

The new Chinese plan challenged by the economic context

Beijing has just concluded its 4th plenary session, a major strategic meeting of the Central Committee of the Chinese Communist Party (CCP), aimed at defining the main directions of the 15th Five-Year Plan (2026-2030) expected in March 2026. Facing persistent trade tensions, the world's second-largest economy seeks to reconcile technological ambitions with internal rebalancing.

A two-speed economy. Chinese growth slowed in the third quarter of 2025, with GDP rising by 4.8%, the slowest pace since late 2024. This slowdown complicates achieving the official target of 5% annual growth. The Chinese economy continues to move at two speeds: on one hand, exports and production in certain strategic sectors remain very dynamic; on the other, domestic demand struggles to recover, held back by the real estate crisis and cautious households. Moreover, China faces major structural challenges, notably a pronounced demographic aging. The shift is already visible, with 15% of the population over 65 years old, compared to 10% ten years ago.

Persistent internal challenges. Household consumption remains the main weakness of the Chinese economy. China accounts for only 18% of global consumption, while it represents 30% of global manufacturing output. This imbalance is explained by a strong saving tendency in an economy where the social safety net remains structurally limited, a trend reinforced after the shocks related to Covid and the real estate crisis. The persistence of high youth unemployment—partly due to a mismatch between their

education and market needs—also weakens consumption. This trend fuels deflationary pressures: inflation has sharply declined since mid-2022 and is now close to 0%.

A tense external environment. The Chinese economic model, historically based on exports and investment, is now facing overcapacity issues. The combination of weak domestic demand and high production capacity increases China's dependence on foreign markets to absorb its excess output, particularly in sectors such as electric vehicles, solar panels, and textiles. Consequently, China remains vulnerable to trade disputes with the United States and the European Union. Although tensions between the US and China have de-escalated since Monday, they still persist. However, since Liberation Day, the Chinese economy has shown resilience, notably thanks to the redirection of its exports towards other Asian countries, especially the ASEAN nations. Furthermore, Beijing benefits from a major strategic leverage: its dominance in the field of rare earth elements, essential resources for many technologies.

Ambitions of the 15th five-year plan. The upcoming plan (2026-2030) aims for a “double miracle”: maintaining high growth while ensuring long-term social stability. Beijing focuses on industrial modernization, technological upgrading, and technological independence, particularly from the United States. The government also intends to strengthen national security and revive domestic consumption through targeted support measures. This plan continues the “Made in China 2025” program while incorporating a now more constrained context marked by internal and external tensions.

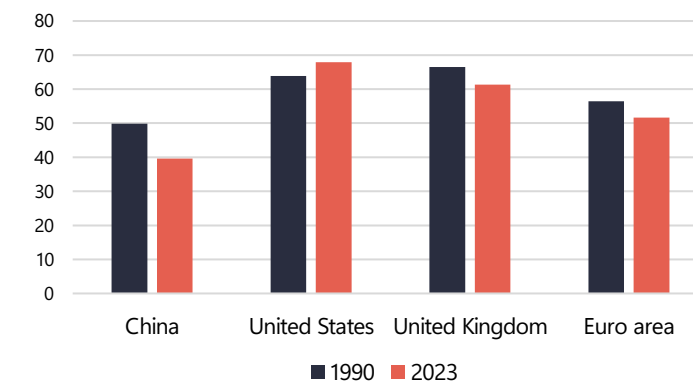
CHINESE TRADE BALANCE

(USD, INDEX BASE 100 IN 2019)



HOUSEHOLD CONSUMPTION SHARE

(IN % OF GDP)



Source: SGPB, World Bank

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OUR MACRO COMMENTS

Events of the week

CENTRAL BANKS

In the United States, the Fed lowered its rates by 25 basis points, now setting them between 3.75% and 4%. This new easing, widely anticipated by the markets, is justified by persistent risks in the labor market. However, Jerome Powell clarified that "an additional rate cut in December is not yet guaranteed," although it remains very likely. Furthermore, the Fed announced that it will end the reduction of its balance sheet in early December.

On the other side of the Atlantic, the ECB chose to maintain its main deposit rate at 2%, a decision also in line with market expectations. The institution considers that inflation remains close to its medium-term target, with stable forecasts through 2027, and reaffirms its data-driven approach at each meeting.

In Japan, the BoJ keeps its key rate at 0.5% for the sixth consecutive time, held back by global uncertainties and an internal political transition. After a long period of accommodative monetary policy, the BoJ began a gradual rate hike in March 2024 to counter the return of inflation.

EURO AREA

In the third quarter, growth in the eurozone slightly exceeded expectations, with GDP rising by 0.2% compared to 0.1% in the previous quarter, reflecting a moderate activity momentum. This increase, driven by sustained consumption, offset the slowdown in exports and the ongoing difficulties in the German industrial sector. On a year-on-year basis, eurozone growth slowed slightly to 1.3%, down from 1.5% previously. However, these figures mask significant disparities among the region's main economies.

France stands out with 0.5% growth in the third quarter, supported notably by a rebound in corporate investment and a marked acceleration in exports (+2.2% compared to +0.3% in the previous quarter). Bercy describes this performance as "remarkable," despite an uncertain political context and trade tensions with the United States.

Spain also confirms the dynamism of its economy, with solid growth of 0.6%, slightly below the previous quarter, but which brings the annualized growth to 2.8%. In contrast, Germany and Italy stagnate, with their GDP remaining stable at 0% for the quarter.

EVENTS IN THE COMING MONTHS

November 5: Supreme court ruling on the legality of tariffs

November 6: BoE monetary policy meeting

November 10: End of the US-China trade truce

December 10: Fed monetary policy meeting

December 18: ECB monetary policy meeting

Source: Macrobond, October 31, 2025. The colors in the 'Actual' column correspond to the difference from the forecast

KEY EVENTS NEXT WEEK



Monday

China Manufacturing PMI OCTOBER
United States
Spain
Italy

Tuesday

United States - JOLTs Job Openings SEPTEMBER
- Balance of trade SEPTEMBER

Wednesday

United States Services PMI OCTOBER
China
Spain
Italy
France Industrial production SEPTEMBER
Italy Retail sales SEPTEMBER

Thursday

United Kingdom BoE meeting
Germany Industrial production SEPTEMBER

Friday

China Balance of trade OCTOBER
Germany Balance of trade SEPTEMBER
United States - Unemployment rate SEPTEMBER/OCTOBER
- Michigan consumer sentiment index NOVEMBER

Sunday

China Inflation OCTOBER

MARKET PERFORMANCES

Interbank rates

%	28/10/2025	30/09/2025	31/07/2025	01/01/2024	31/10/2024
US SOFR	4,199	4,31	4,34	5,34	4,85
Euro area €ster	1,930	1,92	1,92	3,88	3,16
UK SONIA	3,969	3,97	4,22	5,19	4,95
Switzerland SARON	-0,048	-0,05	-0,03	1,70	0,95
Japan TONAR	0,477	0,48	0,48	-0,04	0,23

10Y Government rates

%	30/10/2025	30/09/2025	31/07/2025	01/01/2024	31/10/2024
US Treasuries	4,11	4,16	4,37	3,88	4,28
France OAT	3,41	3,53	3,34	2,55	3,12
Germany Bund	2,63	2,71	2,68	2,02	2,38
Italy BTP	3,39	3,55	3,50	3,70	3,65
Spain Bonos	3,15	3,25	3,26	2,98	3,09
Switzerland	0,18	0,20	0,38	0,66	0,45
UK Gilts	4,47	4,77	4,56	3,60	4,44
Japan JGB	1,65	1,65	1,55	0,62	0,93

Credit

%	30/10/2025	30/09/2025	31/07/2025	01/01/2024	31/10/2024
United States IG	4,80	4,81	5,07	5,06	5,16
United States HY	6,76	6,70	7,08	7,59	7,33
Europe IG	3,22	3,31	3,27	3,72	3,59
Europe HY	5,22	5,23	5,28	6,80	6,01
Emerging FX	5,54	5,71	5,90	6,77	6,28

Equity indices

30/10/2025 vs	-1w	-1m	-3m	01/01/2024	-1y
World	0,34	2,487	8,47	41,97	19,2
United States	0,20	1,856	7,81	44,38	18,0
Euro area	0,22	2,830	5,97	33,73	21,2
France	-0,90	2,968	4,55	15,06	12,0
Germany	-0,81	0,326	-1,50	37,48	19,7
United Kingdom	0,95	4,273	7,34	32,95	21,5
Japan	1,14	5,601	13,59	46,30	26,3
Emerging	1,53	4,903	13,50	46,99	26,3
China USD	0,52	-2,135	12,60	66,15	34,3
India USD	-0,33	4,910	2,83	17,96	-0,4
Latin America USD	1,91	0,489	15,82	6,47	26,0

Foreign exchange rates

	30/10/2025	30/09/2025	31/07/2025	01/01/2024	31/10/2024
EUR/USD	1,16	1,17	1,14	1,11	1,09
GBP/USD	1,31	1,35	1,32	1,27	1,29
EUR/CHF	0,93	0,93	0,93	0,93	0,94
USD/JPY	154,22	147,74	150,52	141,03	152,26
USD/CNY	7,10	7,12	7,18	7,08	7,12

Commodity prices

	30/10/2025	30/09/2025	31/07/2025	01/01/2024	31/10/2024
Brent, USD/BL	64	66	72	77	74
Copper, USD/Metric ton	10 949	10 300	9 606	8 476	9 427
Gold, USD/Troy oz	4 024	3 859	3 290	2 063	2 744
Silver, USD/Troy oz	48	46	36	24	34
Palladium, USD/Troy oz	1 428	1 235	1 217	1 136	1 125
Platinum, USD/Troy oz	1 599	1 571	1 306	1 000	995

Source : Bloomberg on 31 October 2025, 1W = 1 week change, 3M = 3 month change, 12M = 12 month change, YTD = year to date change, Equities; total return in local currency. Government bonds = 10 year returns. Figures are rounded..



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Private Banking

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