

What's Hot Today:

► China AIDC: Accelerating on GPU Supply Increase

China's AI momentum is gaining traction as major internet platforms begin to commercialize their technologies. This is driving sustained demand for both training and inference capacity, positioning AI Data Centers (AIDCs) as core infrastructure for incremental computing deployment. Consequently, the market is now focusing on boosting power availability, delivery timelines, and rack utilization. Against this backdrop, AIDC construction and commissioning are likely to accelerate further this year.

Structurally, AIDCs differ from traditional IDCs in three key areas: higher power density, larger cluster scale, and more concentrated deployment. AI workloads are pushing rack density to 15–30 kW and beyond, with projects typically built as clusters of around 30 MW. Given constraints on power availability, electricity pricing, and policy-driven energy efficiency requirements, alongside latency considerations and land supply, new capacity is increasingly gravitating toward resource-advantaged regions.

Across the value chain, the upstream segment is primarily focused on IT building blocks namely, GPUs/accelerators and memory. The midstream provides the core facility stack, centered on power infrastructure (UPS, HVDC, diesel backup) and liquid-cooling thermal management. The downstream is led by specialized third-party operators that deliver and operate facilities, scaling capacity through colocation and leasing models.

The current AIDC upcycle is broadly underpinned by three drivers:

- 1.Domestic GPU Development: Backed by policy support and improved funding access, domestic GPU players like Cambricon, Moore Threads, and Biren have accelerated R&D and capacity build-out through IPOs or private equities. As foundry and advanced packaging capacity gradually comes online, domestic GPU supply is expected to scale.
- 2.Hybrid Supply Dynamics: Compliant H200 supply is largely allocated to fill gaps in training, while inference deployments still rely primarily on domestic chips which remain tight in supply. Furthermore, H200 deployments often incorporate a mandated share of domestic compute, reinforcing incremental demand for local supply.
- 3.Capex Catch-up: GPU supply constraints previously limited capex execution in 2025; as supply eases and AI investment remains a priority, unspent budgets plus new demand could drive a significant capex catch-up, accelerating AIDC construction and rack deployment.

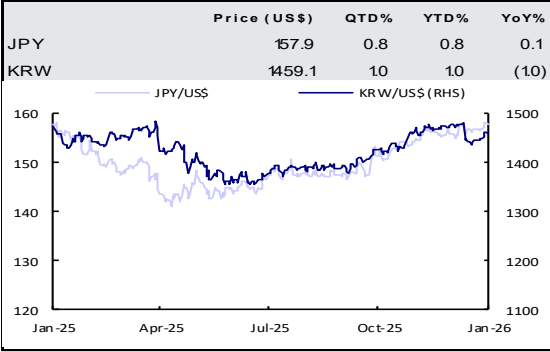
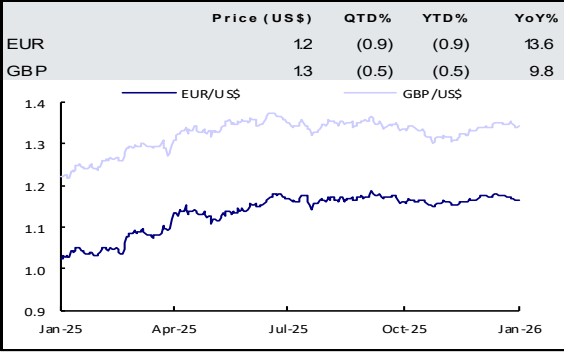
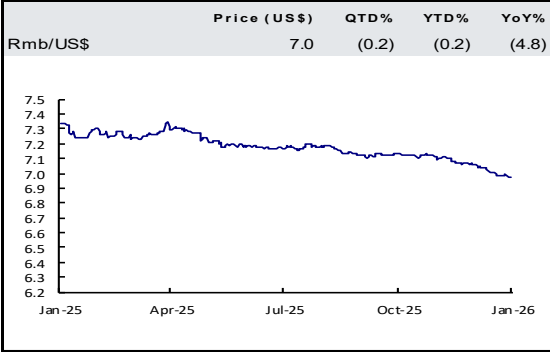
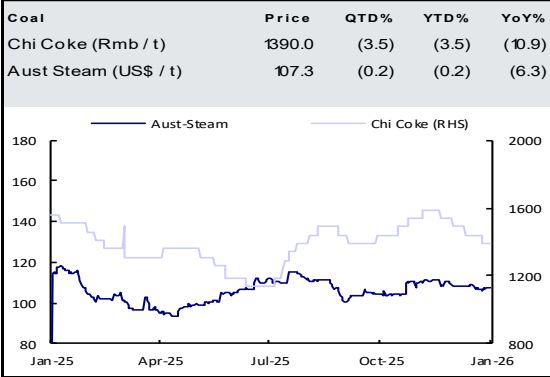
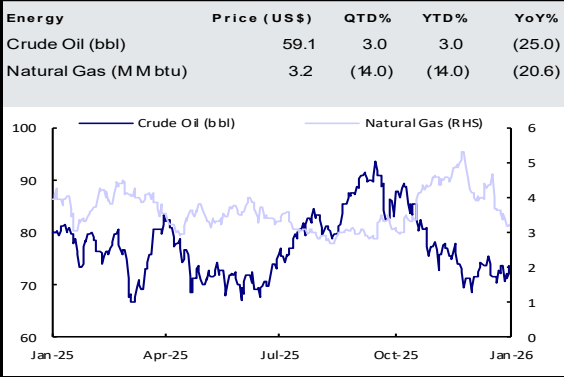
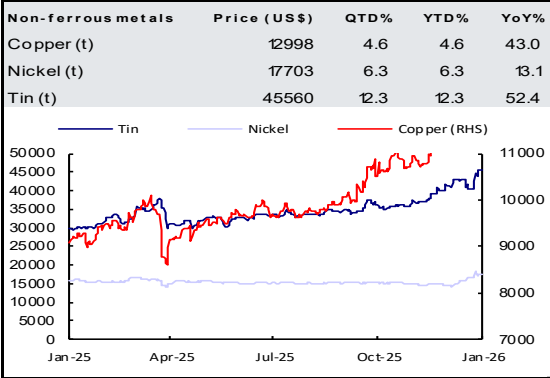
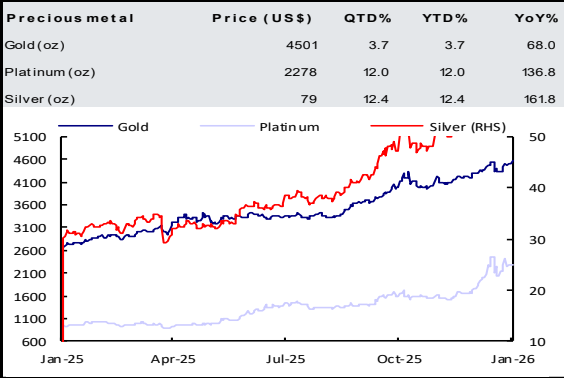
China & HK Indices		CLOSE	1D	YTD		
HSI		26,231	0.3%	2.3%		
HSCEI		9,048	0.1%	1.5%		
HSCCI		4,101	0.2%	2.1%		
CSI300		4,758	0.4%	2.8%		
Shanghai A		4,320	0.9%	1.8%		
Shanghai B		258	0.4%	1.8%		
Shenzhen A		2,783	1.3%	5.1%		
Shenzhen B		1,279	0.3%	1.2%		
Key Int'l Indices		CLOSE	1D	YTD		
Dow Jones		49,504	0.5%	3.0%		
S&P 500		6,966	0.6%	1.8%		
Nasdaq		23,671	0.8%	1.8%		
Nikkei Index		51,939	1.6%	3.2%		
FTSE Index		10,124	0.8%	1.9%		
CAC Index		8,362	1.4%	2.6%		
DAX Index		25,261	0.5%	3.1%		
Commodities		CLOSE	1D	YTD		
GOLD	(US\$/oz.)	4,509	0.7%	5.9%		
STEEL	(US\$/oz.)	2,651	-0.2%	4.3%		
SILVER	(US\$/oz.)	79	3.7%	15.0%		
CRUDE OIL	(US\$/bbl)	59	2.4%	3.4%		
COPPER	(US\$/oz.)	12,998	0.8%	4.6%		
ALUMINIUM	(US\$/oz.)	3,136	1.5%	4.7%		
PLATINUM	(US\$/oz)	2,279	0.0%	14.5%		
ZINC	(US\$/oz.)	3,153	-0.4%	1.2%		
WHEAT	(US\$/bu)	517	-0.1%	2.0%		
CORN	(US\$/bu)	445	-0.2%	1.2%		
SUGAR	(US\$/lb)	64	-1.8%	-2.5%		
SOY BEAN	(US\$/bu)	1,062	-0.4%	1.4%		
PVC	(US\$/t.)	4,868	-1.3%	0.0%		
CRB		301	0.4%	3.0%		
BDI			-5.0%	-10.1%		
Exchange Rates						
	USD	HKD	EUR	JPY	CHF	RMB
USD		7.795	0.859	157.890	0.801	6.978
HKD	0.128		0.110	20.260	10.279	0.895
EUR	1.164	9.070		183.750	1.073	8.126
JPY	0.006	4.937	0.544		0.507	0.044
CHF	1.248	9.729	1.073	197.087		8.713
RMB	0.143	1.117	0.123	22.631	0.115	
Market Sentiment			CURRENT		5D	
CDS Monitor - USD SR 5Y						
Greece				N/A		N/A
Ireland				83		-2.4%
Italy				139		-0.6%
Portugal				207		-0.0%
Spain				108		0.3%
VIX				14		-0.1%
Source: Bloomberg						

Against this backdrop, AI infrastructure capex by major platforms is likely to accelerate. It is reported that Alibaba plans to invest RMB380bn over the next three years in cloud and AI infrastructure. It is estimated that ByteDance, Alibaba, and Tencent are collectively planning to spend approximately RMB1.4tn in capex for 2025-27 and the total may exceed RMB2tn when including the other players.

Our view: AIDC demand remains structurally robust, and the key bottleneck previously was GPU availability. As H200 supply is expected to improve and domestic GPUs ramping up faster in 2026, the industry estimates suggest incremental AIDC demand could reach 5GW+ and expand to around 15GW over the following two years as GPU supply scales. Meanwhile, build-out is still constrained by power availability and policy-driven energy/efficiency requirements under China's "dual-carbon" framework; new projects typically require secured power access and clear order visibility, which can cap the pace of construction.

We consider GDS (9698 HK, HK\$39.16, HK\$ 60.9bn) and Kstar (002518 SZ, RMB53.57, RMB31.bn) to be the two companies that are likely to benefit from the trend. GDS is one of China's leading third-party IDC operators, with key customers including Alibaba and Tencent. It contracted some 300MW of new capacity in 2025, with a meaningful share tied to AI-related demand. Kstar is a leading UPS provider with roughly half of revenue from overseas markets and is widely viewed as an important UPS supplier for Alibaba cloud's colocation projects. GDS and Kstar are trading at 16 EV/EBITDA and 36 2026E P/E. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		13-Jan-26
New home Sales	MoM		13-Jan-26
Retail Sales	MoM		14-Jan-26
PPI	MoM		14-Jan-26
Existing Home Sales	MoM		14-Jan-26
Business Inventories	MoM		14-Jan-26
Initial Jobless Claims	WoW		15-Jan-26
Industrial Production	MoM		16-Jan-26
Housing Starts / Building Permits	MoM		20-Jan-26
Personal Income & Spending	MoM		22-Jan-26
GDP	QoQ		22-Jan-26
Durable Goods Orders	MoM		26-Jan-26
Consumer Confidence	MoM		27-Jan-26
Factory Orders	MoM		29-Jan-26
Trade Balance	MoM		29-Jan-26
Wholesale Inventories	MoM		29-Jan-26
ISM Manufacturing PMI	MoM		2-Feb-26
Employment Report	MoM		6-Feb-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		12-Jan-26
Trade Balance	MoM		14-Jan-26
Retail Sales	MoM		19-Jan-26
Industrial Production	MoM		19-Jan-26
GDP	YoY		19-Jan-26
PMI Manufacturing	MoM		31-Jan-26
Foreign Exchange Reserves	QoQ		7-Feb-26
PPI	MoM		11-Feb-26
CPI	MoM		11-Feb-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		20-Jan-26
CPI	MoM		22-Jan-26
Trade Balance	MoM		27-Jan-26
Money Supply - M2	MoM		30-Jan-26
GDP	QoQ		30-Jan-26
Retail Sales	MoM		3-Feb-26
PMI	MoM		4-Feb-26
Foreign Currency Reserve	MoM		6-Feb-26
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Composite Interest Rate	MoM		

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