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# Market Review

## Tech Deleveraging Accelerates Market Correction

A-shares continued their decline last week as **forced selling, deleveraging and external pressures accelerated the market correction**. F&B and banks were the only sectors to gain, while communications and electronics led losses. Dividend stocks, defense and media showed relative resilience.

**Tech stocks faced a global deleveraging cycle**, driven by concerns over AI monetization, slowing revenue growth and weakening hardware supply-demand expectations. Domestic insurance and fixed-income-plus(multi-asset) fund redemptions, alongside margin financing deleveraging, intensified selling pressure. Overseas, concerns

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surrounding Anthropic's revenue growth, CoreWeave CDS's plunge, and technological advance in CXMT stirred worry about overseas memory stocks .

**External pressures added to market volatility.** Escalating Middle East tensions pushed Brent crude oil prices to a year-to-date high of US$110 per barrel, while stronger-than-expected U.S. CPI and PPI data reinforced expectations of further monetary tightening.

As the Shanghai Composite Index broke below the 3,741 level, **broad-market ETFs attracted more than RMB 90 billion in net inflows last week**, alongside increased corporate share buybacks, signaling renewed market stabilization efforts.

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# Market Outlook

## Core Broad-Market Exposure and Defensive Positioning

**Following the accelerated sell-off, ChinaAMC Research sees improving opportunities for gradual positioning**, as forced deleveraging may indicate that **the market correction is approaching its later stages**.

Key developments to monitor include policy signals from the Financial Street Forum this week in Beijing, upcoming Q3 earnings results, stabilization in overseas tech stocks and developments in the Middle East. Particular attention should be paid to companies reporting strong y-o-y growth but declining q-o-q performance.

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# Market Outlook

**In the short term**, core broad-market exposures, including the CSI 300, **CSI 1000 and dividend strategies**, remain the foundation of the suggested allocation. Banking and oil-related sectors may provide additional defensive exposure.

Over the medium term, the recent deleveraging-driven correction **may create opportunities for a rebound in oversold technology sectors**, particularly **semiconductors and communications**, as market sentiment gradually stabilizes.

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# Sector Sentiment & Market Indicators

| Sector | Sell-Side Sentiment | Data Tracking | | | |
|---|---|---|---|---|---|
| | | Earnings Expectations | Crowding | Fund Flows | Valuation Percentile |
| Semiconductors | 3.50 Conservative ↓ | 152.90% | 1.35 | -7.65 | 52.04% |
| Communications | 3.56 Conservative ↑ | 89.77% | 1.81 | -180.21 | 74.88% |
| New Energy | 3.27 Conservative ↑ | 73.73% | 1.06 | -135.22 | 28.10% |
| Chemicals | 3.08 Neutral ↓ | 42.28% | 0.26 | -21.34 | 81.55% |
| Financials | 3.05 Neutral ↑ | 29.18% | 0.38 | -14.79 | 0.31% |
| Non-Ferrous Metals | 2.77 Negative ↓ | 85.46% | 0.91 | -50.31 | 9.03% |
| Dividend | 3.26 Conservative ↑ | 5.34% | 0.11 | -19.74 | 99.92% |
| Healthcare | 3.40 Conservative ↓ | 36.23% | 0.72 | -29.70 | 5.57% |
| Consumer | 3.12 Neutral ↓ | -8.73% | 0.32 | -10.01 | 29.75% |




## Methodology & Data Notes

Sell-side sentiment scores are generated using AI-based semantic analysis of at least 20 sell-side weekly research reports for each sector published during the prior week. Scores use a 1–5 scale based on positive and negative keyword frequency: **3.0–3.25 = Neutral; 3.25–3.6 = Conservative; ≥3.6 = Positive; <3.0 = Negative**.

Earnings Expectations = (Consensus Net Profit FY1 − Net Profit FY0) / |Net Profit FY0| × 100. Crowding = the sector index's share of total A-share turnover divided by its share of total A-share free-float market capitalization. Fund Flows represent net main-fund inflows over the most recent week. Valuation Percentile is based on the past five years.

**Data as of October 19, 2026.Source: ChinaAMC Research**

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