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China Bi-Weekly Outlook

Monday, 23 November 2026

Hong Kong Stocks Squeezed by Global Headwinds

Key China Market Indices

Index	Price	Past 2-Week Return	YTD Return
Hang Seng Index	22,411	-8.5%	-12.6%
HSCEI Index	7,554	-8.7%	-15.2%
Hang Seng Tech Index	3,511	-13.9%	-36.3%
Shanghai Composite Index	3,534	-3.2%	-11.0%
CSI 300 Index	3,955	-2.5%	-14.6%

Source: UOB Kay Hian and iFinD, as of Nov 20, 2026

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In collaboration with UOBKH Institutional Research

- **Hong Kong tech led losses, and Wall Street added to the pressure.** Fresh buying offered little support. Actively managed foreign funds turned net buyers of Hong Kong equities last week and about 70% of the week's Southbound net buying came on Nov 20. Index ETFs drew most of the day's net buying, while Hang Seng Index still closed lower that day. US chip sell-off after Asian markets closed and expectations of further Fed hikes add to near-term pressure. With US fundamentals still intact, equities could rebound as sentiment stabilizes, but in Hong Kong, weak mainland demand and uncertainty over cloud expansion under BIS curbs continue to weigh on the earnings outlook. A wave of lock-up expiries in Jan 2027 could also limit a rebound. We continue to favour defensive yield plays for getting paid to wait for the market to stabilize.
- **Weak earnings added to the Hong Kong tech sell-off.** Tencent fell as spending on new AI products weighed on operating profit, while Alibaba's rally on stronger cloud profits did little to lift the sector. NetEase's earnings miss made it the biggest drag on the Hang Seng Index on Nov 20. With Xiaomi and Meituan still to report this week, further earnings downgrades could keep the Hang Seng TECH Index under pressure.
- **Hang Seng TECH expansion shifts passive flows.** The Nov 20 review will expand the index from 30 to 50 stocks on Dec 7. New constituents account for about 10% of the index and increase its exposure to hardware, while the largest stocks still drive its performance. CATL and YOFC are likely to see passive buying, while lower weights imply selling in Xiaomi and NetEase. Rebalancing trades are likely to be concentrated around the Dec 4 close.
- **Large banks cushioned the CSI 300 as small caps led losses.** Utilities and energy stocks also held up onshore, while small-cap losses deepened as turnover rose. Proposed US import restrictions put orders at risk for Chinese optical module suppliers. SMIC and Hua Hong gained as investors bet that more demand would shift to domestic foundries. However, access to high-bandwidth memory could still limit how quickly Chinese AI chipmakers can increase shipments.

- **Regulators stepped up support for A-shares.** A basket of A-share ETFs drew an estimated RMB 92.5bn in net inflows on Nov 20. Over the weekend, exchanges announced fee cuts and lowered the minimum margin requirement from 100% to 80%, effective Nov 30. Shenzhen also proposed introducing market makers for ChiNext stocks. From widening access to the central bank's swap facility to lowering the cost of funding share buybacks and easing margin requirements, these measures show regulators' willingness to support liquidity when markets come under pressure.
- **Best-performing sectors:** Consumer Staples +0.1% (0288.HK, 2319.HK, 9633.HK), Utilities −0.2% (0006.HK, 0257.HK, 1038.HK) and Communication Services −1.2% (6823.HK, 0008.HK, 1310.HK).
- **Potential movers and shakers:** Details inside.

Positive	-
Neutral	XPeng (9868 HK / XPEV US), COLI (0688 HK), CR Land (1109 HK), Longfor (0960 HK), NAURA Technology (002371 CH), CXMT (688825 CH), Inovance Technology (300124 CH), Estun Automation (002747 CH)
Negative	-

- **Must Watch Events**

Date	Macro Data	Sector / Company Events
Nov 24		Xiaomi (1810.HK) 3Q2026 results
Nov 27	China Oct industrial profits	Meituan (3690.HK) 3Q2026 results (after market close)
Nov 30	China Nov official manufacturing and non-manufacturing PMIs	
Dec 1	RatingDog Manufacturing PMI	NIO (9866.HK) 3Q2026 results
Dec 4		Hang Seng TECH and HSCEI rebalances after close, effective Dec 7
Dec 8	China Imports/Exports Data, Balance of Trade	
Dec 9	China Inflation Data	

Southbound Trading Summary (Past 2 Weeks)

(HKD millions)	Ticker	Total Buy	Total Sell	Net Buy (Sell)	% of Total Turnover	Past 2-Week Return	Data
Southbound Total	HSHKI.HK	411,610	383,243	28,366	39%	-9.1%	Full
TENCENT	0700.HK	30,466	23,551	6,915	24%	-18.1%	Full
BABA-W	9988.HK	25,801	26,169	(367)	25%	-20.5%	Partial
SMIC	0981.HK	22,992	18,991	4,001	40%	7.8%	Full
Z.AI	2513.HK	13,926	12,411	1,515	40%	-21.6%	Partial
HUA HONG GRACE	1347.HK	13,250	12,113	1,137	31%	7.0%	Partial
YOFC	6869.HK	10,016	10,808	(793)	45%	-16.1%	Partial
KB LAMINATES	1888.HK	6,489	6,724	(235)	41%	-24.5%	Partial
XIAOMI-W	1810.HK	5,544	5,220	324	23%	-9.0%	Partial
CNOOC	0883.HK	4,764	5,187	(423)	49%	-7.6%	Partial
Tracker Fund	02800.HK	7,026	1,377	5,648	10%	-8.4%	Partial

Source: UOB Kay Hian and iFinD, as of Nov 20, 2026.

Note: Based on the two-week period from Nov 9 to Nov 20, 2026. For Stock Connect Southbound trading, only the top 10 most actively traded securities are disclosed. "Full data" means the stock appeared on the top 10 list for each of the past few trading days. "Partial data" means otherwise.

- **Southbound investors bought into the sell-off.** Net buying reached HKD 28.37bn over the past two weeks, following net selling of HKD 14.27bn in the previous period. The Tracker Fund (2800.HK) drew HKD 5.65bn in net buying as the Hang Seng Index fell 8.5%.
- **Tencent led net buying, and selected chipmakers gained.** Tencent drew HKD 6.92bn in net buying, the most among the names in the table, and still fell 18.1%. SMIC and Hua Hong Semiconductor both gained alongside net buying.
- **Southbound investors bought Z.AI and sold selected hardware names.** Z.AI fell more than 20% despite net buying, pointing to persistent selling pressure. YOFC and Kingboard Laminates also fell sharply and recorded net selling.

Best 3 Hang Seng Sectors (Past 2 Weeks)

Hang Seng Sector Index	Past 2-Week Return	YTD Return	Stock Drivers Past 2-Weeks
Consumer Staples	0.1%	-12.3%	Wh Group Limited (0288.HK) +5.2%, China Mengniu Dairy Company Limited (2319.HK) +3%, Nongfu Spring Co., Ltd. (9633.HK) +1.1%
Utilities	-0.2%	3.1%	Power Assets Holdings Ltd. (0006.HK) +2.3%, China Everbright Environment Group Limited (0257.HK) +6.5%, Ck Infrastructure Holdings Limited (1038.HK) +2.5%
Communication Services	-1.2%	-7.1%	Hkt Trust And Hkt Ltd. (6823.HK) +1.5%, Pccw Ltd. (0008.HK) 0%, Hkbn Ltd. (1310.HK) -1%

Source: UOB Kay Hian and iFinD, as of Nov 20, 2026

- **Consumer Staples rose 0.1% over two weeks, leaving the sector down 12.3% YTD.** WH Group, Mengniu and Nongfu Spring all gained as the broader market fell. A shift towards higher-value products and less discounting could support Mengniu's margins. Retail sales of grain, cooking oil and food at larger retailers remained subdued in October. We remain cautious on the sector pending a broader recovery in sales while seeing selective opportunities in dairy stocks that offer attractive dividends backed by steady cash flow.
- **Utilities fell 0.2% over two weeks, leaving the sector up 3.1% YTD.** Power Assets and CK Infrastructure both gained as the Hang Seng Index fell 8.5%. Regulated networks give both companies a more predictable earnings base.
- **Communication Services fell 1.2% over two weeks, taking its YTD decline to 7.1%.** The sector held up better than the broader market, with HKT up, PCCW flat and HKBN slightly lower. At HKT, growth in high-speed broadband and 5G subscriptions lifted service revenue, and stronger distributable cash flow supported a higher interim payout.

Worst 3 Hang Seng Sectors (Past 2 Weeks)

Hang Seng Sector Index	Past 2-Week Return	YTD Return	Stock Drivers Past 2-Weeks
Consumer Discretionary	-14.0%	-34.4%	Alibaba Group Holding Limited (9988.HK) -20.5%, Meituan (3690.HK) -17.3%, Byd Company Limited (1211.HK) -15.9%
Information Technology	-15.2%	-39.5%	Tencent Holdings Ltd. (0700.HK) -18.1%, Netease, Inc. (9999.HK) -23.2%, Xiaomi Corporation (1810.HK) -9%
Materials	-18.4%	-40.7%	Zijin Mining Group Company Limited (2899.HK) -20.2%, China Hongqiao Group Limited (1378.HK) -15.3%, Zijin Gold International Company Limited (2259.HK) -26.1%

Source: UOB Kay Hian and iFinD, as of Nov 20, 2026

- **Consumer Discretionary fell 14.0% over two weeks, extending its YTD decline to 34.4%.** Weak retail demand weighed on e-commerce and auto stocks. Alibaba beat consensus on adjusted EBITA, helped by stronger cloud margins and narrower quick-commerce losses as order values rose. Core e-commerce profits held steady. Adjusted net profit fell short of expectations, and AI infrastructure spending kept free cash flow negative. We remain cautious on a broad sector rebound.
- **Information Technology fell 15.2% over two weeks, taking its YTD decline to 39.5%.** Tencent's third-quarter revenue rose 8% yoy, slightly below consensus. Adjusted operating profit fell 6% yoy and missed estimates even after excluding the cost of new AI products. Prepayments for computing capacity widened its free cash outflow to RMB 69.1bn. NetEase's adjusted net profit also missed consensus as revenue from games and related services fell a worse-than-expected 1.7% yoy.
- **Materials fell 18.4% over two weeks, extending its YTD decline to 40.7%.** A stronger US dollar weighed on copper and gold in the final week, with higher US Treasury yields adding pressure on gold. Low copper inventories in China kept physical premiums elevated, while lower global metal prices weighed on the earnings outlook for Zijin Mining and Zijin Gold International. We remain positive on gold over the long term given US debt concerns and persistent geopolitical risks.

Stocks: Potential Movers and Shakers

Please note that not all stocks mentioned below are recommended by PWM Research / CIO Office. Please refer to the Appendix for our China Stock Model Portfolio and official recommendations. Equity investing involves significant risk. Investor discretion is advised.

Stock	Sector	PWM Research Recommendation	Type of News	Our Read on the News
XPeng (9868 HK / XPEV US)	Consumer Discretionary	XPeng: No Recommendation	Earnings	Neutral

- **XPeng's 3Q 2026 loss narrowed more than expected, while services revenue missed expectations.** Net loss narrowed 35.1% qoq to RMB 868mn, smaller than our forecast loss of RMB 1bn, as the average vehicle selling price rose 10.7% qoq to RMB 183,000. Revenue from services and other activities fell 1.9% qoq to RMB 2.65bn. XPeng booked no technology development revenue from Volkswagen in 3Q 2026 after recognising a contribution in 2Q 2026.
- **Higher deliveries will come at lower selling prices.** Volume growth will come at a lower ASP, and losses will continue, due to escalating spending in AI/robotics. XPeng guides for 4Q 2026 deliveries to rise 45-50% yoy, but expects ASP to fall 8-10% qoq as cheaper Mona models ramp up. We expect net losses of RMB 4.22bn/RMB1.33bn in 2026/27 respectively and maintain SELL with a target price of HK$30.00. (*Ken Lee*)

Stock	Sector	PWM Research Recommendation	Type of News	Our Read on the News
COLI (0688 HK)	Real Estate	COLI: No Recommendation	Sales / Products	Neutral
CR Land (1109 HK)		CR Land: No Recommendation		
Longfor (0960 HK)		Longfor: No Recommendation		

- **Household borrowing stayed weak in the first full month of the mortgage subsidy.** Household medium- to long-term loans fell by RMB 156.3bn in Oct 2026, compared with a decline of RMB 70.0bn a year earlier, suggesting the subsidy had limited initial impact. Over the first ten months, these loans fell by RMB 50.1bn, compared with an increase of RMB 1,260.0bn in the same period of 2025.
- **Second-hand sales continued to outperform new-home sales.** From Nov 1 to 22, new-home sales fell 1% yoy across four Tier 1 cities and 20% across nine Tier 2 cities. Beijing rose 64%, while Shanghai, Guangzhou and Shenzhen fell 12%, 7% and 25%, respectively. Second-hand sales rose 8% across three Tier 1 cities and 10% across eight Tier 2 cities, with Shanghai up 17%. As of Nov 22, the ICE Index showed average second-hand listing prices across 100 major cities down 0.7% mom. Shanghai was the only Tier 1 city with a year-to-date increase, at 1.6%.

- **Maintain UNDERWEIGHT on China property.** Falling home prices and weaker household borrowing suggest the market may need further support, such as broader mortgage subsidies. We expect second-hand sales to continue outperforming new-home sales and prefer developers with limited reliance on pre-sale proceeds, strong Tier 1 exposure and resilient recurring income. COLI is our top pick among the developers discussed. (*Liu Jieqi/Damon Shen*)

Stock	Sector	PWM Research Recommendation	Type of News	Our Read on the News
NAURA Technology (002371 CH) CXMT (688825 CH) Inovance Technology (300124 CH) Estun Automation (002747 CH)	Information Technology	NAURA Technology: No Recommendation CXMT: No Recommendation Inovance Technology: No Recommendation Estun Automation: No Recommendation	Channel Check	Neutral

- **AI hardware remains under pressure as investors question spending beyond 2028.** Channel checks have yet to show any AI order cuts, and visibility through 2027–28 remains intact. Investors still expect selling in crowded optical interconnect and printed circuit board stocks. High institutional ownership and continued profit-taking could prolong the correction. A sustained recovery will likely require greater confidence in hyperscalers' AI spending beyond 2028.
- **Fund flows could keep NVIDIA suppliers under pressure.** Market reports suggest insurers are close to unwinding their existing positions, which could ease selling pressure. Insurers appear reluctant to rebuild AI hardware exposure, while long-only funds continue to raise cash on rebounds.
- **We prefer AI applications and the domestic supply chain.** NAURA offers more defensive exposure to China's efforts to source semiconductor equipment locally and expand domestic capacity. CXMT should benefit from persistent DRAM shortages, elevated prices and a greater share of server memory in its sales mix. Inovance and Estun offer exposure to embodied AI through their growing robotics businesses and improving profitability. (*Murphy Li*)

Type of News	Explanation
Channel Checks	Industry-wide or supply chain news with implications to a particular sector or company
Corporate Action	Dividends, special dividends, stock splits, share buybacks, equity / bond financing, M&As, spin-offs and restructuring etc.
Earnings	Quarterly earnings for US-listed companies. Semi-annual earnings for Hong Kong-listed companies
Insider Dealing	Company insiders' buying / selling of stocks and derivatives of the company
Investor Action	Lead investor buying / selling including activist investor actions
Investor Roadshow	Deal and non-deal roadshows, reverse roadshows (analyst days), and company meetings at investment conferences
Legal / Regulatory	Lawsuits, legislature/regulation changes, other regulatory events
Macro / Industry Data	Regular economic or industry data related to the sector or stock
Sales / Products	Sales or product related news, such as monthly sales or new product launches
Public Event	Public speeches and appearances by companies in the media or industry conferences

Appendix - China Stock Model Portfolio (Nov 20 Reference)

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China Stock Model Portfolio - Core Recommendations and Investment Opportunity

20 Nov 2026

Name	Ticker	Sector	Type of Recommendation	Current Price	Position Weight	Forward PE	1D Return (%)	1W Return (%)	MTD Return (%)	QTD Return (%)	YTD Return (%)	1Y Return (%)	Inception Return (%)
China Mobile Ltd-H	941 HK	Communication Services	Core Recomm	80.05	9.4	11.3	-0.8	-0.4	0.1	0.8	4.6	-1.2	-
Trip.Com Group Ltd	9961 HK	Consumer Discretionary	Core Recomm	325.40	6.9	10.4	-3.5	-3.2	5.0	5.6	-41.3	-41.3	-
Bosera Csoe Hidv Etf	3437 HK	NA	Investment Opp	9.45	5.9	NA	-1.1	-2.1	-3.9	-2.6	2.1	-1.7	-
Tencent Holdings Ltd	700 HK	Communication Services	Core Recomm	344.00	5.2	10.1	-1.3	-11.0	-10.3	-20.2	-41.9	-44.0	-
Contemporary Amperex Techn-A	300750 C2	Industrials	Core Recomm	227.78	4.9	10.3	-2.7	-4.2	-2.5	-21.4	-33.3	-34.3	-
Petrochina Co Ltd-H	857 HK	Energy	Core Recomm	10.07	4.4	8.3	-0.5	-2.5	-6.9	4.2	27.7	18.9	-
Alibaba Group Holding Ltd	9988 HK	Consumer Discretionary	Core Recomm	83.35	4.3	10.6	3.5	-8.0	-14.1	-21.8	-41.1	-45.7	-
Geely Automobile Holdings Lt	175 HK	Consumer Discretionary	Core Recomm	13.27	4.1	5.0	-1.7	-1.0	-4.1	-8.8	-23.9	-20.0	-
Galaxy Entertainment Group L	27 HK	Consumer Discretionary	Core Recomm	32.80	4.1	13.1	-0.4	-1.9	2.3	3.7	-10.0	-13.8	-
Taiwan Semiconductor-Sp Adr	TSM US	Information Technology	Core Recomm	318.71	3.9	14.5	-9.5	-20.2	-21.6	-30.2	6.4	16.8	-
Midea Group Co Ltd-H	300 HK	Consumer Discretionary	Core Recomm	103.00	3.6	13.4	-1.4	1.4	7.2	12.9	28.3	24.0	-
Zijin Mining Group Co Ltd-H	2899 HK	Materials	Investment Opp	23.06	3.0	6.0	-1.3	-14.2	-17.2	-28.5	-33.5	-23.7	-
Cnooc Ltd-H	883 HK	Energy	Investment Opp	21.70	2.8	5.5	-1.9	-5.0	-12.1	-9.4	8.1	4.8	-
Ind & Comm Bk Of China-H	1398 HK	Financials	Investment Opp	7.89	2.3	6.2	0.3	-0.4	-0.1	4.7	31.9	30.2	-
Meituan-Class B	3690 HK	Consumer Discretionary	Investment Opp	66.50	2.0	16.5	-1.6	-4.7	-7.1	-7.3	-35.6	-32.5	-
Chinaamc Etf Series - Ch-Hkd	3188 HK	Financials	Investment Opp	47.96	2.0	NA	-0.5	-1.7	-1.8	-9.6	-9.0	-6.3	-
Montage Technology Co Ltd-A	688008 C1	Information Technology	Investment Opp	128.41	1.8	27.8	-6.5	-15.0	-19.2	-36.2	15.3	17.2	-
Weichai Power Co Ltd-A	000338 C2	Industrials	Investment Opp	18.18	1.6	8.4	-3.5	-3.1	-10.3	-25.5	15.6	18.0	-
Gigadevice Semiconductor I-H	3986 HK	Information Technology	Investment Opp	233.80	1.5	NA	-8.6	-18.8	-25.8	-48.0	0.0	0.0	-
Hsbc Holdings Plc	5 HK	Financials	Core Recomm	129.20	0.9	9.0	-3.1	-7.6	-4.3	-17.8	10.2	25.3	-
ISHARES MSCI CHINA ETF	MCHI US	NA	Investment Opp	46.02	0.5	NA	-2.2	-7.3	-6.3	-11.9	-22.4	-22.5	19.3
Cash (USD equivalent)	CASH				25.1								
TOTAL					100.0	11.0	-1.5	-4.2	-4.7	-8.6	-16.3	-18.1	11.8

Note: "Core Recommendations" refer to our high conviction, best-of-the-best stock picks, with a minimum one-year investment horizon. "Trading Buys" are medium-conviction, short-term trading ideas. "Return" refers to HKD total return including dividends but excluding transaction costs. Inception date is 31 December 2023. For more information, please contact garrick.li@uobkh.com

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