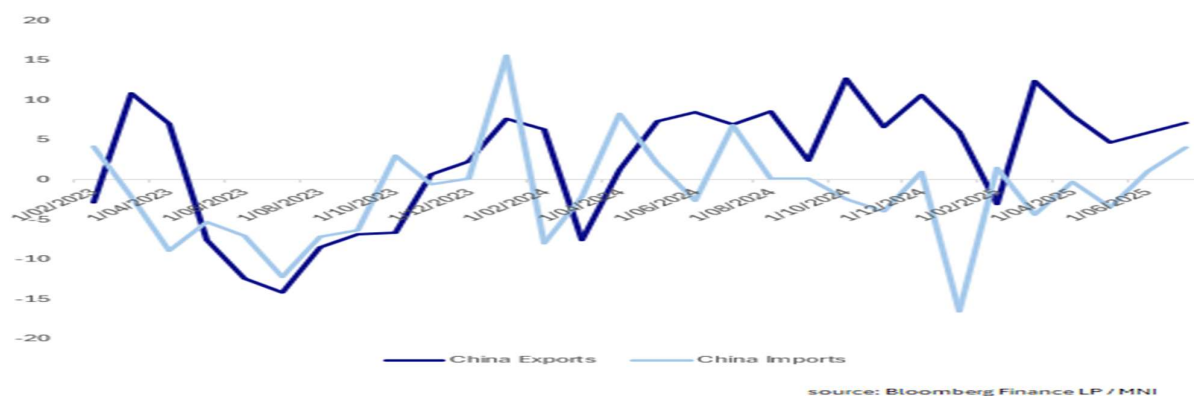




The Macro, Valuation, Sentiment and Technical Lens

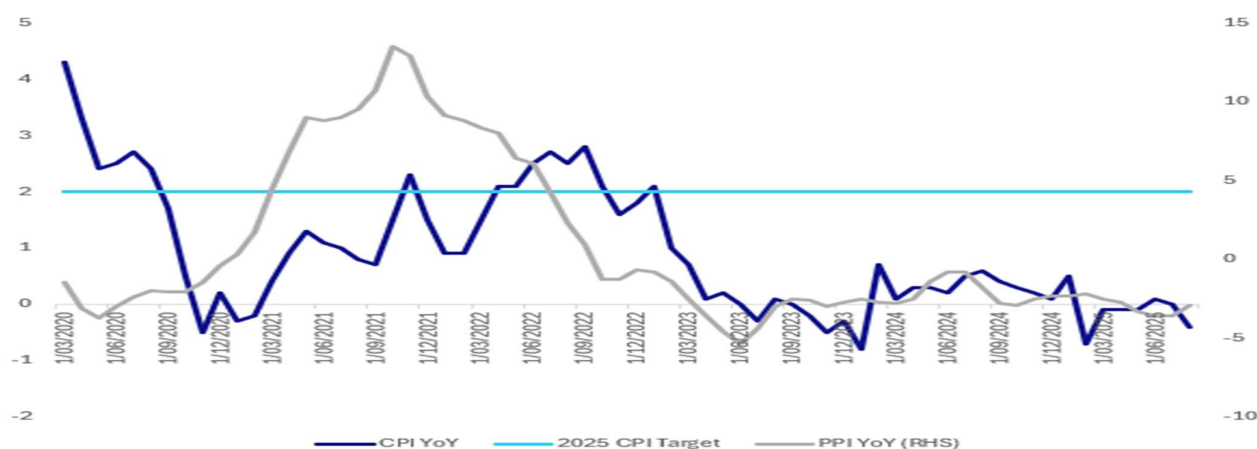
Macro: The week ahead for data in China is focused September trade data. Exports have been volatile given the trade war yet is expected to rise month on month to +6.6%, from +4.45 in August. Imports remain modest and is forecast to expand by +1.9%. Other key data releases will be PPI and CPI which have been mired in deflation, and this is expected to continue. We get FDI year to date, new yuan loans, aggregate financing and money supply.

Fig 1: China Exports YoY



Source: Bloomberg Finance LP / MNI

Fig 2: China CPI YoY vs Target and PPI



Source: Bloomberg Finance LP / MNI

Valuations: A lot of focus has been on the onshore equity rally. The P/Es now are elevated, even when compared to the post COVID period. At 17.9x for the CSI 300, forecasts are for a year end close at 16.2x and 2026 a further decline.

Fig 3: CSI 300 Price to Earnings

Shanghai Shenzhen CSI 300 Index Compare <Sec> Periodicity Annuals Cur FRC (CNY)								
1) Key Stats 2) Fundamentals 3) Custom 4) Shared								
1) Highlights 12) Valuation 13) Profitability 14) Leverage & Liquidity 15) Market Data								
12 Months Ending	2021 Y 12/31/2021	2022 Y 12/30/2022	2023 Y 12/29/2023	2024 Y 12/31/2024	Current 10/12/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	
Valuation Metrics								
Price/Earnings	16.52	13.98	12.67	15.77	17.94	16.29	14.36	
Price/Earnings before ...	14.47	12.27	11.37	13.64	15.72	15.93	14.36	
Price/Earnings before ...	15.08	12.72	11.63	14.46	16.60			
Price/Book Value	2.18	1.73	1.45	1.62	1.86	1.73	1.57	
EV/Sales	2.58	2.05	1.88	2.28	2.59			
EV/EBIT	20.31	17.25	17.28	20.43	22.36			
EV/EBITDA	20.28	15.58	14.83	16.15	18.18	16.57	14.82	
Dividend Yield	1.64	2.43	2.79	2.71	2.39	2.43	2.68	

Source: Bloomberg Finance LP / MNI

Sentiment: The strength of the equity market has seen people rushing to open equity accounts. Signs of life in the Shanghai real estate market are encouraging but will need to see a more sustained recovery in multiple key cities. Margin trade account openings have grown, though in context the size of China's stock market also has nearly doubled in the past decade. The number of leveraged purchases as a proportion of total market capitalization was 2.2% as month end, slightly above the 10-year average but far below 2015's peak of 4.6% (as reported by BBG). The ongoing announcements by President Trump on Chinese tariffs will be monitored closely though at this stage seems to be not being ignored by local investors with the CSI 300 down -1.9% on Friday.

Technical: All major equity bourses remain elevated, above major moving averages. The bond market has for best part of this year seen the 10-Yr trading in a +18bps range, with no signs of a breakout. The move above 1.90% in the CGB 10-Yr at the beginning of the month was short lived with it moderating back to 1.85% in line with averages over the middle part of the year.

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