Savings Glut Fuel for Spring Rally

- Consensus is mistakenly over analyzing the activity data during the Spring Festival. Good data mean recovery, bad data suggest more stimulus. Indeed, PBoC's balance sheet expansion has heralded a positive turn in economic cycle.

- With data vacuum, we are at the inception of intense speculation. China's savings glut many taken as a sign of extreme risk aversion can be the fuel for a spring rally.

- Stay bullish.

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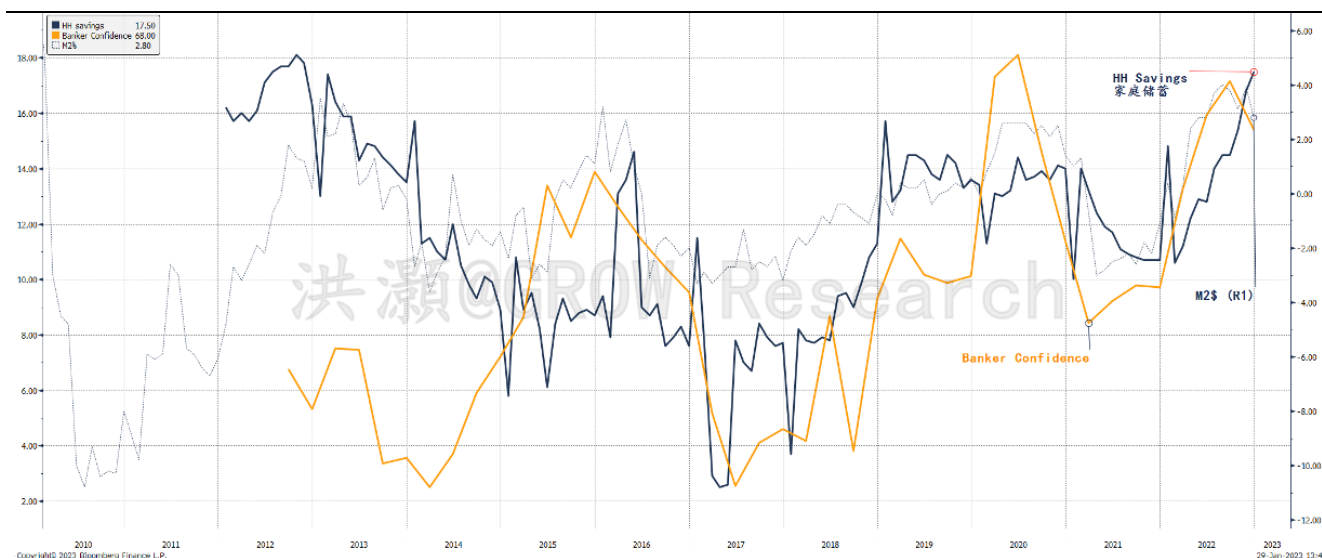Twitter: HaoHong_CFA

Chinese version:

《超额储蓄加油春季行情》

China's Savings Glut

It is the Year of the Bunny, and the market has hopped back to life. Since our non-consensus call "*Mai! Mai! Mai!*" on October 31, 2022 to buy and started this rally, Hong Kong's Hang Seng soared ~50%, the Hang Seng Tech Index ~70%, the Chinese Internet Index **KWEB** ~90%, the Chinese ADR Index **PGJ** ~80% and the Shanghai Composite ~13%. While China's onshore market was closed for the spring festival, overseas markets celebrated the festival with roaring performance. Incidentally, the win ratio for S&P500 in a Bunny Year has been over 80% in the past decades.

Our non-consensus call was viciously ridiculed. But as the market rally unfolds beyond many critics' wildest imagination, consensus now starting to sound like a bullish choir. As an old Chinese market adage goes, "*one positive candlestick can change the sentiment, but three positive candlesticks can even change faith*".

But the Chinese New Year is notorious for data vacuum. For traders, this is a period void of data to show the state of the economy, and thus it is ripe for intense speculations. Stock is about to start trading on sentiment and hopes.

Figure 1: China's savings glut, M2 and Banker Confidence at decade's high.

Source: Bloomberg, GROW Research

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Many are still clinging to using data to justify their bullish stance, citing positive activity data during the spring festival, such as the box office, passenger traffic, hotel bookings etc. But the box office in 2021 was at all time high of 7.8 billion yuan, and yet it was a really bad year for Chinese stocks, and the Chinese internet bubble collapsed that year.

Consensus is missing the point. It fails to recognize that stock trading during the Spring Festival is often disassociated from fundamentals and instead unravels on sentiment and hopes. Human imagination plays a critical role in trading during this period. This is one of the reasons why the Chinese market tends to have a "spring rally".

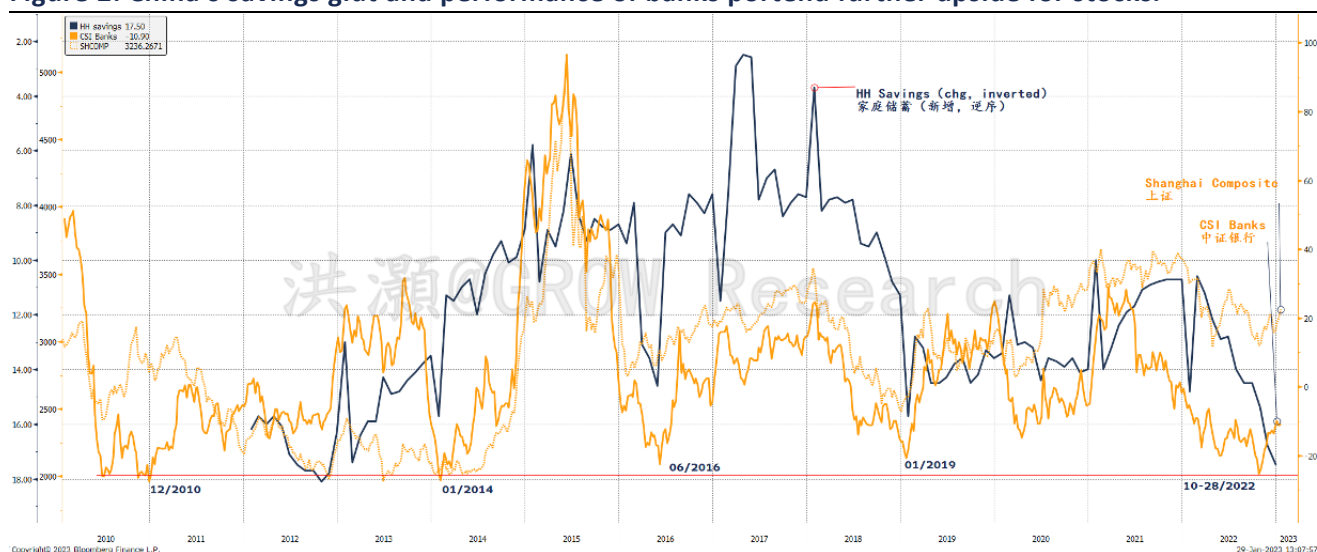So, in the Year of the Rabbit, where would the spring of imagination for stocks come from?

Recently, there has been extended coverage on China's excess savings. It is interpreted as a sign of risk aversion by Chinese households to hoard cash. Indeed, the addition of 17.8 trillion yuan of savings is the highest ever, and 80% higher than an average of ~10 trillion yuan during the previous three years (**Figure 1**). It hints at extreme pessimism.

But as contrarian, we take a different and positive view on China's savings glut. We believe that these excess savings can be the fuel for the current Spring Rally to continue.

Savings Glut as Rally Fuel

In **Figure 2**, we show the relationship between Chinese banks and household savings (inverted). Clearly, Chinese banks have arrived at a critical bottom that coincided with important market bottoms in history. For instance, when Chinese banks' performance fell to this level in January 2014, a bull market and later on a bubble were quietly emerging.

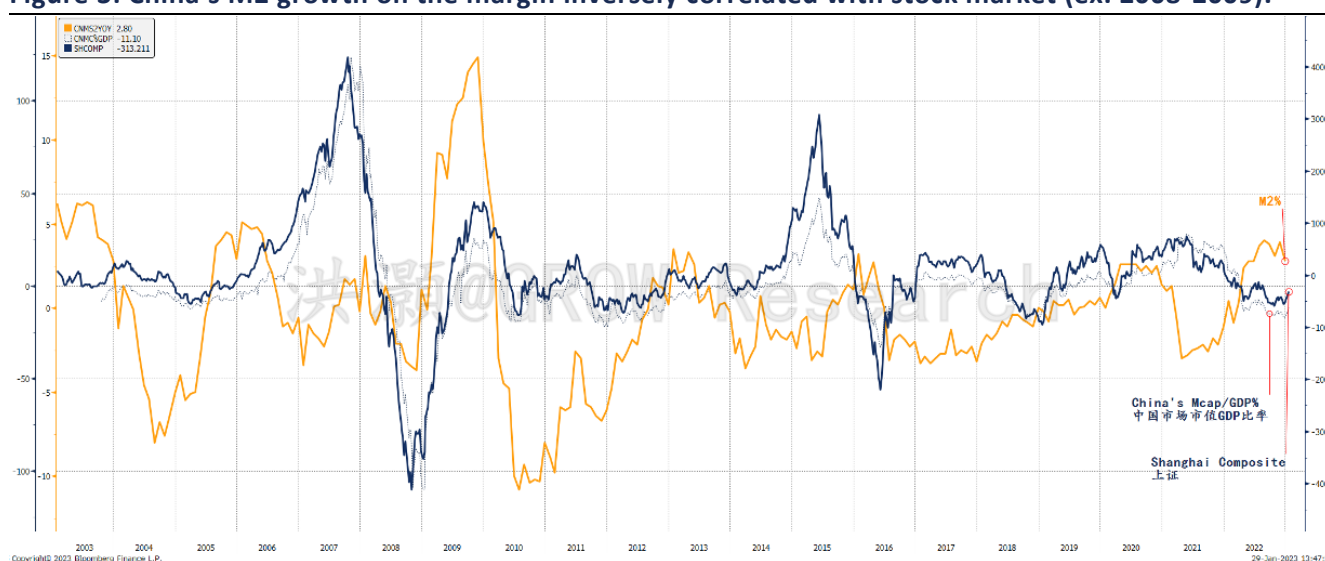**Figure 2: China's savings glut and performance of banks portend further upside for stocks.**

Source: Bloomberg, GROW Research

As households start spending again and saving less, the economy will recover, and the market will respond. Once a virtuous cycle between savings, consumption, economy and the market is formed, a recovery can then ride on sustained momentum and turn into a self-fulfilling hypothesis.

Also, savings is an important part of China's broad money supply. As households draw down their savings, M2 growth will likely slow from its current torrid pace of close to 12% y/y growth - one of the fastest paces in recent years. And in **Figure 3**, we show that M2 growth on the margin is an inverse indicator of market performance. This inverse relationship is even more pronounced in recent years. In short, household savings can be the liquidity for the market.

Figure 3: China's M2 growth on the margin inversely correlated with stock market (ex. 2008-2009).

Source: Bloomberg, GROW Research

That said, household can also opt to dig into their savings to buy property. After all, after record property sales of 18 trillion yuan in 2021, the Chinese bought 5 trillion yuan less property in 2022, contributing to the current savings glut. Fortunately, in recent years, slow property sales tend to mean better stock performance. Our base case is for a slow property recovery in 2023, and thus more allocation of excess savings to stocks.

Meanwhile, we notice that the PBoC's balance sheet is expanding again, coinciding with the turn of China's economic cycle that we have been writing extensively in our reports since late October, 2022.

It is interesting to note that the movement in the PBoC's balance sheet is closely correlated with our proprietary EYBY model and also follows a three- to four-year cycle (**Figure 4**). These are true and powerful leading indicators of the economic cycle, and they are turning positive simultaneously. Such close correlation also affirms the potency of our proprietary EYBY model.

We believe that the economic variables we discuss here are key for traders to look at in the upcoming period of intense speculation.

Figure 4: The PBoC's balance sheet expanding, leading the economic cycle to recovery.

Source: Bloomberg, GROW Research

Conclusion

Consensus is looking at activity data during the data vacuum of the Spring Festival to justify their bullish stance. Its missing the point. Whether the data are good or not, the recovery will be here sooner or later. Good data mean recovery, bad data suggest more stimulus. We are at the inception of an intense speculative period. And the savings glut that consensus takes as a sign of risk aversion can be the fuel for a spring rally.

"No discussion of the interrelations of stock prices and business conditions would be complete without emphasizing that in the clash of speculative forces on the exchange, the emotions play a part which is not paralleled in the normal processes of commerce and industry.

The golden mean is non-existent in Wall Street, because of the speculative mechanism does all things to excess; even the reactions from the heights of phantasy and from the depths of despair are accompanied by convulsions which are distinct from the calmer tenor of business.

Those who seek to relate stock movements to the current statistics of business, or who ignore the strongly imaginative taint of stock operations, or who overlook the technical basis of advances and declines, must meet with disaster, because their judgment is based upon the humdrum dimensions of fact and figure in a game which is actually played in a third dimension of the emotions and a fourth dimension of dreams."

– Ten Years of Wall Street, Barnie Winkleman

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Appendix 1: Performance of major asset classes (weekly)

Asset Class		27/1/2023	20/1/2023	13/1/2023	6/1/2023	30/12/2022	23/12/2022	16/12/2022	9/12/2022	2/12/2022	25/11/2022	18/11/2022
MSCI Index												
MSCI World		2.13%	-0.26%	3.35%	1.99%	-0.07%	-0.06%	-2.14%	-2.24%	1.34%	1.48%	-0.42%
MSCI DM		2.22%	-0.38%	3.24%	1.81%	-0.10%	-0.03%	-2.13%	-2.57%	1.09%	1.68%	-0.57%
MSCI EM		1.44%	0.62%	4.16%	3.38%	0.17%	-0.26%	-2.14%	0.45%	3.49%	-0.21%	0.78%
MSCI China		3.24%	1.48%	4.27%	7.60%	1.27%	-0.62%	-2.78%	6.77%	8.19%	-3.24%	4.02%
MSCI AC Asia Ex. Japan		1.57%	0.95%	4.02%	3.64%	0.48%	-1.13%	-1.95%	1.66%	4.37%	-0.43%	1.72%
MSCI Europe		0.59%	-0.05%	1.75%	4.74%	-0.59%	0.64%	-3.31%	-0.97%	0.67%	1.65%	0.32%
Stock												
U.S.	S&P 500	2.47%	-0.66%	2.67%	1.45%	-0.14%	-0.20%	-2.08%	-3.37%	1.13%	1.53%	-0.69%
Chinese Mainland	SHCOMP	3.39%	-1.18%	1.19%	2.21%	1.42%	-3.85%	-1.22%	1.61%	1.76%	0.14%	0.32%
	SZCOMP	4.18%	-1.29%	1.31%	3.29%	1.31%	-4.39%	-1.75%	1.53%	3.05%	-2.22%	0.56%
HK SAR, China	HSI	2.92%	1.41%	3.56%	6.12%	0.96%	0.73%	-2.26%	6.56%	6.27%	-2.33%	3.85%
Japan	Nikkei 225	3.12%	1.66%	0.56%	-0.46%	-0.54%	-4.69%	-1.34%	0.44%	-1.79%	1.37%	-1.29%
South Korea	KOSPI	0.38%	4.20%	2.40%	-3.34%	-1.96%	-1.21%	-1.86%	0.00%	-0.42%	-1.56%	5.74%
Germany	DAX	0.77%	-0.35%	3.26%	4.93%	-0.12%	0.34%	-3.32%	-1.09%	-0.08%	0.76%	1.46%
U.K.	FTSE 100	-0.07%	-0.94%	1.88%	3.32%	-0.28%	1.92%	-1.93%	-1.05%	0.93%	1.37%	0.92%
France	CAC 40	1.45%	-0.39%	2.37%	5.98%	-0.48%	0.81%	-3.37%	-0.96%	0.44%	1.02%	0.76%
Bloomberg Barclays Indices												
Global		-0.03%	0.00%	1.91%	1.39%	-0.34%	-0.82%	-0.09%	-0.07%	1.60%	0.89%	0.51%
China		0.00%	-1.05%	2.10%	1.55%	0.63%	0.06%	-0.37%	1.16%	1.44%	-0.21%	-0.81%
Global + China		-0.03%	0.00%	1.91%	1.39%	-0.34%	-0.82%	-0.09%	-0.07%	1.60%	0.89%	0.51%
U.S.		0.09%	0.15%	0.88%	1.85%	-0.65%	-1.47%	0.80%	-0.44%	1.54%	1.05%	0.48%
Europe		-0.34%	0.12%	2.76%	1.52%	-0.41%	-1.34%	-1.09%	0.40%	1.50%	0.90%	1.59%
Asian Pacific		-0.10%	-0.63%	2.82%	0.55%	0.27%	1.04%	-0.42%	0.20%	2.19%	0.22%	-0.53%
EM		0.29%	0.81%	1.21%	0.99%	-0.28%	-0.66%	0.47%	0.04%	2.19%	1.45%	1.75%
Treasuries		-0.18%	-0.08%	2.14%	1.23%	-0.32%	-0.90%	-0.42%	-0.10%	1.72%	0.75%	0.39%
Corporate		0.24%	0.23%	1.80%	1.56%	-0.44%	-1.33%	0.23%	-0.03%	1.58%	1.35%	1.16%
High Yield		0.43%	0.20%	1.97%	1.67%	-0.41%	-0.33%	0.18%	-0.07%	1.41%	1.34%	0.98%
Commodity												
Bloomberg Commodity Index		-0.46%	0.49%	3.21%	-4.76%	0.22%	-0.14%	0.87%	-2.59%	-0.39%	0.11%	-1.78%
Energy		-3.38%	1.26%	4.98%	-10.47%	-0.96%	-3.47%	3.81%	-7.57%	-4.37%	0.88%	-2.04%
	Natural Gas	-6.21%	-4.98%	-5.76%	-17.34%	-7.15%	-21.14%	1.40%	-1.06%	-14.33%	9.13%	7.27%
	WTI Crude	-2.40%	1.91%	8.20%	-7.97%	1.02%	6.84%	4.46%	-11.19%	4.85%	-4.78%	-9.33%
	Brent Crude	-1.68%	2.54%	8.49%	-8.54%	1.67%	6.30%	3.77%	-10.46%	2.41%	-3.49%	-6.90%
	Heating Oil	-5.15%	6.11%	8.34%	-8.11%	1.85%	5.09%	9.40%	-11.70%	0.01%	-6.73%	-1.56%
	Unleaded Gasoline	-2.13%	4.36%	12.78%	-9.35%	3.43%	10.99%	3.62%	-9.89%	0.33%	-3.32%	-8.01%
Precious Metal		-0.27%	-0.16%	2.49%	1.72%	1.04%	0.80%	-0.85%	0.54%	3.56%	0.45%	-1.30%
	Gold	0.04%	0.33%	2.78%	2.38%	1.22%	0.22%	-0.58%	0.06%	2.31%	-0.01%	-0.81%
	Silver	-1.51%	-1.79%	1.63%	-0.24%	0.50%	2.54%	-1.64%	2.01%	7.59%	1.95%	-2.87%
Industrial Metal		0.13%	1.69%	6.48%	-1.48%	0.38%	1.37%	-4.33%	0.99%	8.21%	-1.52%	-3.98%
	Copper	-0.68%	0.84%	7.80%	2.64%	0.04%	1.26%	-3.02%	0.73%	6.06%	-0.30%	-6.65%
	Aluminum	0.36%	0.54%	13.04%	-3.56%	-0.56%	0.46%	-4.39%	-2.75%	7.77%	-3.09%	-1.39%
	Zinc	-0.21%	2.90%	10.03%	1.76%	0.25%	-1.65%	-6.88%	5.53%	5.46%	-3.55%	-0.03%
	Nickel	0.38%	7.35%	-4.71%	-6.66%	1.70%	4.47%	-4.06%	1.78%	13.61%	0.10%	-5.88%
Agriculture		1.99%	-0.29%	1.08%	-2.88%	0.91%	1.94%	1.37%	0.18%	-2.00%	-0.18%	-1.57%
	Grains	0.90%	-0.44%	2.16%	-3.78%	2.14%	1.64%	0.96%	-0.10%	-2.61%	-0.44%	-0.63%
	Softs	6.30%	1.96%	-0.22%	-3.94%	-3.52%	4.42%	2.72%	-1.06%	0.57%	-0.67%	-2.02%
Livestock		0.66%	-1.02%	-0.56%	-3.12%	0.02%	1.61%	0.74%	-2.42%	1.02%	-0.69%	1.57%
	Live Cattle	0.56%	-0.61%	0.38%	-0.71%	0.10%	1.27%	0.14%	-0.21%	0.48%	-0.47%	1.70%
	Lean Hogs	0.85%	-1.78%	-2.57%	-8.47%	-0.14%	2.39%	2.11%	-7.10%	2.17%	-1.17%	1.30%
Foreign Exchange												
US Dollar Index		-0.08%	-0.19%	-1.61%	0.34%	-0.16%	-0.57%	-0.10%	0.25%	-1.33%	-0.91%	0.60%
USDCNY		-0.64%	1.90%	-1.86%	-1.02%	-1.31%	0.23%	0.22%	-1.25%	-1.56%	0.63%	0.32%
MSCI EM Currency		0.22%	-0.29%	1.95%	0.54%	0.32%	0.63%	-0.34%	0.23%	1.27%	0.28%	-0.37%
USDHKD		0.01%	0.25%	0.03%	0.07%	-0.04%	0.27%	-0.03%	-0.03%	-0.32%	-0.11%	-0.19%
JPYUSD		0.22%	1.35%	-3.19%	0.73%	-1.35%	-2.70%	0.03%	1.68%	-3.51%	-0.84%	1.12%
EURUSD		0.11%	0.24%	1.75%	-0.57%	0.83%	0.29%	0.44%	0.05%	1.35%	0.68%	-0.21%
GBPUSD		-0.12%	1.39%	1.11%	0.08%	0.25%	-0.78%	-0.91%	-0.17%	1.55%	1.70%	0.51%

Source: Bloomberg, GROW Research (Updated on 28/01/2023, same below)

Appendix 2: Performance of major asset classes (annual)

Asset Class		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
MSCI Index															
MSCI World		7.4%	-19.8%	16.8%	14.3%	24.0%	-11.2%	21.6%	5.6%	-4.3%	2.1%	20.3%	13.4%	-9.4%	10.4%
MSCI DM		7.0%	-19.5%	20.1%	14.1%	25.2%	-10.4%	20.1%	5.3%	-2.7%	2.9%	24.1%	13.2%	-7.6%	9.6%
MSCI EM		9.9%	-22.4%	-4.6%	15.8%	15.4%	-16.6%	34.3%	8.6%	-17.0%	-4.6%	-5.0%	15.1%	-20.4%	16.4%
MSCI China		17.5%	-23.5%	-22.4%	26.7%	20.4%	-20.3%	52.3%	-1.4%	-10.1%	4.7%	0.4%	18.7%	-20.4%	2.6%
MSCI AC Asia Ex. Japan		10.5%	-21.5%	-6.4%	22.5%	15.4%	-16.4%	38.7%	2.9%	-11.3%	2.2%	0.7%	19.4%	-19.2%	17.0%
MSCI Europe		7.1%	-11.9%	22.4%	-5.4%	22.2%	-13.1%	7.3%	-0.5%	5.5%	4.1%	16.4%	13.4%	-10.9%	8.0%
Stock															
U.S.	S&P 500	6.0%	-19.4%	26.9%	16.3%	28.9%	-6.2%	19.4%	9.5%	-0.7%	11.4%	29.6%	13.4%	0.0%	12.8%
Chinese Mainland	SHCOMP	5.7%	-15.1%	4.8%	13.9%	22.3%	-24.6%	6.6%	-12.3%	9.4%	52.9%	-6.7%	3.2%	-21.7%	-14.3%
	SZCOMP	7.6%	-21.9%	8.6%	35.2%	35.9%	-33.2%	-3.5%	-14.7%	63.2%	33.8%	20.0%	1.7%	-32.9%	7.5%
HK SAR, China	HSI	14.7%	-15.5%	-14.1%	-3.4%	9.1%	-13.6%	36.0%	0.4%	-7.2%	1.3%	2.9%	22.9%	-20.0%	5.3%
Japan	Nikkei 225	4.9%	-9.4%	4.9%	16.0%	18.2%	-12.1%	19.1%	0.4%	9.1%	7.1%	56.7%	22.9%	-17.3%	-3.0%
South Korea	KOSPI	11.1%	-24.9%	3.6%	30.8%	7.7%	-17.3%	21.8%	3.3%	2.4%	-4.8%	0.7%	9.4%	-11.0%	21.9%
Germany	DAX	8.8%	-12.3%	15.8%	3.5%	25.5%	-18.3%	12.5%	6.9%	9.6%	2.7%	25.5%	29.1%	-14.7%	16.1%
U.K.	FTSE 100	4.2%	0.9%	14.3%	-14.3%	12.1%	-12.5%	7.6%	14.4%	-4.9%	-2.7%	14.4%	5.8%	-5.6%	9.0%
France	CAC 40	9.6%	-9.5%	28.9%	-7.1%	26.4%	-11.0%	9.3%	4.9%	8.5%	-0.5%	18.0%	15.2%	-17.0%	-3.3%
Bloomberg Barclays Indices															
Global		3.3%	-16.2%	-4.7%	9.2%	6.8%	-1.2%	7.4%	2.1%	-3.2%	0.6%	-2.6%	4.3%	5.6%	5.5%
China		2.6%	-5.2%	8.4%	9.8%	3.4%	3.5%	6.2%	-5.2%	3.9%	8.0%	1.3%	5.1%	9.2%	6.4%
Global + China		3.3%	-16.2%	-4.7%	9.2%	6.6%	-0.9%	7.3%	1.7%	-2.9%	0.9%	-2.5%	4.3%	5.8%	5.6%
U.S.		3.0%	-13.0%	-1.5%	7.5%	8.7%	0.0%	3.5%	2.6%	0.5%	6.0%	-2.0%	4.2%	7.8%	6.5%
Europe		4.1%	-22.3%	-9.7%	13.4%	4.1%	-4.4%	14.6%	0.3%	-9.3%	-2.4%	6.8%	12.9%	-0.1%	-4.5%
Asian Pacific		2.6%	-12.8%	-5.0%	6.6%	3.7%	2.7%	5.2%	5.3%	-0.5%	-6.8%	14.6%	-7.0%	7.3%	17.2%
EM		3.3%	-15.3%	-1.7%	6.5%	13.1%	-2.5%	8.2%	9.9%	1.3%	4.8%	-4.1%	17.9%	7.0%	12.8%
Treasuries		3.1%	-17.5%	-6.6%	9.5%	5.6%	-0.4%	7.3%	1.7%	-3.3%	-0.8%	-4.3%	1.8%	6.3%	5.9%
Corporate		3.9%	-16.7%	-2.9%	10.4%	11.5%	-3.6%	9.1%	4.3%	-3.6%	3.1%	0.3%	11.2%	4.3%	5.8%
High Yield		4.3%	-12.7%	1.0%	7.0%	12.6%	-4.1%	10.4%	14.3%	-2.7%	0.0%	7.3%	19.6%	3.1%	14.8%
Commodity															
Bloomberg Commodity Index		-1.1%	13.8%	27.1%	-3.5%	5.4%	-13.0%	0.7%	11.4%	-24.7%	-17.0%	-9.6%	-1.1%	-13.4%	16.7%
Energy		-8.0%	33.5%	52.1%	-42.9%	9.4%	-14.4%	-5.2%	15.9%	-38.9%	-39.4%	5.1%	-9.4%	-16.0%	-10.7%
	Natural Gas	-30.6%	17.0%	27.9%	-42.2%	-38.5%	-2.1%	-37.0%	10.0%	-40.0%	-30.7%	4.9%	-30.7%	-47.1%	-40.7%
	WTI Crude	-1.0%	22.4%	61.5%	-50.9%	31.6%	-22.0%	4.1%	6.7%	-44.4%	-41.7%	6.8%	-11.8%	-3.7%	3.7%
	Brent Crude	0.0%	38.9%	65.5%	-31.8%	32.7%	-16.6%	13.2%	25.0%	-45.6%	-47.6%	7.2%	7.5%	16.8%	11.3%
	Heating Oil	0.2%	90.9%	58.2%	-38.5%	22.0%	-17.4%	13.9%	33.0%	-42.9%	-38.8%	0.3%	5.4%	10.6%	8.2%
	Unleaded Gasoline	4.6%	45.7%	69.5%	-31.2%	41.5%	-29.7%	1.8%	6.1%	-12.7%	-43.8%	1.9%	25.6%	14.4%	12.9%
Precious Metal		3.8%	-1.9%	-6.1%	25.1%	14.6%	-6.4%	9.9%	9.1%	-11.5%	-6.7%	-30.8%	6.2%	4.5%	42.5%
	Gold	5.6%	-2.7%	-4.3%	20.5%	15.6%	-4.7%	11.7%	7.4%	-10.9%	-1.8%	-28.7%	6.0%	9.6%	28.5%
	Silver	-1.7%	0.5%	-12.3%	41.9%	11.5%	-11.9%	4.8%	13.6%	-12.8%	-20.5%	-36.7%	7.0%	-10.2%	81.6%
Industrial Metal		6.8%	-4.4%	30.3%	15.9%	4.7%	-21.1%	28.1%	19.5%	-26.9%	-6.9%	-13.7%	0.6%	-24.3%	16.1%
	Copper	10.8%	-15.3%	27.0%	22.8%	5.0%	-22.8%	28.0%	15.4%	-25.2%	-16.6%	-8.8%	4.9%	-24.5%	29.4%
	Aluminum	10.0%	-16.8%	38.9%	3.5%	-5.8%	-18.5%	29.9%	9.4%	-23.0%	-3.1%	-20.8%	-4.1%	-21.7%	5.2%
	Zinc	15.0%	-12.3%	27.9%	18.1%	-3.2%	-22.9%	28.5%	56.9%	-28.0%	3.5%	-7.0%	8.9%	-27.8%	-9.0%
	Nickel	-4.2%	43.7%	26.2%	16.2%	29.8%	-18.0%	24.4%	11.5%	-42.7%	7.3%	-20.1%	-10.3%	-24.7%	32.0%
Agriculture		-0.2%	13.2%	26.6%	16.0%	-0.4%	-12.5%	-11.9%	1.8%	-15.7%	-9.8%	-14.3%	3.9%	-14.4%	38.3%
	Grains	-1.2%	15.6%	20.9%	18.9%	-3.2%	-7.4%	-12.1%	-6.2%	-19.5%	-9.4%	-16.9%	18.1%	-14.5%	30.1%
	Softs	3.9%	-5.4%	43.9%	2.5%	2.1%	-23.8%	-15.6%	12.8%	-9.9%	-10.1%	-16.9%	-22.5%	-14.0%	59.7%
Livestock		-4.0%	5.3%	8.6%	-23.7%	-8.0%	-3.6%	5.4%	-5.9%	-18.9%	11.5%	-3.6%	-3.6%	-2.4%	9.1%
	Live Cattle	-0.4%	2.6%	-0.1%	-18.2%	-0.9%	0.6%	8.1%	-7.7%	-14.3%	22.0%	-5.1%	-4.0%	-1.1%	14.8%
	Lean Hogs	-11.7%	10.8%	25.1%	-31.8%	-20.9%	-12.7%	1.8%	-3.3%	-26.1%	-4.4%	-2.1%	-3.0%	-4.6%	0.2%
Foreign Exchange															
US Dollar Index		-1.5%	8.2%	6.4%	-6.7%	0.2%	4.4%	-9.9%	3.6%	9.3%	12.8%	0.3%	-0.5%	1.5%	1.5%
USDCNY		-1.7%	8.5%	-2.6%	-6.3%	1.2%	5.7%	-6.3%	6.9%	4.6%	2.5%	-2.8%	-1.0%	-4.5%	-3.4%
MSCI EM Currency		2.4%	-4.3%	0.9%	3.3%	3.1%	-3.8%	11.4%	3.5%	-7.1%	-4.8%	-1.9%	5.5%	-2.6%	7.9%
USDHKD		0.4%	0.1%	0.6%	-0.5%	-0.5%	0.2%	0.7%	0.1%	-0.1%	0.0%	0.0%	-0.2%	-0.1%	0.2%
JPYUSD		-0.9%	13.9%	11.5%	-4.9%	-1.0%	-2.7%	-3.7%	-2.7%	0.4%	13.7%	21.4%	12.8%	-5.2%	-12.8%
EURUSD		1.5%	-5.8%	-6.9%	8.9%	-2.2%	-4.5%	14.1%	-3.2%	-10.2%	-12.0%	4.2%	1.8%	-3.2%	-6.5%
GBPUSD		2.5%	-10.7%	-1.0%	3.1%	3.9%	-5.6%	9.5%	-16.3%	-5.4%	-5.9%	1.9%	4.6%	-0.4%	-3.5%

Source: Bloomberg, GROW Research

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

	27/1/2023	20/1/2023	13/1/2023	6/1/2023	30/12/2022	23/12/2022	16/12/2022	9/12/2022	2/12/2022	25/11/2022	18/11/2022
S&P 500 GICS Groups Index											
S&P 500 GICS Groups Index	2.47%	-0.66%	2.67%	1.45%	-0.14%	-0.20%	-2.08%	-3.37%	1.13%	1.53%	-0.69%
Info. Tech.	4.07%	0.68%	4.60%	0.22%	-0.15%	-2.04%	-2.67%	-3.34%	1.31%	0.98%	-0.85%
Industrials	2.13%	-3.36%	1.53%	2.72%	-0.18%	0.76%	-1.10%	-3.20%	1.00%	1.90%	-0.23%
Materials	0.71%	-1.21%	4.29%	3.45%	-1.18%	-0.10%	-2.34%	-3.33%	1.54%	2.92%	-1.61%
Consumer Staples	0.43%	-2.86%	-1.46%	1.75%	-0.86%	1.00%	-1.40%	-1.83%	1.10%	2.10%	1.69%
Health Care	-0.89%	-1.12%	-0.19%	-0.19%	-0.19%	0.81%	-1.83%	-1.29%	1.91%	1.91%	0.99%
Consumer Discrentionary	6.38%	-0.51%	5.76%	2.25%	-0.26%	-3.10%	-3.63%	-4.48%	2.10%	1.13%	-3.15%
Financials	2.53%	-2.08%	2.03%	3.33%	0.68%	1.40%	-2.50%	-3.90%	-0.64%	2.16%	-1.48%
Energy	0.76%	0.74%	2.66%	0.00%	0.60%	4.38%	1.72%	-8.40%	-1.97%	0.26%	-2.35%
Real Estate	2.82%	-0.75%	4.39%	2.48%	-0.61%	-0.01%	-2.38%	-1.85%	0.43%	1.99%	-1.83%
Utilities	-0.49%	-2.93%	0.45%	0.70%	-0.64%	1.42%	-0.55%	-0.32%	0.06%	3.04%	0.83%
Telecom	3.28%	2.97%	4.07%	3.70%	-0.08%	-0.40%	-2.47%	-5.39%	3.31%	1.01%	-0.08%
Shanghai Stock Exchange Sector Index											
Info.Tech.	8.41%	0.00%	0.09%	2.57%	2.25%	-5.71%	-0.76%	0.93%	-0.01%	-4.90%	5.34%
Industrials	3.41%	0.00%	0.32%	1.98%	2.26%	-5.16%	-2.44%	0.50%	0.83%	1.29%	-2.25%
Materials	3.55%	0.00%	2.13%	2.66%	1.21%	-4.41%	-3.05%	3.76%	1.08%	0.88%	-1.44%
Consumer Staples	-1.94%	0.00%	3.77%	1.10%	-0.61%	-0.96%	0.75%	6.34%	7.14%	-3.77%	0.80%
Health Care	4.22%	0.00%	2.53%	2.71%	2.89%	-4.96%	0.38%	0.37%	0.85%	-5.06%	5.05%
Consumer Discrentionary	0.57%	0.00%	1.97%	3.15%	0.04%	-2.90%	-0.67%	2.84%	4.88%	-2.30%	-2.02%
Financials	1.05%	0.00%	2.29%	2.48%	1.77%	-2.53%	-0.87%	3.94%	1.44%	2.93%	1.22%
Energy	2.37%	0.00%	3.83%	0.63%	0.23%	-4.88%	-2.17%	-0.68%	-1.00%	4.69%	-4.80%
Utilities	1.25%	0.00%	-2.30%	2.37%	5.26%	-4.02%	-1.12%	-2.91%	-0.73%	3.92%	0.69%
Telecom	3.32%	0.00%	0.81%	4.72%	1.48%	-2.23%	-2.20%	-1.45%	5.10%	0.41%	1.60%
Hang Seng Sector Index											
Info.Tech.	4.60%	2.01%	3.92%	10.20%	0.82%	1.09%	-4.21%	10.36%	11.51%	-7.46%	8.47%
Industrials	2.85%	4.02%	2.95%	3.21%	0.99%	-3.98%	-0.53%	4.31%	3.91%	-2.18%	1.74%
Materials	3.23%	4.59%	7.30%	4.34%	1.17%	-3.76%	-2.86%	5.57%	4.53%	1.78%	-0.98%
Consumer	3.38%	0.52%	3.59%	4.03%	0.08%	2.04%	-2.27%	4.86%	12.49%	-6.26%	2.92%
Financials	2.15%	1.18%	3.24%	4.48%	1.77%	0.89%	-1.16%	4.87%	3.09%	2.10%	2.05%
Energy	1.94%	4.91%	6.04%	0.19%	0.93%	-1.64%	1.58%	-0.29%	-1.40%	3.76%	-1.50%
Real Estate	3.10%	2.31%	-1.19%	5.85%	0.48%	-1.94%	-2.45%	10.80%	0.23%	3.48%	4.49%
Utilities	0.58%	1.83%	-0.15%	5.32%	4.33%	-2.23%	-0.58%	5.65%	-1.34%	1.53%	4.03%
Telecom	1.05%	1.86%	4.11%	3.14%	-0.94%	0.88%	0.22%	1.06%	-0.27%	4.26%	1.66%

Source: Bloomberg, GROW Research

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
S&P 500 GICS Groups Index														
S&P 500 GICS Groups Index	6.0%	-19.4%	26.9%	16.3%	28.9%	-6.2%	19.4%	9.5%	-0.7%	11.4%	29.6%	13.4%	0.0%	12.8%
Info. Tech.	9.8%	-28.9%	33.4%	42.2%	48.0%	-1.6%	36.9%	12.0%	4.3%	18.2%	26.2%	13.1%	1.3%	9.1%
Industrials	2.9%	-7.1%	19.4%	9.0%	26.8%	-15.0%	18.5%	16.1%	-4.7%	7.5%	37.6%	12.5%	-2.9%	23.9%
Materials	7.3%	-14.1%	25.0%	18.1%	21.9%	-16.4%	21.4%	14.1%	-10.4%	4.7%	22.7%	12.2%	-11.6%	19.9%
Consumer Staples	-2.2%	-3.2%	15.6%	7.6%	24.0%	-11.2%	10.5%	2.6%	3.8%	12.9%	22.7%	7.5%	10.5%	10.7%
Health Care	-2.4%	-3.6%	24.2%	11.4%	18.7%	4.7%	20.0%	-4.4%	5.2%	23.3%	38.7%	15.2%	10.2%	0.7%
Consumer Discretionary	14.5%	-37.6%	23.7%	32.1%	26.2%	-0.5%	21.2%	4.3%	8.4%	8.0%	41.0%	21.9%	4.4%	25.7%
Financials	5.8%	-12.4%	32.5%	-4.1%	29.2%	-14.7%	20.0%	20.1%	-3.5%	13.1%	33.2%	26.3%	-18.4%	10.8%
Energy	4.2%	59.0%	47.7%	-37.3%	7.6%	-20.5%	-3.8%	23.7%	-23.6%	-10.0%	22.3%	2.3%	2.8%	17.9%
Real Estate	9.2%	-28.4%	42.5%	-5.2%	24.9%	-5.6%	7.2%	0.0%	1.2%	26.1%	-1.5%	16.2%	7.9%	28.0%
Utilities	-2.3%	-1.4%	14.0%	-2.8%	22.2%	0.5%	8.3%	12.2%	-8.4%	24.3%	8.8%	-2.9%	14.8%	0.9%
Telecom	14.8%	-40.4%	20.5%	22.2%	30.9%	-16.4%	-6.0%	17.8%	-1.7%	-1.9%	6.5%	12.5%	0.8%	12.3%
Shanghai Stock Exchange Sector Index														
Info.Tech.	11.3%	-37.1%	-0.2%	22.5%	65.4%	-34.1%	-4.9%	-26.9%	60.0%	36.5%	46.8%	-14.1%	-39.2%	27.2%
Industrials	5.8%	-18.3%	14.3%	25.3%	13.7%	-23.6%	5.5%	-15.0%	10.7%	68.0%	-3.2%	-4.8%	-32.5%	-4.0%
Materials	8.6%	-21.4%	15.9%	22.7%	29.0%	-30.1%	27.3%	-7.6%	-1.0%	38.9%	-24.0%	9.1%	-35.1%	-3.2%
Consumer Staples	2.9%	-16.0%	-6.9%	81.6%	47.5%	-19.3%	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-22.1%	12.7%
Health Care	9.7%	-22.7%	-8.3%	57.4%	24.3%	-26.4%	18.2%	-11.4%	45.8%	6.3%	32.6%	10.3%	-31.2%	33.8%
Consumer Discretionary	5.8%	-16.0%	-6.9%	81.6%	47.5%	-19.3%	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-22.1%	12.7%
Financials	5.9%	-11.2%	-12.7%	-3.0%	29.6%	-17.4%	23.4%	-7.8%	-9.7%	82.0%	-9.9%	20.9%	-13.9%	-26.8%
Energy	7.0%	16.4%	29.6%	-11.3%	2.4%	-26.3%	6.4%	-3.9%	-15.0%	24.0%	-33.0%	-4.8%	-23.5%	-10.9%
Utilities	1.3%	-15.3%	39.4%	-3.8%	3.4%	-11.1%	-3.0%	-20.5%	6.2%	73.1%	-1.2%	3.4%	-17.2%	-16.8%
Telecom	9.1%	-10.5%	9.2%	-6.2%	29.9%	-29.8%	12.1%	-7.6%	56.0%	34.6%	30.6%	-22.8%	-38.8%	4.6%
Hang Seng Sector Index														
Info.Tech.	22.2%	-25.1%	-32.3%	69.6%	23.7%	-29.6%	92.3%	18.2%	22.3%	8.9%	70.0%	36.5%	-18.6%	-7.0%
Industrials	10.3%	-21.2%	-18.8%	-15.9%	15.7%	-10.2%	48.8%	-1.8%	-2.6%	3.1%	-9.9%	42.9%	-26.5%	4.5%
Materials	20.9%	-15.2%	9.4%	30.0%	-0.4%	-29.5%	30.5%	21.0%	-18.7%	-1.1%	-21.9%	8.1%	-42.4%	4.4%
Consumer Goods	12.0%	-21.1%	19.1%	-27.1%	51.3%	-6.5%	-10.3%	-11.1%	11.2%	10.1%	-24.3%	9.3%	116.6%	-52.6%
Consumer Services			6.7%	-22.6%	39.7%	3.6%	-23.9%	-30.5%	40.1%	22.2%	-20.6%	25.3%	70.6%	-62.1%
Financials	11.5%	-5.5%	-6.8%	-6.9%	7.5%	-14.8%	31.2%	-3.1%	-10.0%	7.6%	3.0%	24.2%	-24.6%	-0.7%
Energy	13.6%	17.3%	20.5%	-33.7%	-4.1%	-2.8%	11.4%	14.3%	-31.3%	-17.3%	-16.2%	12.7%	-15.1%	16.5%
Real Estate	10.3%	-21.2%	-18.8%	-15.9%	15.7%	-10.2%	48.8%	-1.8%	-2.6%	3.1%	-9.9%	42.9%	-26.5%	4.5%
Utilities	7.7%	-30.3%	17.6%	-9.4%	-0.9%	1.2%	15.7%	-7.4%	-8.1%	6.2%	13.8%	15.0%	2.8%	6.2%
Telecom	10.5%	6.9%	0.5%	-29.9%	-9.7%	-3.4%	-1.0%	-6.0%	-5.1%	11.5%	-10.2%	11.7%	2.7%	8.4%

Source: Bloomberg, GROW Research

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