

The Puzzle of “Vanishing Surplus”

- FX settlement growth at record low, trade surplus has not yet been converted to yuan liquidity fully but will likely so. It explains the disconnect between record surplus and plunging stocks in 2022.
- The yuan vol and traders’ USD positions are not sending out strong trading signals, while northbound buying has hit a near-term wall. Bide your time, while waiting for the recovery to unfold.

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Chinese version:

《从贸易盈余到市场复苏》

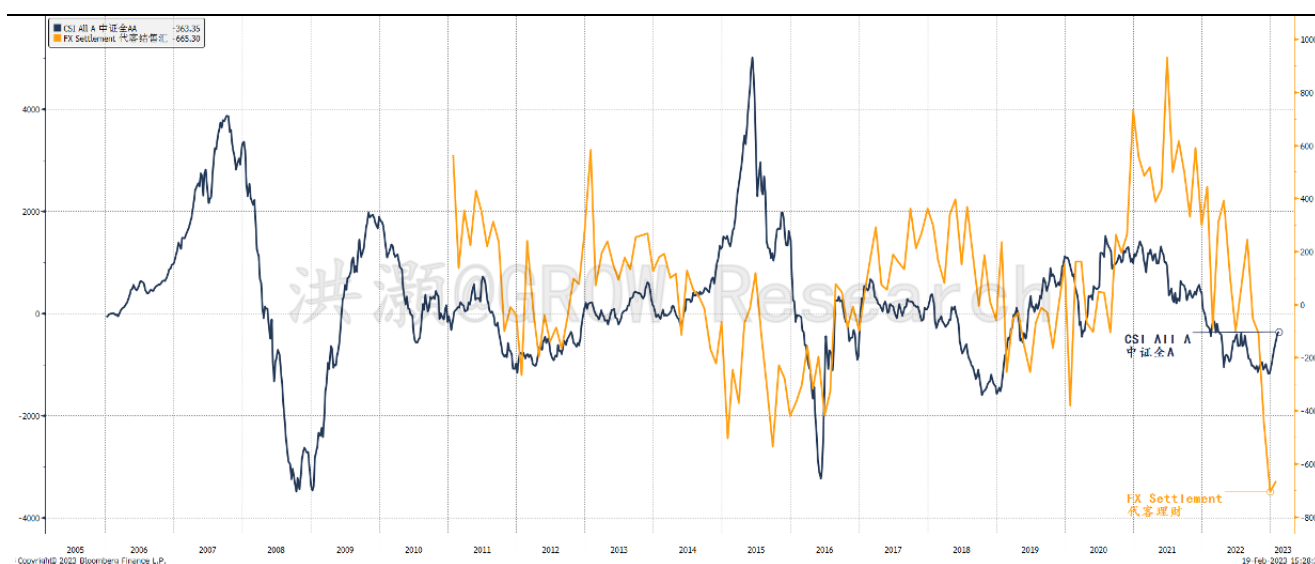
Decoupling between Trade and Stocks

Cyclical economic recovery in China is starting to unfold. High-frequency data show that traffic congestion and subway crowds in big cities have rebounded to near-normal level. In Tier-1 cities, secondary property transactions have been returning strongly. Of course, in the age of social media, the mood in the property market has been distorted and exaggerated. After all, secondary transactions can add little to economic growth. It is a fossil of sunk capital investment from the past.

Nevertheless, as recoverists, we welcome such corroborative data points. Yet the market recovery since last October continued to stall, and even mysteriously plunged on late Friday afternoon trading, regurgitating the gain on last Friday morning.

Such dramatic intraday reversal tends to invite intense but futile speculation about its cause among traders. Instead, we turn to China’s external accounts for some clues. With the January FX settlement data release, we note that new FX settlement is at all-time-low for the entire data history (**Figure 1**).

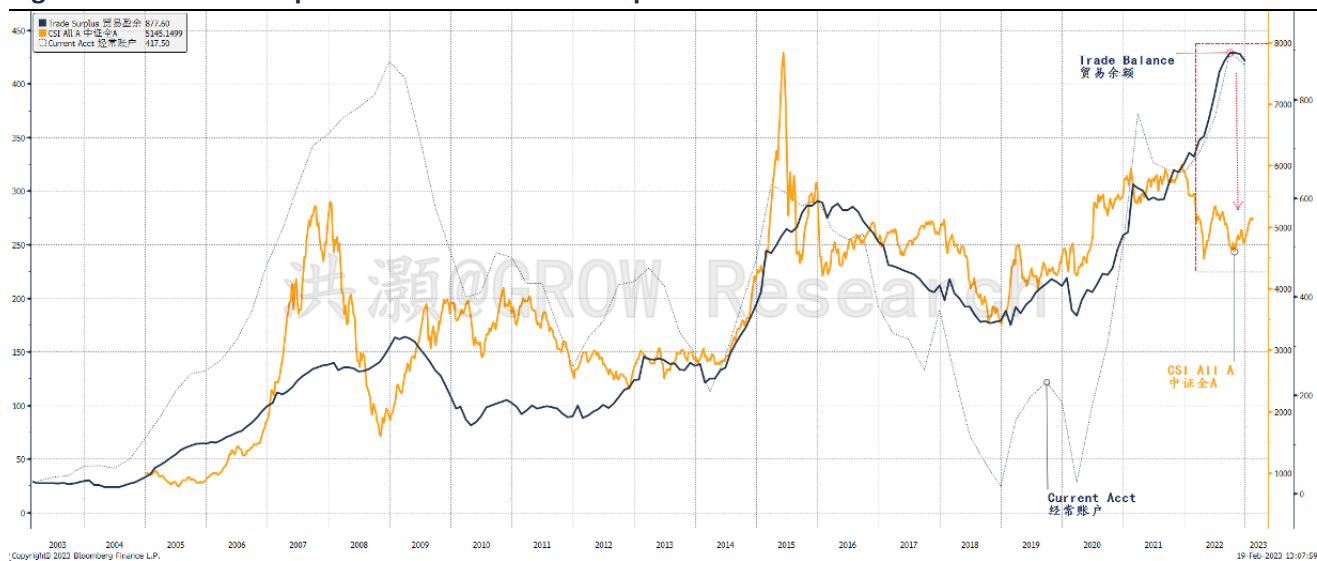
Figure 1: FX settlement growth at record low. It is a contrarian indicator.



Source: Bloomberg, GROW Research

Such data suggest that yuan buying by bank clients is still tepid, given the level of foreign trade last year. Or that FX accumulation from China's record trade balance has not yet turned into yuan liquidity in full. In a way, this data point explains why record Chinese exports and current account surplus in 2022 have not turned into rising FX reserve. Consequently, there is a momentous decoupling between China's trade balance and Chinese stock market performance (**Figure 2**).

Figure 2: Stocks decoupled from record trade surplus.



Source: Bloomberg, GROW Research

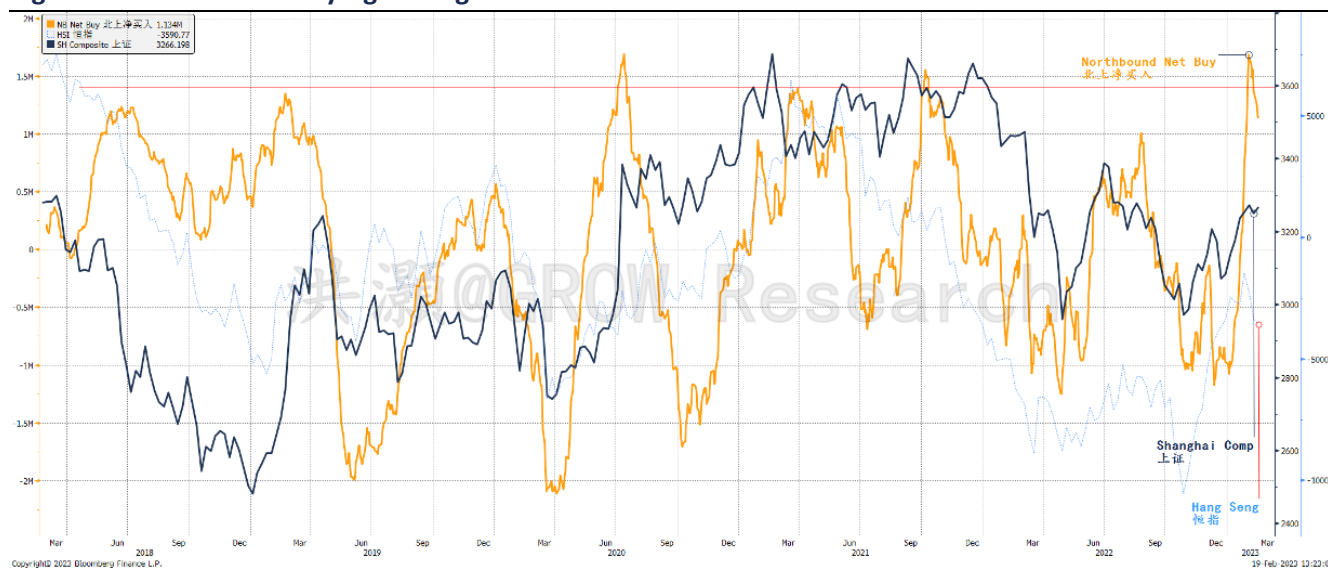
That said, record-low FX settlement growth suggests new yuan liquidity should emerge in the coming months, as bank clients sell their USD at hand for yuan and then add to the yuan circulation by investing or spending. As yuan buying increases, the yuan should strengthen. Exchange rate tends to be momentum-driven and thus a strengthening yuan can lead to a virtuous cycle, feeding into the recovery expectation. This conjecture is consistent with our view that the Chinese economy is bottoming and is in the process of recovery.

Of course, some could argue that new FX settlement can fall even further, if the Chinese economic recovery stalls. But strong policy support has already been rolled out and more is coming, early signs of recovery have emerged, and other leading indicators that we are tracking, such as our EYBY indicator amongst the others, continue to recover. The odds on an eventual recovery looks good at this stage.

But Rally Continues to Stall.

Despite positive outlook for longer trading window, the near-term reality is that the rally has stalled, likely for technical reasons. For instance, northbound buying seems to be exhausting at a level that tends to coincide with previous local index peaks (**Figure 3**).

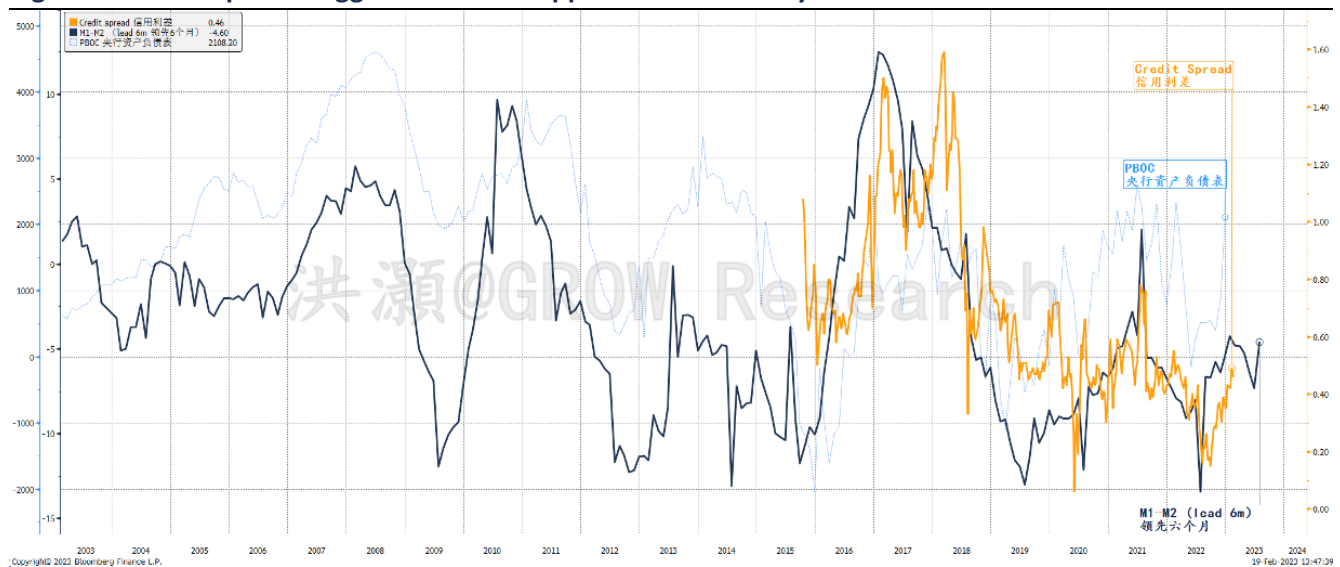
Figure 3: Northbound buying hitting the wall.



Source: Bloomberg, GROW Research

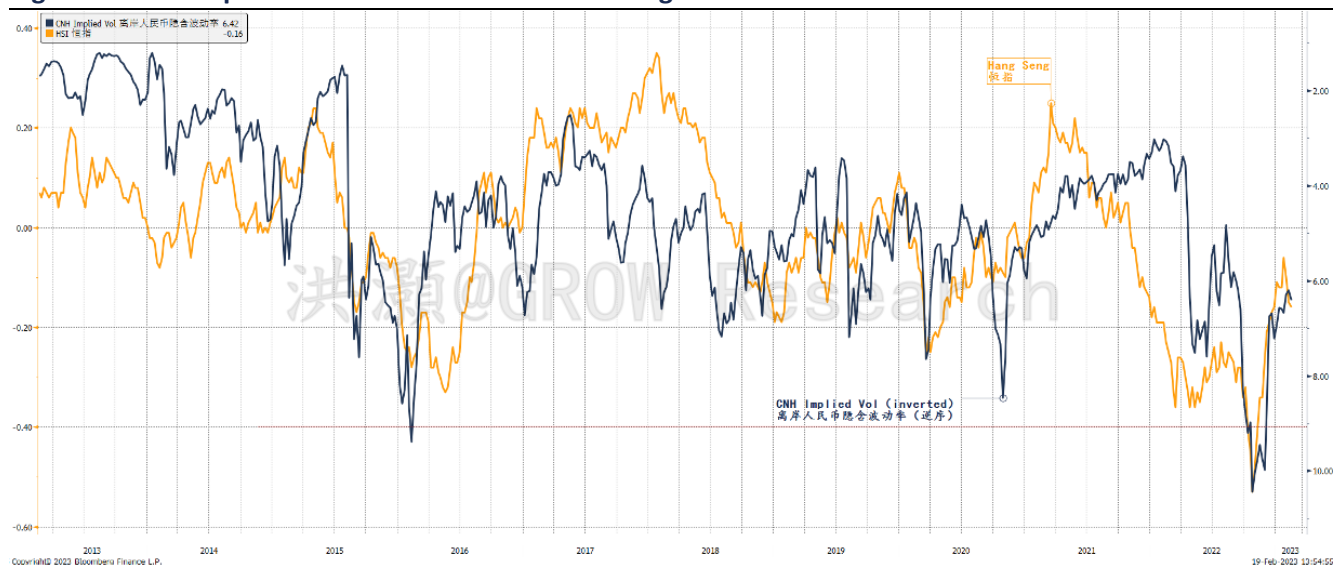
Traders must be pausing to take some profits, while waiting for further evidence of an economic recovery. Heightened geopolitical tensions, as well as concerns about what a registration-based IPO system would mean for the liquidity in the secondary market, continue to weight on both on- and off-shore markets.

Such hesitation in trading is also palpable in credit spreads. Bonds are still expensive and well-bid owing to their safety, suggesting weak risk appetite. Historically, the gap between M1 and M2 growth tends to lead credit spreads by about two quarters, and is highly correlated with the PBOC's balance sheet expansion (**Figure 4**). Currently, this gap is still below its historical average and is still slightly negative, suggesting that the higher-power money from the central bank has not yet fully turned into credit expansion. And that more credit expansion should be on its way in the coming months. The movement in the PBOC's balance also confirmed this postulation.

Figure 4: Credit spread suggests that risk appetite has not fully recovered.

CNY Holds the Keys

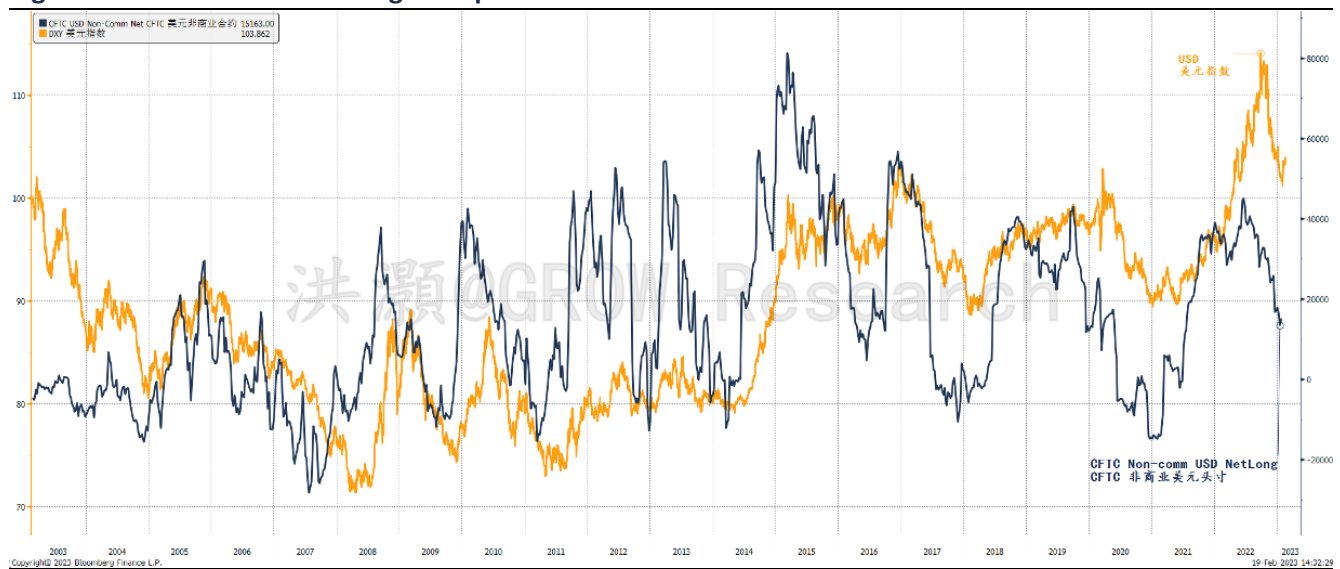
2022 has seen some of the wildest swings in the currency market in recent years. Major currencies all have all been through epic turmoil. In the previous section, we discussed how FX settlement data revealed one cause of the CNY weakness in the past year despite record trade. Besides new FX settlement growth should recover from record low as the economic recovery unfolds and expectation heals, we note that the implied vol of the offshore CNY continues to subside, together with the recovery in the Hong Kong market (Figure 5).

Figure 5: CNH implied vol has recovered from a heightened level to neutral.

As buying of the yuan by bank clients or traders continues to rise, the yuan should strengthen, and the yuan vol should continue to subside, turning into a virtuous cycle that we posited earlier in this note. We note that prior to this recovery in the yuan, the implied vol of yuan had soared to a level even higher than in 2015 and early 2016, when China saw record capital outflow after the burst of the stock market bubble (Figure 5).

Meanwhile, the dollar, the key trading counterpart, has weakened from its strongest level in recent decades since late 2022. And non-commercial traders are cutting their long bets to a neutral level that does not give a strong trading signal. That said, with the Fed's decision imminent and the changing of the guards in BoJ, one should not be surprised by potential vol surge in the currency market.

Figure 6: Traders have cut long-USD positions back to around neutral.



Conclusion

High-frequency data suggest that China's economic recovery is unfolding. But we caution against reading too much into rising secondary property transactions, as existing properties are nothing more than fossils of sunk capital investment from the past. We need to see the primary market get better.

New FX settlement at record low explains in part why historic trade and current account surplus have failed to turn into a strong yuan and rising stocks in 2022. But with the PBoC's balance sheet expansion and an ensuing recovery in expectations and fundamentals, the yuan's strength is late, but not absent.

Subsiding yuan vol and neutral USD positioning are not giving strong trading signal either way, and northbound buying has hit a near-term wall. Traders are pausing and regrouping a little while longer.

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Appendix 1: Performance of major asset classes (weekly)

Asset Class		17/2/2023	10/2/2023	3/2/2023	27/1/2023	20/1/2023	13/1/2023	6/1/2023	30/12/2022	23/12/2022	16/12/2022	9/12/2022
MSCI Index												
MSCI World		-0.18%	-1.43%	0.97%	2.13%	-0.26%	3.35%	1.99%	-0.07%	-0.06%	-2.14%	-2.24%
MSCI DM		-0.14%	-1.11%	1.25%	2.22%	-0.18%	3.24%	1.81%	-0.10%	-0.03%	-2.13%	-2.57%
MSCI EM		-1.41%	-2.41%	-1.19%	1.44%	0.62%	4.16%	3.38%	0.10%	-0.16%	-2.14%	0.45%
MSCI China		-2.25%	-2.45%	-4.20%	3.24%	1.48%	4.27%	7.60%	1.27%	-0.12%	-2.78%	6.27%
MSCI AC Asia Ex. Japan		-2.24%	-2.23%	-1.15%	1.57%	0.95%	4.02%	3.64%	0.48%	-1.13%	-1.95%	1.66%
MSCI Europe		1.45%	-0.56%	1.20%	0.59%	-0.05%	1.75%	4.74%	-0.19%	0.64%	-3.11%	-0.97%
Stock												
U.S.	S&P 500	-0.18%	-1.11%	1.62%	2.47%	-0.66%	2.67%	1.45%	-0.14%	-0.10%	-2.08%	-3.37%
Chinese Mainland	SHCOMP	-1.12%	-0.08%	3.35%	0.00%	-1.18%	1.19%	2.21%	1.42%	-3.85%	-1.72%	1.61%
	SZCOMP	-1.43%	0.07%	6.02%	0.00%	-1.19%	1.31%	3.29%	1.31%	-4.19%	-1.75%	1.53%
HK SAR, China	HSI	-2.22%	-2.17%	-4.53%	2.92%	1.41%	3.56%	6.12%	0.96%	0.73%	-2.26%	6.56%
Japan	Nikkei 225	-0.57%	0.59%	0.46%	3.12%	1.66%	0.56%	-0.46%	-0.14%	-4.69%	-1.14%	0.44%
South Korea	KOSPI	-0.43%	-0.15%	3.71%	0.38%	4.20%	2.40%	-3.34%	-1.96%	-1.21%	-1.86%	0.00%
Germany	DAX	1.14%	-1.09%	2.15%	0.77%	-0.15%	3.26%	4.93%	-0.12%	0.34%	-3.32%	-1.09%
U.K.	FTSE 100	1.55%	-0.14%	1.76%	-0.07%	-0.94%	1.88%	3.32%	-0.18%	1.92%	-1.93%	-1.05%
France	CAC 40	3.06%	-1.44%	1.93%	1.46%	-0.19%	2.37%	5.98%	-0.48%	0.81%	-3.37%	-0.96%
Bloomberg Barclays Indices												
Global		-0.55%	-1.63%	0.18%	-0.03%	0.00%	1.91%	1.39%	-0.14%	-0.12%	-0.09%	-0.07%
China		-1.07%	-0.14%	0.61%	0.00%	-1.05%	2.10%	1.55%	0.63%	0.06%	-0.37%	1.16%
Global + China		-0.55%	-1.63%	0.18%	-0.03%	0.00%	1.91%	1.39%	-0.14%	-0.12%	-0.09%	-0.07%
U.S.		-0.47%	-1.43%	0.03%	0.09%	0.15%	0.88%	1.85%	-0.85%	-1.47%	0.80%	-0.44%
Europe		-0.75%	-2.67%	0.70%	-0.14%	0.12%	2.76%	1.52%	-0.11%	-1.14%	-1.09%	0.40%
Asian Pacific		-1.79%	-1.01%	0.10%	-0.10%	-0.63%	2.82%	0.55%	0.27%	1.04%	-0.42%	0.20%
EM		-0.17%	-1.83%	0.43%	0.29%	0.81%	1.21%	0.99%	-0.18%	-0.66%	0.47%	0.04%
Treasuries		-1.16%	-1.42%	0.11%	-0.18%	-0.08%	2.14%	1.23%	-0.12%	-0.10%	-0.42%	-0.10%
Corporate		-0.12%	-1.45%	0.41%	0.24%	0.29%	1.80%	1.56%	-0.44%	-1.13%	0.29%	-0.03%
High Yield		-0.88%	-1.94%	0.81%	0.43%	0.20%	1.97%	1.67%	-0.11%	-0.13%	0.18%	-0.07%
Commodity												
Bloomberg Commodity Index												
Energy												
	Natural Gas	-10.26%	4.81%	-15.40%	-6.21%	-4.98%	-5.76%	-17.84%	-7.15%	-21.14%	1.40%	-1.06%
	WTI Crude	-4.17%	8.57%	-7.89%	-2.40%	1.91%	8.20%	-7.47%	1.02%	6.84%	4.46%	-11.19%
	Brent Crude	-3.86%	7.88%	-7.36%	-1.88%	2.54%	8.49%	-8.34%	1.67%	6.30%	3.70%	-10.46%
	Heating Oil	-3.40%	3.69%	-12.87%	-1.15%	6.11%	8.34%	-8.11%	1.85%	5.09%	9.40%	-11.70%
	Unleaded Gasoline	-2.82%	8.07%	-10.51%	-2.13%	4.36%	12.78%	-9.15%	3.43%	10.99%	3.62%	-9.89%
Precious Metal												
	Gold	-1.41%	-0.42%	-3.11%	-0.77%	-0.16%	2.49%	1.72%	1.04%	0.80%	-0.15%	0.54%
	Silver	-1.10%	-0.11%	-3.15%	0.04%	0.33%	2.73%	2.38%	1.22%	0.22%	-0.18%	0.06%
Industrial Metal												
	Copper	-1.82%	-1.10%	-5.15%	-1.11%	-1.19%	1.63%	-0.14%	0.50%	2.54%	-1.64%	2.01%
	Aluminum	-1.16%	-3.42%	-3.13%	0.18%	1.69%	6.48%	-1.48%	0.38%	1.37%	-4.33%	0.99%
	Zinc	1.83%	-0.46%	-3.13%	-0.68%	0.84%	7.80%	2.64%	0.04%	1.26%	-3.02%	0.73%
	Nickel	-2.15%	-5.20%	-2.12%	0.36%	0.54%	13.04%	-3.16%	-0.16%	0.46%	-4.19%	-2.15%
Agriculture												
	Grains	0.57%	-6.16%	-5.07%	-0.11%	2.90%	10.03%	1.76%	0.25%	-1.15%	-6.88%	5.53%
	Softs	-7.16%	-2.88%	-0.98%	0.38%	7.35%	-4.11%	-6.66%	1.70%	4.47%	-4.06%	1.73%
Livestock												
	Live Cattle	-0.45%	1.22%	0.75%	1.99%	-0.29%	1.03%	-2.88%	0.91%	1.94%	1.37%	0.18%
	Lean Hogs	-0.76%	1.45%	0.46%	0.90%	-0.44%	2.15%	-3.78%	2.14%	1.64%	0.96%	-0.10%
Foreign Exchange												
US Dollar Index		0.22%	0.69%	0.97%	-0.08%	-0.19%	-1.81%	0.34%	-0.16%	-0.17%	-0.10%	0.25%
USDCNY		0.79%	0.74%	-0.44%	0.00%	1.90%	-1.46%	-1.42%	-1.11%	0.23%	0.22%	-1.15%
MSCI EM Currency		-0.80%	-1.18%	0.40%	0.22%	-0.19%	1.15%	0.54%	0.32%	0.63%	-0.14%	0.23%
USDHKD		-0.06%	0.04%	0.21%	0.01%	0.25%	0.03%	0.07%	-0.44%	0.27%	-0.03%	-0.03%
JPYUSD		2.12%	0.13%	1.01%	0.22%	1.35%	-3.19%	0.73%	-1.35%	-2.70%	0.03%	1.63%
EURUSD		0.16%	-1.08%	-0.77%	0.11%	0.24%	1.75%	-0.17%	0.83%	0.29%	0.44%	0.05%
GBPUSD		-0.11%	0.05%	-2.63%	-0.12%	1.39%	1.11%	0.08%	0.25%	-0.18%	-0.11%	-0.17%

Source: Bloomberg, GROW Research (Updated on 18/02/2023, 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	6.5%	-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	6.8%	-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	4.5%	-22.4%	-4.5%	15.8%	15.4%	-16.6%	34.3%	8.6%	-17.0%	-4.5%	-5.0%	15.1%	-20.4%	16.4%
MSCI China	6.4%	-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	4.6%	-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	9.4%	-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	6.2%	-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	4.4%	-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	4.7%	-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	5.4%	-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	9.6%	-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	11.2%	-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	7.4%	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	13.5%	-9.5%	28.9%	-7.1%	26.4%	-11.0%	9.3%	4.9%	8.5%	-0.5%	18.0%	15.2%	-17.0%	-3.8%
Bloomberg Barclays Indices														
Global	0.8%	-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	1.3%	-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	0.8%	-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.	1.1%	-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	1.3%	-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	-0.1%	-12.8%	-5.0%	6.6%	3.7%	2.7%	5.2%	5.3%	-0.5%	-6.3%	-14.6%	-7.0%	7.3%	17.2%
EM	1.1%	-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	0.4%	-17.5%	-6.5%	9.5%	5.6%	-0.4%	7.3%	1.7%	-3.3%	-0.8%	-4.3%	1.6%	6.3%	5.9%
Corporate	1.6%	-16.7%	-2.9%	10.4%	11.5%	-3.5%	9.1%	4.3%	-3.6%	3.1%	0.3%	11.2%	4.3%	5.8%
High Yield	2.2%	-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														
Energy	-5.6%	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%
Natural Gas	-16.6%	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%
WTI Crude	-44.8%	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%
Brent Crude	-5.1%	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%
Heating Oil	-3.9%	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%
Unleaded Gasoline	-12.9%	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%
Precious Metal	-1.5%	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%
Gold	-2.1%	-1.3%	-6.1%	25.1%	14.6%	-6.4%	9.9%	9.1%	-11.5%	-6.7%	-30.8%	6.2%	4.5%	42.5%
Silver	0.4%	-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%
Industrial Metal	-9.9%	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%
Copper	-1.3%	-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%
Aluminum	7.4%	-15.3%	27.0%	22.8%	5.0%	-22.8%	28.0%	15.4%	-25.2%	-16.6%	-8.3%	4.9%	-24.5%	29.4%
Zinc	-0.4%	-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%
Nickel	3.0%	-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%
Agriculture	-14.6%	43.7%	25.1%	16.2%	29.8%	-18.0%	24.4%	11.5%	-42.7%	7.3%	-20.1%	-10.3%	-24.7%	32.0%
Grains	1.8%	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%
Softs	-0.1%	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%
Livestock	6.9%	-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%
Live Cattle	-3.0%	5.3%	8.6%	-23.7%	-8.0%	-3.5%	5.4%	-5.9%	-18.9%	11.5%	-3.6%	-3.6%	-2.4%	9.1%
Lean Hogs	2.0%	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%
Foreign Exchange	-12.9%	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%
US Dollar Index	0.3%	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	-0.4%	8.5%	-2.6%	-6.3%	1.2%	5.7%	-6.8%	6.9%	4.6%	2.3%	-2.8%	-1.0%	-4.5%	-3.4%
MSCI EM Currency	0.8%	-4.3%	0.9%	3.3%	3.1%	-3.8%	11.4%	3.5%	-7.1%	-4.3%	-1.9%	5.5%	-2.6%	7.9%
USDHKD	0.6%	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	2.3%	13.9%	11.5%	-4.3%	-1.0%	-2.7%	-3.7%	-2.7%	0.4%	13.7%	21.4%	12.8%	-5.2%	-12.8%
EURUSD	-0.1%	-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	-0.4%	-10.7%	-1.0%	3.1%	3.9%	-5.5%	9.5%	-16.3%	-5.4%	-5.9%	1.9%	4.6%	-0.4%	-3.6%

Source: Bloomberg, GROW Research

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

	17/2/2023	10/2/2023	3/2/2023	27/1/2023	20/1/2023	13/1/2023	6/1/2023	30/12/2022	23/12/2022	16/12/2022	9/12/2022
S&P 500 GICS Groups Index											
S&P 500 GICS Groups Index	-0.28%	-1.11%	1.62%	2.47%	-0.66%	2.67%	1.45%	-0.14%	-0.20%	-2.08%	-3.37%
Info. Tech.	-0.39%	-1.10%	3.75%	4.07%	0.68%	4.60%	0.22%	-0.15%	-2.04%	-2.67%	-3.34%
Industrials	0.75%	-0.70%	1.70%	2.13%	-3.36%	1.53%	2.72%	-0.18%	0.76%	-1.10%	-3.20%
Materials	-0.95%	-1.66%	0.03%	0.71%	-1.21%	4.29%	3.45%	-1.18%	-0.10%	-2.34%	-3.33%
Consumer Staples	0.90%	-0.54%	0.62%	0.43%	-2.86%	-1.46%	1.75%	-0.86%	1.00%	-1.40%	-1.83%
Health Care	-0.43%	-0.20%	-0.10%	-0.89%	-1.12%	-0.19%	-0.19%	-0.19%	0.81%	-1.83%	-1.29%
Consumer Discretionary	1.64%	-2.22%	2.25%	6.38%	-0.51%	5.76%	2.25%	-0.26%	-3.10%	-2.63%	-4.48%
Financials	-0.31%	-0.38%	0.91%	2.53%	-2.08%	2.03%	3.33%	0.68%	1.40%	-2.50%	-3.90%
Energy	-6.92%	5.03%	-5.94%	0.76%	0.74%	2.66%	0.00%	0.60%	4.38%	1.72%	-8.40%
Real Estate	-1.35%	-2.01%	1.50%	2.82%	-0.75%	4.39%	2.48%	-0.61%	-0.01%	-2.38%	-1.85%
Utilities	0.90%	-0.38%	-1.49%	-0.49%	-2.93%	0.45%	0.70%	-0.64%	1.42%	-0.55%	-0.32%
Telecom	0.23%	-6.59%	5.28%	3.28%	2.97%	4.07%	3.70%	-0.08%	-0.40%	-2.47%	-5.39%
Shanghai Stock Exchange Sector Index											
Info.Tech.	-4.27%	0.15%	1.22%	8.41%	0.00%	0.09%	2.57%	2.25%	-5.71%	-0.76%	0.93%
Industrials	-1.90%	-0.53%	-1.38%	3.41%	0.00%	0.32%	1.98%	2.26%	-5.16%	-2.44%	0.50%
Materials	-0.14%	-1.80%	2.27%	3.55%	0.00%	2.13%	2.66%	1.21%	-4.41%	-3.05%	3.76%
Consumer Staples	1.96%	0.08%	-0.35%	-1.94%	0.00%	3.77%	1.10%	-0.61%	-0.96%	0.75%	6.34%
Health Care	-0.46%	-0.90%	-2.70%	4.22%	0.00%	2.53%	2.71%	2.89%	-4.96%	0.38%	0.37%
Consumer Discretionary	-1.40%	-0.47%	0.59%	0.57%	0.00%	1.97%	3.15%	0.04%	-2.90%	-0.67%	2.84%
Financials	-2.01%	-0.63%	-2.90%	1.05%	0.00%	2.29%	2.48%	1.77%	-2.53%	-0.87%	3.94%
Energy	-0.65%	-1.32%	-1.44%	2.37%	0.00%	3.83%	0.63%	0.23%	-4.88%	-2.17%	-0.68%
Utilities	-2.37%	1.96%	-0.52%	1.25%	0.00%	-2.30%	2.37%	5.26%	-4.02%	-1.12%	-2.91%
Telecom	0.07%	-0.14%	0.56%	3.32%	0.00%	0.81%	4.72%	1.48%	-2.23%	-2.20%	-1.45%
Hang Seng Sector Index											
Info.Tech.	-2.78%	-4.16%	-5.74%	4.60%	2.01%	3.92%	10.20%	0.82%	1.09%	-4.21%	10.36%
Industrials	-3.16%	-3.76%	-1.61%	2.85%	4.02%	2.95%	3.21%	0.99%	-3.98%	-0.53%	4.31%
Materials	-1.86%	-4.56%	-3.18%	3.23%	4.59%	7.30%	4.34%	1.17%	-3.76%	-2.86%	5.57%
Consumer	-1.11%	-3.06%	-3.67%	3.38%	0.52%	3.59%	4.03%	0.08%	2.04%	-2.27%	4.86%
Financials	-1.39%	0.19%	-5.20%	2.15%	1.18%	3.24%	4.48%	1.77%	0.89%	-1.16%	4.87%
Energy	-0.19%	-0.44%	-3.71%	1.94%	4.91%	6.04%	0.19%	0.93%	-1.64%	1.58%	-0.29%
Real Estate	-3.27%	-1.91%	-4.75%	3.10%	2.31%	-1.19%	5.85%	0.48%	-1.94%	-2.45%	10.80%
Utilities	-1.72%	0.46%	-1.93%	0.58%	1.83%	-0.15%	5.32%	4.33%	-2.23%	-0.58%	5.65%
Telecom	0.18%	-0.08%	1.04%	1.05%	1.86%	4.11%	3.14%	-0.94%	0.88%	0.22%	1.06%

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	6.2%	-19.4%	26.9%	16.3%	28.9%	-6.2%	19.4%	9.5%	-0.7%	11.4%	29.5%	13.4%	0.0%	12.8%
Info. Tech.	12.3%	-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	4.7%	-7.1%	19.4%	9.0%	26.8%	-15.0%	18.5%	16.1%	-4.7%	7.5%	37.5%	12.5%	-2.9%	23.9%
Materials	4.6%	-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	-1.2%	-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	-3.1%	-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	16.3%	-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	6.1%	-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%	-3.3%	7.6%	-20.5%	-3.8%	23.7%	-23.6%	-10.0%	22.3%	2.3%	2.8%	17.9%
Real Estate	7.1%	-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	-3.2%	-1.4%	14.0%	-2.8%	22.2%	0.5%	8.3%	12.2%	-8.4%	24.3%	8.3%	-2.9%	14.8%	0.0%
Telecom	13.1%	-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.	8.0%	-37.1%	-0.2%	22.5%	65.4%	-34.1%	-4.9%	-26.9%	60.0%	36.5%	46.3%	-14.1%	-39.2%	27.2%
Industrials	1.8%	-18.3%	14.3%	25.3%	13.7%	-23.6%	5.5%	-15.0%	10.7%	68.0%	-3.2%	-4.9%	-32.5%	-4.9%
Materials	8.9%	-21.4%	15.9%	22.7%	29.0%	-30.1%	27.3%	-7.5%	-1.0%	38.9%	-24.0%	9.1%	-35.1%	-3.2%
Consumer Staples	4.6%	-16.0%	-6.9%	81.5%	47.5%	-19.3%	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-22.1%	12.7%
Health Care	5.3%	-22.7%	-8.3%	57.4%	24.3%	-26.4%	18.2%	-11.4%	45.8%	6.3%	32.5%	10.3%	-31.2%	33.8%
Consumer Discretionary	4.4%	-16.0%	-6.9%	81.5%	47.5%	-19.3%	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-22.1%	12.7%
Financials	0.1%	-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	3.3%	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	0.3%	-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	9.6%	-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.	7.3%	-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	-0.8%	-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	9.6%	-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	3.4%	-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	4.4%	-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	8.7%	17.3%	20.5%	-33.7%	-4.1%	-2.8%	11.4%	14.8%	-31.3%	-17.3%	-16.2%	12.7%	-15.1%	16.5%
Real Estate	-0.8%	-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	4.3%	-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	11.8%	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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