

# Consumer Discretionary

## So far so good, but stay cautiously optimistic

We are quite satisfied with the performance during 2025 CNY holidays (passenger and foot traffic growth accelerated, retail sales growth similar, spending per person growth was mixed but improving) vs 2024 National Day holidays. But given the macro uncertainty and potential post-holiday demand cliff, we stay conservative about numbers in Feb 2025. However, leaders in each industry are all benefiting from consolidation lately, so we do think this is a good time to accumulate.

■ **Both cross-regional traffic and foot traffic within commercial areas were healthy during the 2025 CNY holidays, but we are still slight cautious about the post-holiday numbers.** Based on the data from the Ministry of Transport/ 交通运输部, during the 2025 CNY holidays (8 days from 28 Jan to 4 Feb), the average daily cross-regional passengers increased by 5.8%, which is an acceleration vs the 3.2% YoY back in the 2024 National Day holidays. In terms of forms of transportation, the growth rates were 5%/ 6%/ 7%/ 3% for railway/ road/ boat/ airline. Domestic tourism volume in 2025 CNY increased by 5.9% YoY to 501mn, similar to 5.7% YoY growth during 2024 National Day holidays. However, the recovery rate (vs 2019) for 2025 CNY had surged to 121%, much better than the 110% for 2024 National Day holidays. Regarding the customer traffic within the commercial areas, we believe that is also very healthy, because, based on Digital Smart Footprint data by China Unicom, foot traffic in about 900 commercial areas in China grew fairly fast at 21% (faster than the 15% growth for average of 5 top-tier cities (BJ, SH, GZ, SZ and TJ)). While we are satisfied with this set of data, caution is still needed because the spending power may be front-loaded in Jan 2025 and numbers may deteriorate in Feb 2025 (consider also the extra day of 29th in Feb last year). If we look at the Baidu Migration Index and cross-regional passengers data, the boost and YoY growth of traffic occurred mostly in the pre-CNY period, and post-CNY (from 5 Feb to 8 Feb) numbers have all worsened (vs 28 Jan to 4 Feb), and even a YoY drop can be recorded.

■ **While the retail sales growth during the 2025 CNY holidays was similar to that in 2024 National Day holidays, the recovery rate (vs 2019) improved healthily.** According to the big data from Ministry of Commerce/ 商务部, retail sales growth of key enterprises in the retailing and catering sectors increased by 4.1% YoY during the 2025 CNY holidays, quite similar to the 4.5% growth during the 2024 National Day holidays. However, according to Ministry of Culture and Tourism/ 文化和旅游部, the domestic tourism spending during this CNY has a 7% growth, improved slightly from the 6.3% during the 2024 National Day holidays, and the recovery rate (vs 2019) also jumped to 132%, much higher than the 108% during National Day holidays (*TBC next page*).

### Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	TP (LC)	Upside/Downside	P/E (x) FY25E	P/E (x) FY26E	P/B (x) FY25E	P/B (x) FY26E	ROE (%) FY25E	ROE (%) FY26E
Anta Sports	2020 HK	BUY	29,842.3	126.68	47%	16.4	14.1	3.2	2.8	0.2	0.2
Atour Lifestyle	ATAT US	BUY	11,142.6	32.01	16%	47.6	36.7	19.0	14.4	0.5	0.4
DPC Dash	1405 HK	BUY	1,343.0	81.20	1%	52.9	24.4	4.2	3.6	0.1	0.2
Haier Smart Home	6690 HK	BUY	30,832.4	36.41	43%	10.1	9.3	1.7	1.6	0.2	0.2
JNBY Design	3306 HK	BUY	1,141.3	17.61	3%	9.1	8.1	3.6	3.3	0.4	0.4
JS Global Lifestyle	1691 HK	BUY	838.8	2.44	31%	17.2	10.2	1.1	0.9	0.1	0.1
Luckin Coffee	LKNCY US	BUY	76,148.4	33.80	14%	141.3	112.2	33.5	25.9	0.3	0.3
Yum China	9987 HK	BUY	17,001.3	484.83	27%	17.4	15.9	2.4	2.1	0.1	0.1

Source: Company data, CMBIGM estimates; data as of 7 Feb

## MARKET-PERFORM (Maintain)

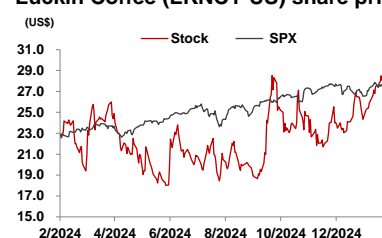
### China Consumer Discretionary Sector

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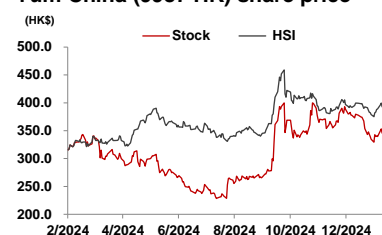
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#### Luckin Coffee (LKNCY US) share price



Source: Bloomberg, CMBIGM estimates

#### Yum China (9987 HK) share price



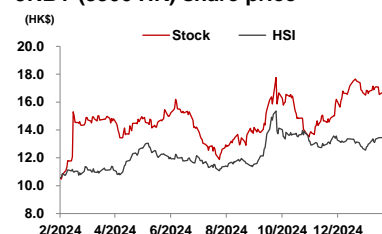
Source: Bloomberg, CMBIGM estimates

#### Anta (2020 HK) share price



Source: Bloomberg, CMBIGM estimates

#### JNBY (3306 HK) share price



Source: Bloomberg, CMBIGM estimates

- In terms of channels, we believe the e-commerce sales (+6%) has continued to outperform the offline sales, based on data from Ministry of Commerce/商务部. In terms of goods vs services, average daily sales for goods/ services increased by 9.9%/ 12.3% during the 2025 CNY holidays, based on VAT invoice data by the State Administration of Taxation/国家税务总局. However, we should also be aware of the positive factor of the holiday policy adjustment by the Chinese government since Nov 2024 (where 2 official holidays were added in 2025 and hence number of consecutive holidays were lengthened and the number of working shifts were reduced); therefore, the underlying consumption power should be discounted.
- **Spending per person, in our view, was slightly mixed, but did improve sequentially.** The spending power data was a bit mixed: 1) movie box office was extremely robust (increased by 19% YoY to record breaking RMB 9.5bn) and increase in average movie ticket size (+4% to RMB 50.8, improved from the -3% during the 2024 National Day holidays), 2) domestic tourism spending per person had a 1% YoY growth, 3) air ticket prices had a 13% to 14% YoY drop (vs about 20% drop during the 2024 National Day holidays) and 4) hotel RevPAR had a roughly 3% to 4% YoY drop (vs about MSD drop in 4Q24). Based on our observation, we tend to think that the low-ticket size goods and services may experience better growth vs the high-ticket size products and experiences, given the macro uncertainty. But on the positive side, the numbers seem to keep on improving vs 4Q24.
- **Sportswear sector (Maintain OUTPERFORM).** The industry saw a robust average retail sales growth in Oct 2024, but sales slowed in Nov and Dec 2024 due to the pull-forward effect of Singles' Day promotions, warmer weather, and macroeconomic headwinds. However, we think the Jan 2025 performance was better than expected, with estimated growth exceeding 10%, slightly ahead of market expectations. Key drivers, in our view include: 1) an earlier Chinese New Year with more holidays, 2) earlier and more aggressive promotional campaigns by major brands, and 3) strong growth in new e-commerce channels like Douyin and Xiaohongshu. For retail sales growth in Jan 2025, by segment and brand (CMBI est.), outdoor brands (Arc'teryx, Descente, Kolon, Hoka) delivered standout growth of over 30%, followed by Anta, FILA, Adidas, Xtep, and 361 Degrees, which grew over 10%. Li Ning was flat, while Nike continued to decline. Inventory levels remain healthy, where domestic brands' ratio is around 4-5 months (flat YoY), while overseas brands' ratio is higher at 5-6 months (but down YoY). Brands are still focusing on inventory clearance, as future orders are growing slightly ahead of demand. This has led to deeper retail discounts in Q4, which are expected to persist through the Chinese New Year.

For Feb 2025 and 1Q25E, we remain cautiously optimistic but would highlight risks from: 1) continued warm weather, 2) a weak macroeconomic environment potentially dampening post-holiday spending, and 3) store closures for underperforming brands. However, we remain positive on 2025 as a whole due to: 1) low market expectations, which mean simply meeting brands' lower-end targets would be considered a success, 2) improving inventory levels leading to a reduction in discounting pressure, and 3) expected recovery in offline sales (especially for the non-outlet stores) alongside continued online growth. If a brand launches a revolutionary product or marketing campaign, it could drive upside for the sector.

Our top pick remains Anta (2020 HK, BUY) due to: 1) strong growth in its outdoor brands, 2) store upgrades to attract different consumer segments, and 3) promising new product launches from both Anta (running, basketball, and cross-training categories) and FILA. We also see strong momentum in Amer Sports (AS US, Not Rated), Adidas (ADS EU, Not Rated), and Xtep (1368 HK, BUY). However, we remain cautious on Li Ning (2331 HK, BUY), Nike (NKE US, Not Rated), and its distributor Topsports (6110 HK, HOLD) and will wait for signs of a turnaround.

- **Apparel sector (Maintain OUTPERFORM).** Supported by government policies, sales were strong in Oct 2024. However, Nov and Dec 2024 saw weaker sales due to warm weather and a high base. Entering Jan 2025, despite continued unfavorable weather, the timely temperature drop before the holiday provided a significant sales boost. Additionally, government subsidies helped lift overall consumer sentiment, and female consumption demand showed stronger recovery. As a result, growth accelerated slightly, in line with market expectations. Offline retail remains challenging, while online sales (especially via emerging channels like Douyin and Xiaohongshu) are performing well. The overall industry landscape favors larger brands. Inventory levels are slightly elevated, leading to deeper discounts and promotions.

For Feb 2025 and 1Q25E, we are cautiously optimistic but remain concerned about macroeconomic conditions, weather, and the post-holiday demand cliff.

Brand-wise, our top pick is JNBY (3306 HK, BUY), as its high-end consumer base and demand for designer brands are relatively resilient. Its smaller scale also makes it less sensitive to macroeconomic fluctuations. We also favor Bosideng (3998 HK, BUY). Despite sales pressure from the warm winter, its profitability remains strong thanks to higher ASPs and operational efficiency. Both brands remain attractively valued, with high dividend yields.

- **Catering sector (Maintain OUTPERFORM).** Based on CMBI est., the industry's same store sales declined by over 10% YoY in 4Q24E. Oct 2024 may have been relatively better, but Nov and Dec 2024 worsened. For Jan 2025, despite the holiday boost, it is still expected to see an around 10% decline. Given the low base, the industry recovery has been weaker than expected.

Looking ahead to Feb 2025 and 1Q25E, we believe the industry's same store sales may continue to drop significantly YoY (even though a QoQ improvement in table turnover is likely in 1Q25E, as 4Q24 is typically a low season). However, we have seen some signs of structural improvement: 1) Price war has eased, which may reduce margin pressure; 2) industry supply is contracting, and more low-efficiency restaurants and brands are expected to exit after the holiday, which may support a better sales per store growth later in the year. More importantly, the industry is likely to form its bottom, and the performance between various brands may continue to diverge. DPC Dash (Domino's China) continues to see strong SSS growth due to undersupply in new regions. Haidilao and Yum China are still seeing SSS declines but have scaled back discounts to improve ASPs. Pizza Hut is taking a different approach, lowering prices aggressively in 2025 while optimizing its supply chain to protect margins. Despite sales pressure, profitability remains stable due to cost controls.

Our top pick remains Luckin Coffee (LKNCY US, BUY), as competition is easing, allowing discounts to normalize and ASPs to improve. Strong raw material and store efficiency management should also support margin expansion. We also favor Yum China (9987 HK / YUMC US, BUY) due to its strong value-for-money offerings, innovation capabilities, digital advantages, and shareholder returns. We continue to recommend DPC Dash (1405 HK, BUY).

- **Tourism - Hotel sector (Maintain MARKET-PERFORM).** According to CMBI est., the hotel industry RevPAR declined 11% YoY in 2Q24 and 10% YoY in 3Q24, but 4Q24 saw improvement, with a milder 5% YoY drop, and the decline was mainly due to about 5% drop in ADR, while OCC remained flat. Performance worsened in Nov and Dec 2024, driven by: 1) weak macroeconomic conditions dampening demand, 2) outbound travel recovery continuing to divert the domestic spending, and 3) ongoing supply growth (~5% YoY increase in hotel rooms). For Jan 2025 and the CNY holidays, we have seen some improvement, with RevPAR falling only by 3-4% YoY (mostly driven by ADR). Notably, budget and mid-tier hotels saw larger declines than luxury hotels, likely due to last year's high base effect.

For 1Q25E, we remain cautious as the macro and geopolitical headwinds persist.

Our top pick remains Atour (ATAT US, BUY) due to its strong retail business. H-World (1179 HK / HTHT US, Not Rated) is growing rapidly but may still face challenges from the high base.

- **Home appliances sector (Maintain MARKET-PERFORM).** Sales growth (CMBI est.) in the home appliances industry was very strong in 4Q24, with YoY growth of approximately 100% in Oct 2024, over 30% in Nov 2024, and over 50% in Dec 2024. Entering Jan 2025, growth is estimated to remain above 50%, exceeding market expectations, clearly benefiting from the government's subsidies for the "trade-in" program. Additionally, the ASP has increased by approximately 5% to 10%. Among major appliances, air conditioners performed the best, followed by refrigerators, and then washing machines.

Looking ahead to Feb 2025 and 1Q25E, policy support will continue to be a positive factor. Although there may be some diversion of demand as the subsidy coverage has been expanded to include small appliances (such as water purifiers, dishwashers, and rice cookers) and other electronic products (such as smartphones and tablets), the total subsidy amount is expected to be slightly higher than in 2Q24, so we believe the overall effect should still be positive.

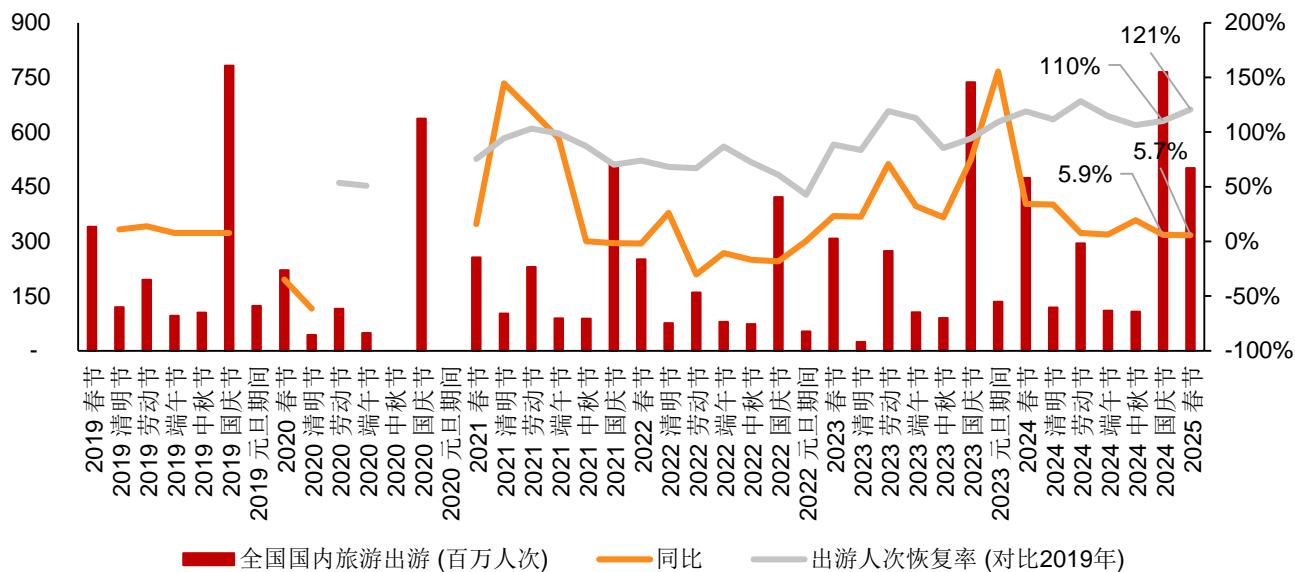
In terms of overseas sales and exports, growth remained strong in Dec 2024 and Jan 2025, likely driven by a rush to export before tariff increases. However, entering Feb 2025 and 1Q25E, growth may gradually slow. That said, company-specific strategies will also play a role where major appliance brands such as Midea, Haier, and Hisense have reduced exports to the U.S. while aggressively expanding into the Southeast Asian market, making their growth more stable. JS Global, which focuses solely on China and the Asia-Pacific region, will also benefit from this trend.

In the short term, we believe that with government subsidies still in place, demand will continue to grow rapidly. Combined with relatively low channel inventory, brands have an opportunity to maintain inventory growth, ensuring a strong performance in 1H25E.

Our top pick is Haier (6690 HK / 600690 CH, BUY) for the following reasons: 1) improving housing demand in the US market, 2) benefits from the reforms and localization in Europe market, 2) rapid sales growth in Asia, and 4) enhancements in operational efficiency and cost control, including digitalization in procurement and manufacturing. We also favor JS Global (1691 HK, BUY) for its growth potential in the Asia-Pacific region and potential turnaround in China market, partly aided by the policy boost.

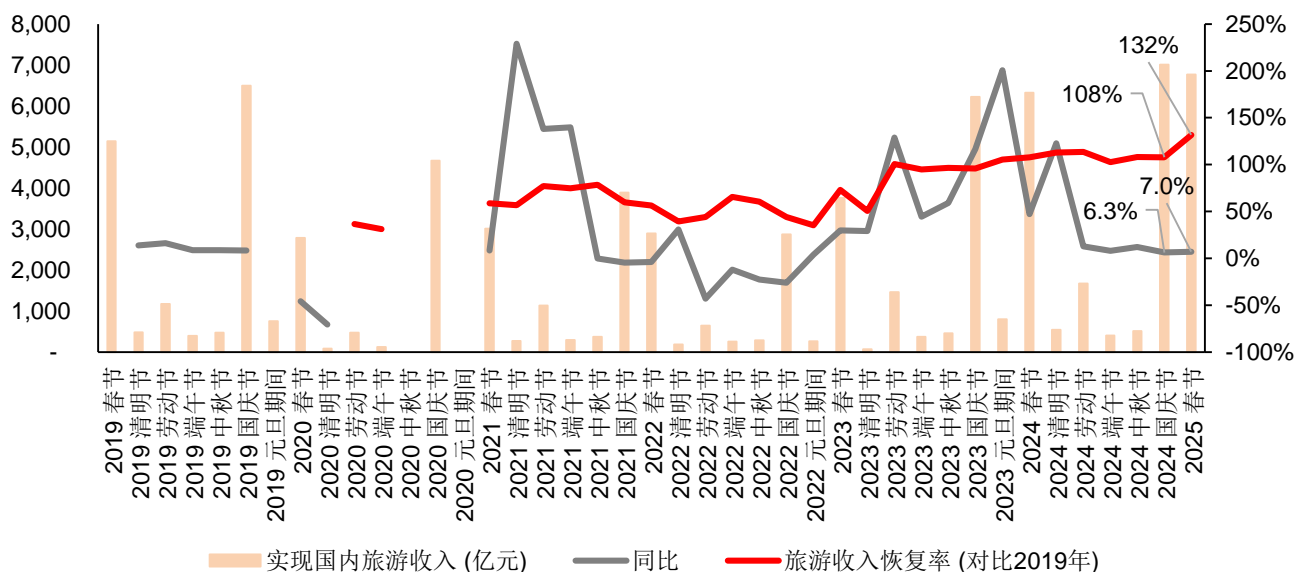
## Focus Charts

**Figure 1: Domestic tourism volume, growth and recovery rate (vs 2019) in different holidays**

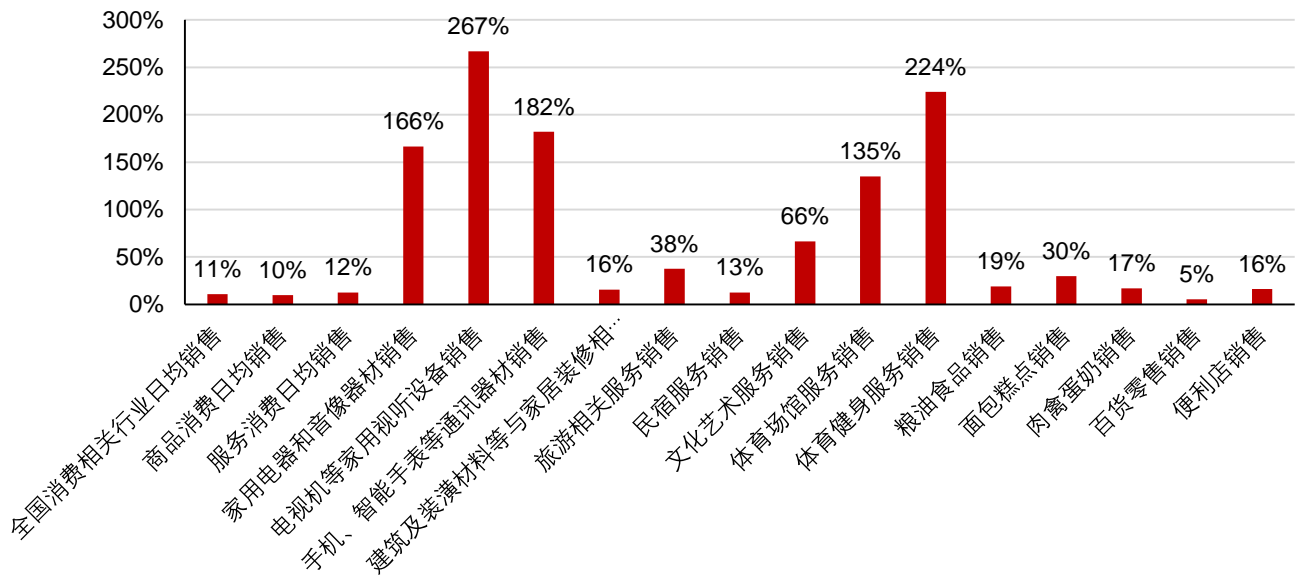


Source: Ministry of Culture and Tourism/ 文化和旅游部, CMBIGM estimates

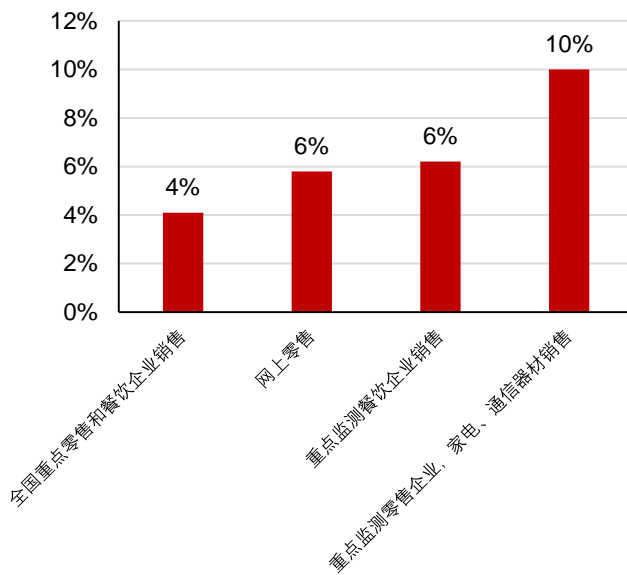
**Figure 2: Domestic tourism spending, growth and recovery rate (vs 2019) in different holidays**



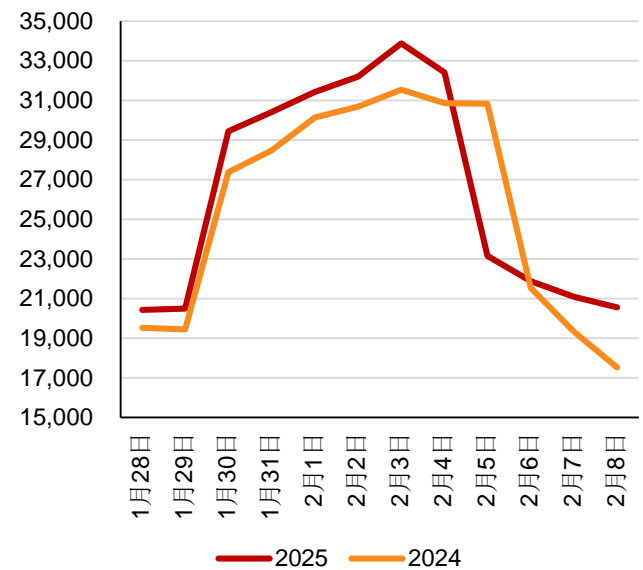
Source: Ministry of Culture and Tourism/ 文化和旅游部, CMBIGM estimates

**Figure 3: The consumption-related sales growth, based on the VAT invoice data, by sub-sector**

Source: State Administration of Taxation/ 国家税务总局, CMBIGM estimates

**Figure 4: Retail sales growth, by sub-sector**

Source: Ministry of Commerce/ 商务部, CMBIGM estimates

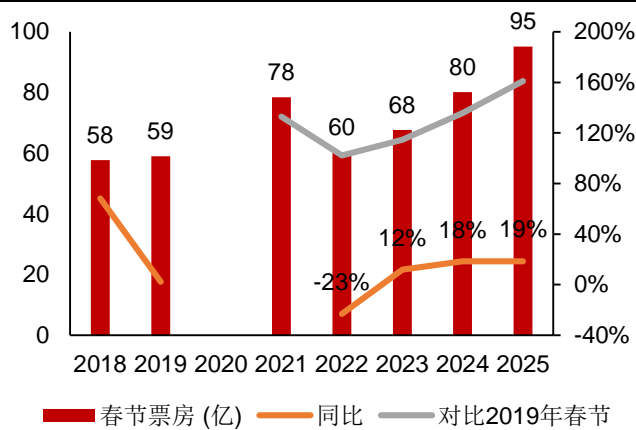
**Figure 5: Average daily cross-regional passengers**

Source: Ministry of Transport/ 交通运输部, CMBIGM estimates

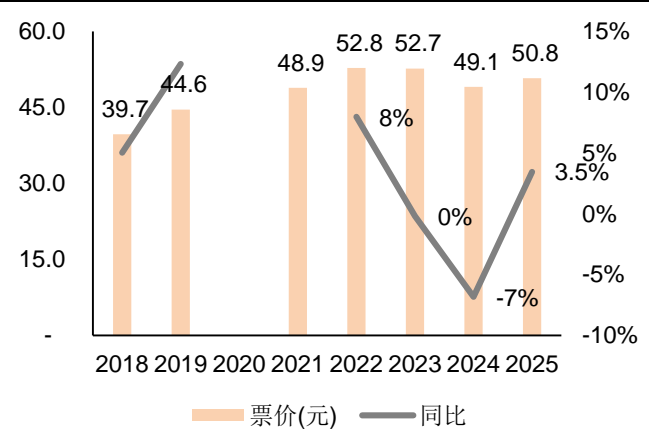


**Figure 6: Baidu Migration Index during the CNY, by year**

Source: Baidu Migration Index/ 百度迁移指数, CMBIGM estimates

**Figure 7: Movie box office, growth and recovery rate (vs 2019)**

Source: Beacon Professional Edition/ 灯塔专业版, CMBIGM estimates

**Figure 8: Ticket size and growth**

Source: Beacon Professional Edition/ 灯塔专业版, CMBIGM estimates

**Figure 9: Key sales figures and details during CNY Holidays**

地区	行业	主要销售数据和信息	同比增长	增长率 (%) vs 2019	时间	来源
全国	旅游	全国国内出游5.01亿人次	5.9%	20.7%	春节假期八日	文化和旅游部
全国	旅游	国内出游总花费7770.02亿元	7.0%	131.7%	春节假期八日	文化和旅游部
全国	客运量	全社会跨区域人员流动量超23亿人次	5.8%		春节假期八日	交通运输部
全国	客运量	铁路客运量9626万人次	5.0%		春节假期八日	交通运输部
全国	客运量	公路人员流动量218293万人次	6.3%		春节假期八日	交通运输部
全国	客运量	水路客运量941万人次	7.1%		春节假期八日	交通运输部
全国	客运量	民航客运量1824万人次	2.9%		春节假期八日	交通运输部
全国	商圈客流量	五个国际消费中心城市的商圈客流量（上海、广州、重庆、北京、天津），比去年春节同期增长15%，低于全国整体的21%	15.0%		春节假期八日	联通数智智慧足迹数据
全国	商圈客流量	全国900多个商圈客流量	21.0%		春节假期前三日	联通数智智慧足迹数据
全国	全行业	全国消费相关行业日均销售收入	10.8%		春节假期八日	国家税务总局
全国	全行业	商品消费日均销售收入	9.9%		春节假期八日	国家税务总局
全国	全行业	服务消费日均销售收入	12.3%		春节假期八日	国家税务总局
全国	家电音像	家用电器和音像器材销售收入	166.4%		春节假期八日	国家税务总局
全国	家电音像	电视机等家用视听设备销售收入	266.8%		春节假期八日	国家税务总局
全国	通信器材	手机、智能手表等通讯器材销售收入	181.9%		春节假期八日	国家税务总局
全国	家居装修	建筑及装潢材料等与家居装修相关的商品销售收入	15.5%		春节假期八日	国家税务总局
全国	旅游	旅游相关服务销售收入	37.5%		春节假期八日	国家税务总局
全国	旅游	民宿服务销售收入	12.6%		春节假期八日	国家税务总局
全国	文化艺术	文化艺术服务销售收入	66.3%		春节假期八日	国家税务总局
全国	体育	体育场馆服务销售收入	135.0%		春节假期八日	国家税务总局
全国	体育	体育健身服务销售收入	224.1%		春节假期八日	国家税务总局
全国	食品	粮油食品销售收入	18.9%		春节假期八日	国家税务总局
全国	食品	面包糕点销售收入	29.9%		春节假期八日	国家税务总局
全国	食品	肉禽蛋奶销售收入	16.9%		春节假期八日	国家税务总局
全国	全行业	百货零售销售收入	5.2%		春节假期八日	国家税务总局
全国	全行业	便利店销售收入	16.1%		春节假期八日	国家税务总局
全国	零售和餐饮	全国重点零售和餐饮企业销售	4.1%		春节假期八日	商务部
全国	零售和餐饮	全国重点零售和餐饮企业销售	5.4%		春节假期前四日	商务部
全国	网上零售	网上零售	5.8%		春节假期八日	商务部
全国	餐饮	重点监测餐饮企业销售	6.2%		春节假期八日	商务部
全国	家电通讯器材	重点监测零售企业，家电、通信器材销售	10%以上		春节假期八日	商务部
全国	全行业	银联、网联共处理支付交易254.16亿笔	24.5%		春节假期八日	商务部
全国	全行业	银联、网联共处理金额9.78万亿元	15.0%		春节假期八日	商务部
全国	电影	全国电影票房为95.1亿元	18.6%		春节假期八日	灯塔专业版
全国	电影	观影人次为1.87亿	14.7%		春节假期八日	灯塔专业版
全国	客运量	百度迁移指数	-1.1%		春节假期七日	百度迁移指数
全国	旅游	春节假期国内游人均消费	10.0%		春节假期八日	飞猪
全国	住宿	人均住宿时长	5.0%		春节假期八日	飞猪
全国	住宿	平台上国内高星酒店的预订量	40%以上		春节假期八日	飞猪
全国	住宿	出境游机票均价	-5.0%		春节假期八日	飞猪
全国	旅游	跨境游整体订单	30.0%		春节假期八日	携程
全国	旅游	入境游订单	203.0%		春节假期八日	携程
全国	旅游	入境游门票订单	180.0%		春节假期八日	携程
全国	旅游	入境游酒店订单	60.0%		春节假期八日	携程
全国	旅游	出境游人数	46.0%		春节假期八日	众信旅游
全国	旅游	春节出境游团队量	30.0%		春节假期八日	众信旅游
全国	旅游	打包旅游产品人均出游天数攀升到约4.8天，2019年为4.3天	11.6%		春节假期八日	中国旅行社协会

Source: Ministry of Culture and Tourism/ 文化和旅游部, Ministry of Transport/ 交通运输部, State Administration of Taxation/ 国家税务总局, Ministry of Commerce/ 商务部, CMBIGM estimates



# Disclosures & Disclaimers

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## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

## CMB International Global Markets Limited

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