

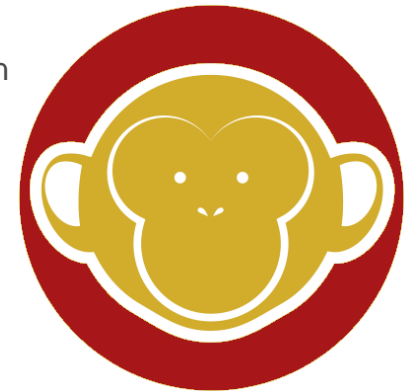
Happy New Year of the Monkey

Chinese New Year – it's a big deal

- Also known as “Lunar New Year” this year’s “Spring Festival” lands on the **8th February**
- The annual “**Chunyun**” or “**Spring festival transport**” that sees China travelling home to spend time with family, is the largest human migration in the world
- **The estimated 3.62 billion journeys** (just under three per citizen) include 3.2 billion by road and 258 million by rail¹. You probably want to avoid Shanghai’s Hongqiao Station this weekend

What can we expect from a monkey year?

- **Monkeys mean volatility.** Over the past year we have seen China’s stock exchanges deliver bull markets and bear markets. Now we are well into what some Chinese investors are calling a “monkey market”. We can expect the monkey to keep swinging up and down this year as investors get to grips with the slowdown and transition in China
- **It’s not all bad news.** Those born in the year of the monkey are quick witted, curious, innovative and mischievous. This sounds like the perfect recipe for business – especially the type of innovative businesses that policy in China is focused on growing
- **Birth rates may increase.** Monkey years are seen as an auspicious time to have babies, which make a real difference: in the last Dragon year, the most auspicious of all, birth rates jumped 1.9% as parents chose their time carefully. With the one-child policy lifted, we could expect to see some more monkey business this year.



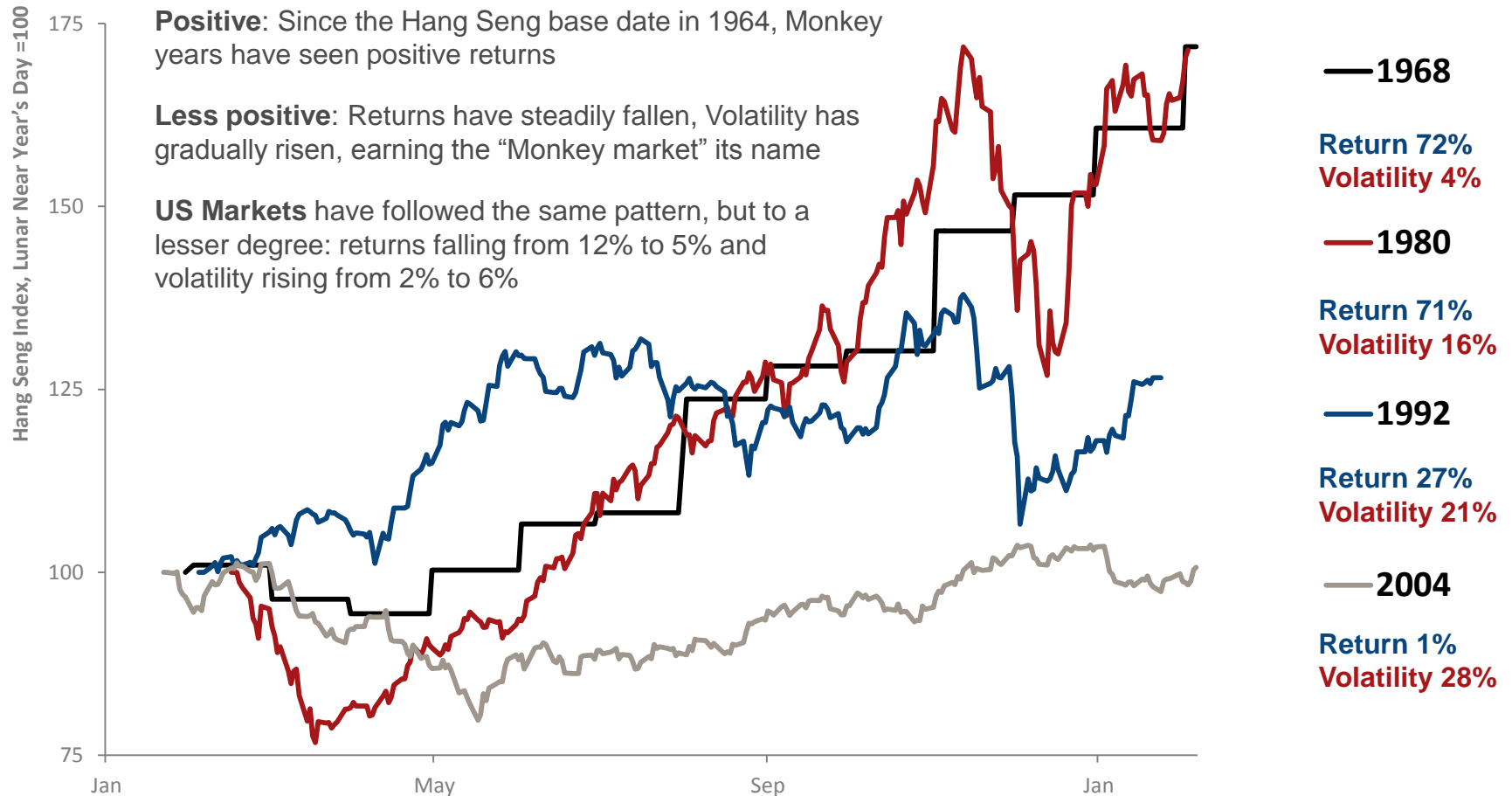
猴年快樂

“Happy Year of the Monkey”

Happy New Year of the Monkey

What does a Monkey Market look like?

For the superstitious, a pattern might be seen in the Hang Seng index during Monkey years



Source: DataStream Feb 2016 Note: Lunar year start/end dates differ each year, thus return periods differ in length

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Happy New Year of the Monkey

Red packets go mobile

Traditionally, “red packets” are given as gifts around New Year

- The envelopes, red and gold symbolising good luck, are usually given by married people to their single juniors in the first days of the New Year.
 - The amount varies, in Hong Kong it might range from 10-20HKD to an acquaintance or 500HKD or more for family members (making sure to avoid multiples of unlucky number 4, of course)
 - The packets are “Hongbao” in Mandarin, “Lai see” in Cantonese
- In recent years, the gifts have gone digital, with Tencent and Alibaba competing to send the most over their mobile payment platforms
- In 2015, Tencent’s **WeChat** won, with 1 billion envelopes¹
 - Alibaba’s **Alipay Wallet** was distant second, with 240 million
 - Promotions secured between 100 and 200 million extra clients (and their bank details) for WeChat

The bigger story: mobile in China

- China’s e-commerce market is booming, expected to grow to be **larger than the US and Europe markets combined by 2018²**
- More than ever, payments are made on mobile. 3Q2015 alone saw **4.5 billion of transactions**, valued at **2.8 trillion USD³**
- Mobile payments are expected to surpass desktop commerce **this year²**



“Welcoming wealth and a prosperous year”

Happy New Year of the Monkey

Get ready for the year ahead

Whether or not you believe in Monkey Markets, 2016 will be a volatile year

- As China continues its transition from production to consumption and the CCP take steps to accommodate the shift with policy and smoothing methods, this year will be bumpy as markets react to the changing environment.
- We regularly produce content focusing on China and managing volatility. You can find a selection below, click the link to read each article as a PDF.

Q&A: Matthew Sutherland
on China

At A Glance: The oil price
crash – where next?

Perspective: 10 key
volatility messages

Perspective: Staying the
course in China

Perspective: China is
fragile, but not broken

Inside China:
Balancing the Bulls
and the Bears

Inside China:
Volatility fails to derail
the consumer revolution

恭喜發財

“Happiness and prosperity!”

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