

Title: Dominoes

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The Face of Default

China's central bank reduced reserve rates to stimulate a slowing economy.

China Evergrande's stock fell to an 11-year low after the company said there was no "guarantee" it could support its debt and that it would "actively engage" with the government. Evergrande then blew through the grace period on an \$82 million bond payment, and Fitch declared the developer (and another, **Kaisha**) in "restricted default," or default without a bankruptcy filing. By then, officials had joined Evergrande's new risk committee and arrived to oversee its finances.