

China: SAFE data suggest FX inflows in March

Bottom line:

Our preferred FX flow measure shows net FX inflows of US\$16bn in March 2025, vs. US\$1bn outflows in February. The current account channel showed US\$9bn FX inflows in March, and the portfolio investment channel saw slight FX inflows. Official FX reserves fell after being adjusted for FX valuation effects, while commercial banks accumulated more external assets in March.

Main points:

1. In March, we saw US\$8bn in net outflows via onshore outright spot transactions, more than offset by US\$9bn inflows via freshly entered and canceled forward transactions. Another SAFE dataset on “cross-border RMB flows” showed inflows of US\$15bn in the month, suggesting net receipts of RMB from offshore to onshore. Our preferred FX flow measure therefore suggests US\$16bn net FX inflows in March, in comparison with a modest FX outflows (US\$1bn) in February ([Exhibit 1](#)).
2. The current account channel showed net inflows (US\$9bn in March vs. US\$1bn outflows in February). We saw a net inflow of US\$25bn related to goods trade in March vs. an inflow of US\$17bn in February. Goods trade surplus conversion ratio increased to 25% in March vs. 18% in January-February ([Exhibit 2](#)). The FX outflows related to services trade deficit fell to US\$15bn (vs. an outflow of US\$18bn in February). The income and transfers account showed slight outflows in March.
3. The portfolio investment channel saw small FX inflows in March (US\$1.8bn in March vs. US\$2.7bn inflows in February). Bond Connect flows showed US\$20bn inflows vs. US\$10bn inflows in February. The inflows in February and March were mostly NCD purchases ([Exhibit 3](#)). This is likely driven by yield seeking investment in high FX-hedged yields.
4. Official FX reserves (released earlier in the month) increased to US\$3,241bn in March from US\$3,227bn in February. By our estimate, FX valuation effects would have raised FX reserves by US\$35bn in March, so after adjusting for FX valuation effects, FX reserves decreased US\$22bn. In addition, we note that commercial banks’ net external assets rose by US\$28bn in March (vs. a US\$29bn increase in February; [Exhibit 4](#)).

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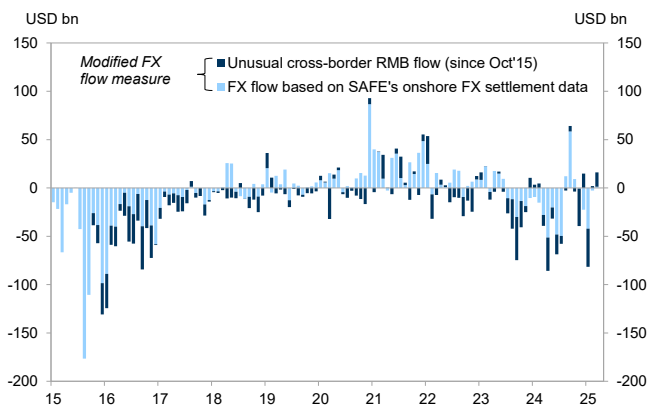
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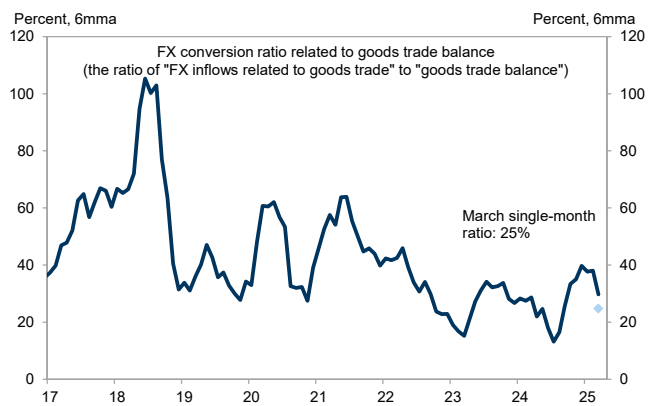
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Exhibit 1: Our preferred gauge suggests modest FX inflows in March



Source: SAFE, Data compiled by Goldman Sachs Global Investment Research

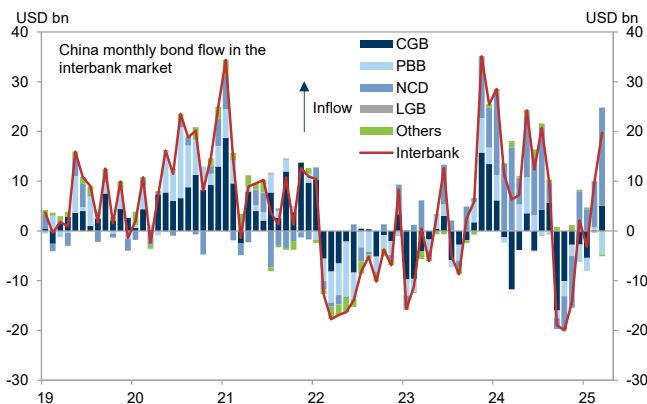
Exhibit 2: FX conversion ratio for goods trade balance remained low in March



The line stands for a six-month moving average of FX conversion ratio.

Source: CEIC, Goldman Sachs Global Investment Research

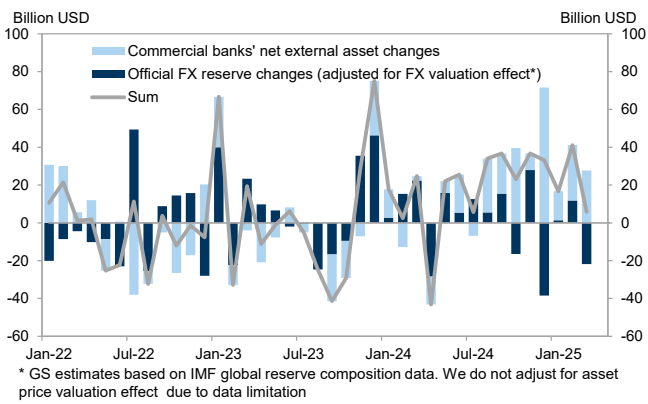
Exhibit 3: Foreign investors bought more NCDs and CGBs in March



CGB: Central government bonds, LGB: Local government bonds, PBB: Policy bank bonds, NCD: Negotiable certificate of deposits

Source: CEIC, Goldman Sachs Global Investment Research

Exhibit 4: Official FX reserves fell in March, while banks' net external assets continued to rise



* GS estimates based on IMF global reserve composition data. We do not adjust for asset price valuation effect due to data limitation

Source: PBOC, CEIC, Data compiled by Goldman Sachs Global Investment Research

Disclosure Appendix

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