Bad news is good news

A comparison of China's two bull markets

	2006 – 2007	2014 – ??
Economy	Fast growth	Slowing growth
Inflation	Higher inflation	Low inflation/deflation
Money supply	Rapid growth	Slowing growth
Interest rates	Rapid increase	Falling rates
Currency	Appreciating	Mild depreciation
Corporate earnings	Robust	Anaemic
Property prices	Rising	Falling
Reforms	Stock market reforms	SOE and administrative reforms
Leverage	Low system debt:GDP	Highly levered corporates, local government
Industry innovation	Limited	Disruptive technological change
Margin financing	Unavailable	Strong growth, highly penetrated
National policies	No	One-belt-one-road
Foreign inflows	QFIIs (US$9.5b)	QFII/RQFII/MMA participation increased

Source: Schroders, April 2015