CKGSB Investor Sentiment Survey (CKISS) – Quarterly Report (Sep. 2025)

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Key Findings

Since the fourth quarter of 2024, China's national regulators have introduced a series of measures to boost its stock market. A-shares subsequently entered an upward trend after a prolonged decline since 2021: from August to December 2024 the Shanghai Composite Index rose by 17.9% and the Shenzhen Composite Index rose by 26.8%. However, as 2025 began, A-shares retreated again, declining through the end of April. From May onwards, the market stabilized and embarked on a new rebound. Specifically, from January to April 2025 the Shanghai Composite Index fell by 2.2%, and from May to August it rose by 17.7%, resulting in a cumulative gain of 15.1% over the first eight months. The Shenzhen Composite Index fell by 2.1% in January–April, rose by 27.6% in May–August, producing a cumulative first-eight-month gain of 24.8%. From August 2024 to August 2025 the Shanghai Composite Index was up 35.7% year-on-year, while the Shenzhen Composite Index gained 58.2%.

Investor sentiment broadly tracked the A-share market trend, though the amplitude of sentiment shifts was smaller than that of capital-market movements. Sentiment fell to its lowest point since 2018 in July 2024, rebounded strongly in November 2024 in response to policy-driven gains, and retreated again in April 2025 alongside the stock market's decline. In the current period (May-September 2025), sentiment has recovered: in September 2025, 63.1% of respondents expected A-shares to rise, up 1.6 percentage points from April 2025 and 15.6 percentage points from July 2024. In this edition of the survey (May-September 2025), the expected rate of return on A-shares was about 1.6%, up 1.0 percentage point from April 2025 and 5.6 percentage points from July 2024.

The current round of A-share gains has been driven mainly by valuation expansion rather than by improvements in listed companies' fundamentals. We decompose total returns of all A-shares into changes in P/E ratios and net profit growth. As of August 2025, the average return across all A-shares was about 40.2%, while P/E ratios were up 43.6% year-on-year.

Three major factors have driven the valuation recovery. The first is policy support. Since the fourth quarter of 2024, the People's Bank of China (PBOC) has repeatedly released liquidity, creating favorable conditions for a stronger stock market. In September 2024 and May 2025 the PBOC cut the reserve requirement ratio (RRR) for financial institutions by 0.5 percentage point each time, releasing an estimated total of about RMB 2 trillion. According to Wind, a data provider in China, in the first eight months of 2025 the PBOC injected a net RMB 1.6 trillion through open market operations. In addition, in September 2024 and January 2025, the PBOC and five other Chinese government departments issued joint policies explicitly encouraging long-term institutional funds—including insurance funds, social security funds, pension funds, and mutual funds—to increase allocations to equities.

On the fiscal front, China's fiscal deficit has remained high in recent years. As of July 2025, its cumulative general public fiscal deficit over the preceding 12 months accounted for about 5.1% of GDP, while the deficit of government-managed funds accounted for about 3.8% of GDP. While fiscal expansion does not directly affect the stock market, greater public investment—for example in infrastructure—can drive economic growth and strengthen expectations for corporate fundamentals.

Second, supported by national policy and technological innovation, Chinese technology firms have made breakthrough advances in recent years, and a number of companies with global influence have emerged. In particular, in 2025, high-tech companies such as Unitree Robotics, DJI (drones), new energy vehicle makers, and DeepSeek not only held important positions in the domestic market but also drew wide international attention. This fueled strong performance in related sectors in the stock market and lifted overall market sentiment. As of August 2025, A-share sectors such as semiconductors, computers and communication equipment, automation equipment, electronics and electronic components, and industrial metals all recorded year-on-year price gains of more than 60%.

The third factor fueling valuations has been the forward-looking, systematic, and targeted strategies that China adopted in response to US–China trade frictions, which significantly boosted investors' confidence in China's capacity for economic and technological self-reliance. Since the onset of trade frictions, China has reduced unilateral dependence on US trade through industrial relocation and stronger trade ties with Global South countries. From 2018 to 2024, the share of China's goods exports going to the US fell from 19.3% to 14.7%, and from January to July 2025 this fell further to 11.8%. Moreover, the fact that China precisely managed and tightened export control of rare earth and it stayed determined to developing its indigenous chips so as to not rely on US high-end AI chips (such as NVIDIA's) has all significantly increased China's bargaining power and confidence in US–China trade negotiations.

Despite the boost to market confidence and the strong momentum of tech innovators, the overall performance of listed companies remains lackluster: revenue and net profit growth for non-financial A-share listed companies remain at low levels. China's economy is still under downward pressure due to the unresolved adjustment in the real estate sector, weak domestic demand, and high external uncertainty.

Since 2021, new residential housing prices in 70 large and medium-sized cities in China have continued to decline. In September 2024, the year-on-year decline widened to as much as 6.1%; since then, the decline has gradually moderated, and the current year-on-year drop has narrowed to 3.4%. The sustained downturn has clearly weighed on expectations: in this survey (May-September 2025), 46.3% of respondents expected housing prices to rise, down 6.2 percentage points from the previous survey. The expected rate of return on housing prices was about 0.5%, down 0.2 percentage points from the previous survey. For most Chinese households real estate is an important family asset, and shrinking housing wealth inevitably dampens consumer confidence.

The year-long rise in A-shares indicates that at least part of investor confidence has recovered. But a sustained bull market requires strong fundamentals. Structural rebalancing from investment to consumption, technological innovation, industrial upgrading, and vigorous private-sector activity are all critical to strengthening fundamentals. None of these are easy tasks—they require a broad consensus and a package of actionable measures.

As early as seven years ago, we highlighted gold as an important investment asset in our survey reports. The core logic was that the world's shift from a unipolar to a multipolar system would inevitably lead to a restructuring of the financial system, with gold serving as a ballast bringing stability and balance in the new financial order. Over the years, gold prices have steadily risen. Investors naturally ask whether gold has already peaked. Our view is that the answer depends on whether the underlying logic has changed. Our overall judgment is that the trend toward a multipolar world has not stalled; on the contrary, it has accelerated.

**These findings were first published in Chinese and are provided here in English translation.*

**To learn more about the survey or to read its previous reports, please visit the survey's webpage of Cheung Kong Graduate School of Business via: https://english.ckgsb.edu.cn/knowledge/the-ckgsb-investor-sentiment-survey/*