

Confidence in China's Economic Outlook Softens in December, According to Latest Yicai Chief Economists Survey

Confidence in China's near-term economic trajectory weakened slightly in December, reflecting a cautious tone among the country's leading financial analysts. According to Yicai's latest monthly poll of chief economists, optimism toward China's growth prospects remains subdued as policymakers prepare for the transition into the 15th Five-Year Plan period. Although the overall mood still sits on the edge of expansion, the survey reveals growing concerns over the pace of recovery, investment sentiment, and the durability of domestic demand.

Economists' Confidence Index Dips to the Threshold Level

The December reading of the **Yicai Chief Economists Confidence Index** registered **exactly 50**, slipping from **50.3** recorded in November. Since the index uses 50 as the dividing line between economic expansion and contraction, the latest figure suggests that confidence has stabilized but softened, lingering precisely at the boom-bust threshold.

Economists participating in the survey characterized China's current economic environment as one of "**weak but ongoing recovery**." Their expectations point to continued **loose macro-policy support**, especially as the government aims to strengthen economic foundations before rolling out the blueprint for the next five-year plan.

Consumer and Producer Prices Show Divergent Trends

The surveyed economists anticipate that China's **consumer price index (CPI)** in November likely rose **0.7% year-on-year**, accelerating from the **0.2% increase** seen in October. A mild rise in consumer inflation would indicate that domestic demand is gradually stabilizing, though price pressures remain relatively modest.

On the production side, however, costs continue to show weakness. Forecasts for the **producer price index (PPI)** remain at a **2.1% year-on-year decline**, unchanged from the previous month. This persistent deflation in factory prices highlights ongoing challenges in industrial profitability and upstream demand, underscoring the uneven nature of China's economic recovery.

Fixed Asset Investment Expected to Contract Further

Investment sentiment remains a key area of concern. The panel of economists projected that **fixed asset investment** in November likely contracted **2.1%** from a year earlier. This would mark a deeper drop compared with the **1.7% decline** reported in October.

Much of the drag continues to stem from sluggish real estate investment and a cautious approach among private enterprises. While infrastructure spending and manufacturing upgrades have provided some counterbalance, they have not been sufficient to reverse the broader downward trend.

Retail Sales and Industrial Output Record a Rebound

Despite weakness in investment, economists expect November to show improvement in **retail sales** and **industrial value-added output**, two indicators crucial to assessing the strength of China's domestic economic momentum.

- **Retail sales** are projected to rise **3.1%** year-on-year, higher than October's level.
- **Industrial value-added output** is expected to grow **5%**, marking an acceleration compared with the previous month.

These upward trends reflect resilience in certain consumer categories and stronger performance in manufacturing segments tied to high-tech industries and export-related production.

Trade Sector Maintains Stronger Growth Momentum

China's foreign trade is expected to deliver stronger figures for November, driven by continued global demand for Chinese goods and recovering import activity as the domestic economy gradually stabilizes.

Economists predict:

- **Exports** to have increased **3.8% year-on-year**
- **Imports** to have grown **3.6% year-on-year**

These estimates suggest both sides of the trade equation expanded at a faster pace than in October. As a result, China's **trade surplus** is expected to widen to **USD 100 billion**, compared with **USD 90.1 billion** in the prior month.

Stronger trade metrics may help ease some pressure on domestic production and employment, although economists caution that external uncertainties—particularly from major trading partners—remain significant.

Credit Expansion Expected to Strengthen in November

The panel expressed a cautiously optimistic view regarding China's November financial and credit indicators. Forecasts for new credit issuance point toward a noticeable rebound:

- New **yuan-denominated loans** are estimated at **CNY 679.1 billion**
- **Total social financing (TSF)** is projected to reach **CNY 2.32 trillion**

These numbers imply that lenders remained supportive of corporate and household financing needs, while policy measures aimed at enhancing liquidity and encouraging economic activity continue to be felt.

Additionally, the broad money supply measure, **M2**, is expected to grow **8.3% year-on-year**, signaling sustained monetary support and an environment conducive to stable liquidity conditions.

Economists See Limited Chances of Immediate Policy Rate Adjustments

Despite the ongoing need for economic support, the surveyed economists believe that **the likelihood of a December adjustment to the loan prime rate (LPR) or the reserve requirement ratio (RRR)** is relatively low. Many anticipate that policymakers will maintain the current monetary stance, avoiding major shifts until clearer signs emerge regarding recovery strength and inflation dynamics.

China has already implemented several targeted monetary and fiscal measures throughout the year, and experts expect the government to deploy further tools judiciously rather than aggressively.

Overall Outlook: Cautious Optimism with Clear Structural Challenges

The latest findings from Yicai's survey paint a nuanced picture of China's economic landscape: one in which recovery is visible but far from robust or evenly distributed. Consumer-facing sectors and industrial output show encouraging improvements, while investment and producer prices reflect ongoing structural challenges.

Economists emphasize that **policy continuity**, particularly in the form of stable and supportive macroeconomic measures, will be essential heading into the early stages of the **15th Five-Year Plan**. Restoring confidence, bolstering domestic demand, and stabilizing investment momentum remain top priorities as China navigates a complex global environment and works to consolidate its recovery path.