

What's Hot Today:

► China Consumer - 2026 Spring Festival: Recovery and Divergence

Overall consumer spending during the 2026 Spring Festival was solid, supported by the extended holiday and stronger travel activities, with demand broadly recovering while performances of various segments clearly differs:

Baijiu: Moutai and Wuliangye outperformed over the holiday period.

Overall baijiu sell-through declined by about 10% YoY, improving from the 10%–15% decline seen pre-holiday, while brand divergence widened. Moutai led, with Feitian Moutai posting double-digit sell-through growth, wholesale prices holding near RMB1,700, and faster channel inventory digestion, reflecting strong brand resilience and channel execution. Wuliangye benefited from improved value-for-money after price normalization and solid gifts demand, with terminal sell-through clearly exceeding pre-holiday expectations. In contrast, Luzhou Laojiao faced sales pressure under its price-support strategy. Shanxi Fenjiu's Qinghua 20 saw a slight sell-through decline, although wholesale prices remained stable at around RMB360, while Bofen demand stayed solid. Mid-to-low-end baijiu sales remained relatively soft with an overall double-digit decline.

Dairy: soft sell-through overall. Ambient dairy, the core 'holiday gifts', delivered broadly flat to slightly soft sell-through, with Yili relatively resilient and Mengniu under greater pressure, while ambient yogurt stayed in negative territory. Chilled products performed better in selected supermarket channels, where Yili and Mengniu benefited from stronger channel positioning. Overall, end demand improved only modestly, as traditional dairy gifts were partially substituted by snack gift packs, driven by shifting consumer preferences amid weak consumption and intense competition. Although industry capacity has begun to contract, the sector remains under pressure due to insufficient demand.

Seasoning: improving sell-through, helped by better dining demand and channel restocking. Haitian delivered steady growth with 5% YoY, while Zhongju, Qianhe, Tianwei, and Yihai saw faster recovery with growth rates generally over 10% YoY, benefiting from a low base and channel restocking. Overall, near-term competition remains manageable, and leading brands continue to outperform in both channel execution and terminal sell-through. Post-holiday restocking and repeat orders will be key indicators to monitor.

China & HK Indices	CLOSE	1D	YTD
HSI	26,590	-1.8%	3.7%
HSCEI	9,007	-2.1%	1.1%
HSCCI	4,445	-0.5%	10.7%
CSI300	4,707	1.0%	1.7%
Shanghai A	4,317	0.9%	5.6%
Shanghai B	267	0.3%	5.6%
Shenzhen A	2,839	1.2%	7.2%
Shenzhen B	1,250	-0.1%	-1.2%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,174	0.8%	2.3%
S&P 500	6,890	0.8%	0.7%
Nasdaq	22,863	1.0%	-1.6%
NIKKEI Index	58,020	1.2%	15.3%
FTSE Index	10,680	-0.0%	7.5%
CAC Index	8,519	0.3%	4.5%
DAX Index	24,986	-0.0%	2.0%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	5,143	-1.6%	19.3%
STEEL (US\$/oz.)	3,025	0.1%	18.9%
SILVER (US\$/oz.)	87	-1.2%	21.8%
CRUDE OIL (US\$/bbl)	65	-1.0%	15.1%
COPPER (US\$/oz.)	13,166	1.6%	6.0%
ALUMINIUM (US\$/oz.)	3,093	-0.3%	3.3%
PLATINUM (US\$/oz.)	2,175	0.9%	5.6%
ZINC (US\$/oz.)	3,379	-0.1%	8.4%
WHEAT (US\$/bu)	567	-1.0%	11.9%
CORN (US\$/bu)	438	-0.3%	-2.2%
SUGAR (US\$/lb)	73	-2.4%	3.0%
SOYBEAN (US\$/bu)	1,155	0.2%	8.9%
PVC (US\$/t)	4,931	0.2%	10.8%
CRB	309	-0.4%	3.0%
BDI			12.5%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.823	0.849	155.870	0.774	6.882
HKD	0.128		0.109	19.926	9.894	0.880
EUR	1.177	9.210		183.540	1.098	8.106
JPY	0.006	5.018	0.545		0.497	0.044
CHF	1.292	10.108	1.098	201.400		8.899
RMB	0.145	1.137	0.123	22.633	0.112	

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	19	-3.6%

Source: Bloomberg

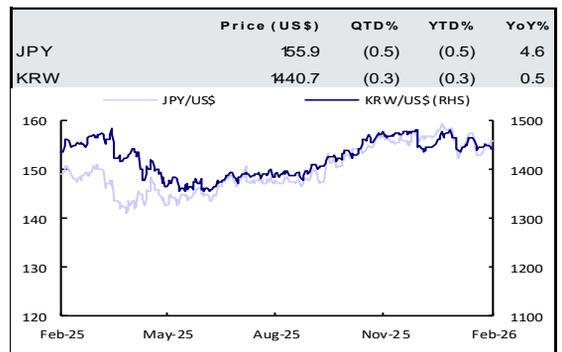
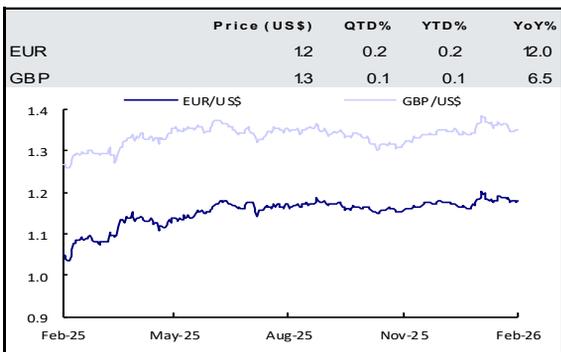
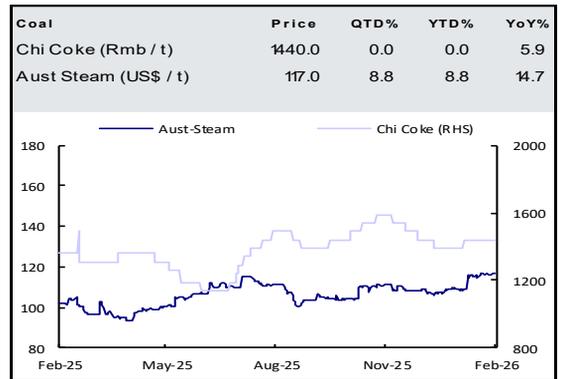
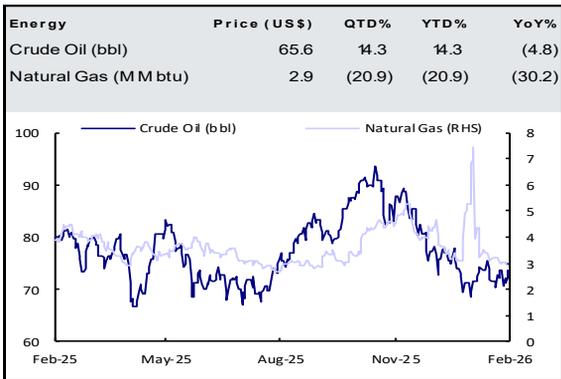
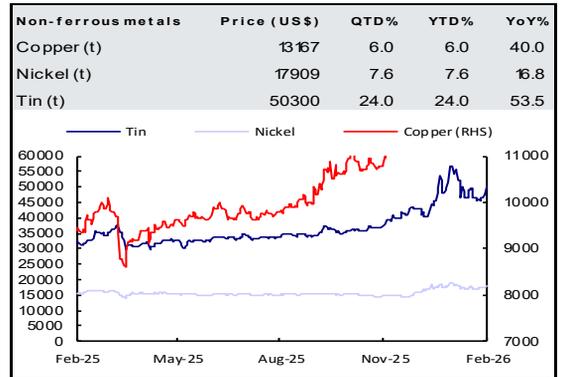
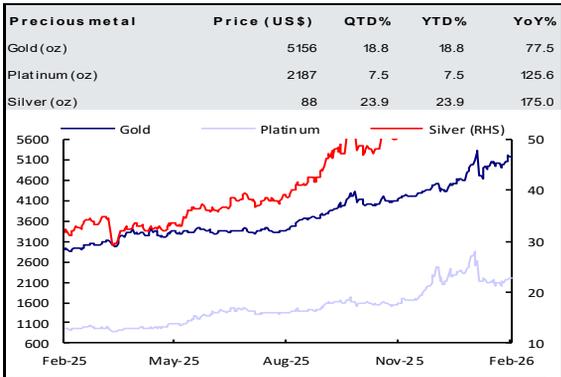
Catering: consumption was strong, supported by family gathering and travel-related demand. The Ministry of Commerce reported that sales of key retail and catering enterprises rose 8.6% YoY in the first four days of the holidays, marking the fastest growth since the 2024 festive period. Meituan data also saw Chinese New Year's Eve reservations up 105% YoY, pointing to a clear recovery in holiday dining demand. Structurally, chain operators outperformed smaller independent restaurants. For example, Haidilao recorded more than 7 million customer visits across China in the first five days of the holidays, while customer traffic on Chinese New Year's Eve and the first day of the new year increased by over 10% YoY. Catering was one of the stronger-performing consumer sectors during the holiday.

Box Office Weak overall: For the first 7 days of the CNY, total box office reached about RMB5.68bn, well below the RMB9.5bn last year, when the market was boosted by the exceptional breakout performance of Ne Zha 2. This year's weakness mainly reflected a weaker film lineup and high reliance on a single title. Pegasus 3 grossed about RMB2.93bn, accounting for more than 50% of total box office. Meanwhile, the lack of a second RMB3bn-level title limited the overall box-office.

Our views: The 2026 Spring Festival confirmed a gradual recovery in consumer demand, supported by the extended holiday. However varied sectors' performances and price preferences remained clear. Household willingness to spend improved, while holiday-driven consumption continued to support demand. With spending skewed towards dining and gifts, which outperformed other segments, the recovery remains structural rather than broad-based.

We remain cautious about the sustainability of the recovery. Medium-to-long term consumer demand will obviously depend on household income growth, employment expectations, and confidence which are all still unclear. Against this backdrop, we prefer sector leaders at the cyclical trough, where supply-side consolidation is more advanced and companies that have strong brand equities and operating resilience. We would be keeping an eye on Kweichow Moutai (600519 SH, RMB1466.80, RMB1.84tn) and Haidilao (6862 HK, HK\$16.49, HK\$ 91.9bn). They are trading at 18x and 20x FY2025 P/E, respectively. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Wholesale Inventories	MoM		24-Feb-26
Initial Jobless Claims	WoW		26-Feb-26
PPI	MoM		27-Feb-26
Housing Starts / Building Permits	MoM		9-Mar-26
Existing Home Sales	MoM		10-Mar-26
Industrial Production	MoM		16-Mar-26
Factory Orders	MoM		2-Apr-26
ISM Manufacturing PMI	MoM		2-Mar-26
Personal Income & Spending	MoM		13-Mar-26
Durable Goods Orders	MoM		2-Apr-26
Trade Balance	MoM		12-Mar-26
Employment Report	MoM		6-Mar-26
CPI	MoM		11-Mar-26
Retail Sales	MoM		2-Mar-26
GDP	QoQ		13-Mar-26
Consumer Confidence	MoM		24-Feb-26
New home Sales	MoM		20-Mar-26
Business Inventories	MoM		2-Mar-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		4-Mar-26
Foreign Exchange Reserves	QoQ		7-Mar-26
Money Supply - M2	MoM		9-Mar-26
PPI	MoM		9-Mar-26
CPI	MoM		9-Mar-26
Trade Balance	MoM		14-Apr-26
Retail Sales	MoM		16-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	YoY		16-Apr-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		25-Feb-26
GDP	QoQ		25-Feb-26
Trade Balance	MoM		27-Feb-26
Money Supply - M2	MoM		27-Feb-26
Retail Sales	MoM		4-Mar-26
PMI	MoM		4-Mar-26
Foreign Currency Reserve	MoM		6-Mar-26
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Unemployment Rate	MoM		18-Mar-26
Composite Interest Rate	MoM		

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KFS and/or its affiliates beneficially own shares of Haidilao International Holding Ltd (6862.HK).

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