



# CMC Weekly Report

Week of:  
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A weekly rundown of the news and intelligence moving markets in China and beyond.

## Research Team

**ARLEN AGILIGA, DMSB '22**  
Research Director & Lead Writer

**LISHA MA, CPS '23**  
Analyst

**ROHAN SHAYI, CSSH '23**  
Analyst



### Covid-19 cases in Shanghai surge, but no deaths have been reported

Since March 1, there have been over 130,000 cases of Covid-19 reported in Shanghai alone. However, not a single death has been reported, and it has been said that only one severe case of illness has occurred. Reporting the true number of deaths in Covid-19 has been complicated, as cause of death may be attributed to an underlying condition and discounted from pandemic fatalities.



### Chinese military delivers missile system to Serbia

On Saturday, Chinese military aircrafts delivered surface-to-air missile technology to Serbia, a Russian ally. Serbia has not explicitly denounced Russian action in Ukraine, nor has the country participated in international sanctions against Russia. Concerns have arisen that the arming of Serbia may lead to increased tensions in the already vulnerable region.



### Shenzhen surpasses New York City in number of billionaire residents

The Hurun Global Rich List has named Shenzhen as the city home to the third-most billionaires. Shenzhen, once a small fishing village, has recently been referred to as the Silicon Valley of China, transforming into a hub for technological innovation. The chief researcher of the Hurun Report has called this development a "wake-up call for the rest of the world."

	1M	1Y
CSI300	(1.76%)	(14.49%)
HSI	6.41	(23.13)
SSE	(1.75)	(4.72)

CNY/USD  
as of 04/11/2022  
¥6.36

## Key Points

### Global food prices hit record highs

Food prices are soaring at their fastest pace on record amid ongoing tensions in Ukraine, hampered global crop supplies, rising inflationary pressures and worsening global hunger. The conflict has wreaked havoc on food supply chains, ripped apart the global food trade system, and heightened fears of shortages of staples such as wheat and corn, as well as edible oils. The United Nations' global cost of living index rose 13% month-over-month in March, hitting a new high again. With Ukrainian ports closed and many ships avoiding the region, Russia and Ukraine hold a pivotal position in the global granary, accounting for about a quarter of global grain trade. In China, although the current grain price fluctuations are not high, high energy costs and fertilizer prices are also pushing up the cost of grain production, and food prices may continue to rise.

### New energy vehicle supply chain issues

The epidemic in Jilin, Shanghai and other places has already shown its impact on the new energy vehicles that are on the rise: one of the well-known new car-making forces in China, NIO's vehicle production process has come to a standstill. Keeping a close eye on the new energy field will be key; With the improvement of the epidemic situation in Shanghai and other places, it is reasonable to believe that the supply chain of new energy vehicles will return to normal soon.

# Gauging Sentiment

Our take on current events and what they portend for the weeks ahead.

| Weekly Sentiment Outlook: Positive / Neutral / **Negative**

**In addition to the impact of the epidemic on consumption, the production links of the semiconductor and other manufacturing industry chains may also be affected. The lag in the adjustment of relevant policies will mean a decline in the growth rate of China's market economy.**

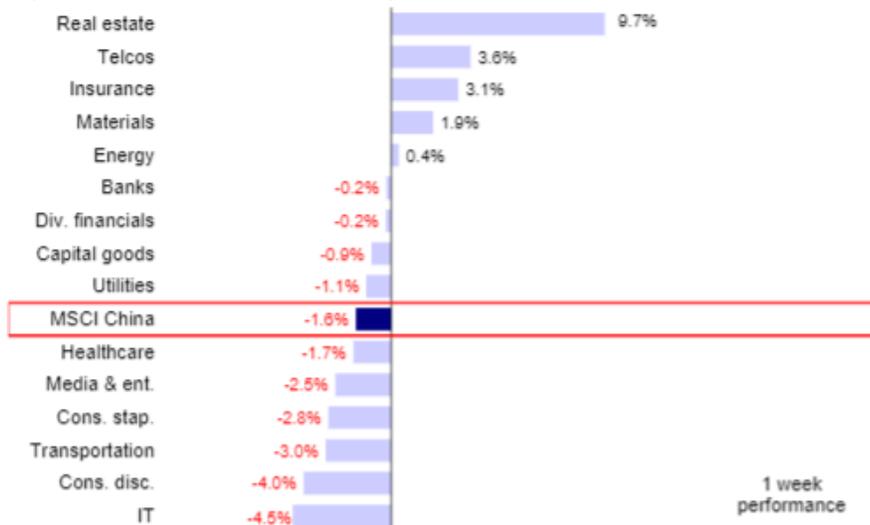
Written by: Lisha Ma

Recently, the market continued to grind to the bottom, and the overall sentiment was relatively sluggish. The current epidemic round has spread in many parts of the country and lasted for a long time. In Shanghai, the financial capital of China, the city-wide epidemic control measures have seriously disrupted the food supply. Lack of thoughtful planning also engenders people's anxiety. In addition, citizens in areas severely affected by the epidemic seek help online, hoping that banks can delay the repayment period of their mortgages in consideration of the epidemic. Many banks have indicated that they will actively help alleviate the pressure on related customers caused by the epidemic. At the same time, China's growth has been hovering at the bottom, and the policy of stabilizing growth is expected to continue to exert force. Under such a comprehensive background, the impact of this round of overseas tightening on the Chinese market may be relatively limited, and the pressure of capital outflow and CNY depreciation may be less than in the past. According to reports, China's foreign exchange reserves at the end of March reported 3.188 trillion US dollars, a decrease of 25.837 billion US dollars from the previous month; the gold reserves at the end of March were 62.64 million ounces, the same as the previous month.

## Chart of the Week

### MSCI China decreased 1.6% last week

Led by IT and consumer discretionary sectors of 4.5% and 4.0%.



Sources: Bloomberg, CICC

*The reason for the overall decline was dragged down by the consumer service industry. The repeated epidemics brought huge challenges to economic development, and the downward pressure on the economy was still relatively large.*