

China A Shares – Macro explains almost entirety of YTD returns

Qi's Risk Model attributes return & risk between macro vs. idiosyncratic / specific forces

The CSI 300 is up +4.7% YTD. The make-up:

- +10.2% Macro
- -5.5% Idiosyncratic

The dominant macro propellers of that return:

- +3.8% Copper
- +1.2% USDCNH
- +1.0% China CDS
- +0.9% US HY Corporate Credit
- +0.6% China GDP
- +0.6% USD TWI

In others words, and perhaps no surprise, investing locally in China today is a punt on macro.

And not about a fundamental better opportunity set in anticipation of RoW fiscal stimulus / Deepseek news...

Currently the macro momentum has been strong, but be mindful of the macro risks if you are tempted to chase.

