Crédit Agricole CIB

While service production index increased in September



Source: CEIC, Crédit Agricole CIB

Trade data stronger than expected

September trade data came in higher than expected, with export and import growth accelerating to 36.3% YoY and 31.0% YoY respectively, from 25.0% and 28.2% in August. Trade surplus widened to USD133.5bn from USD119.1bn. On a quarterly basis, export growth rose to 28.2% YoY in Q3 from 20.0% in Q2, while import growth stayed robust at 29.4%, vs 29.5% in Q2.

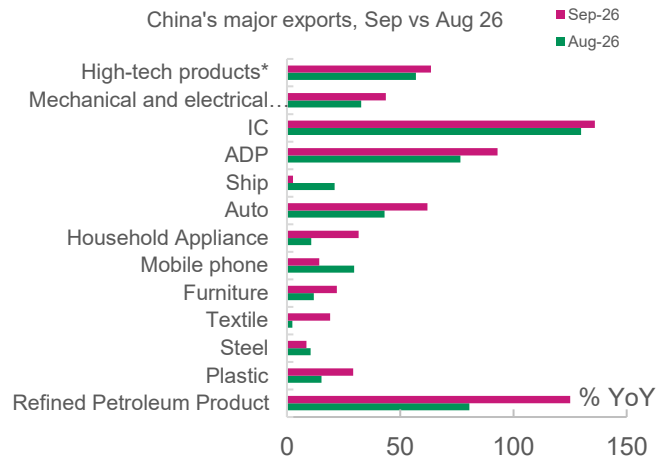
By product breakdown, exports of AI-related tech products and green products (eg, autos) remained the primary driver for China's export growth acceleration. Growth in IC and ADP exports rose further, to 136.0% and 92.9% from 129.8% and 76.5%, respectively. Their contributions to overall export growth increased to 7.9ppt and 5.1ppt, from 7.1ppt and 4.1ppt. Inflation growth for IC remained elevated at 133.7% compared with 149.6% while IC export volume only grew 1.0% after a 7.9% decline. Refined petroleum export growth surged to 125.1% from 80.5%, reaching its highest level since January 2023. The ongoing Middle East conflict has

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continued to constrain oil supply, pushing oil prices to new highs. Refined petroleum export volume growth rose to 39.3% from 12.7%, while price growth edged up to 61.5% from 60.2%. Export growth to the US further quickened to 39.6% YoY from 34.4%, amidst a more stabilised bilateral relations. Export growth to the EU, Japan, ASEAN and Latam increased to 25.3%,15.8%, 52.3% and 24.7% from 6.6%, 8.2%, 30.2% and 17.5%, respectively

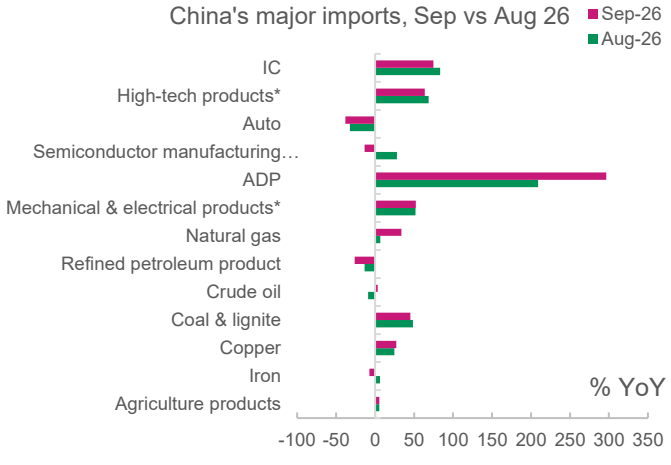
The acceleration in imports was also primarily led by AI and chip demand, with imports of ADP nearly tripled in September (+296.5% YoY) after more than doubling in August (+209.1%). Import growth of IC remained fast at 74.7% YoY vs 83.6% in August with its import inflation growth at 71.8% (vs 72.1%) while volume growth was 1.7% (vs 6.7%). By origin, import growth from Korea stayed rapid at 94.3% YoY vs 108.1% in August, and that from ASEAN was 36.2% vs 35.0%. Amidst elevated energy inflation, China's energy import volume continued declining. Its import volume of crude oil, natural gas and coal declined 21.5%, 1.7% and 5.7% YoY respectively in September, vs -23.4%, -12.9% and -1.5% in August. China's trade imbalance with the EU continued to widen, with its export growth to the EU accelerated to 25.3% YoY in September from 6.6% in August while its import growth from the EU remained muted at 0.7%.

Tech and energy fuelled September's export growth



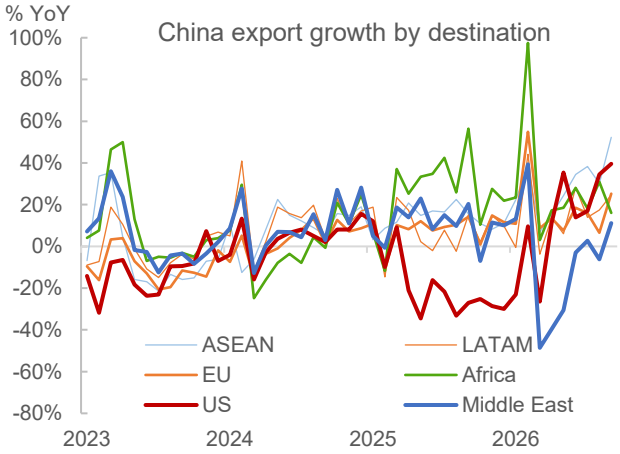
Source: CEIC, Crédit Agricole CIB

Tech inflation remained the main driver for import growth



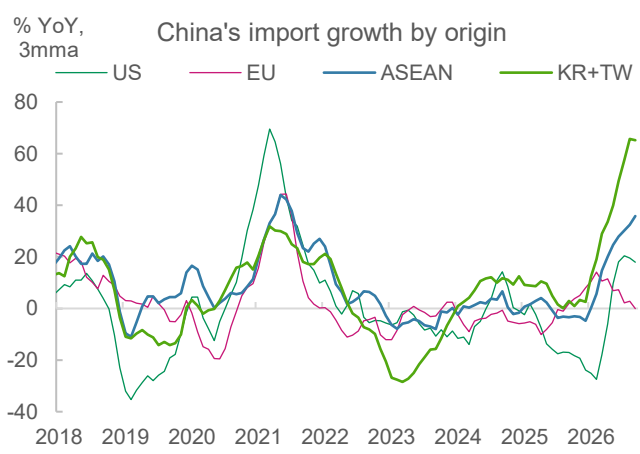
Source: CEIC, Crédit Agricole CIB

Export growth to the Middle East turned positive



Source: CEIC, Crédit Agricole CIB

Import growth from Korea and Taiwan stayed strong



Source: CEIC, Crédit Agricole CIB

CPI rose marginally while PPI surprised on the upside

CPI inflation rose to 0.9% YoY in September from 0.8% in August, slightly below market expectation of 1.0%. It is driven primarily by surging energy costs as gasoline prices jumped 16.6% YoY (vs 9.3% in August) and contributed 0.47ppt to headline inflation. Core inflation remained unchanged at 1.0%, while food deflation

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widened to -1.7% from -1.4%. In MoM terms, CPI inflation eased to 0.2% in September from 0.4%. Within core, tech consumer products saw significant price increases, with data storage devices, tablets, computers and mobile phones prices rising 46.7%, 23.6%, 21.8% and 14.9% YoY respectively, collectively contributing 0.23ppt to headline CPI inflation, while gold jewellery price inflation moderated to 22.5% from 33.6% previously, contributing 0.11ppt. Price deflation of home appliances and autos deepened (to -1.8% and -1.7% YoY respectively from -0.9% and -1.6% in August) due to sluggish demand amidst payback of previous rounds of consumer trade in subsidies. Touring inflation ticked up to 3.5% from 2.7% due to Mid-Autumn Festival travel demand, though that was offset by lower education inflation to 0.4% from 0.6%.

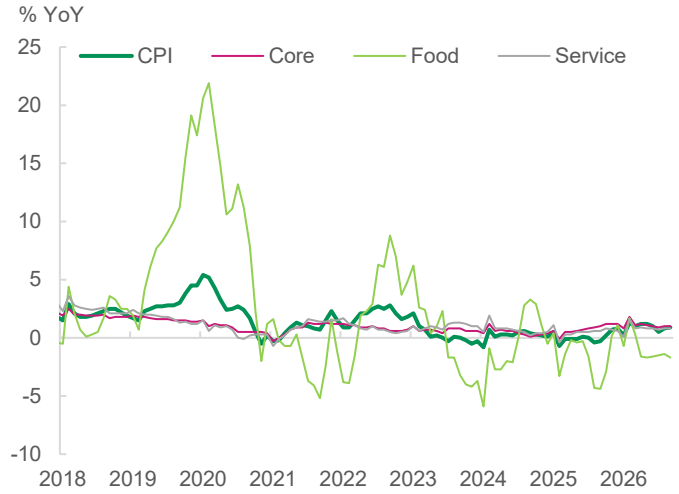
China's PPI inflation jumped to 5.0% YoY in September from 3.8% in August, at its highest level since June 2022. On a sequential basis, PPI inflation accelerated to 1.2% MoM from 0.4% in the prior month. By product breakdown, PPI inflation for producer goods rose notably to 6.5% from 5.0% previously, while the decline in consumer goods narrowed to -0.1% from -0.5% in August. Within producer goods, mining PPI inflation surged to 25.4% YoY from 17.8%, while raw materials inflation accelerated to 9.4% YoY from 5.0%. Concurrently, manufacturing PPI inflation experienced a more modest increase, rising to 3.4% in September from 3.1% in August. By industry, the surge in headline PPI inflation was mainly led by energy, chemicals, ferrous metals as well as tech-related equipment manufacturing. PPI for coal mining surged 35.3%, while PPI for oil & gas extraction, fuel & coal processing and chemicals rose 24.5%, 21.6%, and 12.1% respectively; non-ferrous metal mining and smelting PPI both increased 21.4%. Meanwhile, electrical machinery & equipment PPI rose 6.2%, and computer, communications & electronic equipment grew 5.8%, up from 5.9% and 5.3% in August, respectively. These eight industries collectively contributed approximately 5.42ppt to headline PPI inflation (vs 4.3ppt previously). On the other hand, wine, tea & beverages, electricity & heat supply, pharmaceutical, non-metallic minerals and autos PPI fell by 5.3%, 3.9%, 3.3%, 2.5% and 2.0%, with these five industries collectively dragging down PPI by approximately 0.66ppt.

Looking at China's latest inflation prints, they still point to a stark divergence between surging upstream costs and persistent downstream deflation seen in PPI, while CPI inflation remains subdued with a stable core. We think that, as long as the global AI super cycle continues while energy inflation remains elevated, upstream sectors would still see strong upward inflationary pressures, but with the difficulty of downstream manufacturers from passing through cost increases, amidst the weakness in final consumption demand. China has stepped up incremental policy support in recent months, with quicker government bond issuance and deployment of quasi-fiscal measures, along with mortgage interest subsidies with an attempt to spur home purchase demand in lower tier cities. We will closely watch whether those measures would be able to drive a trend of domestic demand stabilisation, in turn supportive for a mild inflation trend. For now, we think the positive impact would likely be quite marginal outside of the relatively narrow inflationary pressures in selective sectors that are more driven by global factors (AI and energy).

That said, given the continued climb in domestic headline inflation and rising global yields, we think the PBoC would remain focused on targeted monetary and credit easing in coordination with fiscal measures, while maintaining stable financial conditions.

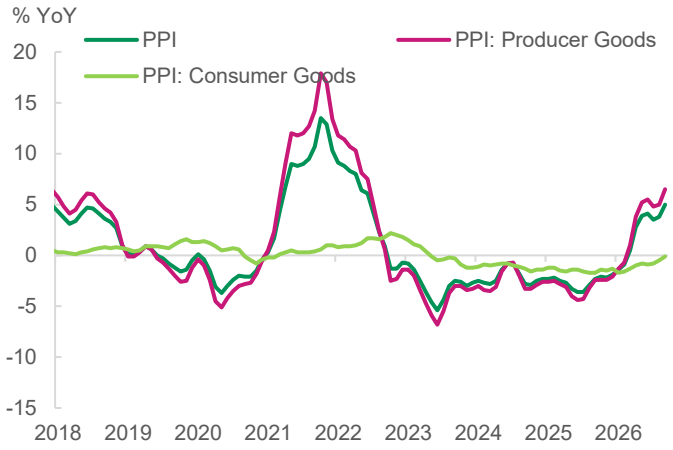
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CPI inflation ticked up marginally



Source: CEIC, Crédit Agricole CIB

PPI climbed up higher on rising upstream costs



Source: CEIC, Crédit Agricole CIB

Credit data showed initial sign of stabilisation

New aggregate financing (AF) came in at RMB3,549bn in September, at a similar level to RMB3,530bn in September 2025 and above market expectations of RMB3,340bn and our forecast of RMB3,400bn. New loans were RMB1,080bn, lower than RMB1,290bn in the same period last year, but above market expectations of RMB1,025bn and our forecast of RMB1,000bn. The YoY growth of outstanding AF and RMB loans further eased, to 7.1% and 4.8% respectively in September from 7.2% and 4.9% in August.

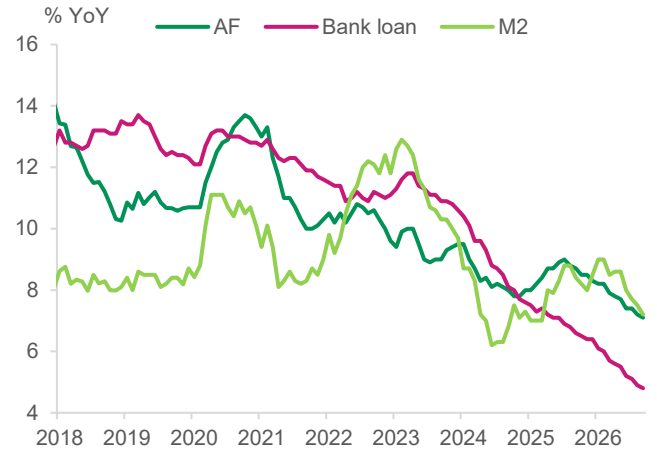
By new loan breakdown, new household loans were 0 in September, vs RMB389bn last September, showing continued household deleveraging. Medium-to-long term (MLT) loan to households (mainly mortgages) added RMB87bn vs RMB250bn last September, indicating still-subdued household mortgage demand. New loans to corporates were RMB1,290bn vs RMB1,220bn last September. MLT loan to corporates added RMB890bn vs RMB910bn last September, perhaps suggesting finally some catch-up of major infrastructure and industrial projects as government quickened government bond issuance and deployment of quasi-fiscal measures.

Among new AF, the primary support came from government bond issuance, which added RMB1,533bn this September, notably higher than RMB1,189bn last September, after government bond issuance had been largely behind budgeted schedule and prioritised on refinancing & debt swap in the first eight months of the year. However, the fiscal funds may still take a bit of time to be allocated to projects, as fiscal deposits declined by RMB430bn (vs -RMB840bn last September), potentially a signal of still-slow progress in project spending.

Overall, we think the set of credit data pointed to some initial signs of credit stabilisation with fiscal and quai-fiscal spending finally catching up its pace after de-facto fiscal tightening. With new home sales showing some rebound in major cities after the introduction of mortgage interest subsidies and PBoC boosting relending quota to targeted areas, it could potentially generate some positive impact in the coming months, albeit a moderate one.

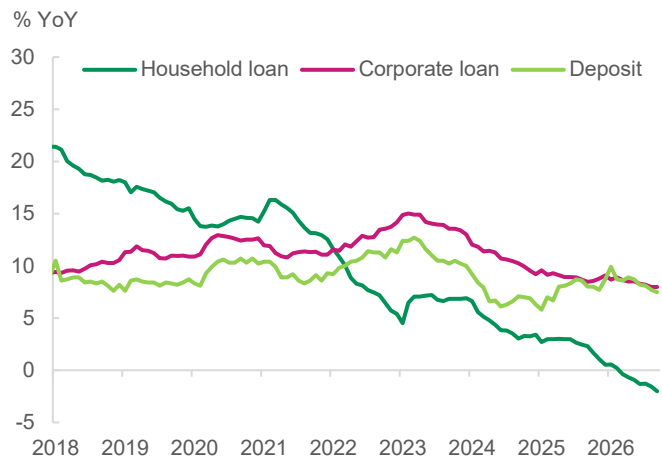
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Growth of money and credit further eased



Source: CEIC, Crédit Agricole CIB

YoY growth of household loan continued worsening



Source: CEIC, Crédit Agricole CIB

NBS PMIs back to expansion in September

China's official PMIs rebounded in September, with both the manufacturing and services PMIs returning to above the 50 levels from contraction readings in August, indicating a mild sequential growth rebound in the month following incremental policy support after the July Politburo meeting and better weather conditions, though not a strong rebound. The expectation of stabilising US-China bilateral relations around leadership summit should also help sentiment.

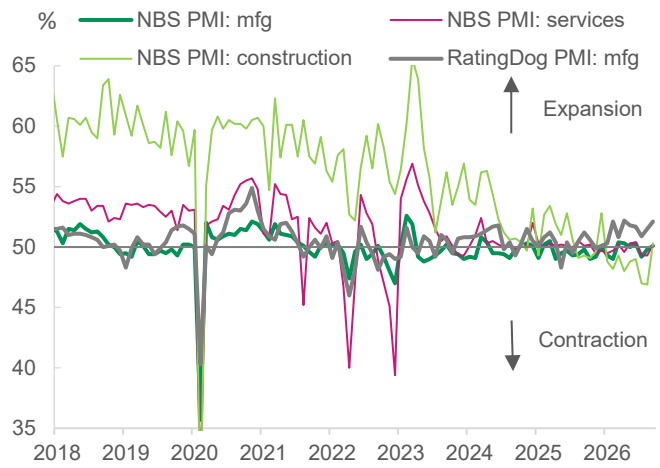
Manufacturing PMI rebounded to 50.1 in September from 49.8 in August, returning to expansionary territory after summer contraction. Within the sub-indices, the production index rose to 51.7 from 50.4, marking the highest reading in 2026 and signalling an accelerated pace of manufacturing production. The new orders index ticked down slightly to 50.5 from 50.6, while the new export orders index moderated to 50.0 from 50.1, indicating still-resilient manufacturing demand. Price indicators surged significantly due to the elevated oil price and AI-related inflation, with the purchasing price and producer price indices advanced to 60.8 and 54.0, respectively, from 56.6 and 50.4.

Sectoral performance diverged as equipment manufacturing (51.0), high-tech manufacturing (52.5) and consumer goods (50.7) registered robust operational activity, whereas production and new orders for chemicals and ferrous metal smelting remained below the threshold.

In the non-manufacturing sector, both construction and services demonstrated notable recoveries. The construction PMI staged a sharp rebound, climbing to 50.3 from 46.9 in August, reflecting improving enterprise confidence regarding future market developments. Concurrently, the services PMI advanced to 50.2 from 49.3, driven by strong growth in telecommunications, broadcasting and financial services, all of which stood above 55.0.

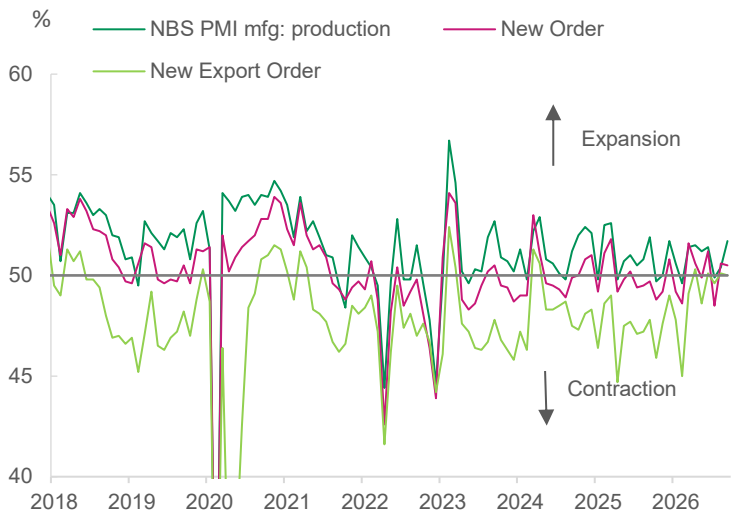
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NBS Manufacturing PMI entered expansionary zone



Source: CEIC, Crédit Agricole CIB

Production sub-index rose while new order ticked down



Source: CEIC, Crédit Agricole CIB

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Source: RMA by Crédit Agricole CIB

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Global Markets Research contact details

Jean-François Paren Head of Global Markets Research +33 1 41 89 33 95

	Asia (Hong Kong, Singapore & Tokyo)		Europe (London & Paris)		Americas (New York)
Macro Strategy	Takuji Aida Chief Economist Japan +81 3 4580 5360	Ken Matsumoto Macro Strategist Japan +81 3 4580 5337	**Louis Harreau** **Head of Developed Markets Macro & Strategy** **+33 1 41 89 98 95**	Valentin Giust Global Macro Strategist +33 1 41 89 30 01	Nicholas Van Ness ** Chief US Economist +1 212 261 7601
Interest Rates			**Jean-François Perrin** **Head of Rates and Inflation Research & Strategy** **+33 1 41 89 73 49** Matthias Loise Inflation Strategist +33 1 41 89 20 06	Guillaume Martin Interest Rates Strategist +33 1 41 89 37 66 Riccardo Lamia Interest Rates Strategist +33 1 41 89 63 83 Monna Dimitrova Interest Rates Strategist +33 1 41 89 05 61	Alex Li ** Head of US Rates Strategy +1 212 261 3950
Emerging Markets	Xiaojia Zhi Chief China Economist Head of Research, Asia ex-Japan +852 2826 5725 Eddie Cheung CFA Senior Emerging Market Strategist +852 2826 1553	Jeffrey Zhang Emerging Market Strategist +852 2826 5749 Yeon Jin Kim Emerging Market Analyst +852 2826 5756	**Sébastien Barbé** **Head of Emerging Market Research & Strategy** **+33 1 41 89 15 97**		Olga Yangol ** Head of Emerging Market Research & Strategy, Americas +1 212 261 3953
Foreign Exchange	David Forrester Senior FX Strategist +65 6439 9826		**Valentin Marinov** **Head of G10 FX Research & Strategy** **+44 20 7214 5289**	Alexandre Dolci FX Strategist +44 20 7214 5064	
Quant Research			Alexandre Borel Data Scientist +33 1 57 87 34 27		

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MiFID II Research contact details

Andrew Taylor MiFID II Research contact andrew.taylor@ca-cib.com	Please send your questions on MiFID II to: research.mifid2@ca-cib.com

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