**CKGSB Investor Sentiment Survey (CKISS) – Quarterly Report (April 2025)**

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**Key Findings**

Investor sentiment towards A-shares hit the bottom in July 2024, rebounded sharply in November, and fell again in this survey (April 2025), but it was better than the situation in July 2024. In general, the ups and downs of investor sentiment are basically consistent with the trend of A-shares. A-shares have been sliding since the end of 2021. From December 2021 to August 2024, the Shanghai Composite Index fell 21.9% and the Shenzhen Composite Index fell 39%. In the July 2024 survey, only 47.5% of the respondents believed that A-shares would rise, and the expected rate of return on A-shares was minus 4%. The net increase in the number of people willing to invest in stocks was minus 12.5%, the lowest point this index had reached since the CKISS survey began in 2018.

In September 2024, the government introduced financial policies beyond all our expectations, injecting optimism into the stock market. From August to December 2024, the Shanghai Composite Index rose 17.9% and the Shenzhen Composite Index rose 26.8%. In November 2024, respondents were in a significantly better mood, with 68.2% thinking A-shares would rise – an increase of 20.7 percentage points on July's score. Our respondents in November believed the expected rate of return on A-shares would be about 5.3%, an increase of 9.3 percentage points since last July. There was also a net increase in the number of people willing to invest in stocks of roughly 11.3%, a rise of 24 percentage points since July.

As we entered 2025, the A-share market fell again. As of April 2025, the Shanghai Composite Index lost 2.2% compared with the end of 2024, and the Shenzhen Composite Index lost 2.1%. In the April 2025 survey, respondents sentiments turned more pessimistic than earlier. About 61.5% of the respondents believed that A-shares would rise, 6.7 percentage points lower than in November last year. Our survey found the expected rate of return on A-shares had fallen 4.7 percentage points to about 0.6% since November last year. In April, there was however still a net increase in the number of people willing to invest in stocks (about 12.7%), which was slightly higher (1.4 percentage points) than last November.

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[1] 1 The CKGSB Investor Sentiment Survey (CKISS) is a quarterly survey on investor sentiment and expectations in the capital market, produced by Cheung Kong Graduate School of Business' (CKGSB) Center for Investment Research. The first survey was conducted in January 2018. With surveys conducted three times per year, we have commissioned Beijing Dataway Horizon Co., Ltd., Shenzhen SSF Information Consultation Co., Ltd. and Beijing Vinsight Marketing Research Co., Ltd to carry out the survey since July 2024. The survey has now been expanded to 13 major Chinese cities with approximately 2100 valid samples, including 1,300 samples from individual investors and 800 from institutional investors.

2 Professor Liu Jing is Professor of Accounting and Finance and Director of the Investment Research Center at CKGSB and Chen Hongya is a researcher with the Investment Research Center at CKGSB. This study needs further exploration and is only for teaching and internal discussion. Anyone who would like to quote it should obtain the authors' consent.

Expectations regarding real estate investment in China have trended down since August 2020, bottoming out in September 2023, and then rising slowly. The overall mood towards real estate investment in the spring of 2025 is still pessimistic, but less pessimistic than before. Investors' expectations for real estate are basically consistent with the real estate market situation. From the perspective of new commercial housing construction projects, real estate hit bottom in the third quarter of 2023, with a slowing decline since then. From December 2021 to September 2023, areas under commercial housing construction saw an annual average decline of 33%, and from September 2023 to March 2025, the annual average decline was 20.4%. In September 2023, only 47.6% believed Chinese housing prices would rise, the lowest since the survey started in 2018, and our survey reported that the expected rate of return on housing investments was minus 0.2%. A total of -31.7% was the net increase in the number of people willing to invest in real estate. In this survey (April 2025), about 52.5% of respondents believed that housing prices would rise, up 4.9 percentage points from September 2023. The expected rate of return on housing prices had grown to about 0.7%, up 0.9 percentage points from September 2023. The net increase in the number of people willing to invest in real estate was about -16.1%, a decrease of 15.6 percentage points from September 2023. Since 2024, the proportion of respondents who believed that future GDP growth would top 5% has dropped. In this survey (April 2025), just 33.2% of respondents believed that the future economic growth rate could exceed 5%.

Consumption and investment are very important components of GDP. Net exports of goods and services account for only about 2.1%. Indeed, GDP growth is basically determined by consumption and investment. We use per capita consumption of urban and rural households to estimate consumption growth among Chinese residents. Compared with total retail sales of consumer goods, the per capita consumption of urban and rural households includes services. Since 2020, China’s total population growth has fallen to -0.1%. To simplify the process, we use per capita consumption expenditure growth as a rough estimate of total consumption expenditure. The growth rate of government consumption can be estimated by total public fiscal expenditure and government fund expenditure. The growth rate of capital formation is estimated by summing fixed asset investment. In 2024, China’s per capital consumption expenditure, deducting CPI inflation, was about 5.3%. Total government expenditure growth after deducting CPI was about 2.6%, and growth of fixed asset investments after deducting PPI was about 4.6%. According to the expenditure approach to calculate GDP introduced in 2023, the weighted average growth rate of the three combined was about 4.5%. In the first quarter of 2025, China’s per capita consumer expenditure increased by 5.3% year-on-year after deducting CPI inflation, government expenditure increased by 5.7% year-on-year after deducting CPI, and fixed asset investment total amount increased by 5.7% year-on-year after deducting PPI. The weighted average growth rate of the three combined was about 5.3%.

In recent years, enormous downwards pressure has threatened the health of China’s economy. Real estate, the main source of wealth for the vast majority of Chinese families, has fallen in value, with a major knock-on effect on consumer sentiments. An even more important contributor to the downward pressure is the international environment China is struggling with. The world is undergoing deglobalization and changes to supply chains that are hugely challenging the manufacturing powerhouse’s export-oriented economy. In April 2025, the United States stepped up its trade war against China, and our survey reached respondents while this was hot on the mind. For that reason, the attention that our survey respondents gave to international relations was high. About 63.6% of respondents found Sino-US relations to be a major contributing factor to sentiment regarding investment, and roughly 56.8% of respondents said that China's relations with the West was important. About 58.8% of the respondents believed that if the trade relationship between China and the United States broke down, there would be heavy short-term pressure on China. Such expectations appeared to increased risk aversion among investors. In April 2025, the net increase in the number of people willing to invest in gold accounted for about 16.3%, an increase of 17 percentage points from October 2018. The net increase in the number of people expressing interest in bond investment accounted for about 16.8%, an increase of 17.2 percentage points from October 2018. The tariff war seems likely to bring considerable short-term challenges to China, but in the long-term, opportunities are aplenty.

We have found that investors tend to be optimistic about the long-term impact of the breakdown of Sino-US relations. As many as 45.8% of respondents see a positive long-term impact, and only about 27.5% see it as negative. A considerable proportion (20%) think China will see no impact from current geopolitical tensions. This confidence in a positive outcome is derived from two aspects:

First, external challenges are expected to speed up structural adjustments in China's domestic economy, forcing companies to focus on expanding demand inside the country. At China's Central Economic Work Conference held in December 2024, "vigorously boosting consumption, improving investment efficiency, and expanding domestic demand in all directions" were listed first among nine key government tasks. In our survey, about 58.2% of the respondents believed that boosting domestic demand would have a big impact on the future investment landscape.

Second, investors are confident that China is in a leading position on important scientific and technological innovations, and that this will lead to significant growth. In this survey, about 54.4% of respondents said that China was already a world leader in AI, an increase of 14.7 percentage points from November 2024. About 55% of respondents said that China was a world leader in the new energy sector, an increase of 19.2 percentage points from April 2021.

To draw together these challenges and opportunities, China looks to its thriving private economy. The private economy has demonstrated over two decades strong competitiveness in international markets, with its flexibility and innovative spirit. It will doubtless play a major role in expanding domestic demand in the future. In our survey, respondents' attention to the private economy continued to rise. A total of 44.5% of respondents believed that the status of the private economy was key to future investment decisions, an increase of 9.5 percentage points on December 2020. Regarding how to boost private entrepreneurs' confidence, about 74% of respondents believed that continuity and stability in macroeconomic policies should be protected, and 65.9% of respondents believed that private businesses should be given the same status as state-owned enterprises in the political economy.

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