

Exclusive: China moves to support yuan as stock markets tumble

SHANGHAI/BEIJING, Jan 22 (Reuters) - China's major state-owned banks moved to support the yuan on Monday, tightening liquidity in the offshore foreign exchange market while actively selling U.S. dollars onshore as equities slid, four sources with knowledge of the matter said.

The goal was to prevent the yuan from falling too fast as China's A shares plunged, said one of the people, with the benchmark Shanghai Composite index (.SSEC), opens new tab posting its biggest one-day drop since April 2022 on Monday, down 2.7%.

"It is a clear policy signal to stabilise the yuan and counter the negative market sentiment on equities," said Gary Ng, senior economist for Asia Pacific at Natixis. Overseas funds have sold roughly \$1.6 billion in Chinese equities so far this year, with investor confidence bruised by signs of slowdown in the world's second largest economy.

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