

China: a new year, unchanged priorities

On the occasion of the Chinese New Year, China is preparing to adopt its 15th five-year plan in early March, presented at the plenum last October. Like the previous ones, this plan will serve as a strategic framework for the next five years, setting the country's economic and social orientations. It is a continuation of the "dual circulation" strategy, which aims to reduce dependence on international markets while strengthening domestic demand.

Technological upgrade. The first major direction of the plan concerns the acceleration of China's technological autonomy. The country already benefits from a dense innovation ecosystem, capable of rapidly developing and replicating foreign technologies, at a cost that is about 30% lower. In addition, R&D spending now stands at nearly 96% of the U.S. level, up from 72% a decade ago, driving the country's rapid progress in cutting-edge sectors.

The plan is expected to strengthen support for industries deemed strategic: semiconductors, artificial intelligence, biotechnology and quantum technologies. At the same time, the AI Plus initiative, which aims to integrate artificial intelligence into the entire productive fabric, should receive additional support.

This orientation extends the logic of the Made in China 2025 plan, which aimed to position China in high value-added industries.

Autonomy and resilience of industrial value chains. The second priority of the plan concerns the strengthening of national security in its economic, technological and industrial dimensions. The strength of the Chinese model remains its export capacity. In 2025, the trade surplus reached a record level, exceeding \$1,200 billion (6% of GDP). China produces 30% of the world's manufactured goods, with a clear move upmarket in its production, and consumes only about 18%. In response, various regions are implementing protectionist policies to control Chinese competition, in turn encouraging Beijing to strengthen its production autonomy.

Rebalancing growth towards domestic demand.

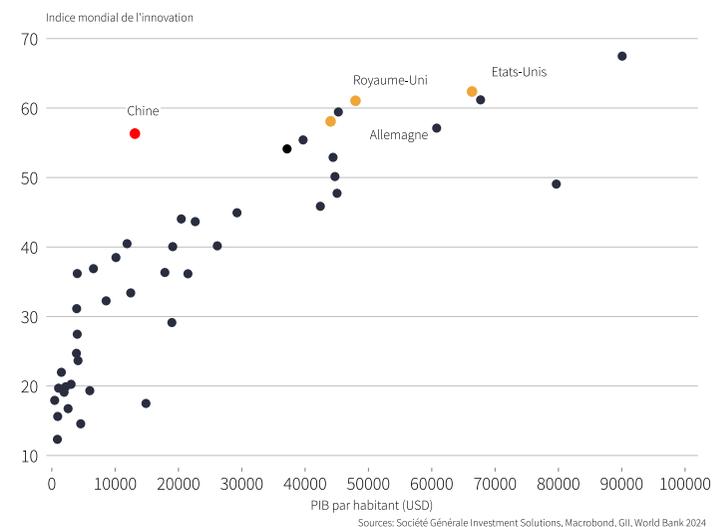
Finally, the plan emphasizes rebalancing growth, with the goal of bringing China's GDP per capita closer to that of advanced economies by 2035. The Chinese economy remains at two speeds: while industry and exports remain very dynamic, domestic consumption remains weak.

The factors weighing on demand are both cyclical – the 2021 real estate crisis and the deflationary context that is affecting household confidence – but also structural. Indeed, the lack of social security coverage and the rapid ageing of the population are leading households to save heavily, around 36% of disposable income in 2024.

For a more complete analysis of the Chinese economy and financial markets, read our publication: [link](#)

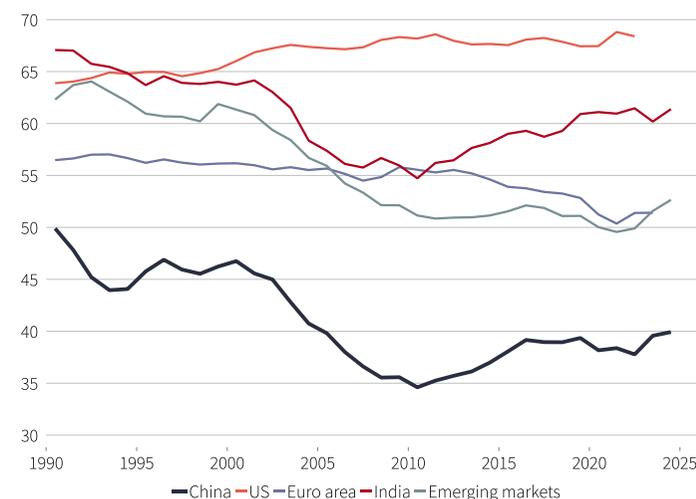
CHINA INNOVATION CAPACITY

Index of technological innovation/ GDP per capita



HOUSEHOLDS CONSUMPTION

% of GDP



OUR MACRO COMMENTS

Events of the week

JAPAN: SLOWDOWN IN ACTIVITY SUPPORTS FISCAL SUPPORT PLAN

Economic activity in Japan ended the year in a sharp slowdown. Indeed, GDP grew by only 0.2% Q/Q annualized in Q4 25 (compared to 1.6% expected by consensus), which translates into a 1% increase over the whole of 2025. The slowdown in growth and the sharp downward surprise can be explained by the contraction in exports, in a context where Japanese goods are among the most affected by the increase in US tariffs, and the contraction in public and residential investment. The only positive element of the report is the resilience of private consumption, reflecting a dynamic labour market both in terms of employment and wage growth. In this context of slow growth, the authorities intend to implement a new fiscal stimulus plan, including increased investment in strategic sectors and the elimination of VAT on food goods.

EURO AREA: PMIS CONFIRM THE GOOD START TO THE YEAR

The S&P PMI indices for February in the euro area confirm the good performance of economic activity in the context of expansionary fiscal policies, stabilising inflation and constructive monetary policy. Indeed, the composite PMI stood at 51.9, above the consensus and up from January. By sector, the manufacturing index continued its recovery trend, standing at 50.8 while the services PMI remained in expansion territory at 51.8. By country, the PMIs suggest an acceleration in activity in Germany, with a manufacturing PMI at 50.7 and a services index at 53.4. In France, according to these indices, activity remained stable in February, with a composite index of 49.9.

EVENTS IN THE COMING MONTHS

March 15: Municipal elections in France

March 18: Fed monetary policy meeting

March 19: ECB monetary policy meeting

March 19: BoE monetary policy meeting

March : Adoption of the 15th five-year plan in China

Source: Macrobond, February 20, 2026. The colors in the 'Actual' column correspond to the difference from the forecast

KEY EVENTS NEXT WEEK



Monday

Germany Business climate FEBRUARY

Tuesday

France Business climate FEBRUARY

Wednesday

Germany Consumer confidence MARCH

France Consumer confidence FEBRUARY

Thursday

Euro area Economic sentiment index FEBRUARY
Consumer confidence FEBRUARY

Italy Business climate FEBRUARY
Consumer confidence FEBRUARY

Friday

Japan Industrial production JANUARY
Retail sales JANUARY

United Kingdom Consumer confidence FEBRUARY

France Inflation FEBRUARY

Spain
Germany

MARKET PERFORMANCES

Interbank rates

%	18/02/2026	20/01/2026	20/11/2025	01/01/2024	20/02/2025
US SOFR	3,662	3,70	4,08	5,34	4,35
Euro area €ster	1,931	1,93	1,93	3,88	2,67
UK SONIA	3,728	3,72	3,97	5,19	4,45
Switzerland SARON	-0,047	-0,05	-0,04	1,70	0,45
Japan TONAR	0,728	0,73	0,48	-0,04	0,48

10Y Government rates

%	18/02/2026	20/01/2026	20/11/2025	01/01/2024	20/02/2025
US Treasuries	4,09	4,30	4,10	3,88	4,50
France OAT	3,31	3,53	3,47	2,55	3,22
Germany Bund	2,74	2,82	2,72	2,02	2,53
Italy BTP	3,34	3,50	3,46	3,70	3,61
Spain Bonos	3,17	3,25	3,21	2,98	3,20
Switzerland	0,24	0,32	0,20	0,66	0,54
UK Gilts	4,44	4,52	4,64	3,60	4,61
Japan JGB	2,12	2,26	1,76	0,62	1,43

Credit

%	19/02/2026	20/01/2026	20/11/2025	01/01/2024	20/02/2025
United States IG	4,75	4,91	4,86	5,06	5,28
United States HY	6,58	6,71	6,95	7,59	7,20
Europe IG	3,30	3,38	3,35	3,72	3,42
Europe HY	5,24	5,29	5,39	6,80	5,46
Emerging FX	5,40	5,55	5,55	6,77	6,26

Equity indices

19/02/2026 vs	-1w	-1m	-3m	01/01/2024	-1y
World	0,72	2,32	8,461	48,9	18,49
United States	0,45	1,05	6,057	46,6	13,21
Euro area	1,37	3,50	10,059	43,8	17,51
France	1,16	4,50	6,287	19,6	6,87
Germany	0,73	2,41	9,315	44,8	9,27
United Kingdom	1,84	5,10	12,246	45,9	25,34
Japan	0,89	6,33	16,851	70,9	42,53
Emerging	0,64	4,85	13,470	63,5	38,01
China USD	0,37	-1,86	-0,241	58,8	16,11
India USD	-0,26	1,83	-4,885	12,8	9,12
Latin America USD	0,65	10,40	23,838	34,9	58,46

Foreign exchange rates

	19/02/2026	20/01/2026	20/11/2025	01/01/2024	20/02/2025
EUR/USD	1,18	1,17	1,15	1,11	1,05
GBP/USD	1,35	1,35	1,31	1,27	1,26
EUR/CHF	0,91	0,93	0,93	0,93	0,94
USD/JPY	154,98	157,89	157,62	141,03	149,54
USD/CNY	6,91	6,97	7,11	7,08	7,28

Commodity prices

	19/02/2026	20/01/2026	20/11/2025	01/01/2024	20/02/2025
Brent, USD/BL	72	64	63	77	77
Copper, USD/Metric ton	12 626	13 059	10 789	8 476	9 515
Gold, USD/Troy oz	5 005	4 748	4 091	2 078	2 932
Silver, USD/Troy oz	78	96	51	24	33
Palladium, USD/Troy oz	1 671	1 867	1 404	1 136	985
Platinum, USD/Troy oz	2 070	2 400	1 545	1 000	976

Source : Bloomberg on 20 February 2026, 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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