

Macro Roundup Article

Headline: [China Is Now Growing Slower Than the U.S.](#)

Article Link: <https://theovershoot.co/p/china-is-now-growing-slower-than>

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Tweet: The American economy is now growing faster than China's. @M_C_Klein notes agency debt might come under pressure as China moves to support the yuan.

Summary: In July the PBOC and other banks collectively sold more foreign currency and FX forwards than in any month since January 2017. Is this meaningful? It depends on perspective. One potentially interesting question is how this might affect spreads on mortgage-backed securities (MBS) backed by Fannie Mae, Freddie Mac, and Ginnie Mae. After all, Chinese entities have been big buyers of agency MBS even when they were reducing (maybe) their holdings of U.S. Treasury notes and bonds. If they have now switched to selling reserve assets, or are simply buying less than before, that could have potential ramifications for convexity premiums and interest rate volatility. Related: Can China's Long-Term Growth Rate Exceed 2–3 Percent? and The Neoclassical Growth of China and The Rise & Fall of Foreign Direct Investment in China

Primary Topic: China

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

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