

Greater China — Week in Review

24 November 2025

Highlights: China field trip takeaway

I wrapped up my final business trip of the year last week, and as usual, it came with the “China macro field-trip package”: conversations with regulators, corporates, and institutional clients. Sentiment remained mixed, though the obsession with Trump’s tariffs seems to be fading slightly. Many now take comfort in Trump’s famed “flexibility”—a view reinforced by the recent TACO performance. What can I say? Chinese clients continue to be impressively resilient.

Across sectors—commodities, manufacturing, pharma—most firms have already adapted to the tariff landscape. Some even benefitted from shifting production into ASEAN, though they were not shy about complaining about inefficiencies there, such as export tax rebate. Interestingly, thanks to the latest trade truce, tariff-adjusted costs for certain products have once again become cheaper in China than in ASEAN. So importing directly from China suddenly makes economic sense again.

To be fair, the diversification of production bases has given Chinese exporters more strategic flexibility. And forgive me if there is any survivorship bias here—OCBC’s client base naturally leans towards the more resilient players.

For now, the tariff story has moved to the backseat. Concerns about China’s domestic economy, however, remain front and centre—especially with the property market still showing no sign of finding a bottom. One client gave me a rather insightful tip: “Watch glass prices.”

His logic was sound. Glass is almost impossible to store—fragile, bulky, and costly to warehouse—making it one of the most sensitive leading indicators of real-time construction demand. Once produced, it must be delivered and installed quickly. Window installation is also one of the final major steps before a project reaches completion. When glass prices and output rise, it usually signals that those projects will be completed and delivered within 3–6 months.

Unfortunately, glass prices have been sliding further—possibly even below production cost—suggesting that the property sector is still struggling to stabilise. But I do think this is a good client suggestion; I’ll be paying closer attention to glass prices and production trends going forward.

I attended a forum over the weekend in the Wuyi Mountain Scenic Area, a UNESCO World Heritage Site in north Fujian. It was stunning—lush, cultural, peaceful—everything a frequent traveller like me should not complain about. The only surprise was the absence of foreign tourists. That said, I did notice more foreign visitors in Shanghai compared with six months ago, so perhaps recovery is underway, just unevenly.

On Sunday, this normally quiet Wuyi town hosted a marathon with over 13,000 participants. The road closures forced me to walk 15 minutes with my luggage to find a taxi—but for once, I was more happy than grumpy. If mild inconvenience is

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the price to pay for China's push to expand its service sector, I'll take it. And honestly, this feels like a direction China will lean into over the next five years.

Under the policy priorities of the 15th Five-Year Plan—raising the consumption rate, adopting staggered paid leave, and other pro-consumption initiatives—there is meaningful room for improvement in the next few years. We expect GDP-based consumption growth to outperform this year.

And tourism—especially domestic tourism—remains the lowest-hanging fruit. With foreign tourist arrivals also picking up at the margin, the sector could add more to growth in the coming years.

In Hong Kong, HIBORs were fixed lower across curve last Wednesday, in particular for the 1-week and 1-month tenors. 1-week and 1-month HIBORs closed the week at 2.28% and 2.50%, down by 36.7bps and 56.9bps respectively week-on-week. Closer to year-end, front-end HIBORs are understandably volatile, under the impact of seasonality. However, the ongoing risk-off dynamic and waned demand for HKD assets will likely contain HKD rates upside.

Sentiment in the local equity market took a turn for the worse entering November, deterring demand for margin loans and other equity related lending. Idle cash was seen parking in the banking system, after some profit taking/exposure reduction flows. Together with the passing of fund-raising events (eg. issuance of tokenized government green bonds) and retracement of HKD loan-to-deposit ratio, HKD liquidity loosened notably since last week.

While we have been expecting some downward normalization in HIBORs for some time now, the extent of downside move is subject to uncertainty, depending on the asset market sentiment in periods ahead.

Labor market showed tentative signs of stabilization, supported by the sustained recovery in domestic demand. Hong Kong's seasonally adjusted unemployment rate edged down 0.1 percentage point to 3.8% in the three-month ending October 2025, while underemployment rate was little changed at 1.6%. During August to October, unemployed persons fell for the first time in nine months to 149.6k, while labour force also recorded a mild decline.

We expect hiring sentiment to remain cautious in the near term, despite tentative recovery in the labour market demand. Our unemployment rate forecast for 2025 and 2026 are at 3.6% and 3.7% respectively.

Inflationary pressure stayed weak in Hong Kong, with headline CPI rising at a slow pace of 1.2% YoY in October 2025 (1.1% YoY in September) despite some pickup. Breaking down, change in costs of basic food reverted to positive territory (+0.1% YoY) in October, after recording seven consecutive sessions of negative reading, as low base kicked in. Meanwhile, cost of "housing" slowed further to 1.6% YoY, and that of "durable goods" (-3.3% YoY) and "clothing and footwear" (-4.7% YoY) kept the inflationary pressure tamed.

Looking ahead, pressures from domestic costs and external prices are expected to stay mild, in absence of supply shock. We pitched full-year inflation at 1.4% and 1.6% for 2025 and 2026 respectively.

In Macau, Chief Executive Sam Hou Fai delivered his second Policy Address titled “Driving Reform to Boost Efficiency, outlining measures to improve livelihoods and address ongoing challenges. The CE recognized persistent challenges such as uneven economic development, slow diversification, and delayed revitalization of old city districts, and pledged intensified efforts and bold reforms to address them.

On economic development, the government proposed to expedite the development of Hengqin and strengthen the regional tourism cooperation, establishing multi-stop cross-border routes. Added to that, the authority will work to diversify tourism offerings, such as hosting night markets and carnivals.

Wealth Partaking Scheme rolled over for another year. Eligible permanent residents (residing in Macau for at least 183 days in the past year) and non-permanent residents will continue to receive MOP10,000 and MOP6,000 cash handout per person. Separately, MOP7,000 will be credited to individual accounts of non-mandatory Central Provident Fund, same as last year, together with the distribution of medical vouchers valued at MOP700.

The Macau government also enhanced its welfare support, by raising marriage allowance (MOP4,000 each one of a couple), jobless benefits (MOP 210 per day), and sickness allowance (MOP 180 daily for outpatients, MOP 240 per day for inpatients), and subsidies or disadvantaged families.

Stamp-duty exemption threshold for residential property purchases increased from MOP3 million to MOP6 million, in a bid to stabilize the sagging property market. On labour market measures, the government is proposing a comprehensive review and refinement of the non-local worker approval system.

Key Development	
Facts	OCBC Opinions
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Key Economic News	
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- Hong Kong: Labor market showed tentative signs of stabilization, supported by the sustained recovery in domestic demand. Hong Kong's seasonally adjusted unemployment rate edged down 0.1 percentage point to 3.8% in the three-month ending October 2025, while underemployment rate was little changed at 1.6%. - Hong Kong: Inflationary pressure stayed weak, with headline CPI rising at a slow pace of 1.2% YoY in October 2025 (1.1% YoY in September) despite some pickup. Netting out the effect of all government's one-off relief measures, the rate of change for underlying CPI was unchanged at 1.0% YoY (1.0% YoY in September).	- During August to October, unemployed persons fell for the first time in nine months to 149.6k, while labour force also recorded a mild decline. Declines in unemployment rate were more notable in the "retail, accommodation and food services" sector (down by 0.4 percentage point to 5.5%) and "professional and business services" sector (down by 0.3 percentage point to 3.1%). - We expect hiring sentiment to remain cautious in the near term, despite tentative recovery in the labour market demand. Our unemployment rate forecast for 2025 and 2026 are at 3.6% and 3.7% respectively. - Breaking down, change in costs of basic food reverted to positive territory (+0.1% YoY) in October, after recording seven consecutive sessions of negative reading, as low base kicked in. Meanwhile, cost of "housing" slowed further to 1.6% YoY, and that of "durable goods" (-3.3% YoY) and "clothing and footwear" (-4.7% YoY) kept the inflationary pressure tamed. - Looking ahead, pressures from domestic costs and external prices are expected to stay mild, in absence of supply shock. We pitched full-year inflation at 1.4% and 1.6% for 2025 and 2026 respectively.

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