

China Consumer: Pulse Check: Government's commitment to boost consumption supports sentiment; execution remains key

China Consumer Connections Pulse Check

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On Mar 16, the State Council published a Special Action Plan to boost consumption ([link in Chinese](#), see GS macro team's report [here](#)); the Special Action Plan **outlined and reiterated the general directions to support consumption, covering comprehensive aspects** from demand (e.g. improving income/social security) to supply and the consumption environment (e.g. policies to support specific categories/removal restrictions in consumption). Categories being highlighted include home durables/appliances (trade-in policy), infant/kids' products including dairy/IMF (childcare subsidies), sportswear (ice & snow consumption), IP (Chinese brand and consumption upgrade), and services (incl. travel, characteristic catering etc). While **the message is not new and the directions of policies are mainly reiterated**, we see the government's commitment to support consumption and consistent policy stimulus as positive for the retail and consumption sentiment, and we await more specific policies and execution clarity.

From 4Q24, while we are yet to see meaningful rebound in overall consumption, we note signs of bottoming out. The NBS data suggests that Jan-Feb retail sales growth had marginal improvement sequentially; post CNY holiday consumption pull-back was better than feared; pricing and promotion trend saw signs of stabilization/rationalization in some categories. Share price wise, P/E valuation level has improved by 35%/16% on average since the trough level in Sep-24/Jan-25, while most sectors remained at 1 STD below historical average level ([Exhibit 11](#), [Exhibit 12](#)). If the policies are executed well, we could see upside coming from both earnings revision and further valuation re-rating.

While we still prefer the idiosyncratic opportunities for sectors/companies that can explore the white space as we highlighted in our 2025 Consumer Outlook report, we see upside for areas of improvement from 1) **increase in wage inflation** if employment market and corporate profits recover, to drive overall household discretionary cashflow, 2) **declining saving rate** from better social security protection such as pension, new birth subsidies, health insurance, to drive

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household discretionary cashflow, 3) **wealth effect** from rising stock market and stabilizing property market to benefit top tier cities' retail sales.

We will enter the peak result releases from this week. We believe investors likely will look beyond the 2024 results but focus on 1) the 2025 sales guidance and the trajectory of the recovery/improvement, 2) pricing strategies, 3) views on changes in the competitive landscape, 4) investment cycles, 5) white space, 6) margin drivers.

Category preference: Leading white goods, Sports brands, Diversified retailer, Dairy, Beverage.

Stock preference: Anta (on CL), Moutai, Midea, YUMC, Laopu, Mengniu, Tsingtao H-share, Tingyi, Giant Biogene, Miniso, Hisense, China Resources Beverage, Robam, China Pet Foods, Ligao (Buy names ranked by market cap as of Mar 17, 2025).

Policy to support and boost consumption

What's new this time?

On Mar 16, the State Council published a Special Action Plan to boost consumption ([Exhibit 1](#)) and hosted a press conference on Mar 17. The Special Action Plan outlined the general directions to support consumption, reiterating and requiring each region/department to put boosting consumption in a more prominent position. **While the document mainly reiterated the general directions mentioned earlier, we note:**

- **Comprehensive aspects mentioned to support consumption:** The Special Action plan covers from demand to supply/consumption environment and fiscal policy/credit support. On the demand side, the document highlighted the plans to support **wage income growth and reiterated the plans to stabilize wealth effect related to stock and property market**; and enhance social security (including childcare, pension, education, healthcare, unemployment etc.) which could **help reduce household's saving demand** in our view (see consumption growth sensitivity to income and saving rating in [Exhibit 3](#)).
- **Category wise,** 1) on **trade in program**, it reiterated that the government will allocate Rmb300bn for consumer goods trade-in program in 2025 (doubling from last year), which is below GS macro team's earlier expectation of Rmb500-600bn and slightly below our earlier [base case](#) if assuming 30% of the fund used in [appliances](#). However, the allocation may depend on consumers' actual purchase choice and our macro team also sees a possibility for extra-budget funding arrangement later this year should growth headwinds increase. 2) The document mentioned plans to develop **childcare subsidy** which is in line with the mention on [Two Sessions](#), and would be a tailwind for **dairy/IMF**. The lowered burden for childcare could also increase household's spending willingness in our view. 3) it mentioned plans to promote service consumption, such as promoting cultural, sports, tourism consumption/silver generation tourism, supporting characteristic local catering, which could benefit related categories such as catering and sportswear; 4) the document also mentioned to promote ice and snow consumption (**outdoor sports**

demand), support IP brand development and promote consumption related to animation, games, e-sports (relevant to **IP retailers**).

- **More specific policies to follow:** Following the announcement, specific policies are expected to be launched from relevant departments, from both central and local government level per GS Macro team. On childcare subsidy specifically, several cities/provinces have already launched measures month to date, including Hohhot and Zhejiang province where Rmb10k/50k/100k will be offered to household having first/second/third child and above.

Summary of recent policy to support consumption

Exhibit 1: Summary of Special Action Plan to Boost Consumption

Special Action Plan to Boost Consumption		Key beneficiary sectors
Goal	To vigorously boost consumption, expand domestic demand, enhance consumption capacity by increasing income and reducing burdens, create effective demand with high-quality supply, enhance consumption willingness by optimizing the consumption environment, and solve the prominent problems that restrict consumption. All regions and departments should give greater prominence to boosting consumption.	
Income growth	Implement employment support programs; expand channels for property income gain, by stabilizing stock market ; promote farmers' income growth; urge local governments to settle overdue corporate accounts	Overall consumption
Property	Continue to stabilize the real estate market , reduce housing provident fund loan interest rates in a timely manner, and expand the scope of housing provident fund use	Overall consumption
Supportive policies	Reduce consumption restrictions in an orderly manner, encourage financial institutions to increase personal consumption loan issuance under the premise of controllable risks; encourage trade unions to use funds for employee fitness, culture and sports and other consumption areas	Overall consumption
Consumption service and quality upgrade	On consumption services , develop anti-aging, silver economy tourisms; promote life service consumption, by supporting development of characteristic local catering ; enhance cultural and sports tourism consumption; promote ice and snow consumption; orderly expand the scope of unilateral visa-free countries. On consumption quality , strengthen the leadership of Chinese brand equity, by integrating traditional Chinese culture into product design, supporting the development of original intellectual property (IP), and promoting the consumption of animation, games, e-sports; support the accelerated development of new consumption, by cultivating quality e-commerce, and promoting "AI+ consumption" ; improve the integration of domestic and foreign trade.	Sportswear, Catering, Diversified retailers
Trade-in	Continue support consumer goods trade-in	Home appliances/ Consumer electronics
Consumption capacity	Gradually establish childcare subsidy framework; expand the supply of educational resources; appropriately increase the basic pension for retirees ; protect the rights and interests of rest and vacation; enhance urban and rural consumption facilities	Dairy/IMF

Source: State Council, Data compiled by Goldman Sachs Global Investment Research

Exhibit 2: Various policy measures to restore economy and consumer confidence

Date	Policy	Key beneficiary sectors
Politburo meetings		
26-Sep-24	<p>On the direction of incremental policy support, policymakers pledged to strengthen fiscal and monetary easing more proactively, facilitate property sector stabilization, bolster the equity market, support the operation of troubled companies, and boost consumption and employment</p> <p>On consumption and labor market, policymakers highlighted the need to boost consumption and improve people's livelihood, and reiterated their pledge to increase the income of low and middle-income groups. They also required improving the employment of key groups including college graduates, migrant workers and low-income families, and strengthening the policy support for groups such as the elderly, disabled and unemployed people.</p> <p>On the property market, policymakers added a new requirement to "stem the property market from falling and facilitate its stabilization"</p>	Overall economy
9-Dec-24	On fiscal , policymakers vowed to implement "more proactive" fiscal policy; On monetary side, it projected "moderately loose" monetary policy next year; On property market, policymakers are working on policies to leverage LGSB for local government purchases of raw lands and housing inventory.	Overall economy
Two sessions		
5-Mar-25	<p>In 2025 National People's Congress (NPC), premier Li Qiang announced comprehensive measures to boost economy targeting real GDP growth at around 5% and CPI inflation at 2% :</p> <p>On fiscal, the total quota for government bond net issuance would be RMB11.9tn, including RMB1.8tn for CGSB (vs. RMB1.0tn in 2024), RMB4.4tn for LGSB (vs. RMB3.9tn in 2024), etc.</p> <p>On monetary, policymakers pledged to cut RRR and policy rates when appropriate, maintain adequate liquidity conditions, and strengthen the policy support for the healthy development of property and equity markets, etc.</p> <p>On labor markets, policymakers kept the new urban jobs creation target at above 12 million and surveyed unemployment rate target also remained unchanged at around 5.5%.</p> <p>On consumption (as the top priority set for economic work this year): Besides the RMB300bn CGSB funding for the consumer goods trade-in program, policymakers pledged to increase the minimum standard of basic pension, accelerate the development of the third pillar of China's pension system (individual savings plan), develop subsidy policies to boost birth rates, and enhance childcare related services.</p> <p>On industrial policy (especially for high-tech manufacturing): Policymakers vowed to accelerate the adoption of digital technology (including AI) in high-tech manufacturing industries, and facilitate the healthy development of platform economy.</p> <p>On property: Policymakers specifically vowed to effectively contain property developer debt default risks, accelerate the progress of urban village renovation, and expand the areas for public housing reletting support.</p>	Overall economy
Consumption-specific		
25-Jul-24	Consumer goods trade-in program: China will allocate Rmb300 bn out of the Rmb 1tn long-term special treasury bond quota in 2024 to support consumer goods trade-in and equipment upgrade program	Home appliances
Aug-Sep	Many cities including Shanghai, Beijing, Shenzhen, Jiangsu, etc have announced plans for consumer goods trade-in programs	
25-Sep-24	Shanghai announced to distribute Rmb500mn consumption vouchers targeting catering (72%), accommodation (18%), movie-going (6%), sporting activities (4%)	Restaurant, Beer, Consumer services, Sportswear
26-Sep-24	7 ministries (led by Ministry of Agriculture and Rural Affairs) jointly issued a notice on promoting the stable development of beef and dairy production	Dairy
28-Oct-24	The General Office of the State Council released a notice about measures to improve the fertility support policy system and to promote a maternity-friendly society on Oct 28. The main goals are to lower the costs of child-bearing, upbringing and education, to support child-bearing and ultimately, boost the birth rate.	Dairy
29-Dec-24	The Ministry of Civil Affairs encourages local government to issue one-time subsidies additionally before New Year's Day and Spring Festival	Overall consumption
10-Jan-25	NDRC and Ministry of Finance of PRC jointly announced Measures to expand consumer goods trade-in programs in 2025	Home appliances/ Consumer electronics
5-Mar-25	Premier Li Qiang announced the issuance of RMB300bn CGSB for the consumer goods trade-in program (vs. RMB150bn in 2024) in 2025 two sessions (NPC) Government Work Report.	Home appliances/ Consumer electronics
13-Mar-25	Hohhot (the capital of Inner Mongolia) rolled out various measures to boost birth rates including up to Rmb10k/50k/100k maternity/child-raising subsidies in total for each 1st/2nd/3rd+ born child via annual installments of Rmb10k for 1 year/5 years/10 years, following multiple regions in 2022~2024.	Dairy/IMF
16-Mar-25	State Council issued the "Special Action Plan to Boost Consumption", focusing on increasing income, stimulating trade-in, upgrading consumer service/products supply, etc.	Overall consumption

Source: PBoC, CSRC, National Financial Regulatory Administration, Data compiled by Goldman Sachs Global Investment Research

Exhibit 3: Consumption growth sensitivity table

2025E adj discretionary cash flow yoy							2025E consumption yoy growth						
2025E wage yoy							2025E wage yoy						
	-28%	-26%	-24%	-22%	-20%			-28%	-26%	-24%	-22%	-20%	
2025E saving rate	3.3%	1.9%	4.7%	7.5%	10.3%		3.3%	-3.0%	0.0%	4.2%	6.1%	9.1%	
	4.3%	2.9%	5.7%	8.5%	11.4%		4.3%	-1.9%	1.1%	4.2%	7.2%	10.3%	
	0.1%	2.9%	5.7%	8.5%	11.4%		0.1%	-0.9%	2.2%	5.3%	8.4%	11.4%	
	1.1%	3.9%	6.8%	9.6%	12.4%		1.1%	0.2%	3.3%	6.4%	9.5%	12.6%	
	2.1%	4.9%	7.8%	10.6%	13.5%		2.1%	0.2%	3.3%	6.4%	9.5%	12.6%	
	3.0%	5.9%	8.8%	11.7%	14.6%		3.0%	4.4%	7.5%	10.6%	13.8%		

Saving rate is defined as (disposable income - consumption)/consumption

Source: Goldman Sachs Global Investment Research

A review of past policy cycle

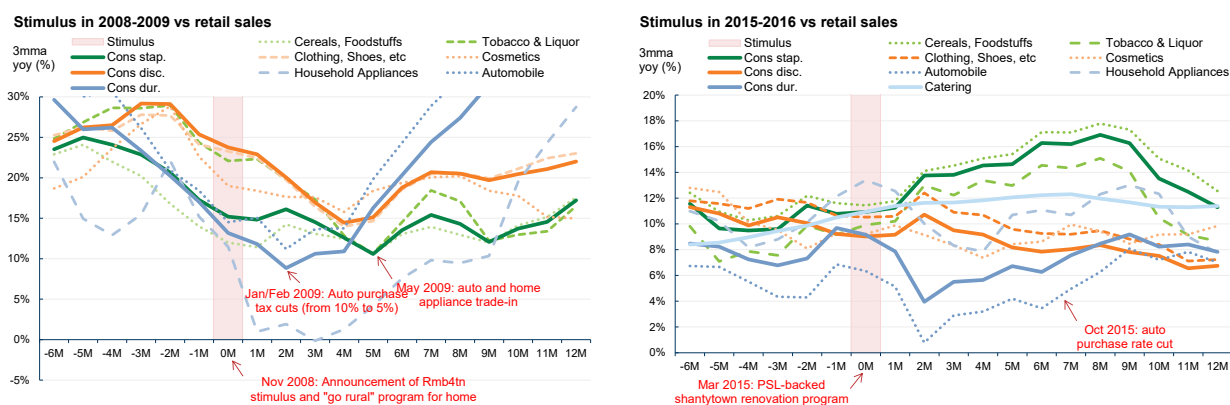
Historically, large-scale consumption stimulus in China has focused on durable goods, which can boost the underlying supply chain as well and had a more targeted result to

be measured. For other categories, the recovery in past downcycles usually came together with broader macro/demand improvement, wealth effect, or driven by category specific cycles (e.g. post de-stocking recovery for sportswear, raw milk price recovery for dairy).

Fundamental wise, based on historical cycles of 2008/2015, retail sales growth of consumer durable goods (such as auto and home appliances) which directly benefit from policy stimulus, recovered quickly after the introduction of specific industry policies. For other categories, retail sales growth picked up a few months later in a more gradual way with a broader macro recovery and wealth effect. In more recent cycles, we note there are more direct demand-side measures (i.e. consumption coupons) marginally from some local governments. For example, during Covid, local governments issued >Rmb19bn consumption vouchers in 1H20 to enhance consumer confidence, which directly benefit discretionary spending.

In terms of stock performance, consumer sectors have consistently outperformed MSCI China index during past policy easing cycles. In 2008, the stock market bottomed out thanks to the Rmb4tn stimulus package, and gained stronger momentum when more specific stimulus were introduced (i.e., auto and home appliance trade-in); by category, consumer discretionary saw stronger outperformance. While in 2015, the stock market positively reacted to the shantytown renovation program for 2 months, but then fell back to the previous levels triggered by the unwind of margin trading accounts. The market didn't rebound again until retail sales regained momentum. In 2020, more direct stimulus measures, combined with the resumption of traffic after reopening helped retail sales quickly recover, which caused stock prices to gain great momentum especially for consumer discretionary, until the Delta virus outbreak.

Exhibit 4: Historically, policies leaned to consumer durables



Cons. stap. denotes consumer staples, whose retail sales is calculated as the sum of Cereals, Foodstuffs and Tobacco, Liquor; Cons. disc. denotes consumer discretionary, whose retail sales is calculated as the sum of Clothing, Cosmetics, and Jewelry; Cons. dur. denotes consumer durables, whose retail sales is calculated as the sum of household appliances, autos, and telecom equipment. We use 3-month average retail sales yoy. For example, 0M yoy = avg (-2M:0M) / avg (-14M:-12M) - 1

Source: NBS, Goldman Sachs Global Investment Research

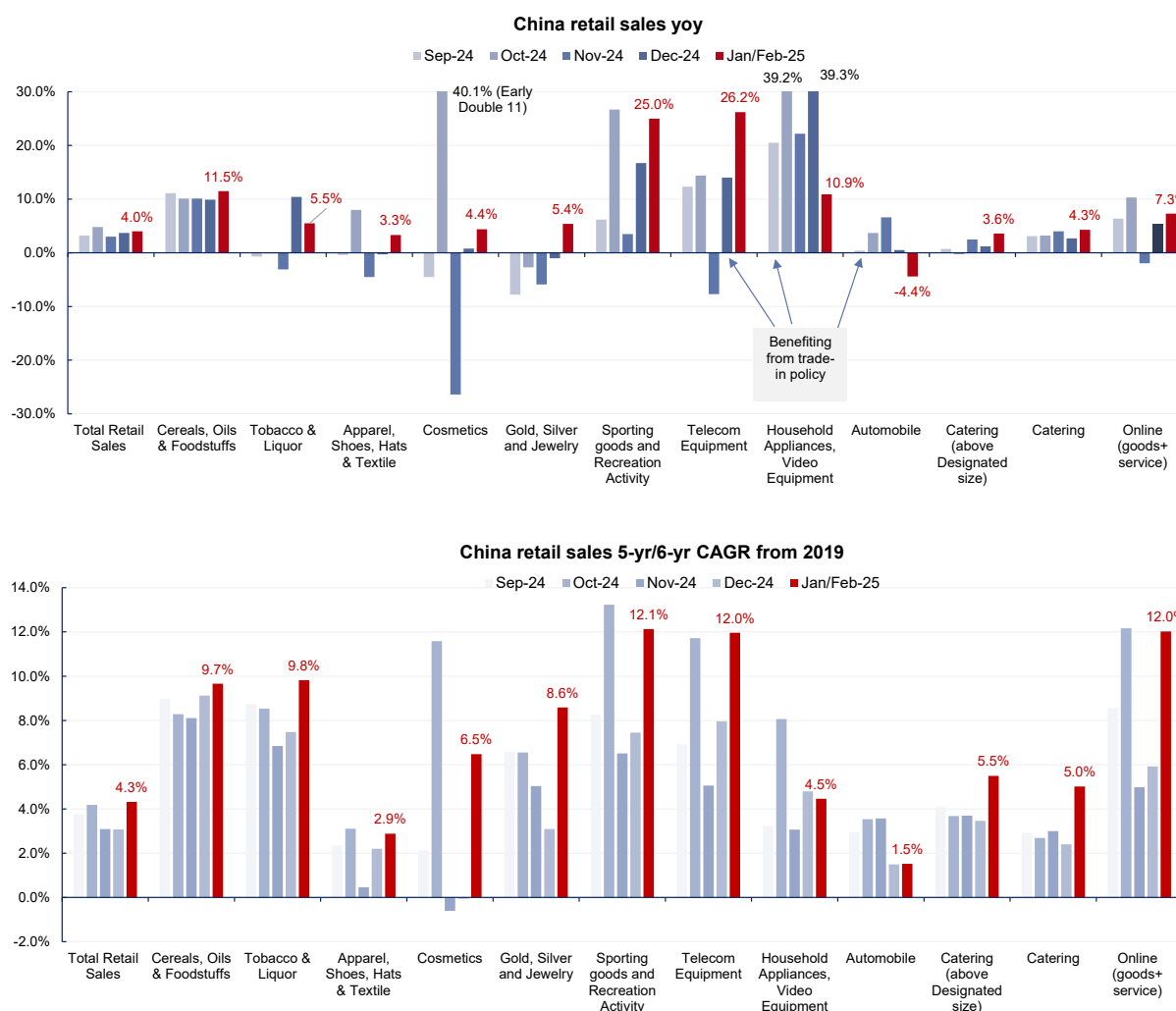
Recent consumption data points

While we are yet to see meaningful rebound in consumption so far, we have seen **signs of bottoming out from 4Q24** with gradual policy support kicking in. NBS retail sales

yoy growth in Jan-Feb improved to 4% yoy (from 3.0%/3.7% yoy in Nov/Dec). In addition, the **post-CNY holiday pull-back has been better than feared** — in restaurant, Haidilao/Jiumaojiu saw smaller post-holiday pull back compared to 2024 National Day holiday; air traffic and airfares improved in the later part of Chunyun; spirits wholesale prices were steady post holiday. That being said, recent data points from property market remained uninspiring.

Following the intensified price competition in 2023-24, we started to see companies talking about promotion control from 2H24, and in recent months we see **stabilized/improving pricing trend in multiple categories along with price hike activities from some leading players**. In restaurant, Haidilao/Jiumaojiu continued to execute disciplined promotion strategy, KFC hiked price by 2% on average in Dec 24; in F&B, Tingyi hiked instant noodle price from 2H24 following which UPC also saw price hike at retail terminals; home appliance ASP improvement has been supported by product mix improvement via the trade-in program.

Exhibit 5: Retail sales growth in Jan-Feb sequentially improved



Source: NBS

Exhibit 6: We see stabilized pricing trend, and selective categories have seen ASP improvement/price hike actions

Sector	Metrics	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25 to date	1Q25 momentum	2025E momentum
Sportswear	Discount yoy change (positive number -> discount improvement)	-2.2pp	0.6pp	0.4pp	0.4pp	0.9pp	1.5pp	-0.4pp	-1.5pp	Still promotional but trend likely improve in the coming months with inventory level normalizing	➡	➡
Restaurant	ASP yoy (market cap weighted average of YUMC, Haidilao, Jiumaojiu, Nayuki)	-1%	-5%	-7%	-10%	-6%	-7%	-2%	-2%	Relatively disciplined on promotion	➡	⬆
Cosmetics	Skincare+Color makeup ASP on Tmall+Taobao	96	107	80	110	81	93	77	109	Relatively disciplined on promotion	⬇	⬇
Pet care	Pet food ASP yoy on Tmall+Taobao	2%	-6%	-7%	-15%	-20%	-19%	-15%	-6%	12%	⬆	⬆
Spirits	53% v/v Feitian Moutai wholesale price (original case)	2,953	2,930	2,977	2,948	2,950	2,708	2,496	2,286	Wholesale price stabilizing	➡	➡
Beer	ASP yoy (market cap weighted average of CRB, BUD APAC, Tsingtao Brewery, Chongqing Brewery)	4%	6%	6%	6%	3%	-1%	-1%	0%	Focus on in-home channel mix upgrades	➡	⬆

Cosmetics ASP qoq downtrend could be partly attributable to promotion season impact (i.e. Double 11 in 4Q)

Source: AVC, Moojing, Company data, Daily Spirits Price

Forecast and valuation

Exhibit 7: We already factored in yoy sales growth improvement in 4Q24 vs 2Q/3Q24 on easier base

GS Consumer coverage forecasts - quarterly yoy growth

Sector	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E
Sports brands	-10.1%	4.5%	11.9%	16.4%	59.5%	38.4%	13.2%	52.7%	15.0%	-3.0%	11.1%	-9.8%	6.2%	15.5%	10.3%	27.6%	11.8%	7.0%	2.7%	8.0%
Sports retailer	-8.8%	-11.3%	-0.9%	6.2%	36.6%	5.9%	-13.2%	-21.7%	-18.8%	-27.5%	-3.0%	-18.3%	-9.7%	20.5%	-1.9%	12.1%	-0.5%	-5.7%	-12.7%	-4.8%
OEM	-3.5%	-13.6%	-4.9%	-0.7%	12.5%	29.5%	7.2%	14.8%	16.7%	21.9%	33.4%	6.0%	-15.9%	-12.5%	-10.4%	3.3%	16.5%	13.8%	13.6%	9.2%
Catering	-19.0%	-11.0%	10.2%	13.2%	59.6%	48.5%	3.5%	1.2%	-6.8%	-14.7%	-1.0%	-6.3%	20.9%	29.3%	25.4%	29.2%	9.3%	7.6%	1.9%	2.0%
Prepared food	14.7%	25.2%	25.4%	23.5%	40.7%	17.4%	20.1%	23.6%	15.1%	23.6%	20.4%	20.5%	19.5%	15.1%	9.2%	-2.8%	6.8%	3.8%	10.7%	7.2%
Diversified retailers	-20.6%	-23.0%	-13.5%	2.4%	51.8%	54.4%	54.7%	32.9%	41.2%	-1.4%	-0.3%	-15.7%	12.7%	37.3%	33.8%	60.9%	59.6%	79.6%	89.1%	115.0%
Jewelry	-31.7%	-7.2%	21.5%	18.0%	29.9%	55.9%	52.7%	34.4%	27.3%	5.7%	19.8%	-13.4%	21.0%	25.4%	4.9%	36.5%	11.9%	-16.8%	-26.9%	-14.3%
Traditional Appliances	-25.8%	1.1%	13.8%	11.9%	45.1%	13.9%	3.5%	14.9%	9.6%	2.7%	3.7%	-8.0%	4.2%	8.5%	7.9%	11.6%	7.9%	5.4%	0.2%	9.9%
Emerging Appliances	-22.9%	10.3%	47.4%	42.5%	79.5%	43.5%	30.6%	33.1%	24.6%	15.2%	9.6%	10.5%	2.0%	23.1%	30.5%	14.9%	29.6%	15.0%	15.2%	36.4%
Beer	-29.9%	-2.2%	2.6%	3.9%	55.1%	6.9%	2.2%	9.0%	3.8%	3.7%	7.7%	-12.5%	10.0%	8.2%	-0.5%	3.2%	-2.9%	-8.4%	-7.7%	-5.0%
Spirits	8.1%	7.3%	11.5%	14.0%	21.3%	23.4%	15.0%	14.2%	20.6%	14.6%	16.8%	17.4%	17.4%	19.0%	14.8%	17.4%	17.0%	14.7%	9.2%	2.1%
Condiments	6.2%	25.9%	18.1%	15.7%	24.0%	-10.1%	-0.5%	19.9%	2.1%	21.9%	5.6%	-4.3%	1.9%	-3.9%	4.2%	-7.2%	8.5%	4.9%	8.2%	15.9%
Dairy	-9.6%	15.8%	8.1%	5.2%	30.1%	11.7%	8.9%	10.5%	11.2%	9.5%	6.6%	12.6%	7.6%	2.5%	3.4%	0.3%	-5.3%	-15.5%	-7.2%	-4.2%
Cosmetics	-3.7%	16.6%	21.4%	43.8%	65.6%	49.5%	35.6%	41.0%	41.0%	32.4%	37.6%	38.7%	30.9%	38.1%	18.7%	24.5%	35.3%	30.6%	21.7%	21.8%
F&B (assume 1Q/2Q=1H, 3Q/4Q=2H)	-3.8%	-3.8%	-1.1%	-1.1%	27.0%	27.0%	25.0%	25.0%	9.1%	9.1%	13.5%	13.5%	20.0%	20.0%	26.6%	26.6%	7.2%	7.2%	3.7%	3.7%
Snacks	22.2%	32.9%	15.9%	1.6%	18.9%	-9.0%	6.3%	19.8%	-4.8%	9.3%	6.8%	12.5%	5.9%	22.6%	30.5%	13.9%	52.4%	15.1%	18.3%	23.9%
Pet Care	13.2%	48.9%	42.4%	21.3%	45.0%	13.7%	-0.7%	28.3%	31.2%	18.6%	54.0%	-3.3%	9.8%	17.1%	23.5%	32.2%	31.6%	14.6%	19.5%	23.0%
Furniture	-29.1%	1.8%	21.3%	26.4%	115.0%	44.3%	28.7%	16.1%	20.4%	9.3%	1.7%	-2.5%	-12.1%	10.2%	4.4%	5.1%	6.0%	-14.7%	-17.1%	-4.4%
Luxury	-32.2%	7.5%	37.9%	35.6%	149.3%	60.3%	11.2%	14.2%	0.2%	-27.2%	0.6%	-12.4%	17.8%	48.5%	9.9%	15.6%	-8.2%	-13.1%	-17.3%	-7.9%
Average	-10%	7%	15%	16%	51%	28%	16%	20%	14%	7%	13%	1%	9%	18%	13%	17%	16%	8%	7%	13%
Macro																				
China real GDP growth	-6.9%	3.1%	4.8%	6.4%	18.7%	8.3%	5.2%	4.3%	4.8%	0.4%	3.9%	2.9%	4.5%	6.3%	4.9%	5.2%	5.3%	4.7%	4.6%	5.4%
China retail sales growth	-20%	-4%	0%	3%	34%	14%	5%	3%	3%	-5%	4%	-3%	6%	11%	4%	8%	5%	3%	3%	4%
Household Cash Flow																				
Disposable income growth	1%	4%	7%	7%	14%	11%	6%	5%	6%	3%	7%	4%	5%	8%	6%	6%	6%	4%	5%	6%
Saving rate	41%	35%	36%	25%	39%	31%	33%	23%	38%	34%	33%	28%	38%	32%	30%	26%	37%	31%	31%	27%
Home purchase growth	-23%	9%	21%	22%	95%	19%	-15%	-20%	-26%	-36%	-21%	-27%	6%	-8%	-23%	-20%	-33%	-22%	-16%	4%
Adj. discretionary cash flow growth									-20%	-22%	-12%	-32%	3%	19%	10%	42%	15%	9%	1%	9%
Household Consumption growth	-8%	-3%	1%	3%	18%	18%	12%	9%	7%	-2%	5%	-2%	5%	12%	11%	9%	8%	5%	3%	5%

As of Mar. 17, 2025; the aggregate growth for each sector is weighted by the latest market cap

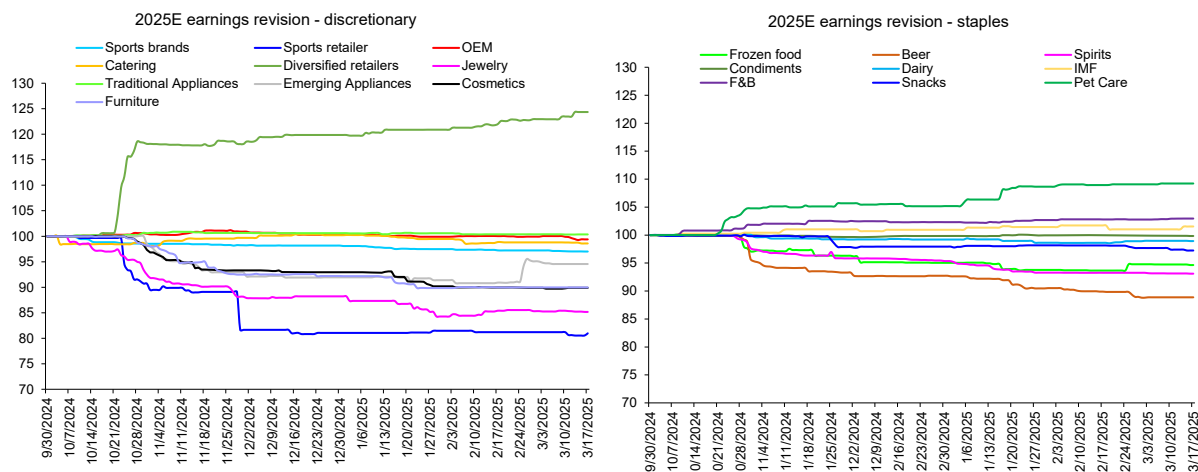
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 8: Our current 2025E sales growth is similar to 2024E

GS Consumer coverage forecasts

Sector	Quarterly sales CAGR vs 2019								Annual sales yoy growth								
	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sports brands	15.1%	12.8%	11.6%	19.6%	14.4%	11.6%	9.8%	17.2%	37.6%	36.4%	5.4%	37.9%	10.0%	16.5%	11.0%	8.9%	8.8%
Sports retailer	-2.2%	-4.8%	-4.9%	-6.6%	-1.9%	-5.0%	-6.5%	-6.2%	22.4%	7.5%	5.3%	-8.9%	-15.1%	3.2%	-5.1%	0.6%	3.9%
OEM	1.6%	4.5%	5.1%	5.7%	4.4%	6.3%	6.7%	6.4%	15.0%	10.1%	-4.6%	16.6%	15.6%	-10.9%	14.1%	9.3%	8.9%
Catering	9.9%	9.9%	9.1%	8.5%	9.7%	9.4%	7.6%	7.2%	28.3%	25.8%	-0.5%	26.4%	-9.6%	22.4%	3.9%	5.3%	6.3%
Prepared food	22.1%	20.2%	18.6%	15.6%	18.8%	16.7%	17.0%	13.9%	19.2%	17.6%	20.8%	25.4%	19.7%	9.2%	6.8%	9.2%	9.1%
Diversified retailers	17.7%	12.6%	15.6%	16.6%	25.1%	23.7%	27.6%	31.8%			44.4%	63.9%	2.7%	50.0%	86.1%	43.0%	21.7%
Jewelry	8.1%	17.7%	23.6%	17.1%	8.9%	9.8%	11.3%	10.0%	14.0%	-2.7%	7.1%	35.8%	7.0%	15.3%	-11.3%	3.2%	5.6%
Traditional Appliances	5.3%	6.4%	7.1%	7.2%	5.8%	6.2%	5.7%	7.7%	14.5%	5.7%	4.5%	19.6%	3.0%	9.1%	6.0%	8.1%	4.7%
Emerging Appliances	15.2%	22.4%	28.8%	24.6%	17.9%	20.9%	26.0%	26.9%			22.6%	28.0%	42.2%	13.8%	16.8%	23.8%	15.9%
Beer	5.6%	4.1%	3.0%	0.6%	3.8%	1.4%	0.7%	-0.6%	7.2%	20.4%	-6.6%	14.0%	2.1%	7.0%	-5.1%	2.6%	3.5%
Spirits	16.7%	15.9%	14.5%	15.7%	16.8%	15.7%	13.4%	12.9%	28.7%	18.2%	9.5%	18.5%	18.0%	17.6%	10.3%	7.0%	8.6%
Condiments	8.2%	7.3%	6.7%	5.4%	8.3%	6.8%	7.0%	7.4%	19.6%	17.8%	16.5%	7.9%	5.2%	-1.4%	9.2%	9.0%	9.2%
Dairy	8.9%	9.8%	6.7%	7.0%	5.9%	4.2%	3.8%	4.7%	16.3%	13.7%	4.3%	14.6%	9.6%	3.6%	-8.2%	2.5%	2.9%
Cosmetics	31.0%	33.6%	28.1%	36.8%	31.8%	33.0%	26.8%	33.7%	40.0%	38.4%	24.6%	38.9%	36.9%	28.9%	26.2%	19.1%	15.3%
F&B (assume 1Q/2Q=1H, 3Q/4Q=2H)	12.4%	12.4%	15.4%	15.4%	11.4%	11.4%	13.0%	13.0%	12.8%	18.9%	1.6%	28.7%	13.2%	23.9%	11.8%	16.2%	12.9%
Snacks	10.0%	12.8%	14.5%	11.8%	17.4%	13.3%	15.2%	14.1%	18.2%	11.0%	11.4%	9.7%	2.7%	7.1%	11.8%	8.8%	8.0%
Pet Care	24.0%	23.8%	28.0%	18.8%	25.5%	21.9%	26.3%	19.6%	38.7%	16.5%	39.6%	25.6%	27.9%	21.0%	20.6%	18.2%	18.5%
Furniture	12.7%	15.3%	13.5%	10.8%	11.3%	8.6%	6.6%	7.5%	21.7%	14.2%	11.8%	34.8%	1.8%	2.0%	-8.0%	4.5%	3.3%
Luxury	18.8%	16.8%	14.1%	11.9%	12.9%	10.1%	7.0%	7.6%	16.0%	12.0%	6.0%	50.0%	-15.0%	12.0%	-20.0%	-2.0%	11.0%
Average	13%	13%	14%	13%	13%	12%	12%	12%	22%	18%	13%	26%	7%	12%	9%	10%	9%
Macro																	
China real GDP growth	4.9%	4.5%	4.7%	4.7%	5.0%	4.5%	4.7%	4.8%	6.0%	6.0%	2.2%	8.5%	3.0%	5.2%	5.0%	4.5%	4.0%
China retail sales growth	4%	4%	3%	3%	4%	3%	3%	3%	8%	8%	-5%	12%	0%	7%	3%		
Household Cash Flow																	
Disposable income growth	6%	7%	6%	6%	6%	6%	6%	6%	10%	9%	5%	9%	5%	6%	5%	5%	
Saving rate	39%	33%	33%	26%	38%	32%	33%	26%	30%	30%	34%	31%	33%	32%	32%	31%	
Home purchase growth	4%	-7%	-11%	-13%	-4%	-10%	-12%	-10%	15%	10%	11%	5%	-30%	-9%	-18%	-9%	
Adj. discretionary cash flow growth	-5%	-2%	-1%	-1%	-1%	0%	0%	1%	1%	2%	1%	13%	-22%	18%	8%	7%	
Household Consumption growth	5%	6%	7%	4%	6%	6%	6%	5%	10%	9%	-1%	14%	2%	9%	5%	5%	

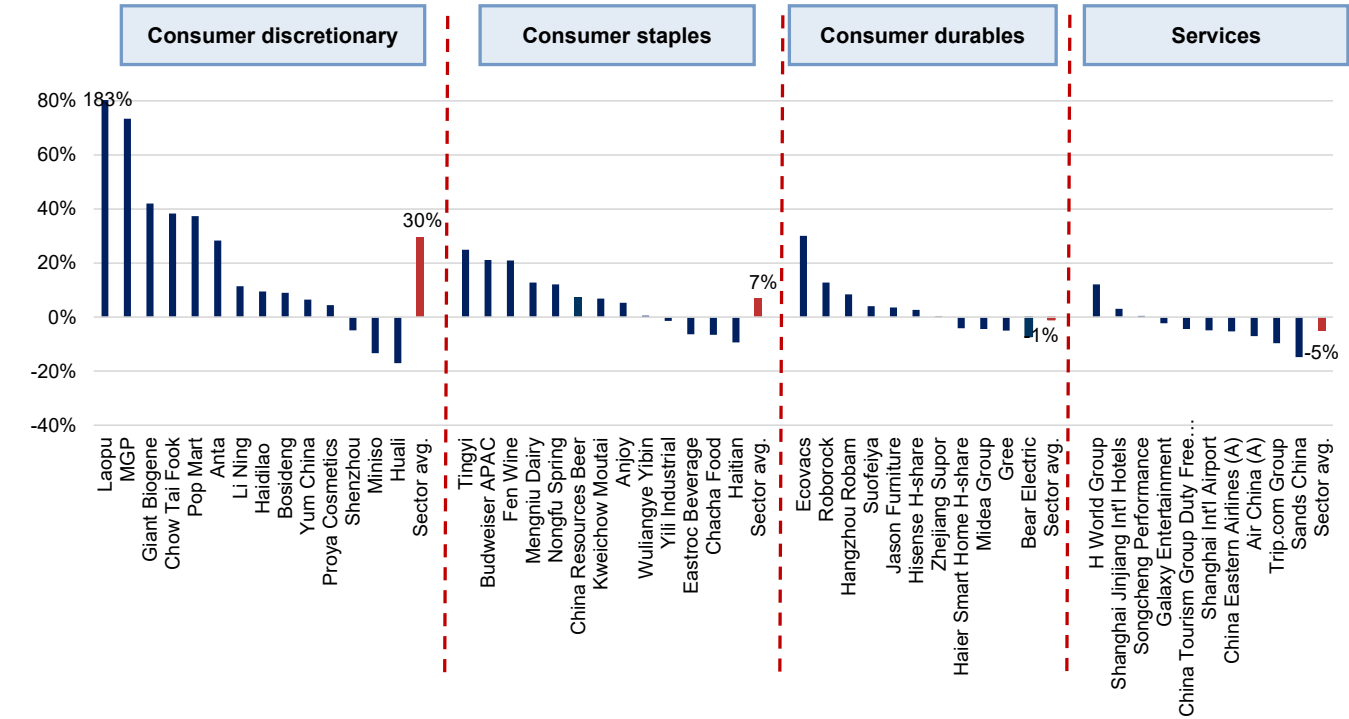
As of Mar. 17, 2025; the aggregate growth for each sector is weighted by the latest market cap // Source: Company data, Goldman Sachs Global Investment Research

Exhibit 9: Earnings revision for most sectors stabilized after 3Q24; meanwhile we see continuous upward revision for IP retailers, pet care, and earnings cut for sports retailers, jewelry (excl Laopu)

As of Mar. 17, 2025

Source: Bloomberg, Goldman Sachs Global Investment Research

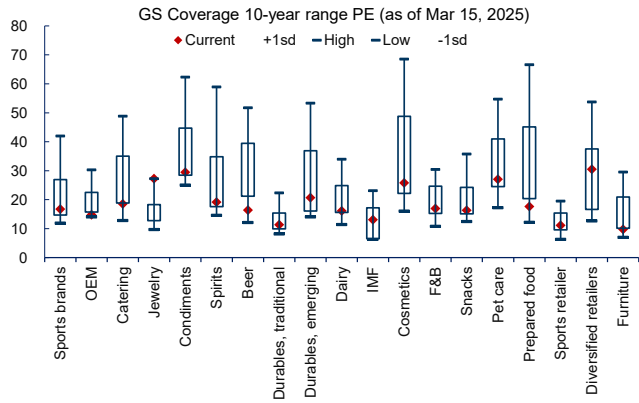
Exhibit 10: YTD share price performance



As of Mar 14

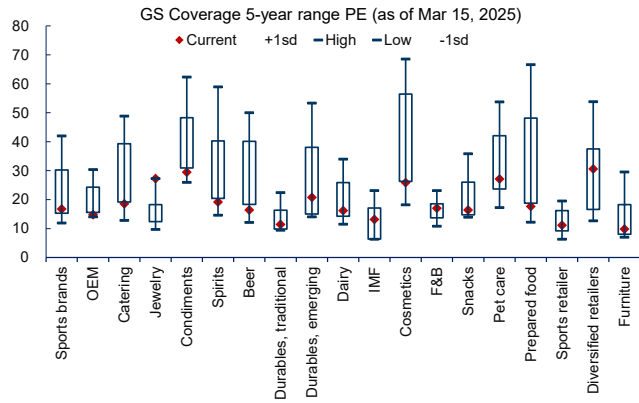
Source: Datastream

Exhibit 11: GS coverage 5-year range PE

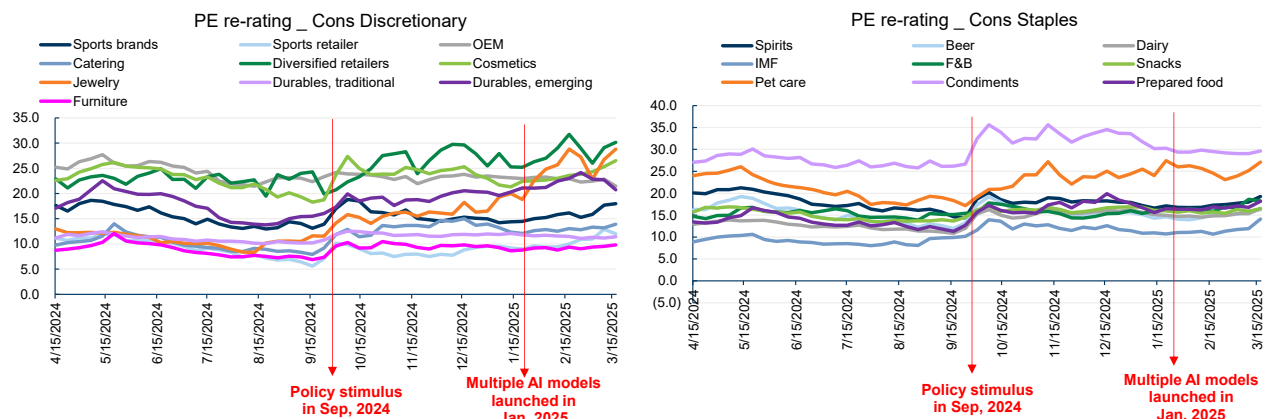


Source: Eikon Datastream

Exhibit 12: GS coverage 10-year range PE



Source: Eikon Datastream

Exhibit 13: Valuation has been re-rated

Source: Eikon Datastream

GS sector/stock preferences

We reiterate most of our sector preferences: 1) we continue to prefer white goods (beneficiary of policy boost), diversified retailers (resilient IP demand in domestic market along with overseas expansion opportunity), selective sportswear brands (selective companies see product cycle/category momentum benefits, undemanding valuation), dairy (turnaround story; support on new birth to benefit IMF), and beverage (penetration opportunity). 2) We upgrade sportswear retailer to Neutral from least preferred, given the gradually clearer inventory level which is a better setup for turnaround; and we also upgrade restaurants to Neutral given the more disciplined price competition. However, we downgrade OEMs to least preferred on tariff uncertainties which could also lead to lower demand/order visibility in US, though we still like names with diversified production location/favorable customer base and good shareholder return. 3) furniture, projectors, discretionary small kitchen appliances, jewelry and non super-premium spirits remain our least preferred sectors.

Exhibit 14: Sector preference

Sector	
Preferred	Leading white goods, Sports brands, Diversified retailer, Dairy, Beverage
Neutral	Condiment, Cosmetics, Snacks, Beer, Major/small kitchen appliances, RVC, Pet food, Super premium spirits, Prepared food, Sports retailer ↑, Restaurants ↑
Least preferred	Furniture, Projectors, Discretionary small kitchen appliances, Jewelry, Spirits (non super-premium), Apparel OEM ↓

As of Mar 17, 2025

Source: Goldman Sachs Global Investment Research

Exhibit 15: Comp sheet of preferred stocks

Company	Ticker	Rating	Mkt cap (US\$mn)	3m Ave. daily turnover (US\$mn)	12m TP (LLC)	Current price (LLC)	Net income (yoy)			PE (x)			EV/EBITDA (x)			ROE			Dividend yield			FCF yield		
							17-Mar	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E
China consumer discretionary																								
Anta	2020.HK	Buy*	36,409	119.1	110.00	99.15	14%	14%	16%	20	20	17	18	16	14	25%	22%	23%	2%	3%	3%	4%	7%	5%
Yum China	YUMC	Buy	18,917	119.2	58.00	51.30	10%	4%	13%	17	20	17	8	9	8	15%	17%	21%	2%	2%	2%	4%	4%	6%
Laopu Gold	6181.HK	Buy	14,774	44.0	553.00	698.00	242%	112%	29%	69	35	28	50	26	20	54%	60%	49%	0%	1%	1%	0%	1%	3%
Giant Biogene	2367.HK	Buy	9,010	24.2	64.00	71.75	41%	25%	21%	32	26	21	27	21	16	39%	35%	33%	1%	1%	1%	2%	3%	4%
Miniso	MNSO	Buy	6,536	23.2	27.90	20.69	17%	15%	22%	17	15	12	12	10	8	27%	27%	28%	3%	3%	4%	5%	7%	8%
China consumer staples																								
Kweichow Moutai	600519.SS	Buy	282,897	648.5	2,017.00	1,637.86	15%	10%	11%	24	22	20	16	14	12	38%	38%	38%	3%	3%	4%	4%	5%	5%
Mengniu	2319.HK	Buy	9,984	61.3	23.60	19.86	n.m.	n.m.	17%	n.m.	13	12	21	10	8	0%	12%	13%	3%	4%	5%	1%	9%	10%
Tsingtao H-Share	0168.HK	Buy	9,473	28.7	59.00	55.25	4%	11%	7%	15	14	13	8	7	7	16%	16%	16%	4%	5%	0%	5%	6%	6%
Tingyi	0322.HK	Buy	9,160	13.7	13.00	12.90	19%	16%	11%	18	15	14	9	8	7	26%	29%	31%	6%	7%	7%	7%	8%	8%
China Resources Beverage	2460.HK	Buy	4,604	6.4	19.00	15.14	19%	22%	22%	18	17	14	9	8	6	18%	17%	18%	n.m.	2%	2%	-2%	1%	6%
China Pet Foods	002891.SZ	Buy	1,755	39.4	42.00	41.90	63%	11%	32%	33	30	23	22	18	13	16%	16%	18%	1%	1%	1%	0%	1%	2%
Ligao	300973.SZ	Buy	1,068	20.5	39.60	45.20	281%	14%	40%	28	24	17	16	14	11	11%	12%	16%	2%	2%	3%	0%	0%	4%
China durables																								
Midea Group	000333.SZ	Buy	76,047	317.9	90.00	71.88	13%	13%	9%	14	13	12	11	10	9	22%	23%	24%	4%	5%	6%	10%	7%	8%
Hisense	0921.HK	Buy	4,839	9.7	31.00	27.45	14%	14%	8%	11	9	9	7	5	5	23%	23%	22%	5%	5%	6%	10%	10%	10%
Robam	002508.SZ	Buy	3,050	25.0	25.00	23.83	-3%	12%	2%	13	12	12	11	9	8	15%	16%	15%	5%	5%	5%	7%	8%	8%

* refers to stocks on the APAC Conviction List. Ranked by market cap.

Source: Goldman Sachs Global Investment Research, Company data, Bloomberg

Appendix

Exhibit 16: Goldman Sachs China Household Discretionary Cashflow Model

(Rmb tn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Disposable income												
Wage income	17.0	18.5	20.2	22.0	24.0	25.2	27.7	29.1	31.1	32.9		
Business income	5.4	5.8	6.2	6.7	7.3	7.5	8.3	8.7	9.2	9.7		
Property income	2.4	2.6	2.9	3.3	3.7	3.9	4.3	4.6	4.7	4.8		
Transfer income	5.2	5.9	6.6	7.6	8.3	8.9	9.2	9.7	10.2	10.8		
A) Disposable income	30.0	32.7	35.9	39.7	43.3	45.5	49.6	52.1	55.3	58.2	61.3	64.8
Surveyed disposable income growth	9.5%	9.0%	9.7%	10.5%	9.2%	4.9%	9.2%	4.9%	6.2%	5.2%	5.3%	5.7%
Financing activities												
B) Debt service	(4.3)	(4.7)	(5.7)	(7.3)	(8.4)	(9.6)	(11.7)	(12.7)	(14.1)	(15.2)	(15.4)	(15.7)
Mortgage	(1.7)	(2.0)	(2.5)	(3.2)	(3.7)	(4.2)	(4.8)	(5.1)	(5.2)	(6.1)	-5.9	-5.8
Non-mortgage HH loan	(2.5)	(2.7)	(3.2)	(4.1)	(4.7)	(5.4)	(6.9)	(7.6)	(8.9)	(9.1)	-9.5	-9.8
C) Gross borrowing	6.5	9.3	10.6	11.7	12.3	13.5	15.1	12.3	15.4	14.6	14.9	15.9
Total mortgage balance	13.1	18.0	21.9	25.8	30.2	34.5	38.3	38.8	38.2	37.4	37.2	37.4
Yearly mortgage payment %	-16%	-15%	-14%	-15%	-14%	-14%	-14%	-13%	-14%	-16%	-16%	-16%
D) Discretionary cash flow = A + B + C	32.2	37.4	40.8	44.0	47.2	49.4	53.0	51.7	56.6	57.6	60.7	65.0
yoy growth	11.6%	15.9%	9.3%	7.7%	7.3%	4.6%	7.4%	-2.5%	9.5%	1.7%	5.5%	7.1%
E) Saving - Deposit change	4.5	(5.5)	(4.5)	(7.2)	(9.7)	(11.3)	(9.9)	(17.9)	(16.7)	(14.4)	(14.6)	(15.4)
% of disposable income	15%	-17%	-13%	-18%	-22%	-25%	-20%	-34%	-30%	-25%	-24%	-24%
Saving - Macro team's definition = A - G	8.6	9.2	10.6	11.8	12.9	15.5	15.6	17.4	17.5	18.4	19.4	20.3
Saving rate on Macro team's definition	28%	28.2%	29.5%	29.7%	29.9%	34.1%	31.4%	33.5%	31.7%	31.6%	31.1%	30.9%
F) Adj. discretionary cash flow = D + E	36.7	31.9	36.3	36.7	37.5	38.1	43.1	33.8	39.9	43.2	46.1	49.6
yoy growth	31.2%	-13.1%	13.7%	1.3%	2.1%	1.4%	13.3%	-21.7%	18.2%	8.2%	6.8%	7.6%
Discretionary cash outflow												
G) Consumption	21.5	23.5	25.3	27.9	30.4	30.0	34.0	34.6	37.8	39.8	41.9	44.5
yoy growth	9.0%	9.4%	7.7%	10.1%	9.0%	-1.5%	13.7%	1.8%	9.0%	5.3%	5.3%	6.2%
H) House purchase and other investments	15.3	8.4	11.0	8.8	7.1	8.1	9.1	(0.9)	2.1	3.4	4.2	5.1
Home purchase	7.3	9.9	11.0	12.6	13.9	15.5	16.3	11.4	10.3	8.5	7.7	7.4

Source: NBS, Wind, Goldman Sachs Global Investment Research

Exhibit 17: Price targets risks and methodology

Company name	Ticker	Rating	Valuation methodology	Key risks
Anta	2020.HK	Buy (on CL)	Our TP is HK\$110 based on 20.5x 2026E PE discounted back to 2025E	Weaker Fila growth, lower retail sales growth of the core Anta brand and opex control.
Moutai	600519.SS	Buy	Our 12m TP is Rmb2,017 based on a 26.5x 2026E P/E, discounted back to 2025 year-end using a 9.5% COE. Our target P/E is benchmarked to the company's full cycle average P/E in 2015-1H24.	1) Potential regulation changes such as a consumption tax rate hike; 2) Environmental pollution; 3) A slower-than-expected macroeconomic recovery; 4) Capacity constraints; 5) More volatility in US rate hikes given the negative correlation between Moutai's P/E and the US 10-yr bond yield.
Midea	000333.SZ/0300.HK	Buy	Our 12-m TP of (A/H-share) Rmb90/HK\$90 is based on a 16X exit multiple applied to our 2026E EPS, discounted back to 2025E using a 9.5% cost of equity.	1) Worse-than-expected disruption on white goods demand from weaker macro globally; 2) Rising material costs affecting product margins; 3) Execution risk of its premiumization strategy; and 4) Rising competition in the low-to-mid-end segment.
YUMC	YUMC/9987.HK	Buy	We are Buy rated on YUMC with 12-m SOTP-based target prices of US\$58/HK\$452 for the ADR/H-share. Our target multiples are 12x 2025E EV/EBITDA for KFC China and 7x for Pizza Hut China.	1) weaker-than-expected SSSG; 2) higher-than-expected commodity costs; 3) stronger-than-expected competition; and 4) lower-than-expected execution efficiency.
Tsingtao-H	0168.HK	Buy	Our 12m TP of HK\$59.0 is based on 15.2X 2026E P/E, in line with global peers' full cycle avg in the past 5 years applying a historical average of A-H premium at 25%, discounted back to end-2025E using a 9.6% COE	1) Slower-than-expected premium volume growth; 2) More intense competition from higher marketing and channel investments by peers; 3) Unsuccessful national scale price hikes.
Tingyi	0322.HK	Buy	We are Buy rated on Tingyi. Our 12-m TP of HK\$13.0 is based on a 15X 2026E P/E based on the average of past 2 year P/E of Tingyi/UPC, discounted back to 2025 year-end using an 7.7% COE	1) Higher-than-expected raw material cost pressures; weaker premiumization trends in instant noodle/beverage.
CR Beverage	2460.HK	Buy	We are Buy rated on China Resources Beverage with a 12-month TP of HK\$19.0, based on a 19.0x 2025E P/E	1) More intensified competition than expected in the bottled water market; 2) Slower than expected development of the beverage business; 3) Raw material price movements; 4) Uncertainty over channel/distribution management; 5) Reputational risks/ food security issues.
Mengniu	2319.HK	Buy	We are Buy rated on Mengniu. Our 12-month TP of HK\$23.6 is based on 2026E P/E of 15.1x (1STD below prior downcycle P/E in 2015-16), discounted back to 2025 year-end using a 9.6% COE	1) Slower-than-expected premium demand; 2) A slower-than-expected dairy demand recovery; 3) More intense dairy industry competition; 4) Wider losses in new categories.
Miniso	MNSO/9896.HK	Buy	We are Buy rated on Miniso with 12-m TPs of US\$27.9/HK\$54 per ADR/H-share. Our 12m price targets are based on 20x CY2025E P/E	1) Lower store productivity in China from intensified competition, lagging product innovation or product quality issues that could discourage retail partners' willingness to expand (SSSG was negative before Covid-19); 2) worse-than-expected SSSG recovery and store expansion globally; 3) geopolitical risks; 4) higher-than-expected OPEX and additional investments.
Giant Biogene	2367.HK	Buy	Our 12-month TP of HK\$64 is based on 20x 2026E P/E discounted back to 2025E using a 9.6% COE.	Slower-than-expected growth/intensified competition in the professional skin treatment market; inability to develop successful products; regulatory risk.
Laopu	6181.HK	Buy	We derive our 12-m TP of HK\$553 for Laopu Gold, based on 20x 2027E target PE and discount back to mid-2026E at 9.6% COE.	1) potential gold price slump, 2) tough regulatory environment over luxury consumption, 3) regional concentration, and 4) potential sell-off of IPO shares post lock-up expiry.
Hisense	000921.SZ/0921.HK	Buy	Our 12-m TP (A/H-share) of Rmb37/HK\$31 is based on 16x/12x 2026E P/Es for Hisense-Hitachi JV/legacy white goods, discounted back to 2025E at a 9.5% COE	1) Worse-than-expected disruption in white goods demand from weaker macro globally; 2) a further property market slowdown leading to sluggish demand for VRF; 3) increasing competition from domestic players that may jeopardize the leading position of its Hisense-Hitachi JV; 4) increasing penetration in the developer channel resulting in margin dilution; 5) below-expected integration of the Hisense-Hitachi JV; and 6) lower-than-expected performance of the company's legacy white goods business.
Robam	002508.SZ	Buy	Our 12-m target price of Rmb25 is based on 14x exit multiple applied to 2026E EPS and discounted back to 2025E using a 9.5% cost of equity.	1) increasing competition from mass-market players such as Vatti and Supor, which could hurt growth, especially in the lower-tier cities and online channels; 2) an increasing share of the developer channel, which could dilute overall operating margins; and 3) failure to launch new successful products such as dishwashers, steam ovens and integrated range hoods, which would impact revenue growth.
China Pet Foods	002891.SZ	Buy	Our 12-month TP of Rmb42.0 is based on a SOTP with: 1) the domestic business valued at a 26X 2026E P/E discounted back 1 year at 9.5% COE, and 2) the overseas business at 18X P/E on 2025E earnings.	1) Slower-than-expected domestic revenue growth; 2) Food safety issues; 3) Forex fluctuations; 3) Freight and raw material costs; 4) Additional tariffs on pet food exports from China to the US.
Ligao	300973.SZ	Buy	We are Buy rated on Ligao with a 12m TP of Rmb39.6 based on a 16x P/E applied to our 2026E EPS, discounted back 1 year at 9.8% COE.	1) Weaker-than-expected fresh bakery recovery; 2) Weaker-than-expected KA client sales; 3) Shareholding reduction by major shareholders; 4) Higher raw material costs; 5) Intensifying competition in the frozen bakery market; and 6) Food safety

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Michelle Cheng, Leaf Liu, Nicolas Yi, Cathy Chen, CFA and Valerie Zhou, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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