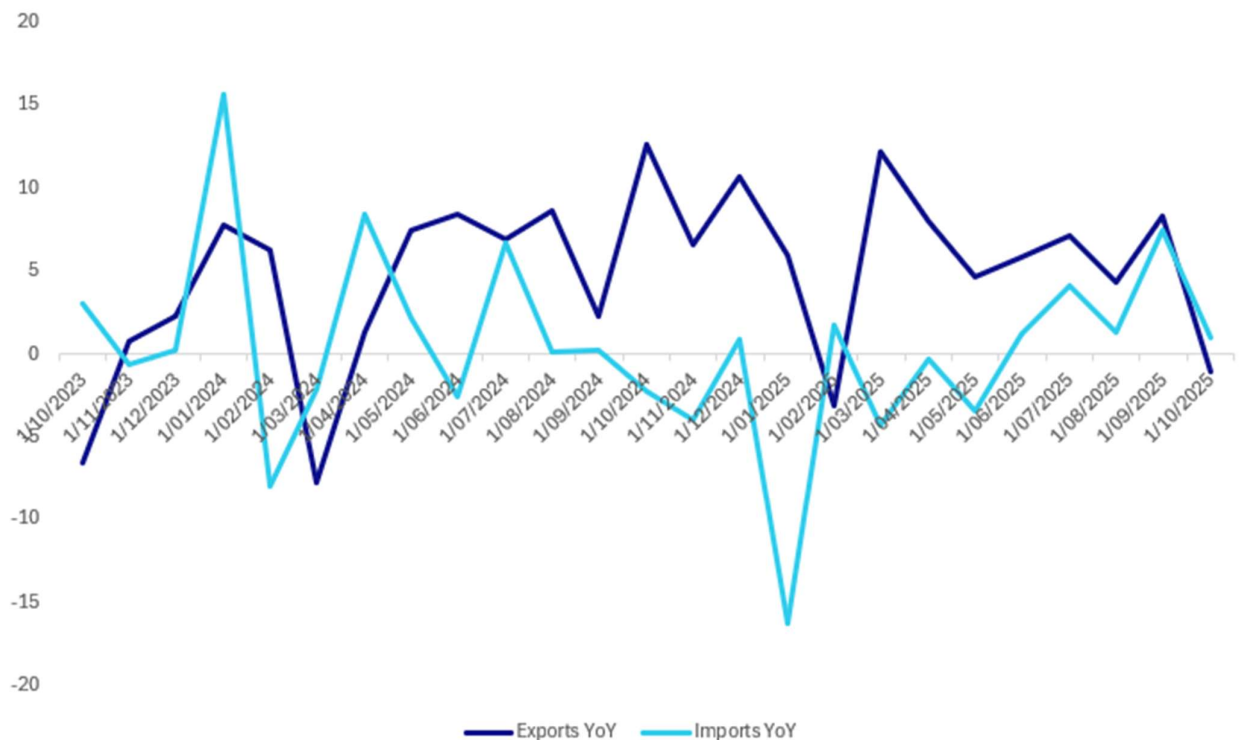




The Macro, Valuation, Sentiment and Technical Lens

Macro: Trade and inflation data will be key for China this week, out later. Having declined in October, exports are expected to expand by 4.0% trending back towards the 3-year average of 4.8%. The decline in October is attributed to shipments being brought forward ahead of the Trump Xi meeting, shipments being front loaded ahead of the holiday period and the base effect. The component of the data watched closely will be the shipments to the US and how they are impacted post tariffs. Imports (as a proxy for the domestic economy) will be closely monitored also and forecast to rise by 2.8% in November, following just 1.0% expansion in October. By country, all imports fell in October except for imports from Russia.

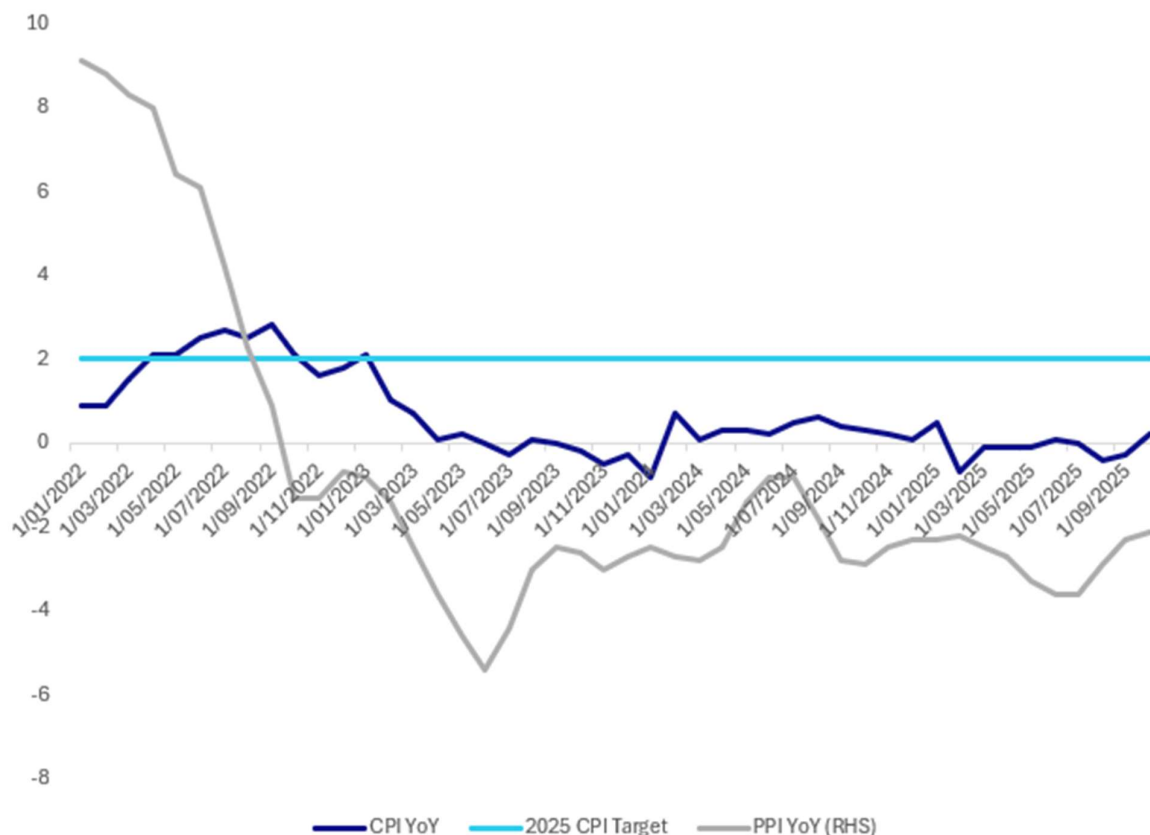
Fig1: China Exports and Imports YoY



source: Bloomberg Finance LP / MNI

Later in the week China will release November CPI and PPI. October CPI climbed back to positive at +0.2% after 2 consecutive months of deflation and is forecast to climb further to +0.7%. PPI however is where deflationary pressures are most entrenched with forecasts for -2.0% in November. The anti-involution policies enacted to curb price wars seem likely to remain in place for some time with limited expectations for improvements in PPI. PPI has now printed negative each month since September 2022.

Fig 2: CPI YoY and PPI YoY



source: Bloomberg Finance LP / MNI

Valuations: The CSI 300 had had a strong week last week with the Price / Earnings edging up to 17.29x to remain above the full year estimate for 2025 and significantly above the 2026 estimate. The dividend yield as a guide for asset allocation remains circa +61bps above the 10-Yr CGB.

Fig 2: CSI 300 Valuations

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 12/07/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026
Valuation Metrics							
Price/Earnings	16.65	14.02	12.65	15.78	17.29	16.08	14.03
Price/Earnings before ...	14.55	12.26	11.34	13.64	15.13	15.63	13.96
Price/Earnings before ...	15.19	12.72	11.59	14.46	15.95		
Price/Book Value	2.20	1.75	1.46	1.62	1.79	1.71	1.53
EV/Sales	2.58	2.04	1.87	2.28	2.62		
EV/EBIT	20.39	17.17	17.16	20.43	22.15		
EV/EBITDA	20.33	15.49	14.70	16.15	19.40	16.73	14.75
Dividend Yield	1.64	2.43	2.79	2.71	2.44	2.45	2.70

Source: Bloomberg Finance LP / MNI

The Hang Seng Index experienced a volatile week last week, ultimately finishing higher at 26,065.5 points for a weekly gain of around 0.87%. The key drivers included optimism around potential US Federal Reserve interest rate cuts, strong performance in financial and resource stocks this despite a mixed outlook on the Chinese economy. P/E's edged higher from the week prior, remaining just below the full year estimate.

Fig 3 Hang Seng Valuations

Hang Seng Index		Compare	<Sec>	Periodicity	Annuals	Cur	FRC (HKD)		
1) Key Stats		2) Fundamentals		3) Custom		4) Shared			
11) Highlights		12) Valuation		13) Profitability		14) Leverage & Liquidity		15) Market Data	
12 Months Ending		2021 Y	2022 Y	2023 Y	2024 Y	Current	2025 Y Est	2026 Y Est	
		12/31/2021	12/30/2022	12/29/2023	12/31/2024	12/07/2025	12/31/2025	12/31/2026	
Valuation Metrics									
Price/Earnings		11.27	10.84	8.70	9.50	12.13	12.46	11.36	
Price/Earnings before ...		10.32	10.48	8.68	9.81	12.48	12.76	11.66	
Price/Earnings before ...		10.38	10.95	8.78	9.89	12.65			
Price/Book Value		1.13	1.12	1.00	1.10	1.40	1.35	1.25	
EV/Sales		1.76	1.35	1.17	1.61	1.92			
EV/EBIT		9.71	9.19	7.69	10.23	13.44			
EV/EBITDA		9.72	7.96	7.85	9.48	12.09	11.86	10.39	
Dividend Yield		2.54	3.37	4.06	3.83	2.99	3.05	3.24	

Source: Bloomberg Finance LP / MNI

Last week, the USDCNY exchange rate generally trended downward having started the week at approximately 7.0755 and finishing around 7.070, reaching a mid-week low of 7.0635. USD/CNH found demand last week on the dip back towards 7.06 with the market wary of the PBOC pushing back on the weak USD. The pair remains under pressure and the PBOC has a job on its hands to turn this around. The fix will be watched closely today for any signs of a further pushback, watching to see if demand is still towards 7.0600

Sentiment: Investor sentiment in China is currently cautious, with a weakening trend as of late 2025, largely due to concerns over the economic outlook. While there are some areas of optimism, especially given the run up in equities since the Apr 1 lows, the potential government support for the economy and its focus on specific high-tech sectors, overall confidence remains subdued. Key factors shaping this sentiment include persistent weakness in the property market, a slowdown in the broader economy which is feeding into subdued consumer demand.

Technicals: The Hang Seng finished up last week, breaking back above the merged 20-day and 50-day EMA of 26,020 to reach 26,085, still over 4% lower than the highs of early October.

Fig 4: Hang Seng Index vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

The week last week was dominated by liquidity withdrawal with CNY848bn of taken out of the interbank market via the OMO. The week ahead has some CNY660bn of maturities and given equity sentiment it will be watched closely as to anticipated support for markets.

The focus for issuance this week is a CNY119bn 2035 auction (DEC 12), a CNY104.5bn 2027bn auction (DEC 12) and a CNY60bn 182-day bill auction (DEC 10).

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