China: April Politburo meeting stresses stability amid external uncertainty

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Bottom line:

On April 28, the Politburo held its April meeting to discuss economic policies for the coming months. Top leadership appears content with the current state of the economy and focuses on the implementation of existing policies. The readout calls for keeping interbank liquidity ample, starting some shovel-ready major infrastructure projects, and to continue advancing high-tech areas such as computing and AI. These are largely consistent with recent policy communications and our expectations. Given the abundant interbank liquidity, we no longer expect RRR cuts this year (vs. one 50bp cut previously).

Main points:

1. **Economic assessment**: The readout characterized major indicators as "better than expected", showing that policymakers are content with economic performance year-to-date. Despite higher energy prices, the government does not seem to see any urgency in stepping up cyclical easing. It says to "respond to external shocks and challenges systematically and improve the level of energy resource security". The tone is much calmer than last April when US-China tariffs escalated significantly and shows policymakers' confidence in their ability to manage the energy-supply shock and in their long-term energy security strategies.

2. **Monetary and fiscal policy**: Both monetary and fiscal policies emphasize being precise and targeted (精准有效实施). In our view, this means that the focus is on implementing existing policies instead of coming up with new policies.

- On **monetary policy**, the readout calls for keeping interbank liquidity ample and FX broadly stable, consistent with our view that PBOC is in risk management mode in Q2 with the Middle East conflict still unresolved. Given already abundant interbank liquidity, we no longer expect RRR cuts this year (vs. one 50bp cut previously).
- On **fiscal policy**, the readout calls for "optimizing the structure of fiscal expenditures" and "safeguard the basic needs of the people". It also says to start some shovel-ready major infrastructure projects. In our view, this underscores the fiscal mantra of employing limited resources on strategic projects to advance China's long-term goals and providing a floor to the economy and people's livelihood to ensure social stability.

3. **Areas of focus**: In boosting domestic demand, policymakers continue to focus on the supply side, pledging to "expand the supply of high-quality goods and services to

promote consumption upgrading” and to “further implementing the service industry capacity expansion and quality improvement initiative”. On specific areas, AI was mentioned twice in the short readout, more frequently than in any previous economically-focused Politburo meeting. Construction of water networks, new power grids, computing networks, next-generation communication networks, urban underground pipe networks, and logistics networks is also cited, consistent with focus areas highlighted in other policy communications.

4. **Problems to be addressed**: The readout continues to stress “anti-involution”, managing local government debt risks, and settling overdue payments to businesses (especially those owed by local governments). These are challenging problems in the economy with significant negative externalities. In addition, policymakers highlighted to stabilize pork prices, which have fallen to multi-decade lows. Lastly, the April Politburo meeting says to “make efforts to stabilize the real estate market”(努力稳定房地产市场). However, we do not think the government will introduce large-scale, significant property easing measures – we continue to believe incremental, local policies are more likely.

China Economics Team

Exhibit 1: Upcoming key macro catalysts for China markets

Date	Events
Mid-May 2026 (likely)	US President Trump's planned visit to China
15 Jul 2026	Q2 2026 GDP release
End-Jul 2026	Politburo meeting on economic policies
19 Oct 2026	Q3 2026 GDP release
Fall 2026 (likely)	The 5th Plenum of the 20th CCP Central Committee
11 Nov 2026	Expiration of tariff/rare earth control pause agreed at Trump-Xi meeting in South Korea
18-19 Nov 2026	APEC 2026 China (in Shenzhen)
Early to mid-Dec 2026	Politburo meeting on economic policies
Mid-Dec 2026	Central Economic Work Conference
14-15 Dec 2026	G20 Summit in Miami

Source: Government websites, Data compiled by Goldman Sachs Global Investment Research

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