

## This could get very nasty

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[FT.com / China / Economy & Trade - China reviews eurozone bond holdings.](#)

As the FT reports:

*China, which boasts the world's largest foreign exchange reserves, is reviewing its holdings of eurozone debt in the wake of the crisis that has swept through the region's bond markets.*

*Representatives of China's State Administration of Foreign Exchange, or Safe, which manages the reserves under the country's central bank, has been meeting with foreign bankers in Beijing in recent days to discuss the issue.*

*Safe, which holds an estimated \$630bn of eurozone bonds in its reserves, has expressed concern about its exposure to the five so-called peripheral eurozone markets of Greece, Ireland, Italy, Portugal and Spain.*

This is not going to be pretty.

The proverbial may be hitting the fan soon if this happens.

And as [one commentator has written](#):

*At some point, one fears, we must all face the possibility that there will be no one left to blame, and that governments will be too broke to bail out the banks. And what then?*

I can assure you that's what worries me because that's the recipe for extremism.

Is that what the OECD et al want, plus Osborne and laws in the UK?

It is the way this is heading, fast.

And no I'm not over-stating my concern - I'm trying to be as calm as possible.