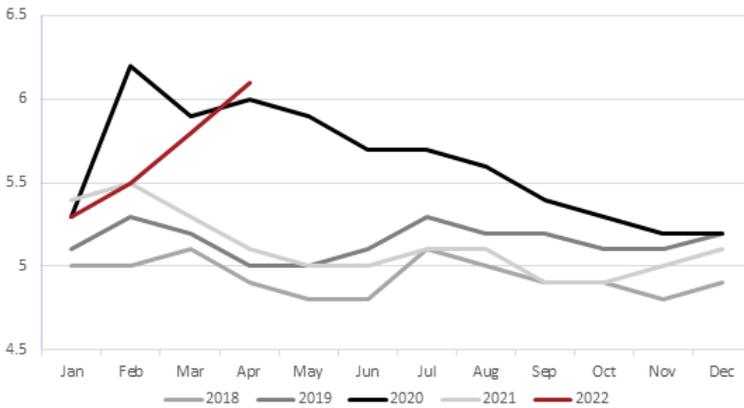




# China Bulletin: Market View

Surveyed Jobless Rate



The latest data points to a resilient manufacturing sector and a weaker service sector, and we believe that this combination may persist in the near future. Export and manufacturing PMI both give solid reason to expect decent growth of the manufacturing sector. However, the still bleak outlook may weigh on fixed asset investment in the sector, unless external demand continues to be strong. The service sector may suffer longer than expected, given the recurrence of Omicron cases in Beijing and Shanghai, just days after the removal of containment policies. It is too early to estimate the impact on the economy, and the pressure will focus on employment, since the service sector employs about half of the total labor force.

Credit data is showing early signs of recovery, strong in terms of aggregate financing, although still weak on the structural side. Growing long-term household loans offer some relief, after their unprecedented decline in 22Q1, although uncertainty remains while the housing market downturn continues.

Additionally, non-financial corporates are taking more long-term loans and may eventually spend on fixed asset investment should external demand remain strong.

The market has also reacted positively to the re-opening of China’s major cities and has ignored the latest scattered covid outbreak. Rates have moved higher, and the equity market has returned to its level in March, before the Shanghai lockdown. We recommend a more optimistic stance on China’s equity market currently, as experience suggests growth will be supportive in 2022. Sector wise, we prefer new energy names, including the photovoltaic sector and electric vehicle supply chain.

Another notable point is the dialogue between the defense ministers of China and the US, the first such occurrence since the Biden administration assumed office. The meeting should establish red lines for competition between the two nations. China reiterates its foremost priority is its unity and sovereignty. We will continue to monitor diplomatic developments and their potential impact on the market.



This document is issued by China Post Global (UK) Limited ("China Post Global") acting through its offices at 75 King William Street, London EC4N 7BE and for the purposes of Directive 2014/65/EU has not been prepared in accordance with the legal and regulatory requirements to promote the independence of research. This document has been prepared for information purposes only. It shall not be construed as, and does not form part of an offer, nor invitation to offer, nor a solicitation or recommendation to enter into any transaction or an offer to sell or a solicitation to buy any security or other financial instrument. No representation, warranty or assurance of any kind, express or implied, is made as to the accuracy or completeness of the information contained herein and China Post Global and each of its affiliates disclaim all liability for any use you or any other party may make of the contents of this document. The contents of this document are subject to change without notice and China Post Global does not accept any obligation to any recipient to update or correct any such information. China Post Global (UK) Limited is authorised and regulated by the Financial Conduct Authority. This document is not for distribution in the U.S. or to U.S. persons. This document is directed at Institutional Investors only. This communication is exclusively directed and available to Institutional Investors as defined by the 2014/65/EU Directive on markets in financial instruments acting for their own account and categorised as eligible counterparties or professional clients. This communication is not directed at retail clients. It should not be distributed to or be relied on by retail clients in any circumstances. For the UK, institutional investors ("Institutional Investors") are Professional Clients as defined by the FCA. Calls may be recorded. This document is confidential and not to be communicated to any third party or copied in whole or in part, without the prior written consent of China Post Global. This communication contains the views, opinions and recommendations of China Post Global. This material is based on current public information that we consider reliable, but we do not represent it as accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. There can be no assurance that future results or events will be consistent with any opinions, forecasts or estimates contained in this document. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance.

 2<sup>nd</sup> Floor | 75 King William Street  
London EC4N 7BE

 +44 203 617 5260

 [marketaccess@chinapostglobal.co.uk](mailto:marketaccess@chinapostglobal.co.uk)

 [www.chinapostglobal.com](http://www.chinapostglobal.com)



**China Post Global**



**Market Access**  
Exchange Traded Funds