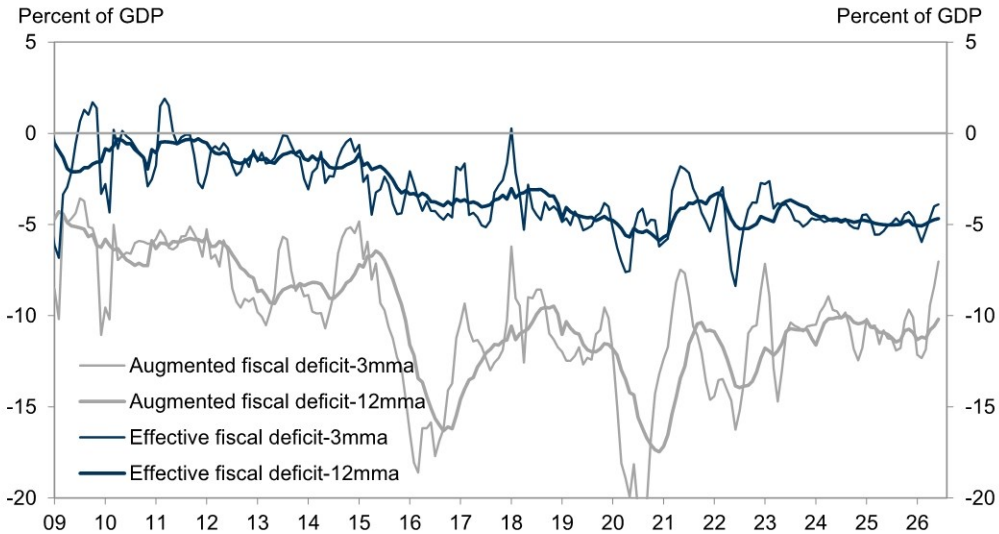
China: Three things in China

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Three quick highlights from China:

- **June fiscal data showed tightening:** China's on-budget fiscal revenue rose 8.7% yoy in June, but expenditure growth lagged at 4.0% yoy. Off-budget land sales revenue plunged 42% yoy, putting significant pressure on local government finances. Our estimate of China's augmented fiscal deficit narrowed sharply to 7.0% of GDP on a 3-month moving average basis, compared with 11.0% in 2025. In our view, fiscal tightening was the main reason behind China's Q2 growth slowdown.

Our augmented fiscal deficit metric continued to narrow in June

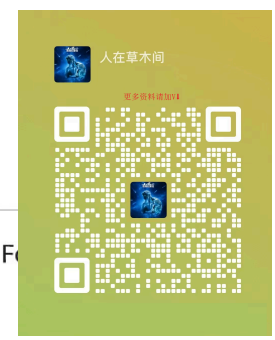


Source: Wind, CEIC, Goldman Sachs Global Investment Research

- **Expecting stronger easing tone at July Politburo meeting:** The July Politburo meeting is expected to take place over the next few days. Given that Q2 real GDP growth (4.3% yoy) fell below the lower bound of the government's full-year GDP target range (4.5-5%), we expect policymakers to strengthen easing rhetoric at the meeting. With local governments constrained by financing pressures and political considerations, a strong easing tone from the top is needed to accelerate local investment implementation in H2.

- **July PMI preview:** The NBS will release July official manufacturing and

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non-manufacturing PMIs this week. We expect both to decline from June levels. High-frequency data showed weaker steel production. Our equity analysts' channel checks indicated softer new orders. Weather conditions remained challenging in July, with typhoon disruptions and heavy rainfall. Altogether, we project the NBS manufacturing PMI to fall from 50.3 in June to 49.9 in July.

Recent GS China macro research

Thematic research:

China Matters: Time to Ease, 20 July 2026

Asia in Focus: A New Funding Source for China's High-Tech Ambitions, 12 July 2026

Data comments and trackers:

AEJ Week Ahead: China PMI, Korea IP, and GDP for Hong Kong and Taiwan, 24 July 2026

GS China Econ Proprietary Indicators: July, 24 July 2026

China Economic Activity and Policy Tracker: July 24, 24 July 2026

China: Fiscal revenue and expenditure growth both improved in June, while land sales revenue contracted further, 22 July 2026

China Consumer Dashboard: 2026Q2: Consumption momentum softened sequentially, 19 July 2026

China: SAFE data suggest some FX inflows in June, 17 July 2026

China: July Politburo meeting preview: Stronger easing rhetoric likely, but demand-side stimulus remains key, 16 July 2026

China: Weaker-than-expected money and credit data in June; PBOC press conference suggests broad easing remains conditional, 15 July 2026

China: 70-city average primary property price decline narrowed further in June, with Tier-1 cities posting sequential gains, 15 July 2026

China: Real GDP growth slowed meaningfully in Q2 amid mixed June activity data, 15 July 2026

China: Trade growth accelerated further in June, 14 July 2026

China: China's 15th FYP for Expanding Consumption — Supply-Side Push, Demand-Side Constraints, 14 July 2026

Team presentation materials and webinar replays:

China Macro to Micro: 2H Policy & Consumption Outlook [Replay], 22 July 2026

Macro & Strategy | Global Macro, July Politburo, Market Views (In Mandarin), 20 July 2026

China: GS China Economic Outlook: July 2026 [Presentation], 3 July 2026

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Disclosure Appendix

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