GROW Research
China Market Strategy

16 June, 2024

Outlook 2H2024: Contrarian Thoughts

- The recent rebound in April is an example that Chinese stocks can rebound without a rebound in property. Falling property price has been a boon to discretionary spending.
- China's economy is bottoming with some upticks, not stalling - our proprietary cycle indicator shows. Manufacturing investment has made up for the fall in property investment. China's advantage in export stems from its labor productivity and costs. It won't disappear and will trigger trade frictions. Geopolitical risks abound.
- Excess savings are coming out of bank accounts seeking yields. When confidence improves, they will likely be allocated back to stocks, instead of WMPs. The best plays in this unique cycle have been industrial commodities, instead of stocks still beset by regulatory reforms in domestic market.

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Chinese version:

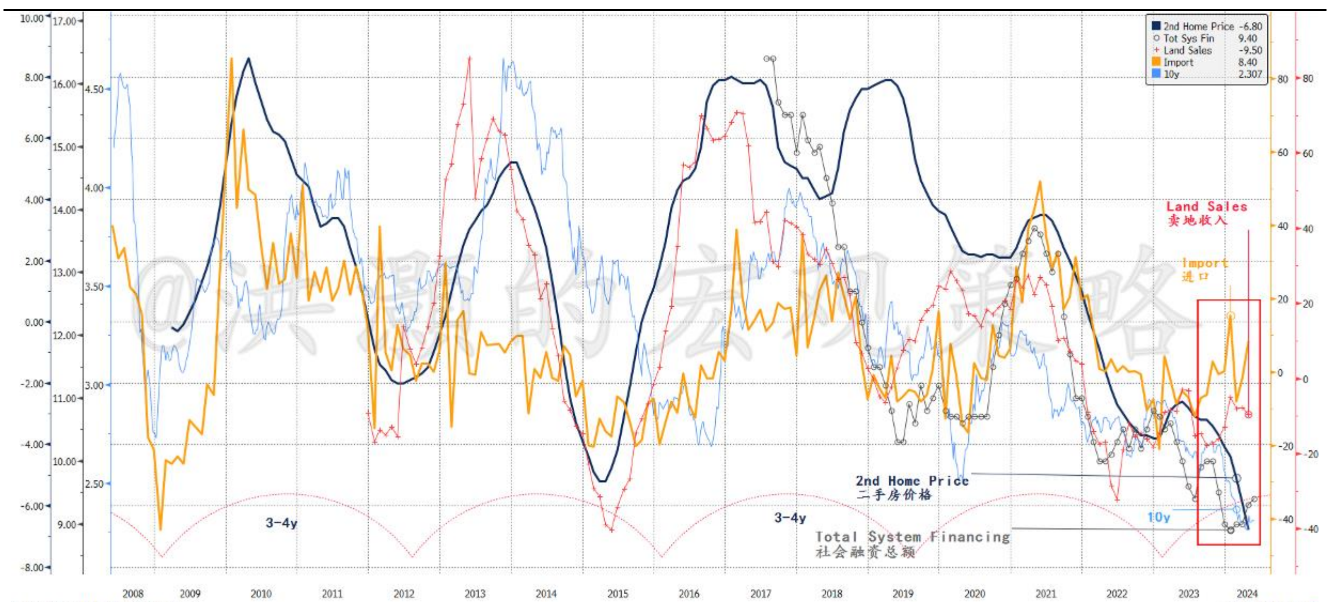
《2024 年下半年展望：逆共识的思考》

In this note, we take a contrarian view to the entrenched bearish consensus, as the market is priced on the margin. "*Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally*." But we disagree with such sentiment, as swimming against the tides is more fulfilling than going with the flow.

Can Chinese Stocks Rebound Without Property?

China rebounded brusquely between April and mid-May. It had caught everyone by surprise, especially the bears obsessed with some secular issues that the economy had been mired in. Indeed, the rally propelled the Hang Seng to be the world's best-performing major index. Why would the market rally despite a lackluster economy?

Figure 1: Some leading indicators for property & demand tick up, but property price is still falling.



Source: Bloomberg, GROW Research

In this piece, we would take a contrarian perspective to the bearish consensus. Instead of kicking a dead horse, a cat has nine lives. Comrade Xiaoping once remarked, "*it doesn't matter whether a cat is black or white, it is a good cat if it catches mice*." Since then, China had negotiated through some treacherous torrents, and berthed safely.

Figure 1 shows that some leading indicators for domestic demand, such as land sales and imports, are ticking up, and diverging from the falling property price. It remains to be seen which indicators will be proven right eventually. Bulls and bears still have to battle it out.

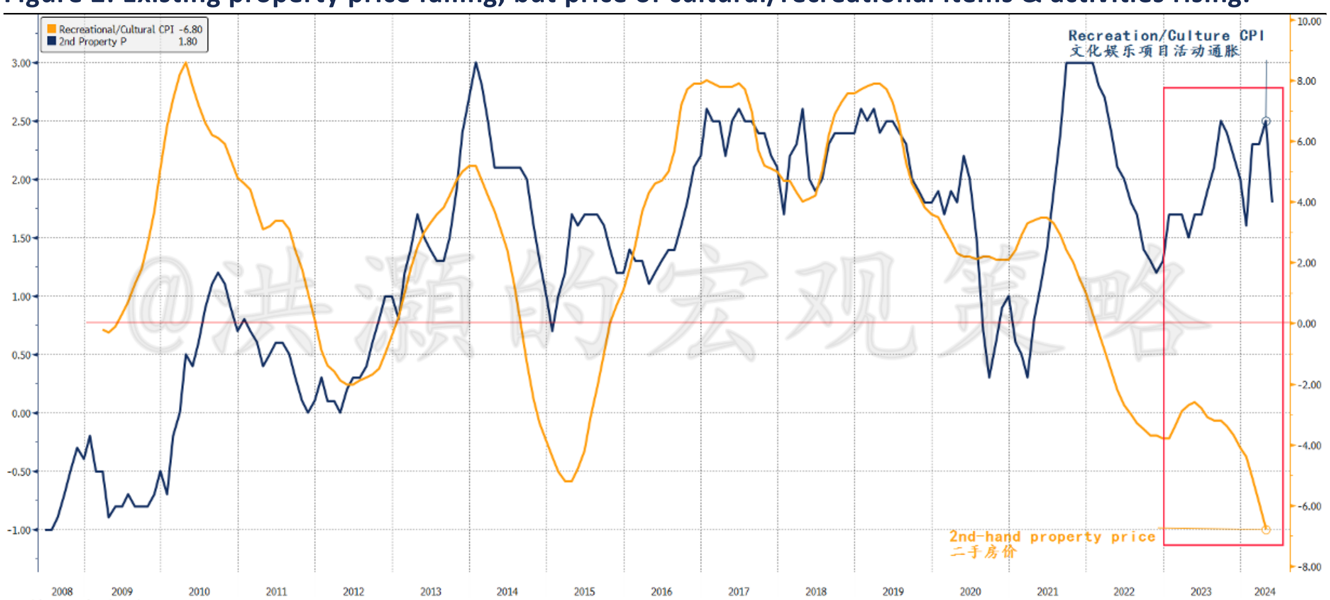
So, can Chinese stocks rally without a recovery in the property sector?

The rally between April and May is an example showing that it could. Of course, many would argue that if property price continued to fall, then it would affect confidence and hence consumption. If so, then an ailing property sector would be a persistent headwind for stocks.

It is a valid concern. After all, since we pinpointed the peak of Chinese property bubble in 2021 in our previous job, Chinese stocks have been falling in tandem with Chinese property. While there has been a flurry of policy announcements for the property sector recently, and some tentative signs of marginal sales improvements, few could be sure about the sustainability of these rebounds.

These days, traders are obliged to follow weekly property sales data closely to decide their positions. And there are even calls from some real estate agents to suspend the release of sale price and volume.

Figure 2: Existing property price falling, but price of cultural/recreational items & activities rising.



Source: Bloomberg, GROW Research

That said, our data analysis show that consumption, especially discretionary consumption such as cultural and recreational activities, has split from falling property price. That is, the more property price decline, potentially the bigger the household spending budget will be, and hence better discretionary spending.

Clearly, **Figure 2** shows the correlation between falling property price and discretionary consumption has decoupled since mid-2023. A weak property sector may no longer be as strong a headwind for consumption as it used to be.

Recently, the Hang Seng has given back some of the gains from the April rally. When the time and discussion topics of the 3rd Plenum were announced on April 30th, the Hang Seng was at 18,000. After the announcement, the index surged further to well above 19,000, as Chinese cities one by one issued their policy support for the property sector. In the subsequent weeks, there was a fleeting rebound in property sales. The Hang Seng is now back at ~18,000.

In short, while improvement in sales may not be sustainable, the market still holds hopes for the Plenum. After all, it is the most important conference on the Party's calendar. And the fact that it is being held outside the normal schedule hints at its significance. While the Hang Seng has given back some gains, and is now back to the level where the Hang Seng was at on April 30th, it was still ~30% higher than the nadir seen just before the Chinese New Year. This 30% rebound reflects the hopes for the 3rd Plenum.

Can Chinese Stocks Rebound Without the Economy?

Is the economy really faltering as the news headlines suggest? It depends on where you look. Retail sales – good, inflation – bad; property – bad, but foreign trade – good. As such, the bears would back up their arguments with poor property sales, while the bulls would point to strong exports, albeit mostly in vain.

Figure 3: China's economic cycle is bottoming with some upticks.

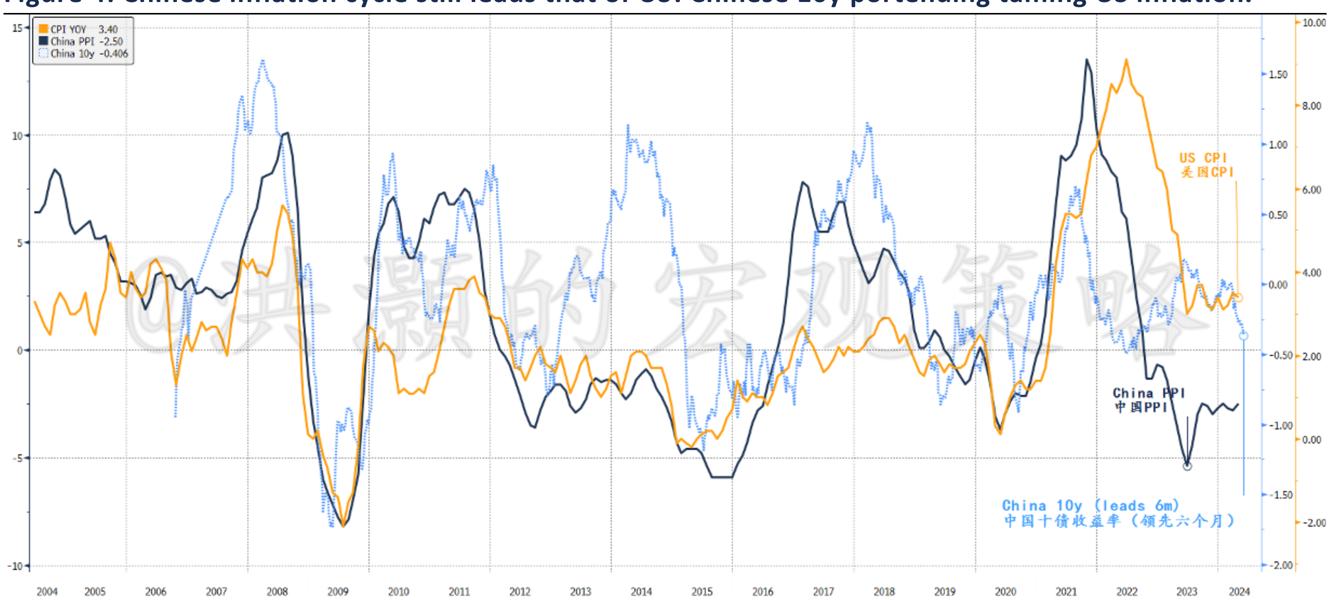
Source: Bloomberg, GROW Research

We believe that a comprehensive cyclical index that can capture a broad array of economic data should be used to check the health of the Chinese economy. Our proprietary economic cycle indicator can do just that. And it is showing some upticks, suggesting a nascent economic recovery.

Our economic cycle theory postulates that the Chinese economic cycle runs every three to four years, as shown in **Figure 3**. If 1Q2020 is the beginning of the last cycle, then around four years later in 1Q2024, it should be the inception of a new cycle. Incidentally, the April rally started around the Chinese New Year, approximately four years since 2020 – the last complete economic cycle observed.

Further, our data analysis shows that the economic cycle between China and that of the US has not decoupled. It is far from it – despite all the talks of a “decoupling”. Empirically, we can see the ever-expanding US trade deficit against China, the interaction between the inflation cycles of G2, and how the Chinese 10-year treasury yield has been leading the US inflation cycle (**Figure 4**).

Figure 4: Chinese inflation cycle still leads that of US. Chinese 10y portending taming US inflation.



Source: Bloomberg, GROW Research

There are few signs of decoupling. Currently, the Chinese inflation cycle is tame, hinting at receding inflation in the US in the coming months. If so, it will open the window for the Fed to cut rates, and the PBOC will then have leeway for monetary maneuvers.

What about property investment? It has been the driver of China’s economic growth, but it has been falling. If so, can the Chinese economy sustain such dramatic fall in property investment?

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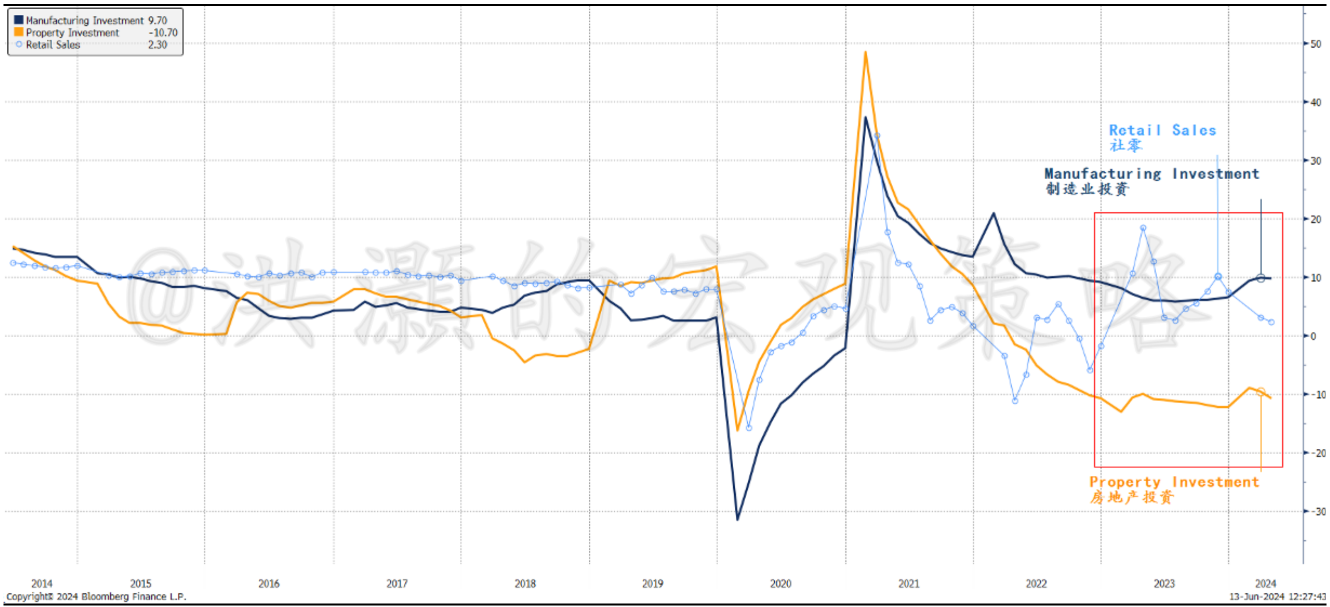
While the above said is true, property investment has been declining for a few years now. If property had been the only driver of Chinese growth, then the Chinese economy would have gone backward in the past few years.

Indeed, the void left by property investment has been filled by the investment in the manufacturing sector (**Figure 5**). Meanwhile, retail sales, a proxy of domestic demand, has been diverging from falling property investment as well. In short, the Chinese economy has been managing without property for some time now, and should be able to continue to do so.

Figure 5: Manufacturing investment making up for falling property investment; retails sales resilient.



Source: Bloomberg, GROW Research

Can Chinese Stocks Rebound despite "Overcapacity" and "Under-consumption"?

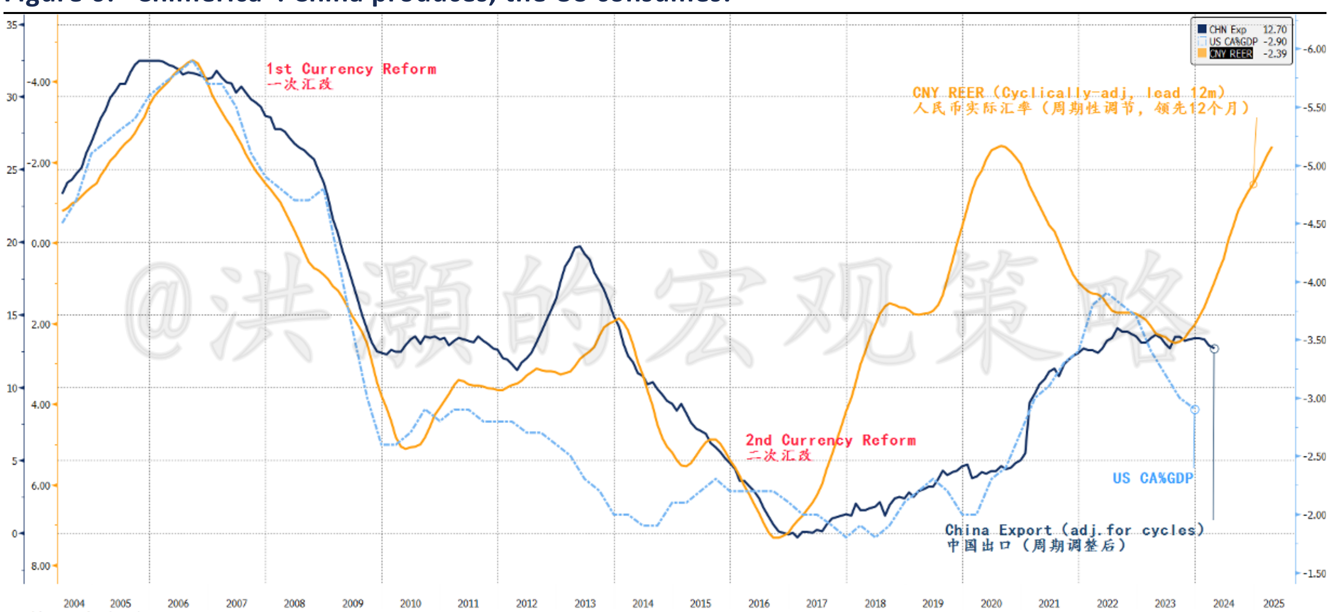
There has been international criticism about Chinese over-investment that has led to chronic over-capacity. The concern has been that China has been engaged in mercantilism, and has been exporting its excess capacity.

But since joining WTO in 2001, the bulk of the Chinese capacity has been built not just for its domestic demand, but also for foreign markets as well. China's contribution to low and steady global inflation since then has been difficult to brush off, with millions of Chinese joining the manufacturing sector, demanding very low wages and often making personal sacrifice. It is perplexing that Chinese manufacturing capacity is becoming a sore point at this juncture, but not when the global economy was enjoying a disinflationary boom.

In **Figure 6**, we show the very tight correlation between the US current account deficit and Chinese exports. This now disputed relationship used to be called "Chimerica", with China producing and the US consuming. Surprisingly, the US current account deficit actually widened after Trump initiated the bitter trade war in 2018.

Ricardo believed that two countries could always gain from trade, if each of them would engage in making something that they had comparative advantage. Needless to say, China enjoys strong comparative advantage against its trade partners, with its low-cost workers and freewheeling commercial environment after joining the WTO.

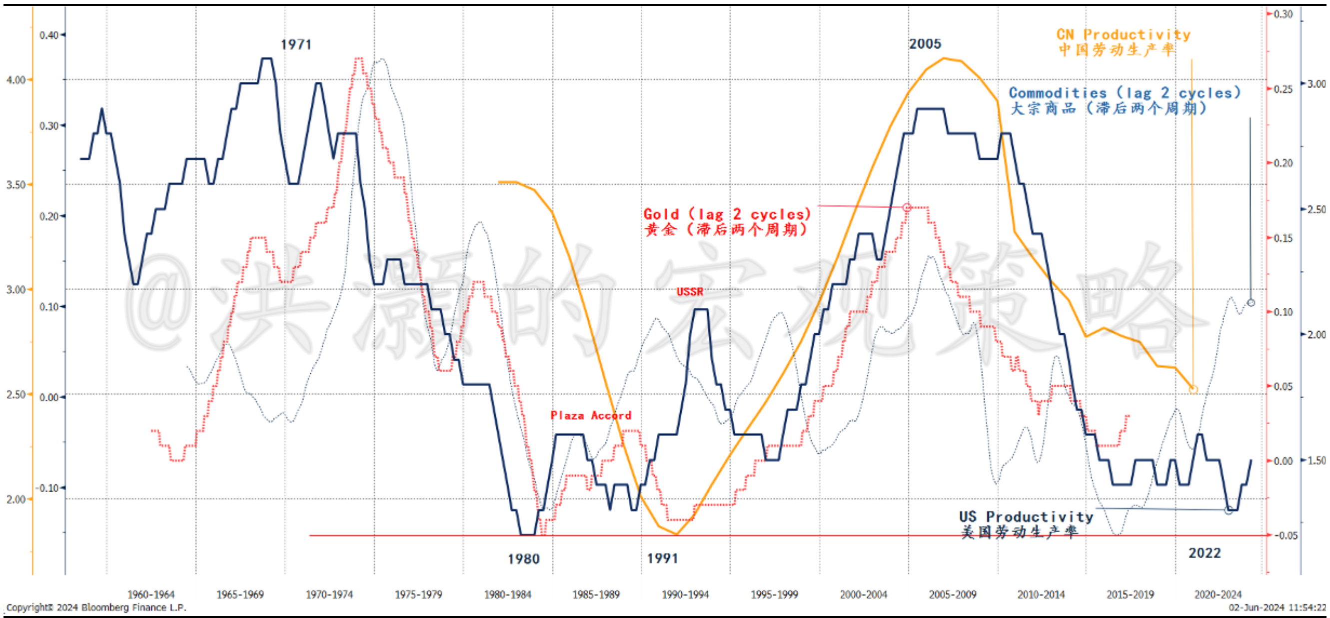
Figure 6: "Chimerica": China produces, the US consumes.



Source: Bloomberg, GROW Research

Figure 7 paints a picture of how China has sustained productivity advantage over that of the US, although the gap is narrowing, and the US productivity growth seems to be bottoming out. Incidentally, we would like to point out that such a stage in the productivity cycle bodes well for precious metals and commodities. Already, commodities are the best-performing asset class this year.

Figure 7: Chinese comparative advantage stems from higher productivity. But the US is catching up.



Source: Bloomberg, GROW Research

Ricardo is right. But as China upgrades its industries over the years, its exports with increasing value added are rising in importance in global exports. Ricardo didn't anticipate what would happen if one trade partner gained absolute advantage across various industries. Such is the origin of the trade friction we are witnessing.

As such, the question is not whether Chinese stocks could rebound with "over-capacity" and "under-consumption". It should be whether they could rebound amid escalating trade friction. We do not have definite answer to this important question rife with geopolitical risks.

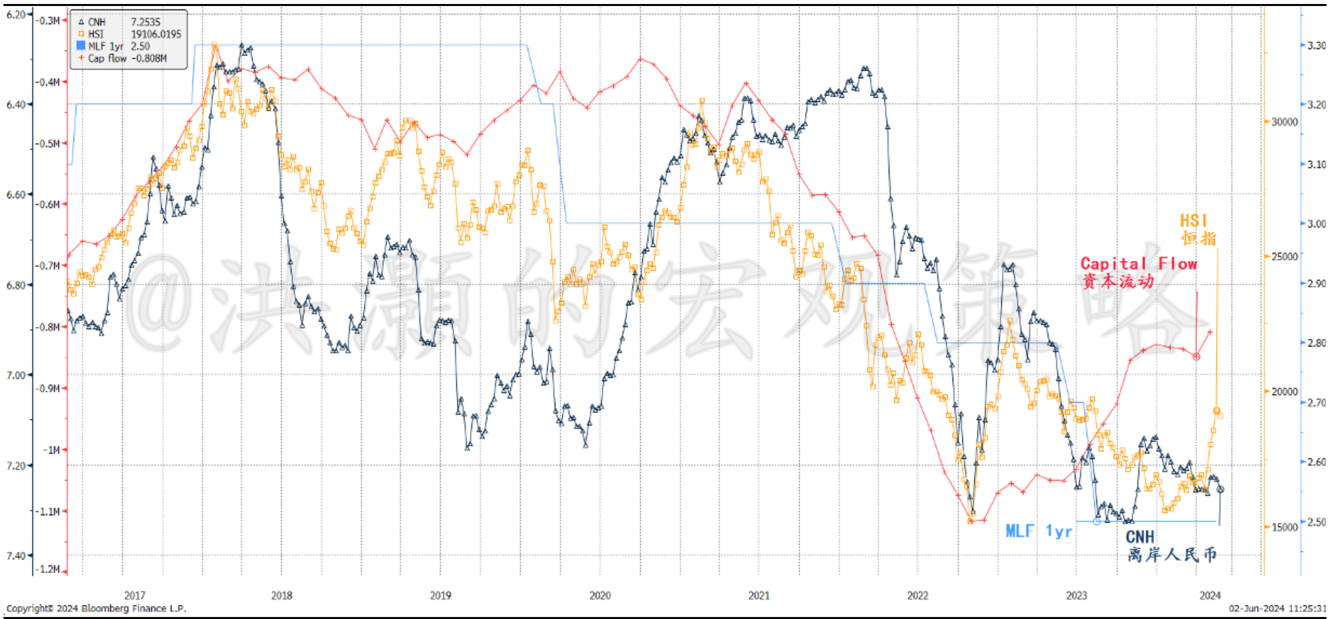
But we note that one of China's biggest EV manufacturers rallied strongly on the day after the EU announced a tariff on its EV exports to Europe. Obviously, such increase in tariff is far from enough to erode Chinese EVs' competitive edge in the EU.

It is a good anecdote. But trade friction will remain an overhang on Chinese stocks, especially those ones rely heavily on overseas markets – as long as China maintain its competitive advantages.

Can Chinese Stocks Rebound at All?

Besides the three big questions aforementioned, there are also concerns about capital outflows due to weakening foreign investor confidence, as well as about the "excess savings" in the banking system. Bears believe that these are hindrance to a rebound in Chinese stocks.

Figure 8: Capital outflow slowing, CNY stabilizing and stocks recuperating.

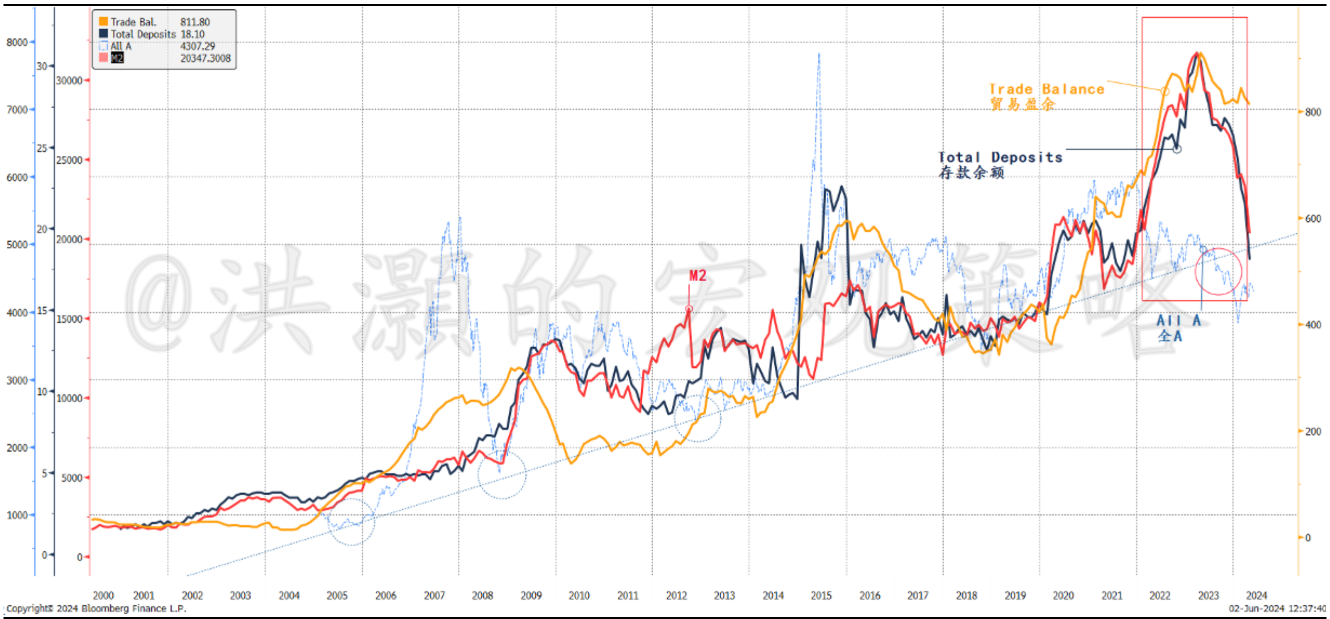


Source: Bloomberg, GROW Research

Granted, capital outflow has not entirely stopped, but it is indeed slowing, and rather sharply (**Figure 8**). After all, there will always be some investors who could find opportunities in such a vast market. And at some stage China has to transmute from a country that has been enjoying twin surpluses inexplicable by classic macroeconomics, to one that has balanced current and capital accounts. Chinese companies going overseas suggests such metamorphosis is under way.

As the Chinese economic cycle starting to heal, excess savings that have been dormant in the banking system is coming out to seek higher yield (**Figure 9**). We note that total deposit balance growth has declined significantly, and is now back to is long-term trendline.

Figure 9: Deposits are starting to look for yields, but not yet rotating into stocks.



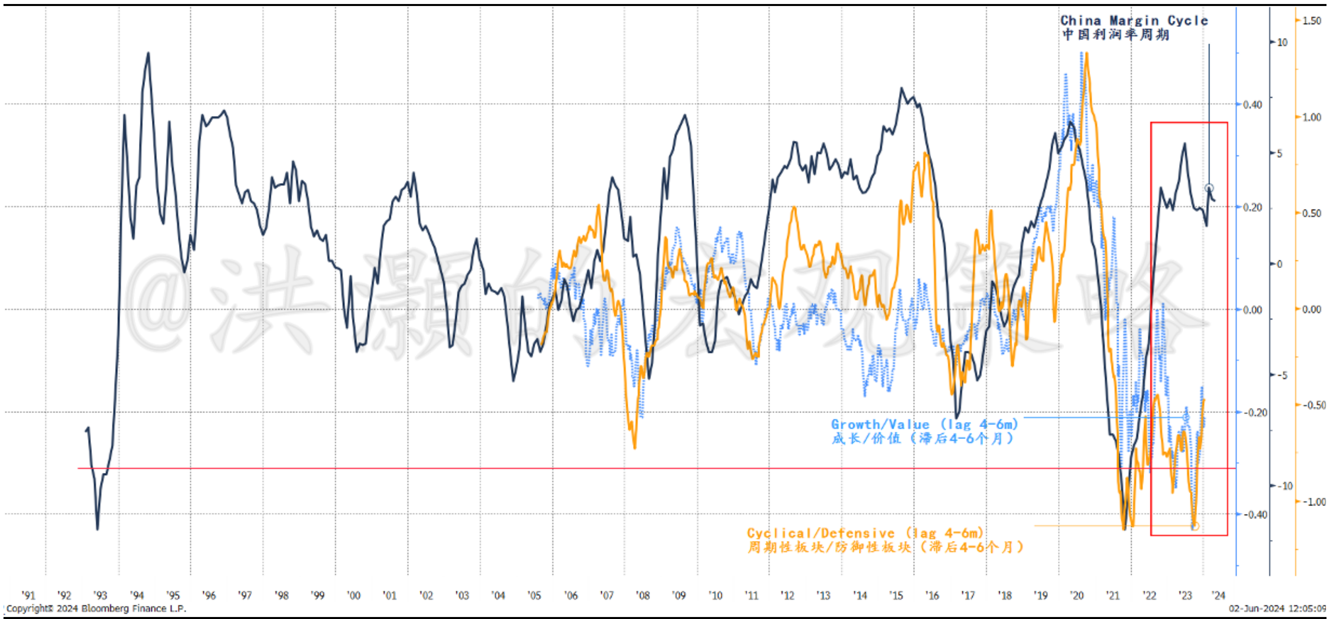
Source: Bloomberg, GROW Research

That said, our data show that much of these deposits are being invested in Chinese treasury bonds and higher-yield wealth management products. They are not yet being put to work in the stock market.

It is understandable, as confidence is fragile, and market volatility has increased due to regulatory reforms in the Chinese market, such as heavy punishment for those companies with accounting frauds and for funds illegal stock trading practices. As such, retail investors are taking shelter in safer investment vehicles temporarily.

In the previous sections, we discuss how the current economic cycle is bottoming with some upticks, but it is not easy sailing. What makes this cycle different has been how stocks reflect the changes in the cycle (**Figure 10**).

Figure 10: Profit margin is reasonable, but cyclicals and growth sectors fail to respond.



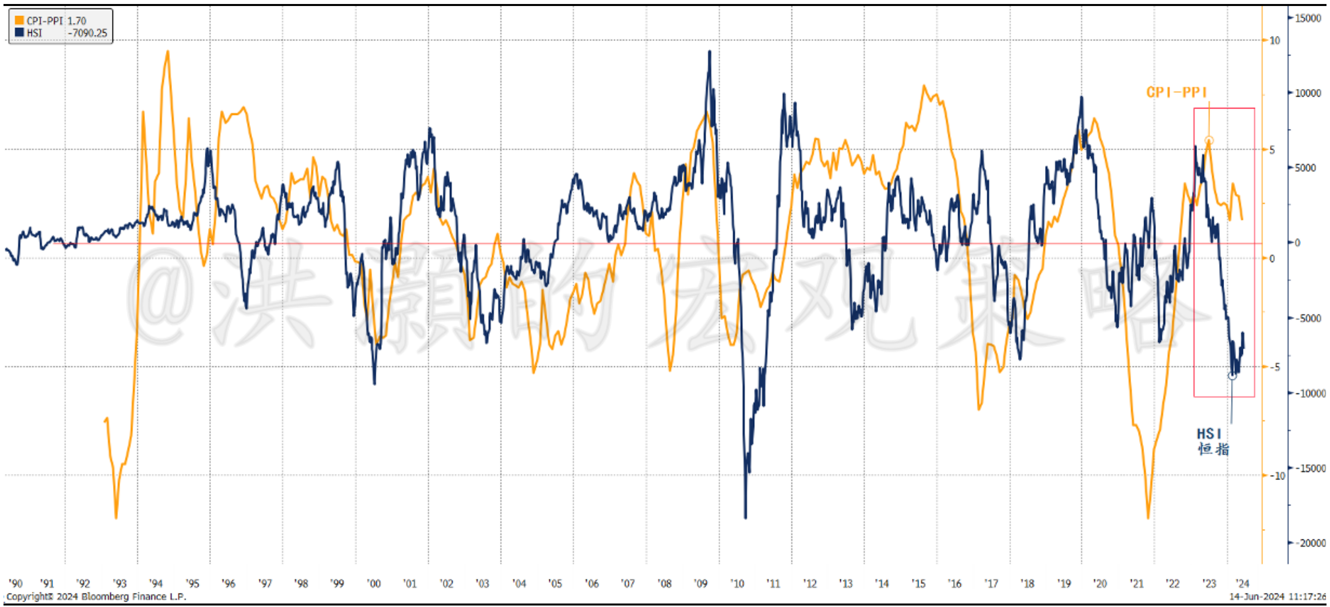
Source: Bloomberg, GROW Research

For instance, the profit margin cycle, as approximated by the gap between CPI and PPI, has risen to an elevated level compared with history. This is because upstream deflation has left room for profit for the downstream sectors. The profit margin cycle used to correlate closely with the relative performance of growth versus value, and cyclical versus defensive.

That is, profit margin is high in the current cycle not because of the downstream strength, but upstream pricing weakness probably due to excess capacity. As such, the relative performance of cyclical and growth sectors is reflecting this weakness, and the relative strength defensive and value sectors is suggesting risk aversion.

But now, upstream deflationary pressure is receding, and the economic cycle is ticking up. In downstream, discretionary consumer spending has been resilient. As such, the underperformance of the growth and cyclical sectors should improve, and therefore the performance gap from the defensive and value sectors should narrow. And the Hang Seng, which has been historically closely correlated with the profit margin cycle, should start to rise as the economic cycle continues to tick up. The rally in April and May could a prelude of what is to come (**Figure 11**).

Figure 11: The Hang Seng should also start to reflect the economic cycle.



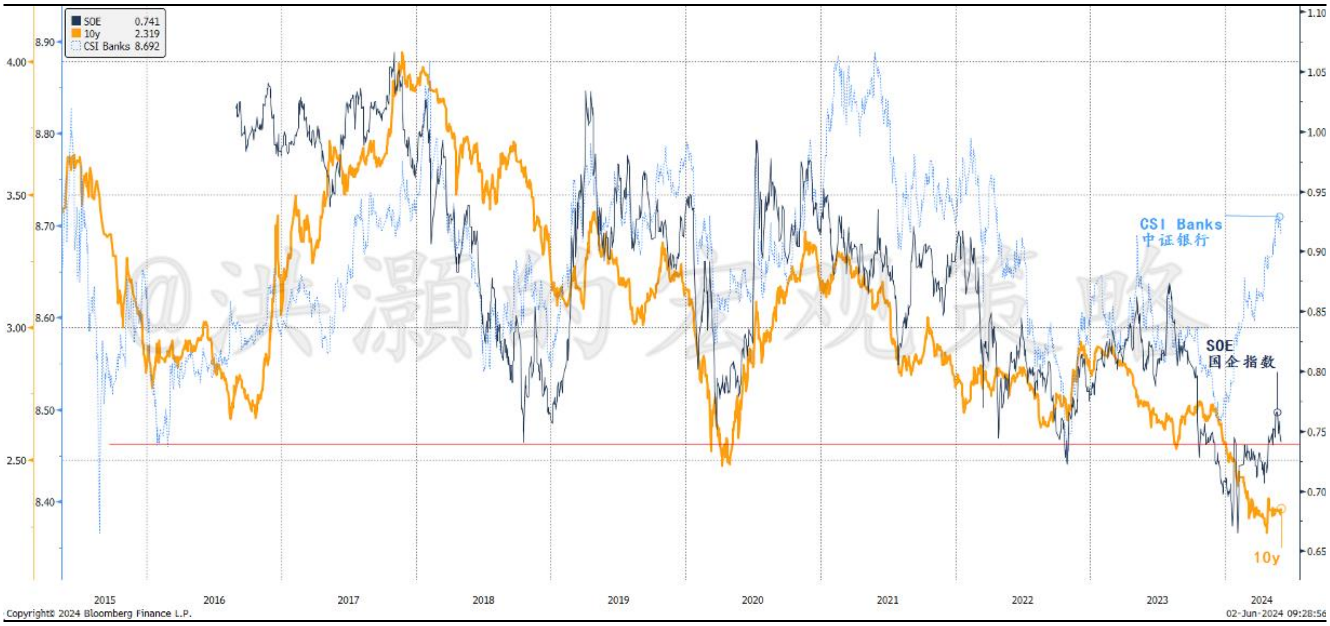
Source: Bloomberg, GROW Research

As inflationary pressure remains anemic in the absence of a housing recovery, SOEs and banks that used to correlate very closely with the long treasury yield should continue to give, as investors are searching for yields (**Figure 12**). These are the less-risky plays in an uncertain environment.

Of course, if the market starts to reflect the uptick in the economy, probably due to a marginally improving housing market, then the outperformance of these names will likely stagnate, as money will then rotate into the growth and cyclical sectors.

However, this is a less likely scenario, and this year the best plays to reflect China’s economic cycle have indeed been industrial commodities and precious metals. These are the inputs to the upstream manufacturing capacity. As China supplies the world, the demand for commodities will stay strong, but the demand for the cyclical stocks that are making commodity inputs into exports will likely to remain weaker.

Figure 12: Investors are searching for yields.



Source: Bloomberg, GROW Research

Conclusion

In this note, we take a contrarian view to the entrenched bearish consensus. Property, under-consumption and over-investment, as well as stalling growth, have been hinderances to a market recovery.

But the recent rebound is an example that Chinese stocks can rally without property. Indeed, the Hang Seng is back to the level when the 3rd Plenum was announced on April 30th. The subsequent rally from 18,000 to above 19,000 and then back was built on hopes of a property recovery after flurries of policies were announced. Now those hopes have faded somewhat, but expectations for the Plenum remain.

Our proprietary cycle indicator shows that China's economic cycle is bottoming with some upticks. While under-consumption is the other side of the coin of over-investment, and has been a feature of the Chinese economy, rising discretionary consumption has been splitting from falling property price. Cheaper property price spares spending power.

China's comparative advantage in exports stems from its stronger labor productivity and a freewheeling economy since joining WTO. It is unlikely to disappear and will surely trigger trade frictions. This economic cycle is like no other. The best plays may have been commodities and other China-related assets that are better able to reflect this unique cycle.

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Appendix 1: Performance of major asset classes (weekly)

Asset Class		2024/6/14	2024/6/7	2024/5/31	2024/5/24	2024/5/17	2024/5/10	2024/5/3	2024/4/26	2024/4/19	2024/4/12	2024/4/5
MSCI Index												
MSCI World		0.4	1.0	-0.5	-0.3	1.5	1.7	0.8	2.4	-2.8	-1.5	-1.0
MSCI DM		0.4	1.1	-0.8	-0.4	1.6	1.7	0.9	2.6	-2.9	-1.4	-0.9
MSCI EM		0.3	2.3	-3.1	-1.5	2.6	1.0	1.9	3.7	-3.6	-0.4	0.2
MSCI China		-1.4	1.4	-3.0	-4.7	3.9	1.9	3.9	8.2	-1.9	-0.1	0.7
MSCI Asia Ex Japan		0.4	3.1	-3.0	-1.5	3.1	1.1	2.3	4.6	-3.8	-0.3	0.1
MSCI Europe		-2.3	1.2	-0.5	-0.4	0.3	3.0	-0.6	1.8	-1.2	-0.2	-1.2
Stock												
US	S&P 500	1.6	1.3	-0.5	0.0	1.5	1.9	0.5	2.7	-3.0	-1.6	-1.0
Chinese Ma	SHCOMP	-0.6	-1.2	-0.1	-2.1	-0.0	1.6	0.5	0.8	1.5	-1.6	0.9
	SZCOMP	0.6	-2.9	-0.3	-2.8	0.1	1.6	1.6	2.5	-1.2	-3.4	1.2
HK SAR, Ch	HSI	-2.3	1.6	-2.8	-4.8	3.1	2.6	4.7	8.8	-3.0	-0.0	1.1
Japan	Nikkei 225	0.3	0.5	-0.4	-0.4	1.5	-0.0	0.8	2.3	-6.2	1.4	-3.4
Germany	DAX	-3.0	0.3	-1.0	-0.1	-0.4	4.3	-0.9	2.4	-1.1	-1.3	-1.7
UK	FTSE 100	-1.2	-0.4	-0.5	-1.2	-0.2	2.7	0.9	3.1	-1.2	1.1	-0.5
France	CAC40	-6.2	0.1	-1.3	-0.9	-0.6	3.3	-1.6	0.8	0.1	-0.6	-1.8
Bloomberg Barclays Indices												
Global		0.5	0.3	-0.1	-0.5	0.7	-0.1	1.3	-0.3	-0.6	-1.0	-0.7
China		-0.0	0.2	0.2	-0.2	0.1	0.4	-0.2	-0.1	0.3	0.2	-0.0
US		1.3	0.4	0.0	-0.3	0.6	0.1	1.2	-0.1	-0.6	-0.7	-1.1
Europe		0.8	0.2	-0.2	-0.4	0.2	-0.1	0.5	-0.2	-0.9	0.4	-0.5
Asia Pacific		0.3	0.5	-0.2	0.1	0.0	1.3	-1.4	0.7	0.7	-0.0	-0.1
EM		1.0	0.1	0.0	-0.4	0.8	0.5	1.0	-0.0	-0.5	-0.8	-0.5
Treasuries		1.3	0.4	0.0	-0.2	0.5	0.1	1.0	-0.2	-0.4	-0.6	-1.1
Corporate		1.2	0.4	0.1	-0.3	0.7	0.0	1.3	0.0	-0.7	-0.7	-1.2
High Yield		0.3	0.4	-0.0	-0.2	0.4	-0.0	1.1	0.6	-0.6	-0.6	-0.5
Commodity												
Bloomberg Commodity Index		0.6	-1.1	-1.9	-0.7	2.9	1.4	-1.5	-0.1	0.1	0.0	3.4
Energy		2.3	2.0	-2.6	-2.0	4.5	0.6	-3.4	1.0	-3.3	-0.5	4.0
	Brent Crude	3.8	-1.8	-0.9	-2.1	1.5	-0.1	-5.6	1.9	-3.3	-0.5	4.4
	WTI Crude	3.9	-1.9	-0.9	-2.3	2.2	0.1	-6.5	1.9	-3.3	-0.9	4.3
	Natural Gas	-1.3	12.8	-6.7	-0.6	12.3	2.8	5.8	-1.3	-1.5	0.5	-0.0
Precious Metal		0.8	-1.5	-0.4	-3.2	3.7	3.8	-2.0	-3.4	1.7	1.7	6.1
	Gold	1.0	-0.9	-0.5	-3.4	1.8	2.9	-1.6	-2.7	1.7	1.3	4.8
	Silver	0.1	-3.3	-0.2	-2.4	9.7	6.8	-3.1	-5.5	1.8	3.0	10.4
Industrial Metal		-1.3	-4.7	-2.3	-2.3	6.4	0.5	0.0	-1.0	5.5	1.8	5.8
	Copper	-0.2	-2.7	-2.9	-4.3	6.8	1.7	-0.5	1.1	5.3	0.5	5.6
	Aluminum	-2.6	-3.5	-0.4	1.9	3.3	-1.0	-1.2	-3.9	7.2	1.5	4.8
	Nickel	-2.7	-8.8	-2.8	-4.1	11.1	-1.5	0.6	-1.2	8.6	-0.2	6.2
Agriculture		-0.5	-1.7	-2.4	3.6	-1.1	1.6	-0.1	1.6	-0.9	-1.0	0.4
	Soybean	-0.7	-2.3	-2.9	1.4	-0.2	0.4	2.2	1.2	-1.3	-0.7	-0.1
	Corn	0.6	0.1	-4.4	2.5	-3.2	1.9	2.0	1.6	-1.2	-0.1	-1.1
Livestock		2.1	-1.9	-0.9	-0.5	1.1	-0.5	-2.1	-0.0	2.6	-2.6	-0.0
	Live Cattle	3.4	-0.7	-1.5	1.2	2.8	-0.3	-1.2	1.9	2.8	-0.7	-4.6
	Lean Hogs	-1.3	-5.0	-0.4	-2.6	-1.1	-1.1	-2.1	-0.1	1.8	-4.2	3.5
Bitcoin		-5.1	2.4	-1.8	2.9	10.6	-3.9	-1.6	-0.2	-4.6	-0.8	-2.9
Foreign Exchange												
US Dollar Index		0.6	0.2	-0.1	0.3	-0.8	0.3	-0.9	-0.2	0.1	1.7	-0.2
USDCNY		0.1	0.1	-0.0	0.3	-0.0	-0.2	-0.1	0.1	0.0	0.1	0.1
MSCI EM Currency		-0.3	0.2	-0.4	-0.2	0.6	0.0	0.5	0.3	-0.3	-0.5	0.0
USDHKD		-0.0	-0.1	0.1	0.1	-0.2	0.0	-0.2	-0.1	-0.1	0.1	0.1
USDJPY		0.4	-0.4	0.2	0.9	-0.1	1.8	-3.3	2.4	0.9	1.1	0.2
EURUSD		-0.9	-0.4	0.0	-0.2	0.9	0.1	0.6	0.3	0.1	-1.8	0.4
GBPUSD		-0.3	-0.2	0.0	0.3	1.4	-0.2	0.4	1.0	-0.7	-1.5	0.1

Source: Bloomberg, GROW Research (Updated on 15/06/2024, same below)

Appendix 2: Performance of major asset classes (annual)

Asset Class	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
MSCI Index											
MSCI World	10.2	21.8	-19.5	20.1	14.1	25.2	-10.4	20.1	5.3	-2.7	2.9
MSCI DM	9.7	20.1	-19.8	16.8	14.3	24.0	-11.2	21.6	5.6	-4.3	2.1
MSCI EM	5.2	7.0	-22.4	-4.6	15.8	15.4	-16.6	34.3	8.6	-17.0	-4.6
MSCI China	6.5	-13.2	-23.5	-22.4	26.7	20.4	-20.3	52.3	-1.4	-10.1	4.7
MSCI Asia Ex Japan	8.2	3.6	-21.5	-6.4	22.5	15.4	-16.4	38.7	2.9	-11.3	2.2
MSCI Europe	6.9	12.7	-11.9	22.4	-5.4	22.2	-13.1	7.3	-0.5	5.5	4.1
Stock											
US S&P 500	13.9	24.2	-19.4	26.9	16.3	28.9	-6.2	19.4	9.5	-0.7	11.4
Chinese Ma SHCOMP	1.9	-3.7	-15.1	4.8	13.9	22.3	-24.6	6.6	-12.3	9.4	52.9
SZCOMP	-8.1	-7.0	-21.9	8.6	35.2	35.9	-33.2	-3.5	-14.7	63.2	33.8
HK SAR, Ch HSI	5.2	-13.8	-15.5	-14.1	-3.4	9.1	-13.6	36.0	0.4	-7.2	1.3
Japan Nikkei 225	16.0	28.2	-9.4	4.9	16.0	18.2	-12.1	19.1	0.4	9.1	7.1
Germany DAX	7.5	20.3	-12.3	15.8	3.5	25.5	-18.3	12.5	6.9	9.6	2.7
UK FTSE 100	5.3	3.8	0.9	14.3	-14.3	12.1	-12.5	7.6	14.4	-4.9	-2.7
France CAC40	-0.5	16.5	-9.5	28.9	-7.1	26.4	-11.0	9.3	4.9	8.5	-0.5
Bloomberg Barclays Indices	-	-	-	-	-	-	-	-	-	-	-
Global	-2.5	5.7	-16.2	-4.7	9.2	6.8	-1.2	7.4	2.1	-3.2	0.6
China	1.1	2.7	-5.2	8.4	9.8	3.4	3.5	6.2	-5.2	3.9	8.0
US	0.1	5.5	-13.0	-1.5	7.5	8.7	0.0	3.5	2.6	0.5	6.0
Europe	-0.6	7.2	-17.2	-2.9	4.0	6.0	0.4	0.7	3.3	1.0	11.1
Asia Pacific	5.1	5.9	-0.1	5.9	1.2	2.7	0.0	1.6	2.1	-0.1	6.3
EM	2.6	9.1	-15.3	-1.7	6.5	13.1	-2.5	8.2	9.9	1.3	4.8
Treasuries	-0.1	4.1	-12.5	-2.3	8.0	6.9	0.9	2.3	1.0	0.8	5.1
Corporate	0.5	8.5	-15.8	-1.0	9.9	14.5	-2.5	6.4	6.1	-0.7	7.5
High Yield	2.3	13.4	-11.2	5.3	7.1	14.3	-2.1	7.5	17.1	-4.5	2.5
Commodity											
Bloomberg Commodity Index	3.8	-12.6	13.8	27.1	-3.5	5.4	-13.0	0.7	11.4	-24.7	-17.0
Energy	5.9	-25.6	33.5	52.1	-42.9	9.4	-14.4	-5.2	15.9	-38.9	-39.4
Brent Crude	8.5	-2.8	16.0	36.8	-13.6	-5.4	4.7	-	-	-	-
WTI Crude	9.0	-3.0	18.1	39.4	-12.3	-2.8	-	-	-	-	-
Natural Gas	8.6	-33.4	34.8	25.1	-1.2	-11.6	-5.3	-6.1	-15.9	-20.4	-3.4
Precious Metal	12.6	4.1	-1.9	-6.1	25.1	14.6	-6.4	9.9	9.1	-11.5	-6.7
Gold	10.4	8.7	-	-	-	-	-	-	-	-	-
Silver	20.1	-3.4	5.7	-12.2	41.8	-	-	-	-	-	-
Industrial Metal	5.9	-13.7	-4.4	30.3	15.9	4.7	-21.1	28.1	19.5	-26.9	-6.9
Copper	13.5	4.0	-12.1	22.2	22.6	-	-	-	-	-	-
Aluminum	1.6	-3.4	1.4	16.9	-2.1	-1.4	-12.1	24.7	2.2	-14.6	-
Nickel	2.8	-46.2	55.0	17.3	13.4	-	-	-	-	-	-
Agriculture	-4.8	-9.3	13.2	26.6	16.0	-0.4	-12.5	-11.9	1.8	-15.7	-9.3
Soybean	-7.7	-6.0	15.0	14.7	-	-	-	-	-	-	-
Corn	-6.6	-10.4	18.0	17.7	-	-	-	-	-	-	-
Livestock	6.3	-6.9	5.3	8.6	-23.7	-8.0	-3.6	5.4	-5.9	-18.9	11.5
Live Cattle	7.1	-	-	-	-	-	-	-	-	-	-
Lean Hogs	-2.2	-	-	-	-	-	-	-	-	-	-
Bitcoin	54.6	157.0	-64.3	59.8	305.1	94.8	-73.8	1,375.1	120.3	36.2	-57.5
Foreign Exchange											
US Dollar Index	4.2	-2.1	8.2	6.4	-6.7	0.2	4.4	-9.9	3.6	9.3	12.8
USDCNY	2.2	2.9	8.5	-2.6	-6.3	1.2	5.7	-6.3	6.9	4.6	2.5
MSCI EM Currency	-1.0	4.8	-4.3	0.9	3.3	3.1	-3.8	11.4	3.5	-7.1	-4.3
USDHKD	0.0	0.1	0.1	0.6	-0.5	-0.5	0.2	0.7	0.1	-0.1	0.0
USDJPY	11.6	7.6	13.9	11.5	-4.9	-1.0	-2.7	-3.7	-2.7	0.4	13.7
EURUSD	-3.0	3.1	-5.8	-6.9	8.9	-2.2	-4.5	14.1	-3.2	-10.2	-12.0
GBPUSD	-0.3	5.4	-10.7	-1.0	3.1	3.9	-5.6	9.5	-16.3	-5.4	-5.9

Source: Bloomberg, GROW Research

Appendix 3: Performance of major stock market sectors (weekly)

	2024/6/14	2024/6/7	2024/5/31	2024/5/24	2024/5/17	2024/5/10	2024/5/3	2024/4/26	2024/4/19	2024/4/12	2024/4/5
S&P 500											
S&P 500	1.58	1.32	-0.51	0.03	1.54	1.85	0.55	2.67	-3.05	-1.56	-0.95
Info Tech	6.42	3.83	-1.46	3.44	2.90	1.41	1.51	5.11	-7.26	-0.22	-1.00
Financials	-2.00	-0.47	0.05	-1.97	1.37	3.07	-0.63	1.05	0.81	-3.60	-1.43
Health Care	-0.40	1.95	-0.59	-1.31	1.84	1.94	0.59	0.75	-0.01	-3.12	-3.07
Cons Discret	0.27	1.53	-0.31	-1.85	-0.06	0.16	1.60	3.50	-4.52	-0.68	-1.88
Telecom Svc	0.88	1.73	-0.60	0.25	1.70	2.02	-0.55	2.72	-3.23	-0.50	2.47
Industrials	-1.01	-0.97	-0.85	-0.68	-0.36	2.30	0.09	1.82	-2.01	-2.22	-0.24
Cons Staples	-1.20	0.46	0.10	-1.32	0.74	2.30	0.39	1.54	1.44	-1.20	-2.67
Energy	-2.32	-3.48	2.01	-3.82	0.73	1.36	-3.36	0.74	-1.22	-1.93	3.90
Real Estate	1.19	-0.23	1.80	-3.70	2.53	2.03	1.53	1.60	-3.64	-3.06	-2.95
Materials	-0.90	-2.03	0.08	-0.86	0.27	2.58	-0.00	0.65	-1.09	-3.10	-0.14
Utilities	-0.07	-3.93	1.62	-1.16	1.24	4.03	3.35	1.18	1.87	-1.49	-0.74
CSI 300											
CSI 300	-0.91	-0.16	-0.60	-2.08	0.32	1.72	0.56	1.20	1.89	-2.58	0.86
Financials	-1.05	-1.22	-0.86	-2.01	2.93	1.84	0.69	1.75	3.95	-3.20	-0.03
Industrials	-2.28	-0.22	-0.71	-1.23	-0.33	3.19	0.27	-0.05	1.96	-3.02	1.60
Cons Staples	-3.29	-1.91	-2.20	-2.04	-0.37	2.31	0.04	4.14	1.53	-5.88	1.25
Info Tech	3.36	0.99	0.98	-3.60	0.46	-0.72	1.37	3.86	-1.51	-2.58	-0.82
Materials	-2.66	-0.67	-1.10	-3.39	-0.37	3.81	-0.31	-2.68	1.51	0.74	4.30
Cons Discret	1.11	1.01	0.24	-3.51	-2.12	1.84	1.54	0.79	2.36	-1.98	2.35
Health Care	-1.36	0.04	-1.46	-3.64	-0.64	0.93	2.32	3.38	-0.50	-3.40	-0.49
Utilities	-1.56	5.95	1.60	2.50	-0.30	-0.46	0.58	-1.76	0.53	3.84	-1.57
Telecom Svc	2.07	1.14	-1.24	-2.16	0.47	-1.79	-0.73	0.86	3.43	-0.43	-0.31
Energy	-0.14	0.31	1.94	2.34	-2.18	1.46	-1.41	-4.80	5.02	0.07	2.22
HSI											
HSI	-2.31	1.59	-2.84	-4.83	3.11	2.64	4.67	8.80	-2.98	-0.01	1.10
Industrials	-1.72	2.52	-2.62	-5.78	2.97	1.84	3.62	9.76	-4.04	0.82	1.07
Financials	-3.17	0.09	-2.64	-3.28	3.20	3.90	6.87	7.21	-0.89	-1.32	1.59
Real Estate	-4.32	0.42	-5.82	-6.43	5.55	2.00	5.70	10.55	-3.22	-2.60	-0.22
Utilities	-1.22	2.40	-4.34	-1.17	1.12	5.44	0.78	4.88	-3.48	1.63	-0.89
HSTECH	-1.72	2.21	-2.86	-7.61	3.79	-0.23	6.80	13.43	-5.65	0.68	-0.77

Source: Bloomberg, GROW Research

Appendix 4: Performance of major stock market sectors (annual)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
S&P 500											
S&P 500	13.87	24.23	-19.44	26.89	16.26	28.88	-6.24	19.42	9.54	-0.73	11.39
Info Tech	29.21	56.39	-28.91	33.35	42.21	48.04	-1.62	36.91	11.99	4.27	18.19
Financials	7.65	9.94	-12.35	32.54	-4.10	29.17	-14.67	20.03	20.14	-3.48	13.10
Health Care	6.68	0.30	-3.55	24.16	11.43	18.68	4.69	20.00	-4.36	5.21	23.30
Cons Discret	2.19	41.04	-37.58	23.66	32.07	26.20	-0.49	21.23	4.32	8.43	8.05
Telecom Svc	23.57	54.36	-40.42	20.53	22.18	30.88	-16.43	-5.97	17.81	-1.73	-1.91
Industrials	5.97	16.04	-7.10	19.40	9.01	26.83	-15.00	18.54	16.08	-4.72	7.52
Cons Staples	7.31	-2.16	-3.17	15.55	7.63	23.97	-11.15	10.46	2.58	3.77	12.87
Energy	4.30	-4.80	59.04	47.74	-37.31	7.64	-20.50	-3.80	23.65	-23.55	-9.99
Real Estate	-4.49	8.27	-28.45	42.50	-5.17	24.93	-5.64	7.17	0.01	1.24	26.14
Materials	3.50	10.23	-14.06	25.00	18.11	21.87	-16.45	21.39	14.08	-10.36	4.68
Utilities	9.59	-10.20	-1.44	13.99	-2.83	22.24	0.46	8.32	12.20	-8.39	24.29
CSI 300											
CSI 300	3.22	-11.38	-21.63	-5.20	27.21	36.07	-25.31	21.78	-11.28	5.58	51.66
Financials	6.64	-9.38	-14.98	-11.78	0.76	33.60	-20.02	17.72	-9.78	-7.28	86.34
Industrials	2.78	-24.16	-24.79	11.22	33.90	17.91	-26.60	4.86	-16.51	12.14	62.22
Cons Staples	-5.38	-12.64	-14.96	-8.92	75.09	79.32	-22.37	81.02	8.40	22.54	14.48
Info Tech	-3.71	2.35	-36.86	-1.90	34.40	59.54	-37.58	22.74	-20.41	48.11	3.47
Materials	10.79	-12.90	-24.40	14.57	38.99	28.28	-35.56	29.22	-4.85	-1.85	39.60
Cons Discret	11.49	-12.40	-20.47	-16.93	54.75	37.84	-30.14	28.43	-16.56	26.76	20.12
Health Care	-16.12	-14.35	-24.67	-16.68	55.42	38.39	-21.77	26.37	-2.92	36.12	5.12
Utilities	24.45	7.73	-11.63	29.58	-1.53	1.86	-7.18	9.97	-19.50	-0.38	83.12
Telecom Svc	10.74	7.85	-20.99	3.29	-7.69	36.52	-38.31	24.51	-12.54	30.54	37.34
Energy	28.33	14.06	18.29	18.19	-16.29	3.92	-23.68	11.41	-3.02	-18.84	20.46
HSI											
HSI	5.25	-13.82	-15.46	-14.08	-3.40	9.07	-13.61	35.99	0.39	-7.16	1.28
Industrials	7.74	-15.41	-22.01	-19.80	7.51	10.76	-19.27	40.91	2.89	-5.29	-5.74
Financials	4.41	-8.08	-4.20	-8.31	-5.56	9.23	-12.30	34.71	-0.88	-9.81	5.21
Real Estate	-15.15	-29.62	-11.97	-7.93	-20.06	8.20	-7.35	38.28	-3.06	-2.09	7.16
Utilities	6.18	-10.74	-27.34	10.76	-19.13	-2.09	3.84	11.23	-2.11	-6.32	12.78
HSTECH	-1.51	-8.83	-27.19	-32.70	78.71	36.25	-37.65	51.29	10.84	10.32	0.00

Source: Bloomberg, GROW Research

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