

## Macro Roundup Article

**Headline:** [China's New Currency Playbook](#)

**Article Link:** <https://www.cfr.org/blog/chinas-new-currency-playbook>

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**Tweet:** [.@Brad\\_Sester argues that China has shifted management of its currency band from direct intervention by the PBOC to "stealth" intervention by state-owned banks.](#)

**Summary:** Usually, a band is maintained by the central bank, which buys or sells foreign exchange as needed to keep the market price of the yuan within said band. But that doesn't seem to be what China did. The foreign currency balance sheet of the PBOC was totally flat for most of 2023 (hence the PBOC's assertions that it is mostly out of the currency market). There were adjustments to banks' required reserve ratio that freed up a bit of foreign exchange held in the banks' reserves, but the PBOC doesn't seem to have used any of its own funds to keep the yuan inside the weak edge of the band from August through October. With a bit of digging, it is possible to get a relatively clear understanding of how the PBOC avoided intervention when the fix was fixed and the yuan was at the weak edge of the band: there are multiple reports suggesting that the PBOC leaned on China's state banks to do its dirty work.

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**Primary Topic:** China

**Topics:** China, Financial Markets, GDP, Op-Ed/Blog Post

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