

What's Hot Today:

► China Supermarket: Shifting towards convenience and experience-driven consumption

It is noted that, based on the performance of listed Chinese supermarket companies, the normalization of omnichannel consumption continues to shift towards convenience and experience-driven consumption.

In FY25 and 1Q26, average supermarket revenue declined by 14% and 15% YoY respectively, mainly due to ongoing store network optimization and low CPI weighing on ticket prices and same-store sales. Looking ahead, as store remodels deepen and private label offerings expand, it is expected that store productivity will likely recover.

Increase in online sales is a structural shift – The continuous growth in online sales has proven that it is no longer a supplementary channel but aligning with broader consumer trends. For example, Yonghui Group (601933.SH, RMB3.44, RMB31.2bn) saw its online revenue reach RMB10.1bn in FY25, with its online penetration rising to 19%, up approximately 400 basis points YoY. Likewise, Sun Art Retail (6808.HK, HKD 1.44, HKD13.7bn) reported 6% YoY growth in online B2C revenue, of which its own app accounted for 36.5%. Despite closing loss-making stores, Sun Art saw growth in its online channel, showing that online demand is independent from physical stores. This also implies that supermarket operators must possess both "store-based" and "home-delivery" capabilities. Those that fail to establish online presence will continue to lose market share.

Instant retail disrupts the traditional business model – Instant consumption, characterized by shorter delivery times for online orders, is rapidly spreading from food delivery to broader retail sectors. In FY25, China's instant retail market (via integrated consumption platforms) reached RMB2,985bn, up 21.4% YoY. Against this backdrop, traditional supermarkets continue to face challenges from new competitors such as Meituan's Xiaoxiang Supermarket (小象超市). In response, supermarket like Yonghui has partnered with third-party platforms to expand its home-delivery services, and Sun Art has indicated that it will accelerate its instant retail transformation.

China & HK Indices	CLOSE	1D	YTD
HSI	25,386	-1.0%	-1.0%
HSCEI	8,475	-1.5%	-4.9%
HSCCI	4,434	-0.8%	10.4%
CSI300	4,783	-1.4%	3.3%
Shanghai A	4,276	-2.0%	9.2%
Shanghai B	277	-2.2%	9.2%
Shenzhen A	2,930	-2.4%	10.7%
Shenzhen B	1,140	-0.0%	-9.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	50,285	0.6%	4.6%
S&P 500	7,445	0.2%	8.8%
Nasdaq	26,293	0.1%	13.1%
NIKKEI Index	62,801	1.8%	24.8%
FTSE Index	10,443	0.1%	5.2%
CAC Index	8,086	-0.4%	-0.8%
DAX Index	24,606	-0.5%	0.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,543	-0.0%	5.0%
STEEL (US\$/oz.)	3,167	4.0%	24.5%
SILVER (US\$/oz.)	76	1.0%	6.6%
CRUDE OIL (US\$/bbl)	96	-1.9%	70.9%
COPPER (US\$/oz.)	13,515	0.8%	8.8%
ALUMINIUM (US\$/oz.)	3,637	1.0%	21.4%
PLATINUM (US\$/oz.)	1,969	0.8%	-4.7%
ZINC (US\$/oz.)	3,522	0.3%	13.0%
WHEAT (US\$/bu)	647	-2.0%	27.2%
CORN (US\$/bu)	462	-0.8%	1.5%
SUGAR (US\$/lb)	122	-3.2%	3.0%
SOYBEAN (US\$/bu)	1,194	-0.5%	11.1%
PVC (US\$/t)	4,923	-1.4%	58.3%
CRB	392	-3.4%	3.0%
BDI		-1.6%	60.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.834	0.861	158.980	0.787	6.803
HKD	0.128		0.110	20.294	10.041	0.868
EUR	1.162	9.102		184.720	1.094	7.898
JPY	0.006	4.928	0.541		0.495	0.043
CHF	1.271	9.958	1.094	202.059		8.650
RMB	0.147	1.152	0.127	23.384	0.116	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	-2.9%

Source: Bloomberg

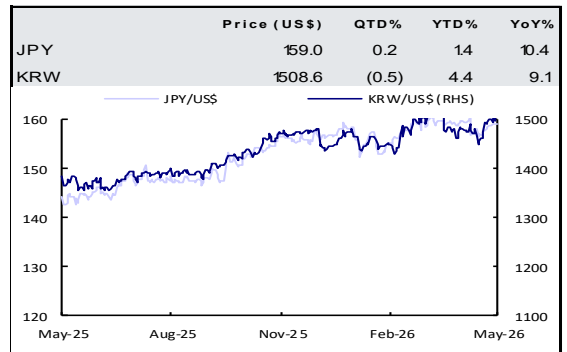
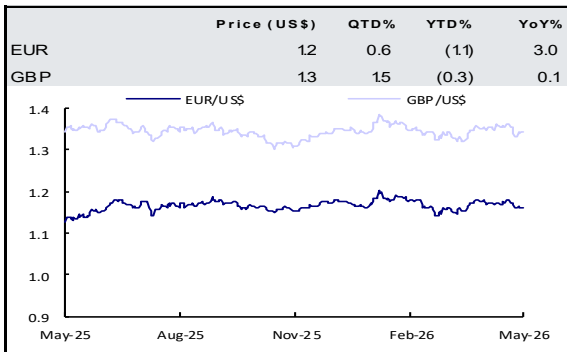
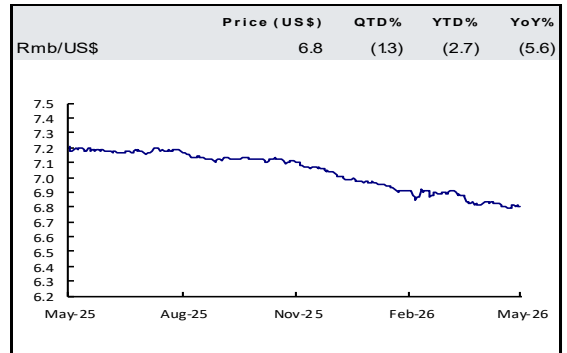
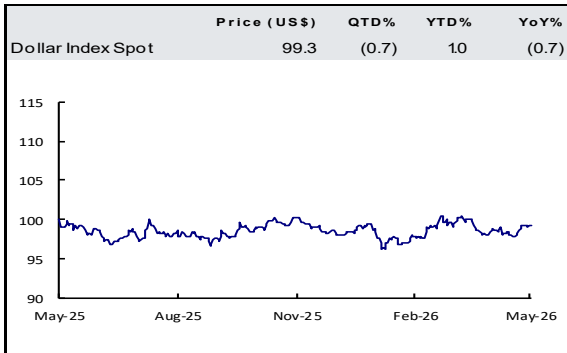
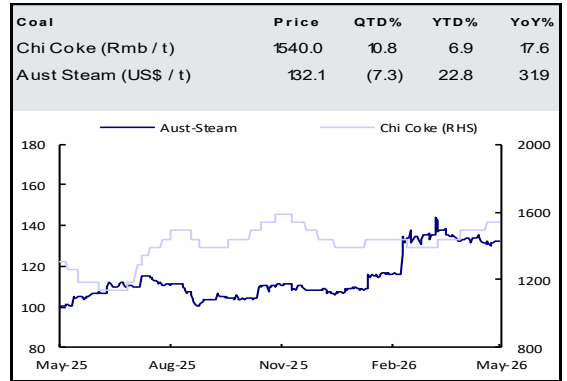
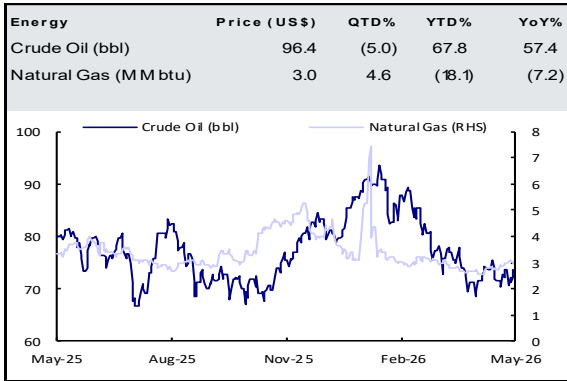
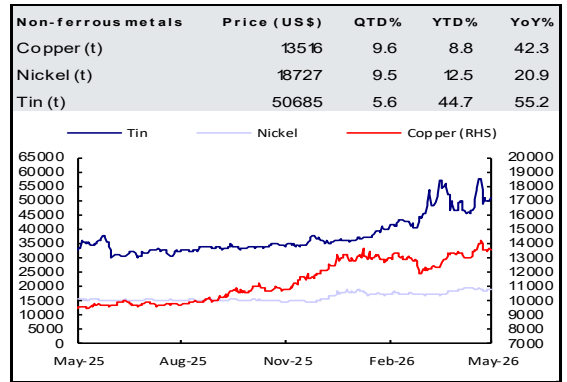
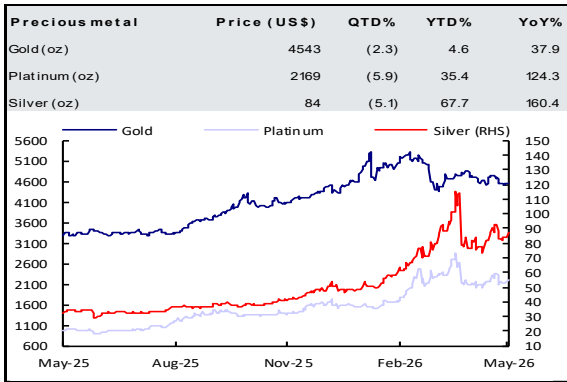
Experience and quality drive consumption – As foot traffic shifts online, in-store visits evolve from necessity-driven to experience-driven and emotion-driven. Consequently, retailers are realigning their store network to cope with the change. Yonghui closed a total of 381 underperforming stores in 2025 (nearly half of its previous total) while renovating some 315 stores and achieved a 76% product refresh rate in fresh food categories to enhance the shopping experience. As a result, its net profit turned positive in 1Q26. It is noted that similar transformation trend is also happening in other consumer sectors such as apparel retail, beverages and restaurants. Meanwhile, experience- and quality-driven consumptions are extending from first-tier to lower-tier cities, with 80% of FMCG growth coming from third- to fifth-tier cities.

Our view:

The instant retail battle in 2025 was concentrated mainly in the food delivery segment. Looking into 2026, it is expected that food delivery players such as Alibaba and JD.com, will expand into supermarket instant retail. Supermarket operators will therefore need to either develop their own instant retail capabilities or form strategic partnerships with these internet giants.

We favour leading players with a high proportion of direct sourcing (to reduce costs) and high private label penetration (to expand gross margin), such as Yonghui Supermarket and Sun Art Retail. They are trading at 132x for FY26 PE and 24.5x for FY27 PE, respectively. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		21-May-26
Housing Starts / Building Permits	MoM		21-May-26
Wholesale Inventories	MoM		29-May-26
Factory Orders	MoM		3-Jun-26
Existing Home Sales	MoM		9-Jun-26
PPI	MoM		11-Jun-26
Industrial Production	MoM		15-Jun-26
ISM Manufacturing PMI	MoM		1-Jun-26
Personal Income & Spending	MoM		28-May-26
Durable Goods Orders	MoM		28-May-26
Trade Balance	MoM		9-Jun-26
Employment Report	MoM		5-Jun-26
CPI	MoM		10-Jun-26
Retail Sales	MoM		17-Jun-26
GDP	QoQ		28-May-26
Consumer Confidence	MoM		26-May-26
New home Sales	MoM		28-May-26
Business Inventories	MoM		17-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-May-26
Foreign Exchange Reserves	QoQ		7-Jun-26
Money Supply - M2	MoM		9-Jun-26
Trade Balance	MoM		9-Jun-26
PPI	MoM		10-Jun-26
CPI	MoM		10-Jun-26
Retail Sales	MoM		16-Jun-26
Industrial Production	MoM		16-Jun-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		28-May-26
Money Supply - M2	MoM		29-May-26
Retail Sales	MoM		2-Jun-26
PMI	MoM		3-Jun-26
Foreign Currency Reserve	MoM		5-Jun-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Unemployment Rate	MoM		16-Jun-26
CPI	MoM		23-Jun-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

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