

## Macro Roundup Article

**Headline:** [China's Smaller Banks Are Getting Squeezed](#)

**Article Link:** <https://theovershoot.co/p/chinas-smaller-banks-are-getting>

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**Tweet:** China's small and medium-sized banks are increasingly relying on loans from the PBOC, as deposits are migrating to the biggest institutions. @M\_C\_Klein

**Summary:** The People's Bank of China (PBOC) has ramped up its lending to the country's banking system by 50% since mid-2022. This may be a response to the migration of business deposits out of smaller commercial banks. The data available to me are not yet sufficient to explain why these deposits are leaving. It could be that the businesses that banked with smaller and mid-sized banks are facing unusual amounts of stress, or it could be that those businesses are worried about the safety of deposits held outside of the biggest banks. Either way, it is a novel development that is worth tracking for understanding the evolution of the Chinese financial system. Related: Why Are China's Households in the Doldrums? and China Economy Memo: Tempest in a Teapot or Crisis A-Brewing? and The Threat from China's Capital Flight

**Primary Topic:** China

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

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