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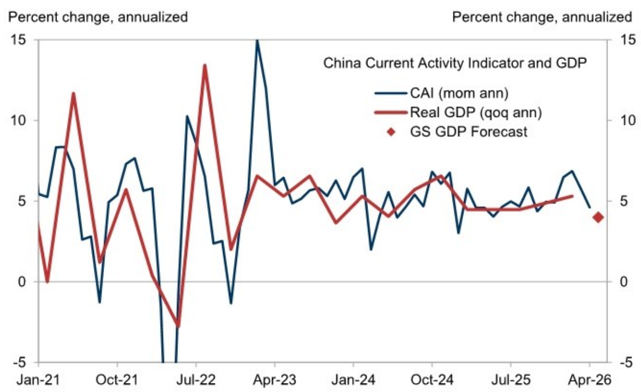
China: Three things in China

Hui Shan
+852-2978-6634 | hui.shan@gs.com
Goldman Sachs (Asia) L.L.C.

Three quick highlights from China:

- **April data miss:** China's April activity data were weak across the board. Industrial production grew 4.1% yoy, retail sales rose 0.2% yoy, and fixed asset investment fell 8% yoy. Our proprietary China MAP score suggests this was the most negative macro data surprise since May 2023. While some weakness reflected genuine headwinds from the global energy supply shock (for example, sharp declines in chemical and refined oil production), technical and policy factors also played a role, including a notable slowdown in fiscal spending. Overall, we expect sequential real GDP growth to slow from 5.3% qoq ann in Q1 to 4.0% in Q2, with the pattern of strong exports and weak domestic demand persisting.

We expect sequential real GDP growth to slow from Q1 to Q2

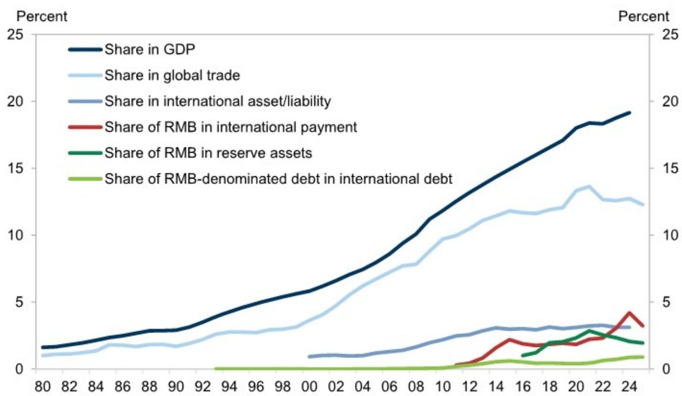


Source: NBS, Goldman Sachs Global Investment Research

- **Encouraging property market data:** Our latest high-frequency tracker shows stable sales in both new and existing homes. The official NBS 70-city indices suggest sequential price declines eased slightly, while prices in tier-1 cities rose for both new and existing homes. These are encouraging signs worth close monitoring, as stabilization in China's property market could meaningfully boost confidence and capital markets.

- **April FX inflows and RMB internationalization:** Our preferred FX flow measure shows net FX inflows of US$37bn in April. With policy communications pointing to stronger support for RMB internationalization, we recently took a deep dive into the topic. While progress has been made, the RMB's share of global financial markets remains small. A meaningful expansion in its role will require improvements in financial infrastructure, liquidity, risk-management tools, and RMB asset supply.

RMB's international use has improved but remained limited across many metrics



Source: BIS, Lane & Milesi-Ferretti (2018), Haver Analytics, Wind, Goldman Sachs Global Investment Research

Recent GS China macro research

Thematic research and Trump-Xi meeting takeaways:

Asia Economics Analyst: RMB Internationalization Revisited: Beyond Trade Settlement, 22 May 2026

China Matters: Not Too Worried About the April Data Miss, 21 May 2026

Beijing summit tees up issues for a year of meetings, 18 May 2026

Asia Economics Analyst: The AI investment boom's Asia spillovers, 11 May 2026

Data comments and trackers:

China Economic Activity and Policy Tracker: May 22, 22 May 2026

AEJ Week Ahead: Korea and Taiwan IP, BOK meeting and Singapore CPI, 22 May 2026

GS China Econ Proprietary Indicators: May, 21 May 2026

China: Fiscal expenditure growth dropped further in April amid largely stable fiscal revenue growth, 20 May 2026

China: SAFE data suggest some FX inflows in April, 18 May 2026

China: 70-city average primary property price decline narrowed in April, 18 May 2026

China: April activity data missed expectations broadly, 18 May 2026

China: Q1 2026 BOP data show lower current account surplus, 15 May 2

China: RMB loan stock declined from March to April, 14 May 2026

China: PBOC Q1 monetary policy report: more constructive on growth a more focused on risk management, 12 May 2026

China: Year-over-year PPI inflation jumped in April on higher oil prices, 11 May 2026

Team presentation materials and webinar replays:

China Macro & Strategy: Takeaways from Trump-Xi Meeting [Replay], 20 May 2026

GS China Economic Outlook: April 2026 [Presentation], 1 May 2026

The China Economics Team

Andrew Tilton
+852-2978-1802
andrew.tilton@gs.com
Goldman Sachs (Asia) L.L.C.

Hui Shan
+852-2978-6634
hui.shan@gs.com
Goldman Sachs (Asia) L.L.C.

Lisheng Wang
+852-3966-4004
lisheng.wang@gs.com
Goldman Sachs (Asia) L.L.C.

Xinquan Chen
+852-2978-2418
xinquan.chen@gs.com
Goldman Sachs (Asia) L.L.C.

Yuting Yang
+852-2978-7283
yuting.y.yang@gs.com
Goldman Sachs (Asia) L.L.C.

Chelsea Song
+852-2978-0106
chelsea.song@gs.com
Goldman Sachs (Asia) L.L.C.

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Contributing Authors: Hui Shan Goldman Sachs (Asia) L.L.C..

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