

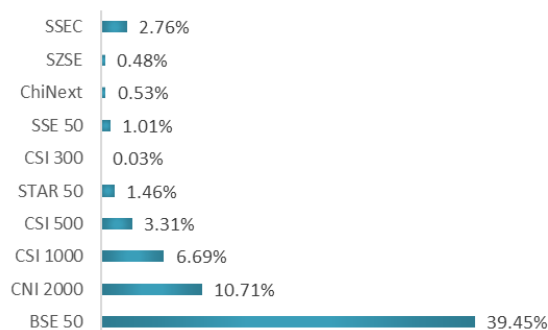
Boom or Bubble? A-Share Trends in H1 2025

Xin Wu, CIO | July 3, 2025

China A-shares: H1 2025 Recap

June 30 marked the end of the first half of 2025 for China's A-shares market. While the benchmark Shanghai Composite Index posted a modest +2.76%, the real story came from the Beijing Stock Exchange 50 Index (BSE 50), which surged +39.45%, hitting record highs. Small and micro-cap stocks broadly outperformed, driven by strong rotations into themes such as AI large models, humanoid robots, new consumer trends, innovative drugs, and solid-state batteries.

Performance of Major Chinese Stock Market Indices in H1 2025 (%)



Source: Wind

But here's a detail worth noting

While the BSE 50 soared nearly 40%, the CSI 300, a proxy for China's blue-chip large caps, barely moved, up just +0.03%. That stark contrast reflects a growing divergence in investor sentiment between early-stage innovation plays and mature, institutional-heavy giants.

Bubble Signs?

Investors flocked to smaller companies, with nearly 100 stocks doubling in value. One chemicals stock surged 440%, earning the nickname "King of the Market" for the first half of the year. Despite this strong performance, the BSE 50 represents only a small slice of the broader market, just 0.32% by market capitalization. In terms of liquidity, BSE 50 stocks accounted for only about 0.6% of total A-shares trading volume in June.

When smaller, less liquid stocks dramatically outpace the broader market, does this signal the formation of a speculative bubble?

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