Greater China — Week in Review

10 November 2025

Highlights: A mild reflation

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Greater China Economist
cindyckeung@ocbc.com

I've been traveling in Taipei last week, meeting mostly clients from the tech sector. The AI mania shows no sign of slowing — demand for AI-related equipment remains robust, and U.S.-bound shipments continue to hold up well. "Made in America" is advancing rapidly, with Taiwanese firms under growing pressure to establish manufacturing facilities in the United States. However, U.S. production costs are several times higher than in Asia, prompting many firms to accelerate automation to offset rising expenses. The encouraging part is that, for now, these higher costs can still be passed on to U.S. customers, making tariffs less of a marginal burden for Taiwanese technology exporters. Vietnam has also become an indispensable destination for Taiwanese companies expanding their supply chains.

Amid the AI boom, the wealth effect in Taipei is unmistakable. Yet despite this surge in local wealth, much of the newly accumulated capital continues to move offshore. Many clients shared that funds tend to flow into Singapore whenever the Taiwan dollar appreciates sharply, as companies seek to minimize foreign-exchange losses from an accounting standpoint.

China's CPI turned positive in October, rising to 0.2% YoY, up 0.5ppt from September and marking a nine-month high. On a MoM basis, CPI increased 0.2%, slightly stronger than the seasonal pattern. The return to positive YoY inflation reflected not only a lower base but, more importantly, stronger holiday-related consumption and a continued pickup in core CPI.

Core CPI rose to 1.2% YoY in October. Within the breakdown, core services CPI (+0.3% MoM) gained on robust travel demand during the National Day and Mid-Autumn holidays. Meanwhile, core goods CPI climbed 0.2ppt to 1.6% YoY, largely supported by surging gold prices, with gold jewellery inflation exceeding 50% YoY.

Looking ahead, we expect CPI to rise above 0.5% YoY in the next two months, though the full-year average is likely to hover around 0%, underscoring persistently weak domestic demand.

China's PPI improved to –2.1% YoY in October, narrowing by 0.2ppt and marking the third consecutive month of YoY improvement. On a MoM basis, PPI rose 0.1%, turning positive for the first time this year. The improvement of PPI was mainly attributable to China's anti involution push, higher gold prices and stronger holiday spending.

We expect commodity prices to remain firm amid supply constraints, providing continued support to PPI in the months ahead. However, the transmission of upstream "anti-involution" effects to mid- and downstream prices will take time, keeping the pace of inflation recovery modest. Overall, inflation is expected to remain mild with a weak improving trend through year-end, led by upstream price resilience but constrained by tepid downstream demand.

On trade, China's exports fell 1.1% YoY in October, sharply reversing from September's 8.3% gain. The decline was largely driven by a high base last year, when typhoon disruptions shifted part of September's shipments into October and pre-election front-loading—amid expectations of Trump's victory—artificially boosted exports.

Looking ahead, exports may rebound in November as U.S.–China tariff tensions eased toward end-October and China's market share in emerging economies continues to expand. Industrialization and urbanization across emerging economies are sustaining demand for intermediate and capital goods, where China remains highly competitive. This structural resilience, coupled with a more stable external policy backdrop, suggests export growth could recover sequentially in November. We still expect China to be on track to clock its US$1.2 trillion trade surplus in 2025.

For this week, China is going to publish its October economic data. Overall, the second half of 2025 continues to reveal underlying economic fragility. We expect growth to moderate further to below 4.5% in 4Q, weighed by weak investment and subdued consumption.

Key Economic News	
Facts	**OCBC Opinions**
▪ China's CPI turned positive in October, rising to 0.2% YoY, up 0.5ppt from September and marking a nine-month high. On a MoM basis, CPI increased 0.2%, slightly stronger than the seasonal pattern.	▪ The return to positive YoY inflation reflected not only a lower base but, more importantly, stronger holiday-related consumption and a continued pickup in core CPI. ▪ Core CPI rose to 1.2% YoY in October. Within the breakdown, core services CPI (+0.3% MoM) gained on robust travel demand during the National Day and Mid-Autumn holidays—hotel accommodation, airfares, and tourism prices rose 8.6%, 4.5%, and 2.5%, respectively. Catering services, classified under food CPI, also improved (+0.1ppt YoY to 1.7%). Meanwhile, core goods CPI climbed 0.2ppt to 1.6% YoY, largely supported by surging gold prices, with gold jewellery inflation exceeding 50% YoY. ▪ Looking ahead, we expect CPI to rise above 0.5% YoY in the next two months, though the full-year average is likely to hover around 0%, underscoring persistently weak domestic demand. ▪ China's PPI improved to –2.1% YoY in October, narrowing by 0.2ppt and marking the third consecutive month of YoY improvement. On a MoM basis, PPI rose 0.1%, turning positive for the first time this year. The recovery was supported by three main factors. First, "Anti-involution" industrial policies boosted pricing power in upstream sectors—coal and photovoltaic prices rose for more than two consecutive months, battery prices turned positive, and the decline in automobile manufacturing prices narrowed. Second, higher international gold and copper prices supported the non-ferrous metals sector. Third, holiday consumption lifted prices of general consumer goods. ▪ Price momentum remained concentrated upstream: extractive industries recorded their third consecutive month of MoM gains, and the ferrous metals chain showed signs of stabilization and rebound. The key question ahead is whether these upstream gains can gradually pass through to mid- and downstream industries. ▪ We expect commodity prices—particularly coal and copper—to remain firm amid supply constraints, providing continued support to PPI in the months ahead. However, the transmission of upstream "anti-involution" effects to mid- and downstream prices will take time, keeping the pace of inflation recovery modest. ▪ Overall, inflation is expected to remain mild with a weakly improving trend through year-end, led by upstream price resilience but constrained by tepid downstream demand.
▪ China's exports fell 1.1% YoY in October, sharply reversing from September's 8.3% gain.	▪ The decline was largely driven by a high base last year, when typhoon disruptions shifted part of September's shipments into October and pre-election front-loading—amid expectations of Trump's victory—artificially boosted exports. By destination, exports to Europe and the UK fell sharply, likely due to limited restocking demand, while U.S. shipments improved, rising 1.8ppt to –25.1% YoY, suggesting ongoing restocking momentum. The recent 10% reduction in fentanyl-related tariffs likely underpinned the modest U.S. export recovery and points to further upside in coming months. ▪ Imports grew 1.0% YoY, marking a five-month low and falling short of expectations, reflecting still-soft domestic demand. ▪ Looking ahead, exports may rebound in November as U.S.–China

	tariff tensions eased toward end-October and China's market share in emerging economies continues to expand. Industrialization and urbanization across emerging economies are sustaining demand for intermediate and capital goods, where China remains highly competitive. This structural resilience, coupled with a more stable external policy backdrop, suggests export growth could recover sequentially in November.

GLOBAL MARKETS RESEARCH

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W