

# Shanghai Market Outlook - 22 March 2023

China Stocks Track Global Peers Higher The Shanghai Composite rose 0.64% to close at 3,256 while the Shenzhen Component jumped 1.6% to 11,427 on Tuesday, erasing losses from the previous session and tracking global peers higher, amid easing concerns about the global banking crisis and growing expectations of a more cautious policy approach by the Fed.

In China, the Shanghai Composite Index rose 21 points or 0.64 percent on Tuesday. Leading the gains are China Molybdenum (6.17%), Avic Aviation Engine (4.08%), and Jiangsu Lianyungang (4.04%). The top losers were China Pacific Insu (-3.49%), China Railway Group (-2.66%), and Baosteel (-2.31%).

The People's Bank of China has also recently announced a surprise cut to lenders' reserve requirement ratio for the first time this year to aid the economic recovery.

Moreover, the central bank held its key lending rates steady at its March fixing, keeping the one-year loan prime rate at 3.65% and that of the five-year at 4.3%. Technology and healthcare stocks led the advance, with strong gains from Kunlun Tech (8.3%), Zhonghang Electron (3%), Inspur Electronic (1.8%), Wuxi Aptec (8.5%), and Changchun High New (7.8%).

Top Gainers		
Company	Last Price	Change%
Novoray Corp. A	¥67.18	16.88%
Hangzhou Raycloud Technology Co. Ltd. A	¥21.00	13.51%
UCloud Technology Co. Ltd. A	¥22.27	10.80%
ArcSoft Corp. Ltd. A	¥37.50	10.62%
Lionhead Technology Development Co. Ltd. A	¥7.56	10.04%

Shanghai's current account surplus decreased considerably in the final quarter of 2022, figures from the Census and Statistics Department showed on Tuesday.

The current account surplus declined to HK\$63.8 billion in the December quarter from HK\$117.1 billion in the September quarter. The surplus also decreased from HK\$82.8 billion in the corresponding period last year. This implies that Shanghai's savings were greater than its investment, enabling China to accumulate external financial assets as a buffer against global financial volatilities, the agency said. The goods trade surplus shrank to HK\$0.85 billion in the fourth quarter from HK\$15.3 billion in the third quarter. Similarly, the surplus on services trade dropped to HK\$31.3 billion from HK\$42.8 billion.

The primary income surplus also fell significantly from HK\$62.8 billion to HK\$35.4 billion. On the other hand, the negative balance in the secondary income narrowed fractionally to HK\$3.73 billion from HK\$3.79 billion. The capital account deficit was HK\$382 million versus HK\$89.0 million.

At the same time, the financial account deficit declined sharply to HK\$32.9 billion from HK\$147.7 billion. During the fourth quarter, the overall balance of payments showed a deficit of 16.5 billion compared with a shortfall of HK\$138.4 billion in the third quarter.

Top Losers		
Company	Last Price	Change%
BeiJing DaHao Technology Corp. Ltd. A	¥17.24	-10.02%
Fushun Special Steel Co. Ltd. A	¥12.08	-5.99%
Ningxia Building Materials Group Co. Ltd. A	¥17.06	-5.80%
Kaili Catalyst & New Materials Co. Ltd. A	¥78.00	-5.77%
RoadMainT Co. Ltd. A	¥40.49	-5.77%

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