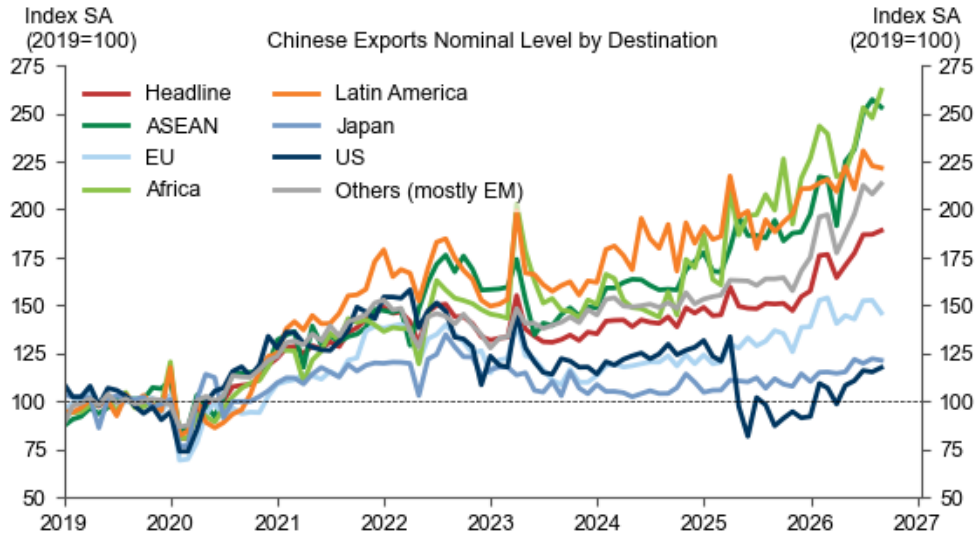
China: Three things in China

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Three quick highlights from China:

- **Trade surplus increased again:** China's trade growth accelerated from July to August in year-over-year terms. Exports rose 24.9% yoy in nominal USD terms and imports grew 28.2%, lifting the trade surplus to $119bn. In the first eight months of the year, China's trade surplus totaled $806bn, $24bn higher than in the same period last year. This is remarkable given that China is a net oil and semiconductor importer, and that oil and semiconductor prices have climbed significantly this year.

Chinese exports continued to increase in August

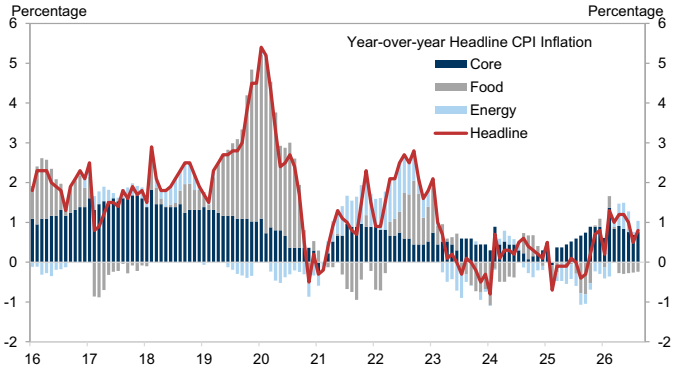


Source: China Customs, Goldman Sachs Global Investment Research

- **Inflation ticked up:** Both CPI and PPI inflation increased in August: CPI inflation rose from 0.5% in July to 0.8% in August, while PPI inflation increased from 3.5% to 3.8%. Details beneath the headlines do not suggest strong demand, however. Much of the increases can be attributed to higher energy prices, higher computer and communication equipment prices amid the AI boom and chip shortages, and higher prices for other commodities such as gold. Rent CPI and car prices continued to decline in August (rent inflation -0.6% yoy and car price inflation -1.6% yoy).

Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html.

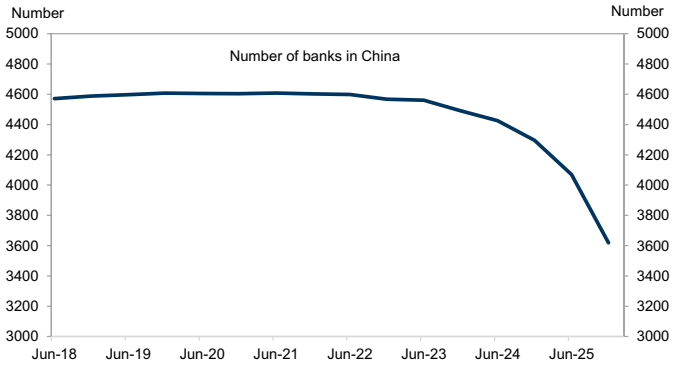
Headline CPI inflation ticked up on higher energy prices



Source: NBS, Goldman Sachs Global Investment Research

- **Capital injection mostly about financial stability:** The Ministry of Finance announced the issuance of RMB300bn in Central Government Special Bonds (CGSB) for the recapitalization of select commercial banks, policy banks, and insurance companies. This is not new news, as the quota was approved at the March "Two Sessions", following last year's RMB500bn CGSB issuance for commercial bank recapitalization. With the deep housing downturn and multi-year economic slowdown, losses need to be recognized in the financial system even if a financial crisis is averted. According to PBOC data, the number of banks in China declined from 4,602 in 2021 to 3,619 in 2025. As smaller, weaker regional banks are absorbed by larger banks, capital injection is needed to ensure financial stability among large SOE financial institutions.

The number of banks declined by over 20% in China from 2021 to 2025



Source: PBOC

Recent GS China macro research

Thematic research:

Asia in Focus: China: Gauging the Impact of Government Bond Supply o
September 2026

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Asia in Focus: Why Beijing may favor gradual RMB appreciation, 2 September 2026

Asia Economics Analyst: China's Broad-Based Export Strength to Persist Despite Limited AI Boost, 23 August 2026

China Matters: From Weak to Weaker, 21 August 2026

Data comments and trackers:

AEJ Week Ahead: China activity data, India CPI, and CBC meeting, 11 September 2026

China Economic Activity and Policy Tracker: Sep 11, 11 September 2026

China: Both CPI and PPI inflation picked up in August, 9 September 2026

China: Trade surplus grows on restrained imports, 8 September 2026

China: Unofficial services PMI increased in August, 3 September 2026

China: Unofficial manufacturing PMI rose in August, 1 September 2026

Team presentation materials and webinar replays:

China in the Long Run: Introducing a New Research Series [Video], 3 September 2026

China: GS China Economic Outlook: September 2026 [Presentation], 1 September 2026

Macro & Strategy | Global Macro, Activity Data, RMB, Market Views (in Mandarin), 7 September 2026

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