

# China's Shifting Economic Landscape

November 2025





This series of research papers will combine technical and macroeconomic analysis of Chinese markets, with deep insights into China's macro policy and sectoral trends, alongside expertise in market execution, trend analysis, and tactical investment strategies, with a data-driven approach to investing in China.

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# Executive Summary

**Tariff Truce, Ongoing Decoupling:** The U.S.–China tariff pause offers temporary relief, but structural trade decoupling continues as China diversifies exports.

**China's Next Five-Year-Plan:** The 15th FYP emphasizes growth, tech self-reliance, stronger consumption, and deeper global engagement.

**Humanoid Robotics Boom:** Supportive policy and supply-chain advantages position humanoid robotics as China's next strategic growth sector despite early-stage risks.

**Rare Earths Challenge:** Western economies face a multi-year struggle to develop cost-competitive rare-earth processing capacity outside China.

# Our Experts Behind the Research



## Shiyin Li | Portfolio Manager, Picard Angst AG | Macro & Sector Analysis

Shiyin Li is a CFA Charter holder with extensive expertise in China's macroeconomic policy. With a strong background in equity research and asset management across Switzerland and China, Shiyin brings a deep understanding of the country's evolving economic landscape and investment opportunities.

Holding a Master's degree in Banking & Finance from the University of Zurich, Shiyin specializes in identifying key growth drivers and structural trends shaping China's future, offering valuable insights for investors navigating this dynamic market.



## Ashley Clarke | Execution & Advisory, Picard Angst MEA | Technical Market Outlook

Ashley Clarke has over a decade of experience in European Equity Derivatives and market execution, with a strong focus on institutional trading and advisory. Prior to joining Picard Angst, Ashley worked at TP ICAP London, specializing in market structure, risk management, and execution strategies for institutional clients.

With expertise in long-term trend cycles, price structure analysis, and tactical entry strategies, Ashley provides a data-driven approach to navigating complex market environments. His insights contribute to identifying key opportunities and risks within China's evolving financial landscape.

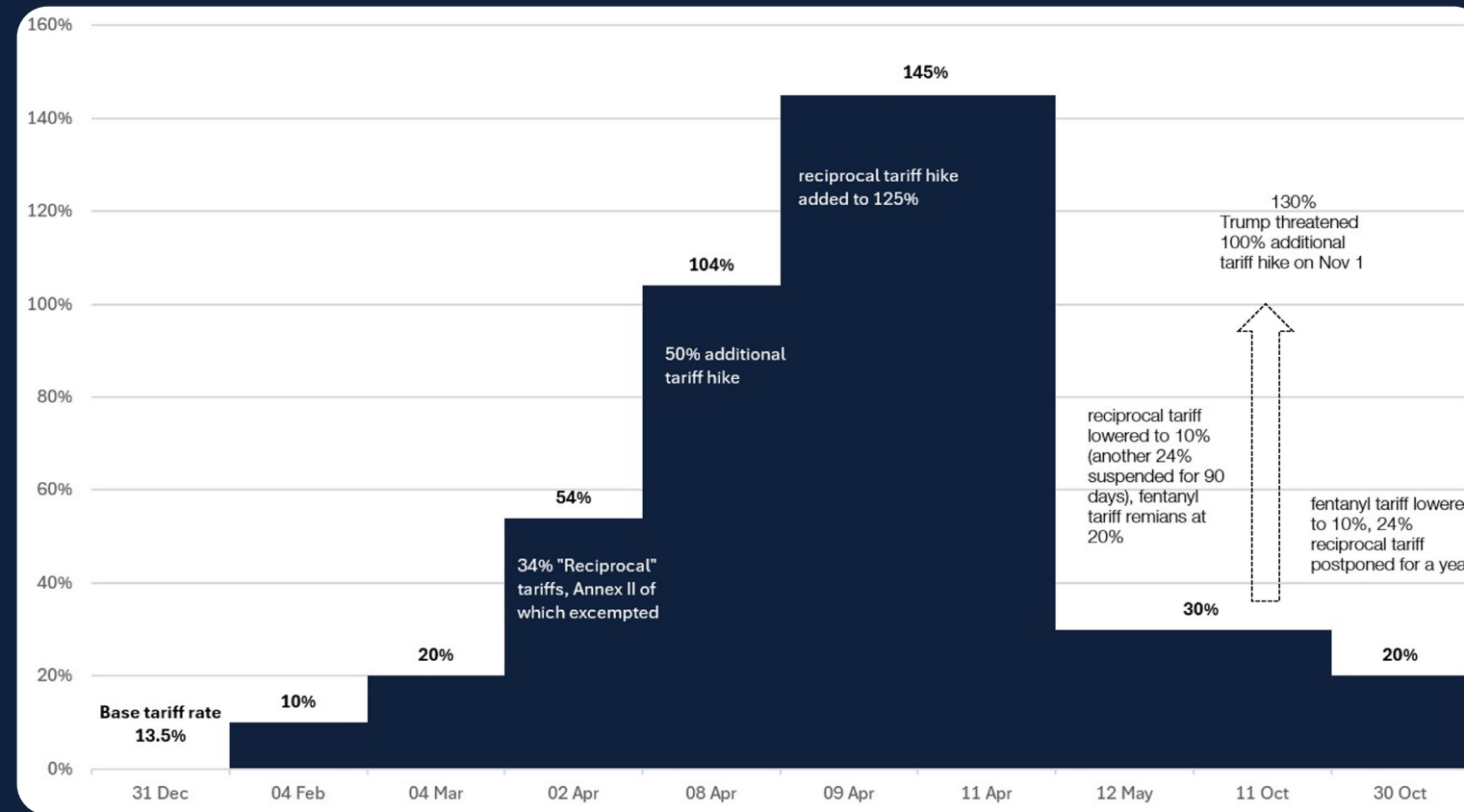
# Macro Analysis



## Tariff Truce, Persistent Decoupling

In late October, the U.S. agreed to reduce the fentanyl tariff on China to 10% from 20% and to suspend the additional 24% for one year. In response, China pledged to halt its rare-earth export controls. Although Trump has been criticized for his “TACO” move, the continued threat of additional tariffs may still be an effective strategy, as it increases uncertainty and prompts China to prepare for multiple scenarios. The truce has not halted the ongoing decoupling trend between China and U.S., with shipments to the U.S. down 29% YoY in November. However, closer trade ties with other regions helped keep China’s exports resilient, supported by export growth to ASEAN (+8% YoY) and the EU (+15% YoY). The truce gives the U.S. time to strengthen its rare earth supply chain, but it does not mark an end to broader trade tensions.

Additional U.S. Tariffs on China announced in 2025



Source: White House, UBS

## Key Themes in China’s 15th FYP: Technology, Consumption, Global Engagement

China’s Five-Year Plan (FYP) is the country’s primary strategic framework, shaping both the macro trajectory and the investment landscape. In October, China released the proposal for the 15th FYP, providing greater detail on its development agenda for 2026-2030. The proposal reaffirmed that supporting economic growth remains a central policy objective, helping to ease investor concerns that political priorities could outweigh economic considerations. Key priorities include strengthening core technologies particularly self-reliance and AI development boosting domestic consumption by improving social welfare, and advancing global engagement to diversify trade links beyond the U.S.

Industries highlighted in 15th FYP

Strategic Emerging Industries	new energy, new materials, aerospace, and the low-altitude economy
Future Industries	quantum technology, biomanufacturing, hydrogen, nuclear fusion energy, brain-computer interfaces, embodied intelligence, and 6G

Full Proposal Link: <http://www.news.cn/politics/20251028/08920d9f557c432e99459f8f468504db/c.html>

Source: Xinhua News

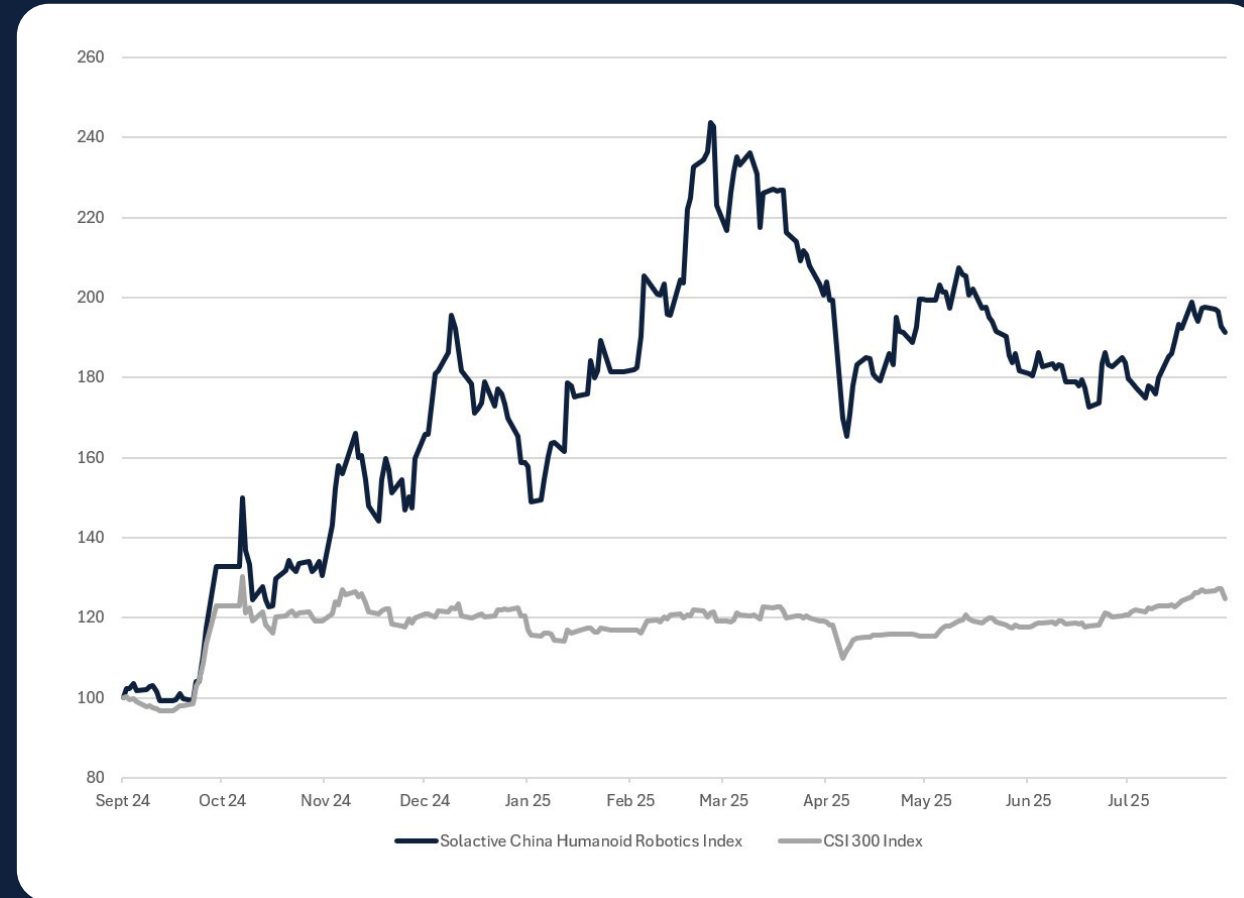
# Sector Analysis



## Humanoid Robotics: The Next Strategic Growth

With the Solactive China Humanoid Robotics index up nearly 30% year-to-date, the humanoid robotics theme has attracted growing investor interest. As the translation of frontier AI into real-world applications is highlighted as a development priority under the FYP, the combination of supportive policy and a deep domestic supply chain could become China's key competitive advantage - similar to how it established leadership in solar panels and electric vehicles. Humanoid robotics is increasingly positioned as a strategic industry to raise productivity, mitigate demographic headwinds, and strengthen defence-related capabilities. While valuations may look extended in the near term, the long-term growth potential remains significant. Given the sector is still in an early stage, investors may prefer upstream component suppliers over downstream robot integrators, where commercialization and competitive dynamics are less certain.

China Robotics Draw Investor Interest

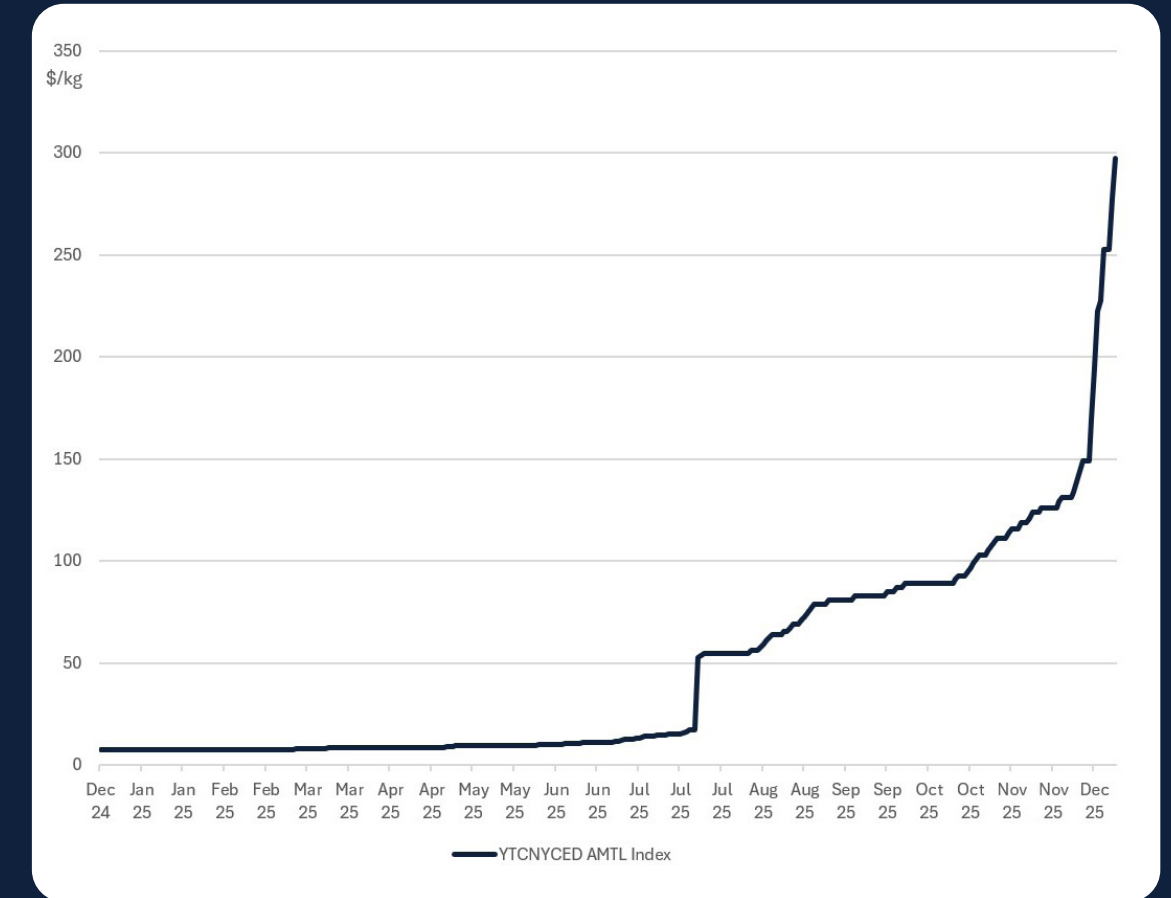


Source: Bloomberg

## Rare Earths: Western Self-Reliance Remains a Multi-Year Challenge


With China controlling 92% of processing capacity, prices of heavy rare earths outside China have skyrocketed since Beijing introduced export controls. Although rare earths are critical inputs across defence systems, electric vehicles, electronics, and wind turbines, the sector's global market size is relatively small (around US\$10bn), suggesting that shifts in rare-earth market share will not impact China's macro-outlook. Despite recent investment efforts in the West, mines outside China are projected to supply only 29% of the heavy rare earths consumed outside China by the auto and wind sectors by 2035. The binding constraint is processing capacity, given environmental permitting and cost challenges, implying that ex-China supply could remain structurally more expensive, potentially 5-7x China's cost base.

European Yttrium Price Hits Record High (~30x)



Source: Bloomberg

## Alibaba Cloud Expands in Dubai



Alibaba Cloud, the digital technology and intelligence backbone of Alibaba, has launched its second data centre in Dubai, expanding its global cloud footprint to meet rising demand. The rollout aligns with Alibaba's \$7.5 billion investment plan in AI and cloud infrastructure over the next three years, underscoring its commitment to supporting digital transformation across the Middle East. The region is well positioned to accelerate AI adoption, supported by strong policy momentum and collaborative ecosystem. The UAE, in particular, has committed billions to its AI strategy and is developing the largest AI campus outside the U.S. in partnership with global technology leaders, including Nvidia and OpenAI.

# Technical Analysis



# CSI 300 Index - Medium Term Technical Analysis (MTF T.A.)



1. There's a potential upward sloping trendline forming below, which would gain validation with a third touch if we see a slightly deeper pullback.

2. Both the 50 and 200 EMAs continue to be well respected by price action, consistently acting as dynamic support and resistance during intra-day movements.

3. With the sustained bullish price action over the past few months, the Anchored Volume-Weighted Average Price (aVWAP) from the April 7th sell-off low remains untapped due to the rapid nature of the move up. A level to watch as a possible area of support should we see a deeper retrace. If we get a pullback over the next couple of weeks, this level may align with the 200 EMA and the local 0.382 Fibonacci retracement, creating a strong confluence zone, potentially prompting a strong bullish market reaction.

4. The 8th October 2024 yearly high, which also marked the October monthly open following the Chinese national holiday and elicited a sharp bearish reaction, has recently acted as support, producing a bounce. Thus, remains a level worth monitoring.

5. See local Fibonacci pull has been applied from the most significant low to the recent high. Given the current bullish market structure, this high may still evolve, but I've included it here as a reference point for potential levels of support in today's trading snapshot.

6. The 4,000 CNY psychological level, as noted in previous updates, produced multiple rejections, keeping price capped for nine months before finally breaking out. Again, as previously mentioned would now expect this level to flip into strong support. It is also in confluence with the local 0.618 Fibonacci retracement, further reinforcing this zone as a highly significant area of support and increasing confidence in its strength.

7. As noted in the Q3 update, price rejected from the 0.5 Fibonacci retracement level at 4,519 CNY - drawn from the all-time high to the January 2024 low (see HTF CSI 300 T.A.) - which resulted in a failed auction (swing failure pattern) and sent price back below the October 8th 2024 high. The price retracement, however, proved short-lived, lasting only three days before price reclaimed the level in the following weekly session. This area has continued to elicit notable market reactions, acting as support multiple times and remains a level to monitor should price return to it.

8. The bullish breakout above both the descending parallel channel and the 4,000 CNY level, followed by sustained momentum through the October highs, continues to validate the breakout thesis outlined in the Q2 & Q3 analysis. In the 23 weekly candles since reclaiming 4,000 CNY, only seven have closed red, with buy-the-dip opportunities proving brief and limited. This decisive reclaim of former resistance suggests a broader trend reversal is underway and would continue to expect higher prices in the months ahead.

# CSI 300 Index - Higher Term Technical Analysis (HTF T.A.)



1. In prior updates, we highlighted that since August 2009 the CSI 300 has shown a recurring pattern, with bear cycles (c.1350 days) lasting roughly twice as long as bull cycles (c.750 days). This cyclical rhythm appears to be continuing, with the market still in a bull phase and price advancing approximately c. +45% since the low put in on 26th August 2024. The underlying theme remains intact and continues to demonstrate relevance.

2. CSI 300's previous bear market began in the post-COVID period of 2021 and extended until September 2024. Based on the cyclical pattern, the current bull phase could potentially run through to September 2026.

3. Long-term upward trend-line.

4. Price remains within the multi-year flag formation highlighted in the Q3 analysis, last month we once again saw price failing to break through the upper bound, although as previously mentioned I would expect to see another test of this level relatively soon. A breakout followed by acceptance above this level could trigger a strong, momentum-driven move higher, amplified by the prolonged consolidation.

5. The breakout above the upper trendline initially sparked a strong rally, but fading momentum quickly pulled price back within the flag. Over the following six months, repeated failed attempts to reclaim the upper boundary led to a retreat toward the lower trendline. Now, with price once again rejecting the upper bound, traders should remain cautious of a repeat scenario, where rejection could result in another corrective move lower.

6. With price now trading just above the 0.5 Fibonacci retracement level, measured from the all-time high to the January 2024 low, another key Fibonacci resistance to watch is the 0.618 level at 4,852 CNY, which may serve as the next near-term hurdle. This area also aligns with the monthly level at 4,957 CNY and the significant 5,000 CNY psychological barrier, adding further confluence. Together, this zone is likely to offer meaningful resistance, and an initial rejection upon first interaction with this level is quite probable.

7. 3000 CNY Long-term support zone breaking below with acceptance would look extremely bearish and one could expect considerably lower prices.

# Hang Seng China Enterprises Index (HSCEI) - Medium Term Technical Analysis (MTF T.A.)



1. Price action remains range bound within the upward-sloping trend channel. At the time of writing, price has slipped below the channel's mid-line, reflecting the current short-term bearish market structure that has developed since the October high, when price almost came within a single Hong Kong dollar of the upper channel boundary, marking its highest level in more than four years.

2. As mentioned in previous reports, all the major price pullbacks over the last 2 years have consistently retraced to the local 0.618 Fibonacci level, reinforcing its relevance as a key area of support. This recurring pattern suggests that market participants are responding to this level, making it a zone worth monitoring in future corrections. Continued respect of the 0.618 retracement may offer valuable entry opportunities and serve as a reference point for risk management in upcoming pullbacks. I have marked the next local Fibonacci pull from the most significant low to the recent high, this high may still evolve, but is included here as a reference point for the potential 0.618 level of support in today's trading snapshot.

3. Just below current price action, the 0.382 level from the same Fibonacci retracement now aligns with the 200 EMA, creating a notable confluence zone. Should price retrace slightly further into this area, it would be a strong candidate for potential support, particularly given that the 200 EMA has not been revisited since April, when price briefly dipped below it, recording only a single daily close beneath the level, which attracted substantial buying interest leading to an exceptionally volatile move to the upside.

4. Price continues to trade within the broader downward-sloping trend channel on the higher term time frame. In the previous update, momentum was driving price toward the upper boundary; however, as noted earlier in this report, price has since retraced modestly yet remains well above the channel's midline. Should price begin to advance back toward the upper boundary, this area will represent a critical resistance test. A decisive breakout and sustained acceptance above the upper bound would constitute a meaningful shift in market structure, potentially signaling the exhaustion of the prevailing downtrend and the onset of a more substantial trend reversal. Conversely, a rejection from this region would reinforce the validity of the channel and could prompt a rotation back toward lower levels.

5. Over the past several months, the 50 EMA has been consistently respected, functioning as a key dynamic support and reinforcing the prevailing buy-the-dip structure within the broader bullish trend. However, following the October peak, price has broken below this level multiple times, struggling to establish sustained acceptance back above it. Since 18th November, price has failed to close above the 50 EMA on a single daily session, encountering repeated rejections, the most recent of which has led to a more pronounced pullback. Given how reliably the 50 EMA has acted as support over an extended period, this behaviour isn't surprising. For the MTF bullish market structure to reassert itself, reclaiming this level remains essential.

# Hang Seng China Enterprises Index (HSCEI) – Higher Timeframe (HTF T.A.)



1. Price action is range bound between 8500 HKD (0.236 FIB) and 15000 HKD (0.618 FIB) for c. 12.5 years.

2. HSCEI set 3 lower highs in 2015, 2018 and 2021 when the most recent bear market began.

3. Strong rejection at 15000 HKD level/ 0.618 Fib from the ATH, key zone of resistance to be aware. A sustained move through this area would likely open the way for a retest of the all-time highs. However, several key resistance levels must still be reclaimed before such a scenario becomes viable.

4. Break of long-term support (8500) in 2022 coincided with numerous issues in Chinese real-estate and banking sector as well as the broader sell off seen in tech stocks due to resurgence of inflation and therefore, sustained cheap financing.

5. Price has remained range-bound between 5,000 (key support) and 8,500 (lower bound of upper trend channel) for just over 3.5 years. The initial breakout attempt failed to hold, with price retracing back below. Since July, price has regained acceptance above this key level, that previously acted as strong support between March 2009 and October 2021. Sustained acceptance above this area would be technically significant and could pave the way for a meaningful continuation to the upside, potentially back up to the 15000 HKD level.

6. Strong technical support 5000 HKD range (GFH lows of 2008 & recent 2022/2024 lows). Losing this level with acceptance would look extremely bearish and one would expect significantly lower prices.

7. Price gaining acceptance back into downward sloping trend channel and now above the middle of the channel as previously noted.

8. As outlined in the previous update, another key higher term time frame Fibonacci retracement to monitor is drawn from the February 2021 high to the January 2024 low, which marked the beginning of the current bullish multi-time-frame structure. As discussed extensively in earlier analyses and as I noted in the last quarterly update this was an important area to monitor, the 0.618 retracement level has historically been highly influential on this asset, acting as both support and resistance and serving as a frequent inflection point for pullbacks. In line with this expectation, price has produced multiple weekly rejections directly at this level, with only one weekly close above it and two weekly candles opening and closing almost precisely on the level to the nearest HKD. The most recent rejection has resulted in a more pronounced pullback. This remains the next critical resistance level that must be reclaimed for the higher term timeframe bullish structure to remain intact.

# Our Experts



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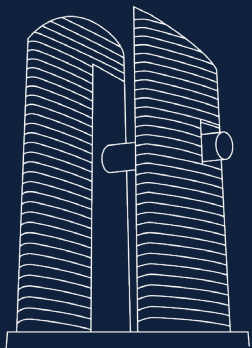


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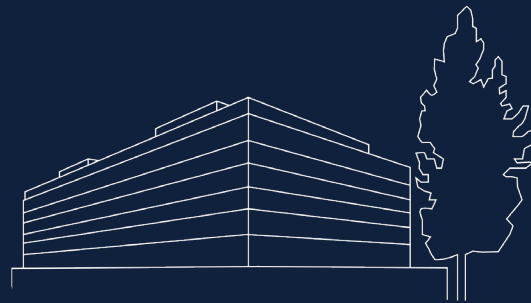
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