

## Market Insights – Unpacking the recent Chinese stimulus

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China's approach to economic stimulus has been cautious and restrained over the past few years. The recent announcements represent a pivot to a slightly more reflationary policy mix, using a combination of monetary, fiscal and market-focused policies. The market reacted strongly following the announcements, yet the sustainability of the rally remains questionable.

In this paper, we provide an update on the recent stimulus measures and address a few common questions associated with them:

- What happened?
- What's the impact on growth?
- What is different (or not) this time?
- Where is the money flow?
- What to watch?
- Asset allocation implications

In our view, while this marks an encouraging sign of policy responsiveness, we consider the measures announced insufficient for a meaningful recovery in Chinese economic fundamentals without additional large fiscal measures.

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