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Greater China – Week in Review

Highlights: A US-China technology relationship without Jensen Huang

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This may turn out to be one of the most expensive affairs in corporate history. AI-related stocks in both the US and China came under heavy selling pressure following Nvidia CEO Jensen Huang's abrupt departure, as investors reassessed the implications for the global AI investment cycle.

On a personal note, I feel saddened by his departure. Perhaps it is partly because, as an overseas Chinese, I have always taken pride in his remarkable achievements and contributions to the semiconductor industry and, more recently, the AI revolution.

Having read the book *The Nvidia Way* earlier this year, my biggest takeaway is that Nvidia's extraordinary success was the product of both fortunate timing and Jensen Huang's exceptional leadership. Nvidia was never destined to become the world's leading AI chipmaker. Its journey was marked by several near-death experiences, bold technological bets and unexpected opportunities.

To me, Jensen Huang is Nvidia. His ability to bring suppliers, customers, capital providers and engineers together around a vision of the future that had yet to materialise is almost impossible to replicate. His influence extends well beyond Nvidia. In many ways, he has been one of the most important architects of the global AI ecosystem, connecting technological innovation with the capital investment needed to bring it to scale.

From a macroeconomic perspective, however, the bigger concern goes beyond Nvidia's corporate future. A US–China technology relationship without Jensen Huang could become considerably more complicated.

Huang has arguably been the industry's most influential advocate against increasingly restrictive US chip export controls. His departure therefore removes an important voice advocating continued technological engagement between the world's two largest economies. The timing is particularly sensitive, coming just days before the anticipated Trump–Xi meeting at APEC in China.

One immediate risk is renewed political momentum behind the Remote Access Security Act (RASA). The proposed legislation would strengthen the US Commerce Department's authority to regulate remote access to controlled technologies, potentially extending export restrictions beyond physical chip shipments to cloud-based computing services. The bill passed the House of Representatives by an overwhelming 369–22 vote on 12 January 2026 and was subsequently referred to the Senate Banking Committee, where it has yet to receive a vote. Nvidia has reportedly lobbied against the legislation.

The implications could extend well beyond the US and China. A Reuters report on 12 November highlighted how Chinese AI companies have been rushing to secure overseas computing capacity, particularly in ASEAN, amid concerns that

the controversy surrounding Huang could accelerate US legislative efforts to restrict remote access to advanced AI chips.

This creates a new layer of geopolitical risk for ASEAN's rapidly expanding data-centre industry. Singapore and Malaysia, in particular, have benefited from strong investment in AI infrastructure and growing demand for computing capacity. However, if US export controls are extended to overseas cloud access, data-centre projects serving Chinese customers could face greater regulatory uncertainty.

For banks financing these projects in the region, the implications are equally important. Data-centre financing backed by Chinese anchor tenants could face higher refinancing, counterparty and covenant risks.

Over the medium term, Huang's departure could paradoxically accelerate China's push for technological self-reliance. The controversy could also influence global talent flows. Rising geopolitical uncertainty and tighter restrictions on technological collaboration may encourage more Chinese engineers and researchers working overseas to return to China, potentially reinforcing the country's domestic innovation ecosystem.

Several developments will be worth monitoring over the coming weeks, particularly the upcoming Trump–Xi meeting, the Senate Banking Committee's invitation for Huang to testify on 3 December, and its request for Commerce Secretary Howard Lutnick to appear on 10 December.

The question is no longer simply who will succeed Jensen Huang at Nvidia. It is whether the global AI ecosystem he helped build can continue to thrive in an increasingly fragmented geopolitical environment.

China’s new bank lending turned negative again in October although outstanding total social financing (TSF) edged up by 0.1 percentage point to 7.2% YoY. The cumulative figures reinforce the view that household deleveraging remains the main drag on China's credit expansion. In the first ten months of 2026, aggregate new TSF reached RMB28.6 trillion, approximately RMB2.3 trillion less than a year earlier. Weaker household borrowing accounted for around RMB2.2 trillion of this shortfall.

October's credit data highlight a growing divergence between policy-driven financing support and weak endogenous credit demand. Accelerated fiscal implementation, government bond issuance and policy-based financing have helped stabilise headline TSF growth, but they have yet to generate a sustained recovery in household borrowing or broader private-sector credit demand. The continued contraction in household credit is particularly concerning, as it suggests that policy support has not yet been sufficient to restore confidence in consumption and the property market. Until household balance sheets and borrowing appetite show a more convincing improvement, China's domestic demand recovery is likely to remain fragile and heavily reliant on government support.

HKD IRS were paid up sharply across board last week, taking cues from USD rates movements. The Discount Window was tapped at HKD1.78bn, HKD2.519bn, and HKD7.655 bn on Monday, Wednesday, and Friday

respectively. In the fixed income market, Alphabet's launch of dual-currency bond in Hong Kong and Singapore captured market attention. On the other hand, issuance of 7-year HKSAR government bond last week was well received, with a bid/cover ratio of 5.35x and yield at 3.708%.

We expect HKD liquidity to thin out for the remainder of the year, though upside of HIBOR should still be limited in the absence of strong demand for HKD or HKD assets. We forecast one-month and three-month HIBORs at 3.20% and 3.40% respectively at multi-quarter horizon.

According to revised 3Q26 reading, Hong Kong's real GDP growth was unchanged at 5.2% YoY and 1.9% QoQ. The economy grew by 5.1% YoY in the first three month combined, and Hong Kong government revised up the full-year GDP growth forecast to 4.8% (our baseline at 4.7%), up from previous forecast at 3.5%-4.5%.

In 3Q26, private consumption, fixed investment (including inventory changes) and net exports all made positive contributions to headline growth (at 1.8 pp, 2.91.3 pp and 0.25 pp respectively), pointing to increasingly broad-based, domestically anchored growth.

For 2027, the strong trade impulse of 2026 is likely to fade, but a continued recovery in domestic demand should provide some offset. Key downside risks include a sharper slowdown in global trade, a weaker-than-expected economic backdrop in China, and a prolonged period of elevated US interest rates.

We expect real GDP growth to moderate from 4.7% in 2026 to 3.2% in 2027, primarily reflecting a fading contribution from exceptionally strong merchandise trade. However, this should represent a normalisation rather than a broad-based downturn, as investment remains resilient and domestic demand continues to recover.

For Macau, the real GDP growth was unchanged at 0.1% YoY in 3Q26, slowing from that of 0.5% in 2Q26 and 8.3% in 1Q26. For the first three quarters combined, the economy grew by 2.9% YoY.

The myriad of headwinds prompted a broad-based downward revision to our forecasts for 2026, including GDP growth, gross gaming revenue (GGR), and unemployment rate. That said, the non-gaming tourism sector remained a source of resilience, with the visitor arrivals continuing to hold up. Another silver lining may lie in the housing market, where we see moderating downside risks. The housing market should therefore become less of an incremental drag on domestic demand, although a strong rebound in prices appears unlikely absent a more meaningful improvement in underlying demand.

Looking ahead to 2027, the growth outlook should become somewhat more constructive as some of 2026's headwinds fade, though the pace and breadth of recovery will continue to depend heavily on external demand and the regulatory backdrop governing cross-boundary capital flows. A sustained rebound in private investment would be important for broadening growth. As a result, while growth conditions could improve sequentially, we expect the recovery to remain uneven rather than evolving into a broad-based acceleration.

Key Economic Data	
Facts	**OCBC Opinions**
▪ China's new bank lending turned negative again in October, with a net contraction of RMB100 billion, RMB320 billion weaker than a year earlier. The reading fell short of market expectations and was significantly weaker than seasonal norms. Total social financing (TSF) increased by RMB1.1 trillion, also missing expectations. Nevertheless, new TSF was RMB333.3 billion higher than a year earlier, marking the largest YoY improvement so far this year.	▪ Outstanding TSF growth edged up by 0.1 percentage point to 7.2% YoY. ▪ Stronger government bond financing, coupled with the accelerated deployment of policy-based financial instruments, helped stabilise aggregate financing growth in October. However, excluding government bond financing, new financing remained below its year-earlier level. The continued contraction in household credit suggests that the improvement in headline TSF has yet to translate into a meaningful recovery in underlying private-sector financing demand. ▪ Government bond financing remained the primary driver of the improvement in TSF. Net government bond financing reached approximately RMB1.18 trillion in October, RMB698.3 billion higher than a year earlier. Corporate bond financing amounted to RMB344.6 billion, RMB94.6 billion more than a year earlier, pointing to a continued shift towards direct financing as bank lending remained subdued. ▪ Household credit contracted further, underscoring persistent weakness in consumption and housing demand. Short-term household loans declined by RMB270 billion. Medium- and long-term household loans fell by RMB156.3 billion, more than double the RMB70 billion contraction recorded a year earlier. This suggests that the recently introduced mortgage interest subsidy has yet to generate a meaningful boost to housing demand. With both short-term and longer-term household borrowing remaining in contraction, households appear to be continuing their deleveraging process. This reinforces our view that weak household confidence and subdued domestic demand remain key constraints on China's economic recovery. ▪ Corporate lending showed tentative signs of stabilisation, with a modest improvement in medium- and long-term financing. Short-term corporate loans increased by RMB10 billion, an improvement of RMB200 billion from a year earlier. Meanwhile, bill financing declined by RMB311.7 billion, RMB812.3 billion weaker than a year earlier. The sharp contraction in bill financing may partly reflect a reduced regulatory emphasis on quantitative lending targets, diminishing banks' incentives to inflate loan volumes through bill financing towards month-end. More encouragingly, medium- and long-term corporate loans increased by RMB160 billion, RMB130 billion more than a year earlier. This may signal an improvement in financing demand associated with accelerated fiscal spending and the implementation of government-backed investment projects. However, it remains too early to conclude that private-sector investment appetite has recovered sustainably. ▪ M1 growth rebounded, while M2 growth moderated slightly. M1 growth accelerated by 1.2 percentage points to 4.4% YoY in

	October, primarily supported by a favourable base effect. The renminbi's rapid appreciation during the month may also have encouraged corporates to convert foreign exchange holdings into RMB deposits, providing additional support to M1 growth. In contrast, M2 growth eased by 0.1 percentage point to 7.1% YoY, consistent with continued weakness in credit creation. ▪ On the deposit side, total RMB deposits increased by RMB1.21 trillion in October, RMB600 billion more than a year earlier. Household deposits recorded a YoY increase of RMB420 billion, while deposits at non-bank financial institutions were RMB270 billion lower than a year earlier. This suggests that the rotation of household savings from bank deposits into financial markets may have lost momentum amid weaker equity market performance. ▪ The cumulative figures reinforce the view that household deleveraging remains the main drag on China's credit expansion. In the first ten months of 2026, aggregate new TSF reached RMB28.6 trillion, approximately RMB2.3 trillion less than a year earlier. Weaker household borrowing accounted for around RMB2.2 trillion of this shortfall, highlighting the disproportionate contribution of the household sector to the broader credit slowdown. ▪ Overall, October's credit data highlight a growing divergence between policy-driven financing support and weak endogenous credit demand. Accelerated fiscal implementation, government bond issuance and policy-based financing have helped stabilise headline TSF growth, but they have yet to generate a sustained recovery in household borrowing or broader private-sector credit demand. The continued contraction in household credit is particularly concerning, as it suggests that policy support has not yet been sufficient to restore confidence in consumption and the property market. Until household balance sheets and borrowing appetite show a more convincing improvement, China's domestic demand recovery is likely to remain fragile and heavily reliant on government support.
▪ Hong Kong: According to revised 3Q26 reading, Hong Kong's real GDP growth was unchanged at 5.2% YoY and 1.9% QoQ. The economy grew by 5.1% YoY in the first three quarters combined, and Hong Kong government revised up the full-year GDP growth forecast to 4.8% (our baseline at 4.7%), up from previous forecast at 3.5%-4.5%.	▪ In 3Q26, private consumption, fixed investment (including inventory changes) and net exports all made positive contributions to headline growth (at 1.8pp, 2.9pp and 0.2pp respectively), pointing to increasingly broad-based, domestically anchored growth. ▪ For 2027, the strong trade impulse of 2026 is likely to fade, but a continued recovery in domestic demand should provide some offset. Key downside risks include a sharper slowdown in global trade, a weaker-than-expected economic backdrop in China, and a prolonged period of elevated US interest rates. ▪ We expect real GDP growth to moderate from 4.7% in 2026 to 3.2% in 2027, primarily reflecting a fading contribution from exceptionally strong merchandise trade. However, this should represent a normalisation rather than a broad-based downturn, as investment remains resilient and domestic demand continues to recover.

▪ Macau: According to revised 3Q26 reading, Macau's real GDP growth was unchanged at 0.1% YoY, slowing from that of 0.5% in 2Q26 and 8.3% in 1Q26. For the first three quarters combined, the economy grew by 2.9% YoY.	▪ The myriad of headwinds prompted a broad-based downward revision to our forecasts for 2026, including GDP growth, gross gaming revenue, and unemployment rate. That said, the non-gaming tourism sector remained a source of resilience, with the visitor arrivals continuing to hold up. Another silver lining may lie in the housing market, where we see moderating downside risks. The housing market should therefore become less of an incremental drag on domestic demand, although a strong rebound in prices appears unlikely absent a more meaningful improvement in underlying demand. ▪ Looking ahead to 2027, the growth outlook should become somewhat more constructive as some of 2026's headwinds fade, though the pace and breadth of recovery will continue to depend heavily on external demand and the regulatory backdrop governing cross-boundary capital flows. A sustained rebound in private investment would be important for broadening growth. As a result, while growth conditions could improve sequentially, we expect the recovery to remain uneven rather than evolving into a broad-based acceleration.

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