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China: Three things in China

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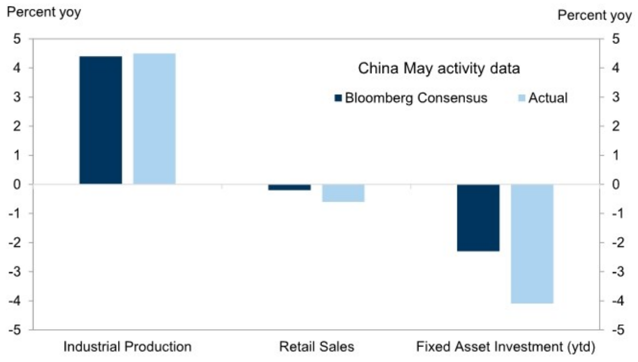
Three quick highlights from China:

- **May activity data disappointed:** Although May industrial production was slightly firmer than expected at 4.5% yoy, both retail sales and fixed asset investment disappointed. Retail sales fell 0.6% yoy, the first negative print outside of Covid lockdown periods. Fixed asset investment again posted large year-over-year declines following the weak April print. Alongside the previously released 19.4% yoy increase in exports, the Chinese economy continues to feature strong exports and weak domestic demand.

Both retail sales and fixed asset investment contracted year-over-year in May

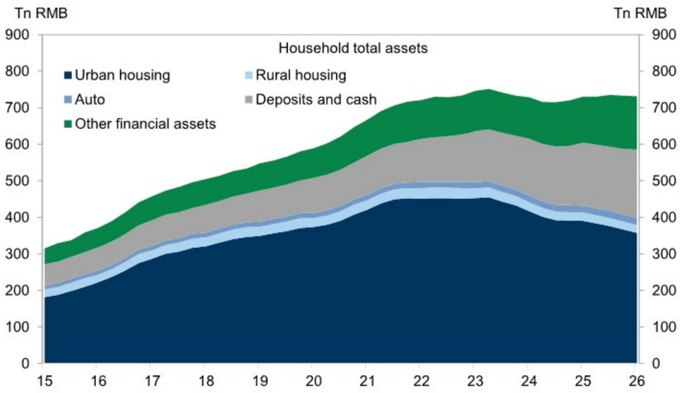


Source: Bloomberg, NBS

- **Lujiazui Forum focused on monetary policy and RMB internationalization:** At this year's Lujiazui Forum in Shanghai, PBOC Governor Pan announced narrowing the overnight repo corridor from 70bp to 50bp. This is another step toward a more price-based monetary policy framework. In addition, the creation of the Foreign and International Monetary Authorities (FIMA) RMB Repo facility for foreign official institutions, the upcoming rollout of five-year CGB futures in Hong Kong, and the establishment of offshore RMB trading in Shanghai all signal an acceleration in RMB internationalization.

- **Measuring Chinese household balance sheets:** Against the backdrop of a severe housing downturn, the state of Chinese household balance sheets carries special macro importance. In the latest "China in the Long Run" series, we construct a dataset of household balance sheets. As of 2026Q1, our calculations suggest that property and cash/deposits accounted for 52% and 25% of total household assets, respectively. In the coming years, we expect the equity and insurance shares of total household assets to expand significantly, while the share of property continues to shrink.

Chinese household assets shifting from property to financial assets



Source: Wind, CEIC, Haver Analytics, Goldman Sachs Global Investment Research

Recent GS China macro research

Thematic research:

Asia Economics Analyst: Chinese Household Balance Sheet: Structural Shift from Property to Financial Assets Amid Ongoing Deleveraging, 17 June 2026

Asia in Focus: Cost of China's Retail Fuel Price Management Modest and Sustainable, 5 June 2026

Asia Economics Analyst: China: Investment Share of GDP on Structurally Declining Path, 31 May 2026

Asia in Focus: China's Import Boom and Narrowing Surplus: Gold Leads the Drag, Energy and AI Stay Contained, 31 May 2026

Data comments and trackers:

China Economic Activity and Policy Tracker: June 18, 18 June 2026

China: Lujiazui Forum: Price-based monetary policy and rules-based capital account opening, 18 June 2026

China: May fixed asset investment and retail sales data missed market expectations, 16 June 2026

China: 70-city average primary property price decline narrowed in May, with Tier-1 cities posting sequential gains, 16 June 2026

China: SAFE data suggest some FX inflows in May, 15 June 2026

China: Credit growth surprised to the upside in May, but details show weak credit demand, 12 June 2026

China: Media reported RMB 2 trillion data center investment not new news, 12 June

2026

China: Energy-led PPI increased further in May, while core CPI softened, 10 June 2026

China: Trade growth accelerated in May, 9 June 2026

Team presentation materials and webinar replays:

Macro & Strategy | Global Macro, Activity Data, Market Views, 15 June 2026

China: GS China Economic Outlook: June 2026 [Presentation], 2 June 2026

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