

Macro Roundup Article

Headline: [China's Capital Outflow Surges to Highest Since 2016 in April](#)

Article Link: <https://www.bloomberg.com/news/articles/2024-05-20/china-s-capital-outflow-surges-to-highest-since-2016-in-april?sref=U3dOGIDF>

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Tweet: Chinese banks wired a net \$29.5B of funds overseas on behalf of clients for direct investment, a record high. @gdp1985 speculates that outflows may be “more a reflection of higher interest rates in the US than of foreign firms losing interest in China.”

Summary: China's capital outflows worsened in April. Local firms purchased the largest amount of foreign exchange from banks since 2016 in April, while exporters held back dollar conversion and residents snapped up foreign currencies for overseas travel. Chinese banks wired a net \$29.5 billion worth of funds overseas on behalf of clients for direct investment, which was a record high. This measure includes both foreign investment into China and China's outbound investment overseas. The collapse in China's foreign direct investment inflows may be more a reflection of comparatively higher interest rates in the US than of foreign firms losing interest in China, Bloomberg analyst Gerard DiPippo wrote in a note last week as non-resident firms — including Chinese firms with Hong Kong offices — may have moved their cash offshore to benefit from higher yields.

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Primary Topic: China

Topics: China, Financial Markets, GDP, News article

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