

China Research

Neo Wang, CFA
424 645 2056
Neo.Wang@evercoreisi.com

Gin Wang, CFA
818 929 1086
Gin.Wang@evercoreisi.com

China – Fingers Crossed on 20 Measures

‘Stick to Zero COVID (unswervingly, unwaveringly, etc.)’ has become a politically correct line and will be repeated until the day when Beijing claims victory. Zero COVID is the vehicle with which Xi eventually gets the credits.

We should focus on what Beijing does instead of whether that line is repeated.

The new Politburo Standing Committee held its first meeting today, and it was on COVID as it should be given the spreading outbreaks and rising caseload.

Not surprisingly, the meeting demanded ‘unswervingly implementing Zero COVID’. We don’t want to speculate on whether it means anything different than ‘unswervingly sticking with Zero COVID’ which bears a stronger future tense.

All should note that meeting says it is about studying the deployment of 20 measures to further optimize China’s efforts against COVID. These are what all need to pay attention to. We expect official announcement soon.

Pressure on the economy is building up day by day.

- **The disappointing Oct TSF data overnight were the latest evidence.** Net increase in the proxy of housing mortgage dropped more than 90% in Oct both m/m and y/y. That’s probably what triggered Beijing’s latest support to the bond issuance by private developers. But we believe the max amount of 250 bln yuan was far from enough. The support might reduce the chance of future defaults by private developers and help to improve market sentiment on the margin in the near term, but ultimately it needs a revival in home sales to make a difference for the overall liquidity situation in the sector. However, we still don’t see any light at the end of tunnel.
- **Core CPI staying below 1% was another warning sign** instead of anything to be proud of. That reflected the damage Zero COVID has caused to consumption. PPI also dipped to negative zone, -1.3% y/y. But most of that drop was due to an unusually high base in Oct 202, +2.5% m/m which sent y/y to a 26-year high of +13.5%. We expect PPI to pick up to around 0 by Dec.

The risk of a prolonged deflation still hinges on the Zero COVID timeline, and we maintain our expectation that exit from Zero COVID starts in late Mar or early Apr 2023. Spreading outbreaks and rising caseload now don’t stand in the way of a new vaccine campaign.

China COVID Tracker, last 60 days (31 provinces in total)

New COVID Cases in China Mainland

Date	Confirmed	Asymptomatic (Asym)		Total New
		New	earlier to Confirmed	
Sep-9	239	994	49	1,184
Sep-10	179	959	17	1,121
Sep-11	164	785	36	913
Sep-12	188	727	39	876
Sep-13	196	762	58	900
Sep-14	126	823	36	913
Sep-15	102	746	20	828
Sep-16	76	505	17	564
Sep-17	106	930	14	1,022
Sep-18	92	715	34	773
Sep-19	104	525	35	594
Sep-20	123	485	18	590
Sep-21	114	512	23	603
Sep-22	121	627	21	727
Sep-23	129	624	24	729
Sep-24	159	601	19	741
Sep-25	235	597	101	731
Sep-26	173	636	32	777
Sep-27	119	625	10	734
Sep-28	106	526	14	618
Sep-29	97	625	10	712
Sep-30	106	549	18	637
Oct-1	116	432	17	531
Oct-2	189	466	13	642
Oct-3	250	626	23	853
Oct-4	223	747	61	909
Oct-5	183	1,005	50	1,138
Oct-6	216	1,267	48	1,435
Oct-7	447	1,301	167	1,581
Oct-8	441	1,307	103	1,645
Oct-9	373	1,566	61	1,878
Oct-10	427	1,662	100	1,989
Oct-11	374	1,386	51	1,709
Oct-12	322	1,154	70	1,406
Oct-13	249	1,010	41	1,218
Oct-14	291	900	49	1,142
Oct-15	174	668	15	827
Oct-16	182	534	19	697
Oct-17	208	587	20	775
Oct-18	204	630	14	820
Oct-19	164	643	20	787
Oct-20	158	638	13	783
Oct-21	159	658	22	795
Oct-22	155	683	15	823
Oct-23	173	751	5	919
Oct-24	205	875	12	1,068
Oct-25	297	944	11	1,230
Oct-26	193	924	22	1,095
Oct-27	214	1,123	16	1,321
Oct-28	324	1,153	27	1,450
Oct-29	353	1,566	46	1,873
Oct-30	479	2,220	24	2,675
Oct-31	498	2,221	93	2,626
Nov-1	409	2,346	69	2,686
Nov-2	531	2,669	87	3,113
Nov-3	704	3,167	71	3,800
Nov-4	596	3,063	133	3,526
Nov-5	526	3,894	141	4,279
Nov-6	535	4,961	60	5,436
Nov-7	843	6,632	152	7,323
Nov-8	1294	6,882	436	7,740
Nov-9	1133	7,691	330	8,494
A		B	C A + B - C	

Confirmed & Asymptomatic Cases

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
	Inner Mongolia	Heilongjiang	Yunnan	Shanghai	Beijing	Shaanxi	Hebei	Guangdong	Zhejiang	Jiangsu	Anhui	Sichuan	Fujian	Tianjin	Guangxi	Henan	Shanxi	Guizhou	Shandong	Xinjiang	Liaoning	Hunan	Hubei	Hainan	Jilin	Gansu	Qinghai	Chongqing	Jiangxi	Ningxia	Tibet	Count
27	69	112	3	5	16	19	2	32	3	168	2	7	93	15	48	83	29	56	1	40	5	6	15	21	2	59	322	27				
25	53	87	3	8	10	24	25	1	1	187	6	63	1	124	64	28	38	45	3	4	12	13	2	69	267	25						
26	30	70	1	3	15	33	5	28	1	143	4	29	4	137	37	28	28	1	38	1	1	17	7	2	60	226	26					
21	27	21	6	16	13	3	11	1	1	210	2	2	41	145	41	26	25	1	32	2	24	2	1	53	210	24						
24	18	45	1	18	14	16	9	210	4	58	249	45	26	10	5	18	13	4	1	57	137	21										
22	17	22	2	2	9	2	9	1	2	243	11	60	5	307	12	27	8	30	15	2	53	110	22									
21	7	8	5	3	2	5	5	6	1	175	3	36	55	2	270	21	24	1	2	30	1	23	1	4	39	118	27					
21	12	3	4	1	8	2	4	1	1	121	45	49	154	32	24	25	2	14	1	4	9	66	21									
21	9	4	6	2	3	3	1	112	3	28	29	2	712	14	25	1	12	11	9	2	2	5	45	21								
22	3	12	4	3	3	5	3	1	95	26	31	7	364	9	19	1	12	3	2	2	4	198	22									
21	46	6	1	3	1	2	70	18	7	8	249	3	12	2	11	5	2	4	1	2	176	21										
20	111	7	1	1	5	2	55	11	10	9	188	3	11	19	4	9	19	3	5	5	1	4	168	20								
21	116	3	2	3	1	2	67	1	11	15	9	176	4	9	16	6	16	1	1	1	59	140	24									
24	2	236	6	1	2	2	7	6	1	1	73	11	8	2	146	12	8	2	102	7	10	2	1	1	3	2	1	1	1	121	122	21
21	230	15	1	4	5	5	3	1	102	6	5	7	102	7	10	2	1	1	3	2	1	172	111	20								
23	174	1	4	5	6	2	3	66	12	3	2	180	3	9	2	251	3	8	2	1	18	2	3	187	98	23						
20	2	157	6	4	1	12	1	5	1	48	19	1	2	251	3	8	2	1	1	18	2	3	187	98	23							
21	136	29	3	3	17	2	2	1	79	42	8	2	125	4	8	3	7	3	5	236	94	21										
22	1	87	12	10	6	1	4	1	33	55	6	6	129	4	10	12	1	7	1	4	209	145	22									
23	1	82	26	1	5	1	23	2	6	5	20	39	8	5	5	96	5	10	6	1	4	191	90	23								
28	1	67	31	6	1	19	11	31	7	4	25	3	72	9	20	3	87	9	28	3	4	7	4	1	1	179	72	28				
27	24	32	21	3	2	5	3	43	8	2	2	54	1	27	13	17	13	85	23	30	4	4	1	3	1	170	64	27				
28	32	15	14	5	2	9	27	4	1	5	52	2	29	10	11	12	27	18	30	1	4	6	4	1	2	162	54	28				
27	103	9	34	4	3	12	1	43	7	5	4	85	4	21	13	14	12	32	11	33	1	12	4	4	4	131	49	27				
27	377	6	41	3	2	16	7	43	21	15	6	47	2	19	5	14	17	30	6	38	1	9	9	2	14	6	67	53	28			
28	307	6	73	6	4	22	13	58	15	40	5	66	59	4	15	13	17	7	91	1	14	18	1	13	24	36	42	27				
30	471	12	40	11	4	33	2	64	19	22	7	79	1	60	9	25	13	12	9	97	6	11	46	2	7	11	37	3	35	40		
30	674	13	49	18	5	50	16	75	18	26	7	92	1	15	13	25	29	14	10	96	3	29	56	9	7	15	1	49	33	35	30	
31	637	6	38	23	3	43	14	74	7	26	9	91	3	8	13	24	62	8	12	348	5	12	108	3	9	52	40	2	37	31	30	
29	631	7	50	21	8	50	12	55	14	18	23	67	4	4	3	38	36	17	8	436	24	21	31	8	7	61	26	35	33	29		
29	678	2	77	34	16	26	20	55	14	19	41	94	9	4	56	39	8	13	446	30	22	48	3	5	68	27	4	53	28	29		
28	782	6	48	28	14	24	18	63	13	27	21	195	8	7	6	38	37	7	18	457	29	21	29	14	55	50	49	25	28			
29	511	19	52	38	11	35	16	54	7	25	26	47	3	4	1	58	135	3	22	441	47	29	9	2	10	40	44	47	24	29		
29	329	11	62	47	18	25	18	53	7	30	24	65	5	1	2	35	95	3	25	403	51	11	15	1	8	25	30	58	19	29		
26	237	62	58	49	24	26	4	74	4	32	42	39	7	16	64	28	330	36	7	22	32	7	24	1	26	8	26	27				
28	159	65	34	42	17	31	7	89	9	30	22	63	4	7	1	19	46	7	13	374	23	10	38	21	3	29	18	10	28			
27	56	10	32	28	20	37	3	64	17	27	20	47	9	3	24	44	9	6	293	10	10	29	1	9	5	12	1	9	7	29		
27	43	8	37	32	15	32	12	61	24	29	10	36	16	2	16	59	8	8	188	8	16	23	1	2	15	7	8	27				
27	50	8	33	15	18	36	13	97	35	30	6	46	8	11	13	77	6	10	141	6	59	37	3	11	10	8	8	27				
28	76	3	33	15	42	60	8	98	48	24	3	36	3	9	20	31	45	8	12	122	3	49	39	1	2	26	3	7	8	29		
28	82	47	10	18	75	18	84	29	28	5	42	1	30	19	24	14	4	15	127	4	46	30	15	1	25	5	6	3	28			
28	91	6	40	13	17	70	11	89	24	16	9	24	1	59	25	21	17	5	18	120	39	40	16	4	9	2	6	4	28			
27	100	9	40	16	19	50	10	93	15	21	8	27	1	56	23	27	27	2	19	133	47	37	8	11	7	5	6	27				
26	103	12	25	12	8	68	5	91	23	15	11	28	54	18	23	40	1	25	131	68	39	5	19	4	5	5	5	26				
29	98	15	34	12	10	81	5	93	9	19	23	30	23	41	10	24	67	2	37	135	2	76	29	2	8	20	9	5	5	29		
29	99	4	33	19	18	86	5	95	5	15	15	61	57	39	7	25	146	1	34	133	88	27	12	32	13	1	4	6	28			
27	114	6	30	19	20	57	7	112	4	22	11	42	93	20	7	24	218	58	138	2	70	32	14	89	19	1	4	8	28			
28	122	10	10	9	17	46	7	99	4	31	12	35	109	7	8	25	44	77	125	70	53	24	124	35	2	4	8	27				
29	147	35	30	11	9	48	21	115	5	35	9	43	176	7	7	20	107	93	122	3	75	57	14	109	29	1	3	6	28			
29	131	57	34	9	22	62	38	199	2	36	11	42	104	20	6	27	104	2	94	155	5	72	70	42	86	40	2	2	3	29		
28	122	147	56	9	15	61	34	278	3	37	6	69	209	24	3	33	108	87	277	7	61	96	52	93	23	1	6	2	28			
29	131	185	73	10	24	61	61	759	4	34	6	87	177	33	3	42	185	105	388	7	66	82	1	36	91	37	1	6	4	29		
29	165	189	101	4	23	55	60	700	24	26	5	54	205	26	7	104	140	3	103	403	17	62	76	34	128	13	1	5	10	28		
29	320	199	32	1	32	37	68	423	4	19	5	37	124	17	5	359	136	97	430	27	145	65	1	58	91	16	2	5	28			
28	933	197	54	3	31	50	46	459	22	6	45	136	11	1	176	86	1	101	401	23	130	77	11	59	111	17	8	5	28			
29	764	341	39	7	38	30	55	665	5	14	6	54	106	6	3	187	208	3	109	433	26	402	75	8	81	116	80	3	5	29		
27	559	220	67	4	42	32	28	888	6	15	6	100	9	140	220	3	80	471	24	372	61	6	65	118	80	3	5	27				
29	692	303	50	5	49	22	30	1582	3	12	2	32	42	11	190	126	3	84	539	20	264	67	6	66	105	101	2	9	3	29		
29	1033	290	40	2	59	24	33	2106	5	9	6	93	40	13	3	306	75	79	615	13	267	62	10	53	118	126	4	5	7	29		
31	1794	283	41	3	64	32	47	2649	5	9	4	100	35	30	1	747	131	11	63	655	14	200	60	2	6	83	111	281	5	4	31	
31	1073	406	52	4																												

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