February Strategy Report

HK market continues re-rating on policy support

HK stock market has been outstanding so far in 2022, as it has been enjoying re-rating from distressed valuations. With Beijing stepping up pro-growth policies, China's economic growth may rebound in Q2, which should continue to help HK market's re-rating. The U.S. Fed's rate hikes may be closely monitored, but its real impact on stocks may not be too significant until Q4 2022.

- **Fed rate hikes' impact on stock market.** Interest rate futures have now priced in five rate hikes (or 125 bps) by the U.S. Fed in 2022. The impact on markets would depend more on the changes in interest rate forecasts than the actual moves in Fed funds rates.
- **U.S. real interest rates may put more pressure on stocks in Q4 2022.** Fed funds rate going up per se, unless more aggressively than expected, may not be bearish for stocks. U.S. stocks usually performed worse when real interest rates were positive. The real yield is now deeply negative thanks to high inflation, but might rebound to closer to positive in Q4 2022.
- **U.S. Value stocks outperformed in early rate hike cycles.** We reviewed U.S. stocks' returns during the previous four rate hike cycles, and observed that 1) Stocks had poorer returns in the later part of rate hike cycles; 2) Value stocks like Financials, Energy & Materials outperformed Growth stocks in early rate hike cycles, but underperformed in the late cycles, as value stocks are more vulnerable to economic slowdown caused by higher rates.
- **China's GDP growth may improve in Q2 on pro-growth policies.** China's economy is showing signs of slowdown in Q1 due to COVID resurgence and a weak housing market. But the economy may bottom out in Q2 amid policy support. Expect to see further easing of liquidity and credit supply, additional fiscal policy support and more friendly policy towards private sectors including the internet sector.
- **HSI performed better when China's economy rebounded, led by Internet & Industrials**. During 2011-2019, there were eight quarters where China's GDP QoQ growth rebounded by at least 0.2 ppts. In these eight quarters, the HSI posted a 2.8% gain on average, vs. a mere 0.3% gain in other quarters. By sector, Internet, Healthcare & Industrials were among the biggest winners during the "recovery" quarters.
- **Preferred sectors: Internet, Construction Machinery, NEV**. 1) **Internet**: has priced in much of the policy headwind over the past year, and recent policy news flows are more neutral or even supportive; 2) **Construction Machinery**: benefits from expected speed-up in infrastructure spending, while margins may improve as steel cost pressure is easing; 3) **NEV** sales in China should maintain strong growth in 2022. Rebound in China's economic growth in Q2 should boost sales and sentiment. The recent 30-40% retreat in share prices of China's leading NEV start-ups presents a buying opportunity.

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Market Data

Hang Seng Index	24,573
52-week High / Low	31,183/22,665
3-month avg. daily t/o	HK$125.3bn

Source: Bloomberg

Indices Performance

	HSI	HSCEI	HSTECH
1-month	4.6%	4.3%	1.4%
3-month	-1.2%	-2.7%	-11.1%
6-month	-6.1%	-7.4%	-16.7%

Source: Bloomberg

12-month HSI Performance

Source: Bloomberg

Related Reports

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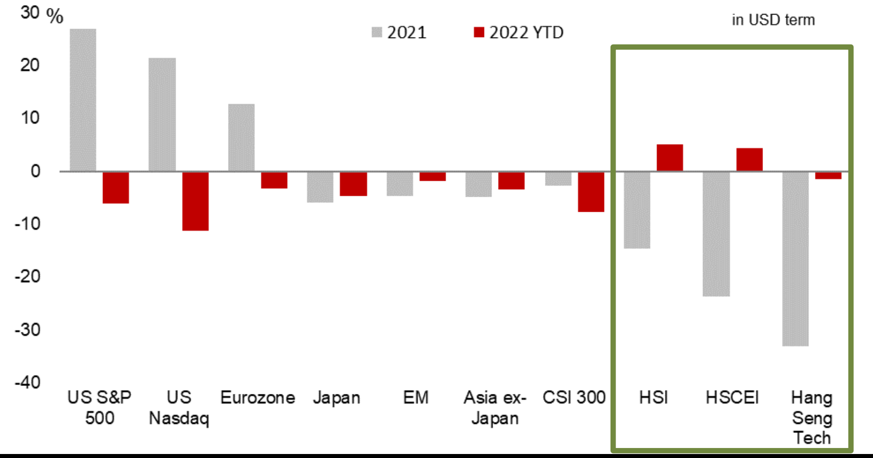
Market recap

■ HK stock market the star performer YTD

Hong Kong stock market has been the outstanding one among major global peers YTD, with the Hang Seng Index gaining 5.0%, while the other major markets are posting losses (Fig. 1). This is quite the opposite of the performances in 2021.

As we forecasted in our January's Strategy Report, China's policy turning supportive and a renewed interest from Mainland investors are helping HK stocks to re-rate from distressed valuations.

Figure 1: Major stock markets' returns: 2021 vs 2022 YTD

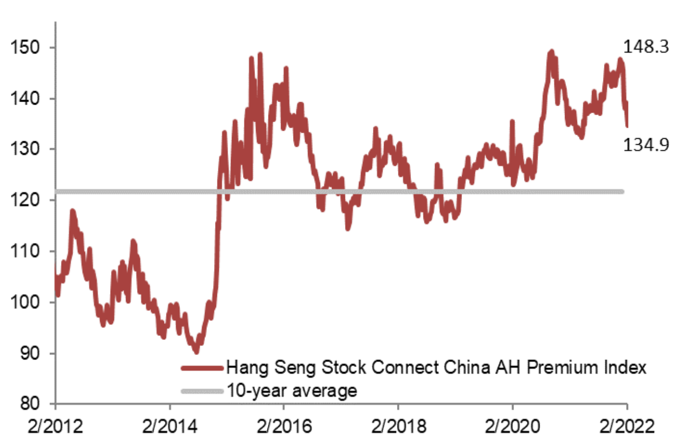


Source: Bloomberg, CMBIS

■ H-shares' discount to A-shares narrowing from decade high

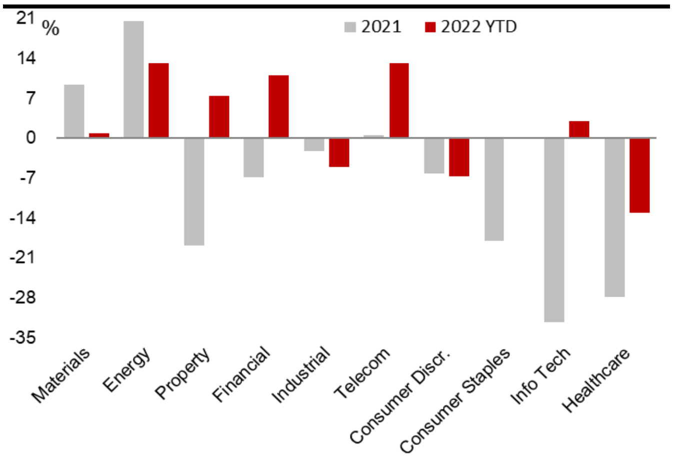
The attractive valuations of HK / H-shares, both in absolute terms and relative to A-shares, have not gone unnoticed. In just one month, the A-H premium Index has narrowed from 148 to 135, which means H-shares of A-H dual-listed stocks outperformed A-shares by 13 ppts on average during this period (Fig. 2). Yet, A-H premium is still considerably higher than its 10-year average 22%, and there could well be more room for H-shares to catch up.

Figure 2: A-H premium* at decade high



Source: Bloomberg, CMBIS
*Above 100 indicates A-shares trade at premium

Figure 3: Old-economy stocks led gains in HK



Source: Bloomberg, CMBIS; Hang Seng Composite sector indexes

■ **Financials and Energy led gains in HK**

By style / sector, value and old-economy stocks led gains in HK market YTD, as Energy rose along with oil prices, and Financials with higher bond yields (Fig. 3).

U.S. Fed's exit plan

■ **Market has priced in five rate hikes in 2022**

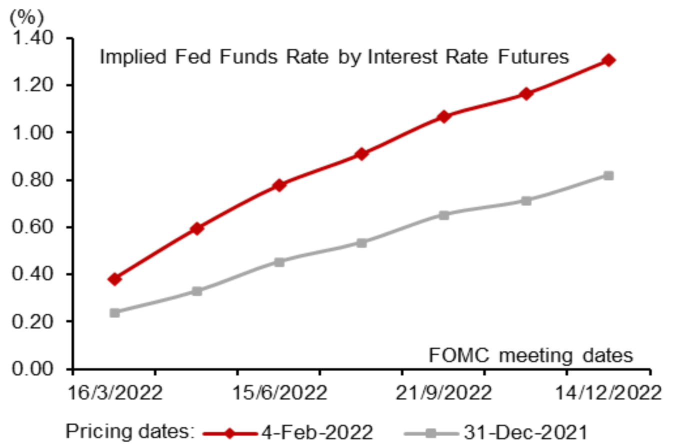
The U.S. Federal Open Market Committee (FOMC) sounded a hawkish tone in its Jan meeting, signalling the first of a series of rate hikes in Mar and potentially begin balance sheet reduction as soon as Jun 2022 (see our post-FOMC meeting Strategy Report).

But a hawkish Fed has not really surprised investors, as the market expectation of Fed funds rate have already been shifting upward remarkably before the FOMC meeting. At the end of 2021, interest rate futures implied three rate hikes in 2022, and now they imply five hikes (Fig. 4).

As rate hike expectation heightened, U.S. stocks suffered an overdue correction, with the S&P 500 down by 12% from its peak in early Jan (Fig. 5).

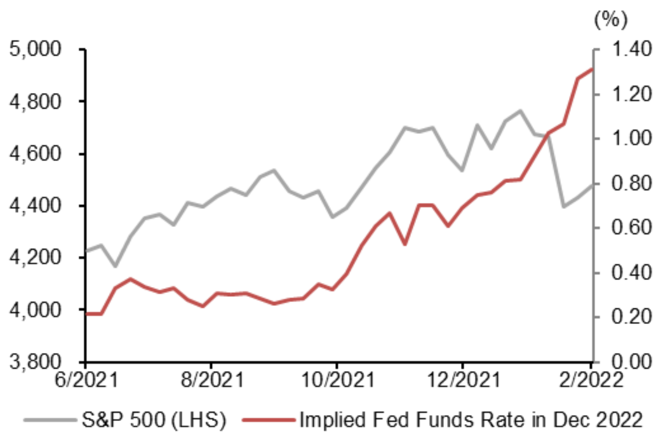
Looking forward, **the impact on financial markets from rate hikes would depend more on the changes in interest rate forecasts than the actual moves in Fed funds rates**. As the interest rate futures have already priced in five hikes (or 125 bps), stock markets should not have too much shock if the Fed does raise rates as expected.

Figure 4: Implied Fed Funds rate moving up



Source: Bloomberg, CMBIS

Figure 5: U.S. stocks retreated on rate hike fears



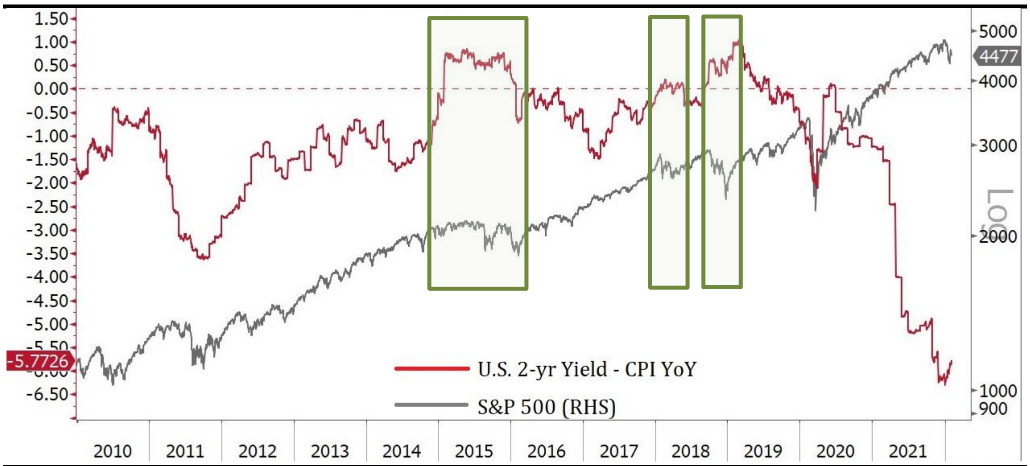
Source: Bloomberg, CMBIS

■ **Real interest rates may put more pressure on stocks in Q4 2022**

Since the introduction of zero interest-rate policy in 2008, U.S. stocks usually performed worse when real interest rates were positive. Even during the previous rate hike cycle in 2015-2018, U.S. stocks came under pressure only when real rates climbed to positive (Fig. 6). As the U.S. CPI inflation stood at 7%, the real yield is now deeply negative (-5.8%), but might rebound to closer to positive in Q4 2022, when CPI YoY is expected to come down to 3.1% according to Bloomberg survey, and Fed funds rate might have gone up by 1.25%.

In other words, Fed funds rate going up per se, unless more aggressively than expected, may not be bearish for stocks. **A combination of higher Fed funds rate and lower inflation to the point real interest rate turns positive would be more bearish, but that would not happen before Q4 2022.**

Figure 6: U.S. stocks came under pressure from positive real yields



Source: Bloomberg, CMBIS

U.S. Value stocks outperformed in early rate hike cycles

As the U.S. will most likely enter an interest rate hike cycle after the FOMC meeting on 16 Mar 2022, we review how the U.S. stocks performed by style / sector in previous rate hike cycles. We already illustrated in our previous Strategy Report that U.S. growth stocks tended to underperform when interest rate rose.

We now look at each sector's returns during the previous four rate hike cycles (Fig. 7-10). Two key observations:

1. **Stocks had poorer returns in the later part of rate hike cycles** (except in Q1 1995)
2. **Value stocks like Financials, Energy & Materials outperformed Growth stocks in early rate hike cycles**, but underperformed in late cycles, possibly because value stocks are more vulnerable to economic slowdown caused by higher rates.

Figure 7: U.S. stocks' quarterly returns by sector in rate hike cycle 1994-1995

		1st hike ↓				last hike ↓
Fed funds rate (%)	3.00	3.50	4.25	4.75	5.50	6.00
S&P 500 sectors	Q4 1993	Q1 1994	Q2 1994	Q3 1994	Q4 1994	Q1 1995
Info Tech	5.3%	4.2%	-6.5%	12.6%	8.6%	12.0%
Health Care	9.5%	-11.4%	5.8%	14.8%	2.4%	10.6%
Consumer Discretionary	7.0%	-4.0%	-3.2%	-0.5%	-2.5%	7.2%
Communication Services	-7.2%	-5.9%	4.6%	-0.3%	-6.8%	5.5%
Financials	-7.7%	-4.9%	5.1%	-2.4%	-4.0%	11.8%
Industrials	5.4%	-2.6%	-3.2%	1.7%	-0.7%	10.8%
Consumer Staples	7.9%	-4.9%	-1.7%	10.5%	3.3%	8.0%
Utilities	-7.3%	-12.4%	-8.0%	1.8%	1.0%	3.9%
Materials	9.9%	0.3%	1.0%	10.8%	-8.0%	7.7%
Energy	-5.9%	-3.4%	1.7%	0.4%	0.9%	10.3%

Source: Bloomberg, CMBIS

Figure 8: U.S. stocks' quarterly returns by sector in rate hike cycle 1999-2000

		1st hike				last hike
Fed funds rate (%)	4.75	5.00	5.25	5.50	6.00	6.50
S&P 500 sectors	Q1 1999	Q2 1999	Q3 1999	Q4 1999	Q1 2000	Q2 2000
Info Tech	12.2%	11.6%	4.9%	35.8%	13.5%	-9.3%
Health Care	2.7%	-5.4%	-10.5%	1.6%	-0.2%	23.1%
Consumer Discretionary	10.4%	3.9%	-8.7%	18.4%	-3.9%	-8.8%
Communication Services	3.0%	12.9%	-7.7%	9.4%	-1.7%	-14.3%
Financials	7.0%	4.6%	-15.5%	8.3%	1.8%	-3.4%
Industrials	3.7%	12.1%	-5.2%	8.9%	-1.5%	-1.4%
Consumer Staples	-8.5%	0.0%	-12.9%	4.7%	-17.5%	13.1%
Utilities	-10.4%	10.3%	-5.9%	-6.2%	6.4%	4.8%
Materials	0.8%	20.0%	-8.6%	11.3%	-12.7%	-15.4%
Energy	5.2%	12.0%	-1.7%	0.2%	1.8%	2.4%

Source: Bloomberg, CMBIS

Figure 9: U.S. stocks' quarterly returns by sector in rate hike cycle 2004-2006

		1st hike								last hike
Fed funds rate (%)	1.00	1.25	1.75	2.25	2.75	3.25	3.75	4.25	4.75	5.25
S&P 500 sectors	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006
Info Tech	1.3%	1.3%	-2.3%	8.7%	-2.6%	0.9%	3.1%	1.6%	3.7%	-1.9%
Health Care	-2.6%	2.8%	-10.0%	13.4%	-7.5%	1.6%	5.8%	0.9%	4.0%	-9.8%
Consumer Discretionary	-0.9%	2.3%	-5.7%	4.8%	-1.0%	3.7%	1.1%	1.0%	0.9%	-5.4%
Communication Services	1.0%	-0.5%	-1.4%	13.1%	-5.9%	-1.2%	-1.1%	0.8%	2.7%	-0.7%
Financials	4.2%	-1.8%	5.5%	7.4%	-8.6%	2.6%	-2.0%	-1.1%	13.4%	-1.4%
Industrials	4.3%	-2.9%	-0.2%	7.2%	-7.0%	3.6%	0.1%	7.5%	2.6%	-0.8%
Consumer Staples	-1.4%	8.0%	-0.5%	9.5%	-2.0%	-3.8%	1.9%	4.5%	6.5%	-0.5%
Utilities	5.1%	0.0%	-6.1%	7.4%	0.2%	-1.2%	2.5%	-0.1%	1.0%	2.3%
Materials	4.2%	-2.3%	5.7%	11.1%	4.4%	8.3%	6.4%	-6.3%	-2.0%	4.7%
Real Estate	-2.3%	2.0%	3.0%	8.0%	1.3%	-10.0%	1.3%	10.6%	6.8%	-1.0%
Energy	7.5%	-5.6%	4.6%	14.8%	-6.7%	12.1%	2.5%	0.1%	13.9%	-1.4%

Source: Bloomberg, CMBIS

Figure 10: U.S. stocks' quarterly returns by sector in rate hike cycle 2016-2018

		1st hike *								last hike
Fed funds rate (%)	0.50	0.75	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.50
S&P 500 sectors	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Info Tech	12.4%	0.8%	12.2%	3.8%	8.3%	8.6%	3.2%	6.7%	8.5%	-17.7%
Health Care	0.5%	-4.4%	7.9%	6.7%	3.2%	1.1%	-1.6%	2.7%	14.0%	-9.1%
Consumer Discretionary	2.5%	1.9%	8.1%	2.0%	0.5%	9.5%	2.8%	7.8%	7.8%	-16.7%
Communication Services	-6.6%	3.5%	-5.1%	-8.1%	5.4%	2.3%	-8.7%	-2.3%	8.4%	-13.6%
Financials	4.0%	20.5%	2.1%	3.8%	4.8%	8.1%	-1.4%	-3.6%	3.9%	-13.6%
Industrials	3.6%	6.6%	4.0%	4.2%	3.7%	5.5%	-2.0%	-3.7%	9.5%	-17.7%
Consumer Staples	-3.3%	-2.7%	5.6%	0.9%	-2.0%	5.8%	-7.8%	-2.3%	4.9%	-6.0%
Utilities	-6.7%	-0.8%	5.4%	1.4%	2.0%	-0.6%	-4.2%	2.8%	1.5%	0.5%
Materials	3.2%	4.1%	5.3%	2.6%	5.6%	6.4%	-6.0%	2.1%	-0.1%	-12.8%
Real Estate	-2.9%	-5.3%	2.7%	1.8%	0.1%	2.3%	-5.8%	5.1%	0.0%	-4.7%
Energy	1.6%	6.6%	-7.3%	-7.0%	6.0%	5.3%	-6.6%	12.7%	-0.1%	-24.4%

*we omit the rate hike in Q4 2015 from this cycle

Source: Bloomberg, CMBIS

Chinese stocks would benefit from rebound in GDP growth

■ China's GDP growth may improve in Q2 on pro-growth policies

China's economic growth is showing signs of slowdown in Q1 2022 due to COVID resurgence and a weak housing market. But our economist expects China's economy may gradually bottom out from Q2 2022 amid policy support. Expect to see further easing of liquidity and credit supply, additional fiscal policy support and more friendly policy towards private sectors including the internet sector. GDP QoQ growth may slow from 1.6% in Q4 2021 to 1.2% in Q1 2022, and then rebounded to 1.5% in Q2 2022, according to Bloomberg consensus.

■ HSI did better when GDP growth rebounded, led by Internet & Industrials

During 2011-2019, there were eight quarters where China's GDP QoQ growth rebounded by at least 0.2 ppts (highlighted as bold in Fig. 11-12). In these eight quarters, the Hang Seng Index posted a 2.8% gain on average, vs. a mere 0.3% gain in other quarters. The HSI recorded losses in only two of the eight "recovery" quarters. By sector, Internet, Healthcare & Industrials were among the biggest winners during the "recovery" quarters.

Figure 11: HK stocks had better return when China's GDP rebounded (2012-2015)

	Q4 2011	**Q1 2012**	Q2 2012	Q3 2012	**Q4 2012**	Q1 2013	Q2 2013	**Q3 2013**	Q4 2013	**Q1 2014**	Q2 2014	Q3 2014	Q4 2014	**Q1 2015**	Q2 2015	Q3 2015	Q4 2015
GDP QoQ SA (%)	1.5	**1.9**	2.1	1.8	**2.0**	1.9	1.8	**2.1**	1.6	**1.8**	1.8	1.8	1.7	**1.9**	1.8	1.7	1.6
Hang Seng Index	4.8%	**11.5%**	-5.4%	7.2%	**8.7%**	-1.6%	-6.7%	**9.9%**	2.0%	**-5.0%**	4.7%	-1.1%	2.9%	**5.5%**	5.4%	-20.6%	5.1%
Cons. Discretionary	7.3%	**16.7%**	-16.7%	5.4%	**14.2%**	-1.4%	-4.3%	**17.0%**	11.2%	**-6.9%**	-1.9%	-10.6%	-3.1%	**2.4%**	-2.5%	-19.9%	6.4%
Cons. Staples	4.6%	**7.3%**	-6.1%	6.7%	**0.8%**	5.2%	-3.1%	**9.0%**	4.0%	**-7.3%**	-4.2%	-6.5%	-5.8%	**-2.7%**	8.2%	-25.7%	-0.4%
Energy	4.9%	**9.5%**	-11.5%	4.9%	**10.9%**	-7.5%	-19.0%	**10.9%**	0.8%	**-7.7%**	9.3%	-3.8%	-14.8%	**-0.5%**	1.9%	-31.9%	-0.5%
Financials	8.5%	**11.0%**	-5.4%	4.0%	**13.8%**	0.2%	-8.2%	**8.7%**	3.0%	**-7.4%**	2.9%	1.0%	11.8%	**1.9%**	8.8%	-24.4%	7.4%
Healthcare	1.5%	**9.6%**	-3.4%	6.0%	**-0.9%**	9.8%	1.3%	**-0.7%**	18.9%	**4.5%**	-3.1%	16.4%	-5.5%	**0.5%**	4.2%	-16.5%	12.8%
Industrials	8.0%	**7.9%**	-13.1%	-7.9%	**29.6%**	-8.9%	-9.9%	**20.4%**	1.7%	**-3.6%**	-2.2%	4.2%	6.8%	**15.5%**	1.7%	-19.0%	-1.0%
Info Tech	0.3%	**29.8%**	-3.9%	10.8%	**-1.3%**	2.7%	16.7%	**22.2%**	16.0%	**6.4%**	9.3%	-2.2%	-4.3%	**25.3%**	5.6%	-19.9%	15.4%
Materials	9.6%	**9.7%**	-18.8%	6.6%	**13.8%**	-6.4%	-23.6%	**9.1%**	0.2%	**-7.0%**	1.8%	5.2%	-0.7%	**3.0%**	13.0%	-34.1%	6.0%
Property	10.0%	**12.7%**	-0.4%	11.8%	**13.7%**	-4.7%	-8.4%	**7.4%**	-3.9%	**-4.3%**	0.3%	-0.3%	7.7%	**6.2%**	7.9%	-18.1%	3.8%
Telecom	-2.3%	**6.9%**	-4.9%	6.2%	**3.5%**	-9.0%	-1.7%	**6.8%**	-6.0%	**-10.7%**	7.6%	16.5%	-0.4%	**10.8%**	-1.9%	-9.6%	-3.5%
Utilities	2.3%	**3.7%**	-2.0%	7.7%	**5.0%**	12.8%	-6.2%	**1.4%**	6.1%	**-2.2%**	7.7%	-3.1%	4.1%	**2.6%**	2.1%	-9.7%	-3.0%

Source: Bloomberg, CMBIS

Figure 12: HK stocks had better return when China's GDP rebounded (2016-2019)

	Q1 2016	**Q2 2016**	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**Q1 2018**	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**Q3 2019**	Q4 2019
GDP QoQ SA (%)	1.4	**1.9**	1.7	1.6	1.7	1.7	1.6	1.6	**1.8**	1.6	1.4	1.5	1.6	1.2	**1.4**	1.3
Hang Seng Index	-5.2%	**0.1%**	12.0%	-5.6%	9.6%	6.9%	6.9%	8.6%	**0.6%**	-3.8%	-4.0%	-7.0%	12.4%	-1.8%	**-8.6%**	8.0%
Cons. Discretionary	-4.7%	**-5.3%**	12.1%	-4.0%	14.2%	7.9%	12.5%	8.9%	**-3.7%**	-6.0%	-11.1%	-10.5%	14.6%	-3.6%	**-5.6%**	10.2%
Cons. Staples	-2.5%	**-0.3%**	2.0%	3.1%	5.3%	-0.7%	13.9%	11.8%	**3.0%**	0.3%	-9.2%	-8.7%	22.2%	3.2%	**-4.3%**	5.5%
Energy	5.6%	**6.6%**	0.2%	1.3%	5.8%	-7.4%	6.3%	6.9%	**4.6%**	7.5%	10.6%	-21.9%	13.6%	-11.0%	**-8.3%**	3.5%
Financials	-12.0%	**-1.8%**	13.3%	-1.0%	7.3%	7.1%	5.0%	8.7%	**-0.1%**	-5.8%	-2.6%	-7.0%	9.6%	0.4%	**-9.0%**	7.3%
Healthcare	-10.4%	**-4.3%**	9.4%	-3.8%	13.3%	3.1%	3.2%	23.2%	**16.1%**	4.1%	-17.8%	-26.0%	25.0%	-8.4%	**6.3%**	12.0%
Industrials	-5.1%	**-5.4%**	5.4%	-2.4%	15.0%	2.0%	17.4%	1.1%	**3.6%**	-4.0%	-10.4%	-11.2%	15.6%	-10.0%	**0.3%**	16.7%
Info Tech	1.8%	**7.0%**	19.1%	-8.8%	16.5%	19.0%	17.9%	17.6%	**-0.5%**	-4.8%	-17.0%	-10.5%	14.4%	-1.9%	**-4.0%**	14.8%
Materials	6.8%	**2.0%**	6.8%	4.0%	13.0%	2.0%	18.1%	-4.1%	**0.2%**	-10.9%	-8.3%	-13.9%	10.5%	-9.4%	**-12.9%**	14.3%
Property	-4.2%	**-0.2%**	14.5%	-10.3%	18.1%	6.5%	14.1%	3.7%	**2.8%**	-5.8%	-5.7%	-1.6%	21.0%	-4.5%	**-11.9%**	13.6%
Telecom	1.0%	**-1.4%**	6.4%	-11.3%	4.8%	-1.3%	-3.6%	-0.7%	**-8.5%**	-2.1%	8.5%	-0.6%	9.4%	-8.1%	**-8.1%**	-2.3%
Utilities	-0.5%	**-1.6%**	3.5%	-8.6%	10.1%	2.2%	2.0%	0.8%	**3.4%**	-0.7%	-1.9%	0.6%	5.6%	-1.9%	**-6.6%**	2.4%

Source: Bloomberg, CMBIS

Sector preference

1. Internet may re-rate ahead of fundamental improvement in Q2

We believe the market has factored in much of the policy headwinds in China's internet sector over the past year. While more detailed regulatory measures might continue to roll out, they should be within the framework announced earlier and well anticipated by the market. Further downside caused by regulation is limited, in our view.

Recent policy news flows are more neutral or even supportive. For instance, at a seminar with three government departments and heads of internet enterprises on 28 Jan, the Cyberspace Administration of China vowed to help internet enterprises develop healthily and sustainably by enhancing inter-department coordination and implementing favourable policies.

2. Construction Machinery to benefit from infrastructure spending

With China's policy shifting to pro-growth, we expect infrastructure spending to accelerate, supported by stronger new issuance of local government special bond, thereby boosting new demand for machineries. Electrification and computerisation are speeding up replacement cycle in mining and port equipment, which are already enjoying strong orders. Margins may improve as cost pressures (steel) are easing.

3. New-Energy Vehicle offers buying opportunity after correction

The share prices of China's leading NEV start-ups retreated by 30-40% YTD, which presents a good opportunity to accumulate the shares. We expect NEV sales in China to maintain strong growth in 2022 (passenger NEV wholesale volume to rise close to 50%). The potential rebound in China's macro economic growth in Q2 should boost the sector's sales and sentiment. The ongoing improvement in HK stock market's sentiment is positive to this high-beta growth sector.

Technical Analysis

- **HSI holding above long-term uptrend**

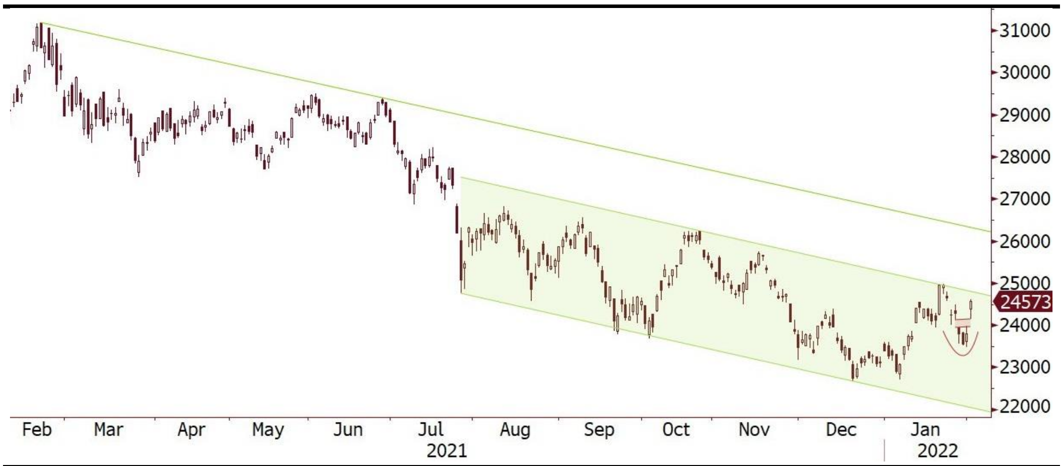
The HSI has a long-term uptrend linking its bear-market troughs in 2008, 2016 and 2020, and it successfully held above this uptrend at its recent troughs in Dec 2021 and early Jan 2022 (Fig. 13).

In a shorter time frame, the HSI is still in a half-year downward channel, but with a gap-up rally on 4 Feb, it formed a bullish "Island Reversal", and thus have potential to break above the downward channel. The next resistance will be a one-year downtrend around 26,000 (Fig. 14).

Figure 13: HSI's long-term uptrend since 2008

Source: Bloomberg, CMBIS

Figure 14: HSI's may rebound to 26,000



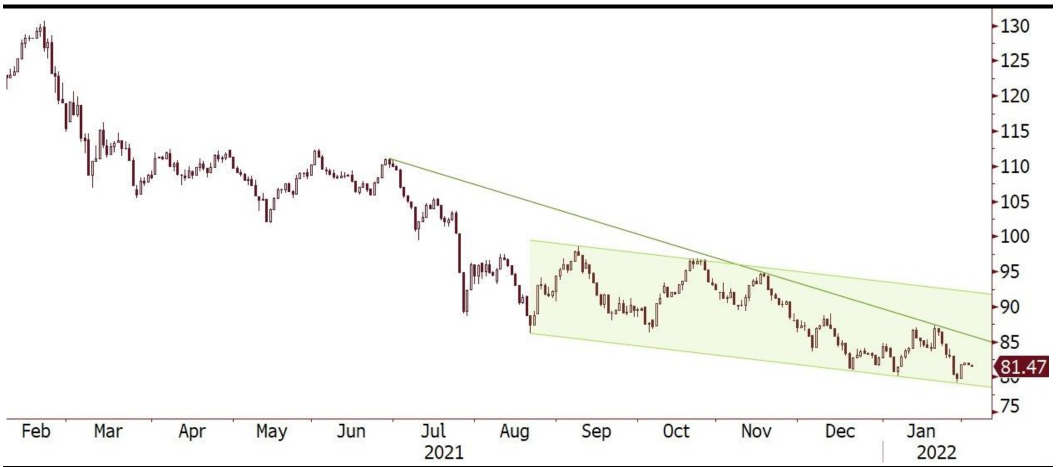
Source: Bloomberg, CMBIS

Internet stocks-heavy indices Hang Seng Tech and MSCI China are showing similar patterns. Both are in a half-year downward channel. If they can break above a short-term downtrend resistance, they may rise to the top of downwind channels, i.e. >10% upside.

Figure 15: Hang Seng TECH testing downtrend resistance

Source: Bloomberg, CMBIS

Figure 16: MSCI China testing downtrend resistance



Source: Bloomberg, CMBIS

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