

## Macro Roundup Article

**Headline:** [Painful As It Is, China Must Rid Its Economy of an Ever-Rising Property Market](#)

**Article Link:** <https://www.scmp.com/comment/opinion/article/3206254/painful-it-china-must-rid-it-s-economy-ever-rising-property-market>

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**Summary:** For now, Beijing seems to want to stabilize the property sector and slow the pace of adjustment to reduce financial distress. It is not clear, however, that this is a realistic goal. In a speculative market, it is the expectations of rising prices that generate the demand for more rising prices, and once these expectations are reversed, it is very hard to prevent prices from falling. With real demand expected to fall sharply in the next few years, it will be impossible to wring speculation out of the property market without much lower prices and a significant increase in the spread of financial distress.

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**Primary Topic:** Business Cycle

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