

China: NDRC reiterates the Politburo's easing pledge, but without details on size of stimulus

Bottom line:

In its press conference today (8 October), the National Development and Reform Commission (NDRC) reiterated the Politburo's pledge to accelerate the implementation of a package of incremental policy measures, focus more on household living conditions and consumption, and improve policy coordination among different government bodies. In addition, the NDRC vowed to prevent misconduct in the collection of fees and fines, pre-approve some investment projects for 2025 by end-October, and study expanding the use of local government special bonds (LGSB) as equity capital for investment projects. Some investors appeared to have high expectations for concrete stimulus measures ahead of the NDRC press conference, so the lack of specifics today may be disappointing to them. In practice, we believe any large stimulus package may require joint efforts from many key ministries, and will need to be largely funded by fiscal resources (as opposed to social capital). We will be watching for upcoming ad hoc meetings and the next National People's Congress standing committee meeting. We continue to expect policymakers to approve an additional RMB1-2tn ultra-long-term central government special bond quota by year-end, tap unspent local government bond issuance quota accumulated from previous years to facilitate debt swaps, and maintain their fiscal easing stance in 2025 and even beyond.

Main points:

1. In its press conference today (8 October), the National Development and Reform Commission (NDRC) — China's top economic planner — pledged to accelerate the implementation of a package of incremental policy measures, echoing the September Politburo meeting. We summarize our key takeaways below:

- NDRC Head Zheng Shanjie pledged to strengthen the countercyclical adjustment to macro policy and highlighted that the ongoing stimulus measures should focus more on improving people's livelihoods, boosting consumption, and enhancing the multiplier effects of investment on economic growth. He also called for improving consistency among macro policies and highlighted that any inconsistencies should be corrected in a timely manner.
- On fiscal policy, Mr. Zheng reiterated the pledge made by Premier Li Qiang at the "Two Sessions" in March that China will continue to issue ultra-long-term central government special bonds (ULT CGSB) in 2025, to "implement major national strategies and build up security capacity in key areas" ("两重"建设). He

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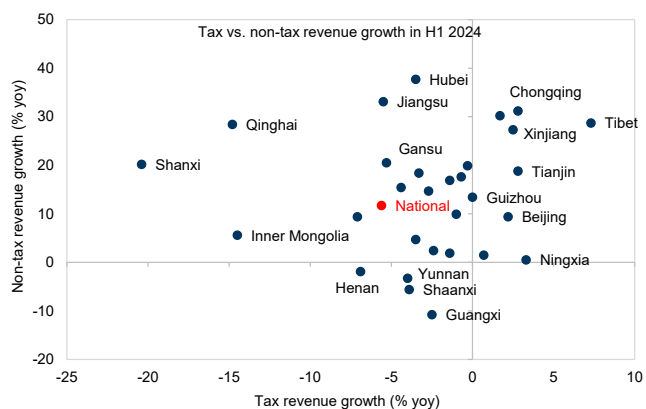
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required local governments to fulfill their full-year local government special bond (LGSB) quota by end-October (RMB290bn to be further issued) and pledged to study expanding the use of LGSB as equity capital for investment projects. Mr. Zheng also vowed to prevent misconduct in fees and fines collection, to warn regions that have shown an abnormal increase in such revenues ([Exhibit 1](#)). Moreover, he reiterated the Politburo's requirements to secure necessary fiscal expenditure, accelerate the progress of fiscal spending, and increase policy support for local government debt swaps.

- On investment, the NDRC noted that the RMB1tn in ULT CGSB issuance planned for this year has already been allocated to projects and local governments, and it pledged to pre-approve investment projects valued at RMB200bn for 2025 by end-October. NDRC Deputy Head Liu Sushe specifically highlighted the priority to support the construction of the urban underground pipeline network, given that it involves more ready-to-go projects.
- On housing policy, NDRC's Zheng called for increasing loan support for "whitelist projects" in the property sector, leveraging LGSB to facilitate monetizing land reserves that were left idle previously, accelerating housing destocking, and lowering existing mortgage rates, although we note some policy initiatives require coordinated efforts from other key ministries such as the PBOC, the Ministry of Finance (MOF) and the Ministry of Housing and Urban-Rural Development (MOHURD).
- In the Q&A session, when asked by media about the estimated size of the ongoing stimulus package, the NDRC did not give a specific number; when asked whether China can achieve this year's growth target, the NDRC responded that China has the "condition, capacity and confidence" to achieve the target.

2. Some investors appeared to have high expectations for concrete stimulus measures ahead of the NDRC press conference, so the lack of specifics today may be disappointing to them. In practice, we believe any large stimulus package may require joint efforts from many key ministries, and will need to be largely funded by fiscal resources (as opposed to social capital). We will be watching for upcoming ad hoc meetings by the State Council, MOF, MOHURD, and Ministry of Commerce (MOC) — as well as the next National People's Congress (NPC) standing committee meeting (likely during late October or early November; [Exhibit 2](#)). We continue to expect policymakers to approve an additional RMB1-2tn in ULT CGSB quota by year-end, tap unspent local government bond issuance quota accumulated from previous years (RMB1.4tn available as of end-2023 based on our estimates) to facilitate debt swaps and maintain their fiscal easing stance in 2025 and even beyond, to boost domestic demand (especially consumption), normalize inflation and rebuild confidence.

Exhibit 1: For most provinces, non-tax revenue growth was much higher than tax revenue growth in H1 this year



Source: Wind, MOF, Local governments, Data compiled by Goldman Sachs Global Investment Research

Exhibit 2: Upcoming key macro catalysts for China markets

Date	Events
Coming weeks	Ad hoc meetings with State Council, MOF, NDRC, MOHURD, MOC, etc.
Oct 2024	Politburo meeting (possibly on economic policies)
Late Oct - early Nov 2024	The NPC Standing Committee meeting
5 Nov 2024	US presidential election
Early to mid-Dec 2024	Politburo meeting on economic policies
Mid to late Dec 2024	Central Economic Work Conference
20 Jan 2025	US presidential inauguration
Jan-Feb 2025	2025 provincial-level "Two Sessions"
Early-to-mid Mar 2025	2025 "Two Sessions"

Source: Government websites, Data compiled by Goldman Sachs Global Investment Research

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