

Sector Rating  
Outperform

23 December 2025

## Consumer Sector

### 2026 Outlook: New consumption dynamics in the “New Normal”

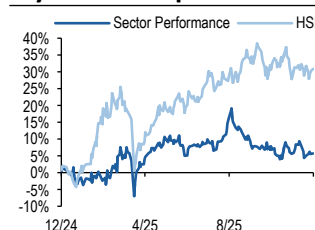
⊖ **Mild recovery seen in 2025, with moderate growth expected to persist through 2026:** Mainland China’s consumer market has maintained a trajectory of mild recovery since the beginning of 2025. Total retail sales of consumer goods increased by 4.3% YoY in 10M25, reflecting steady demand momentum. However, although consumer confidence has rebounded QoQ, it remains below the expansion threshold. Elevated savings willingness and low CPI growth underscore persistent cautious sentiment. Against this backdrop, many sub-sectors continue to face soft demand and intensified competition, driven by the prevailing trend of cost-effectiveness. On the other hand, consumers are increasingly prioritizing emotional value, while policies such as trade-in program have effectively boosted categories like home appliances. Looking ahead to 2026, consumption is expected to maintain moderate growth, characterized by rationalization and demand-tier upgrades. These dynamics will fuel structural differentiation, creating key growth opportunities in niche markets. This evolution is driving the market toward a new equilibrium centered on deeper consumer insight and enhanced operational efficiency. Companies will need to accurately capture emerging consumption trends and seize structural opportunities through innovations in products, channels, technology, and supply chain optimization.

⊖ **Reshaped consumption dynamics amid market transformation:** The current market is undergoing multi-dimensional changes, shifting toward consumer-centric models. In terms of consumption trends, purchasing decisions are increasingly shaped by cost-effectiveness and emotional value, guiding product innovation and brand-building strategies. Channel innovation continues to accelerate, with new retail formats emerging and O2O integration deepening. Companies that adapt to channel shifts and improve consumer reach will gain market share and efficiency. Technologically, AI is penetrating all aspects of the industry and is expected to be deeply integrated into marketing, supply chain, and product development over the next 2–3 years. This trend may incubate new business models and reshape the competitive landscape. We believe AI adoption will enhance companies’ operational efficiency and in the long term, strengthen their competitiveness. Within the context of mild demand growth and structural evolution, consumer companies can capitalize on targeted opportunities in product positioning, channel strategy, and new technology deployment through precise demand identification and operational optimization. Additionally, as the domestic consumer landscape matures, international expansion has emerged as a strategic imperative for establishing a second growth curve.

⊖ **Key themes in 2026:** We recommend deploying a balanced strategy. This includes exposure to sectors demonstrating resilient cash flows and stable demand, as well as strategic positioning in high-growth structural opportunities, particularly those aligned with new consumptions trends and technological innovation. Profit drivers are shifting from scale effects to a mix of brand premium, channel innovation, supply chain efficiency, and technological capability. We highlight the following three types of companies : 1) efficiency-driven beneficiaries: companies positioned to benefit from supply-demand rebalances with high profit elasticity through operational improvement, such as Shenzhou International (2313 HK/**Buy**) and Yili (600887 CH/**Buy**); 2) niche leaders: niche names demonstrating exceptional trend-spotting capabilities and high-growth potential, including Pop Mart (9992 HK/**Buy**) and Miniso (9896 HK/**Buy**); and 3) resilient sector leaders: established sector leaders with long-term moats and robust growth foundations, such as Anta (2020 HK/**Buy**) and China resources beer (291 HK/**Buy**).

⊖ **Key risks:** (1) macro uncertainty; (2) higher-than-expected commodity inflation; (3) international trade uncertainty; (4) weaker-than-expected consumption-related fiscal stimulus.

#### 1-year sector performance



Source: FactSet

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**Figure 1: BOCOM Int'l consumer sector coverage**

Stock code	Company name	Rating	CP (local ccy)	TP (local ccy)	Upside	Last TP/rating publication date	Sub-sector
9992 HK	Pop Mart	Buy	201.80	401.60	99.0%	22 Oct 2025	Art toy
1876 HK	Budweiser Brewing APAC	Buy	7.84	9.50	21.2%	2 Oct 2025	Beer
291 HK	China Resources Beer	Buy	27.08	35.90	32.6%	20 Aug 2025	Beer
3288 HK	Foshan Haitian Flavouring and Food	Buy	33.70	39.00	15.7%	19 Nov 2025	Condiments
600887 CH	Inner Mongolia Yili	Buy	29.10	34.50	18.5%	1 Sept 2025	Dairy
2319 HK	China Mengniu Dairy	Buy	15.33	21.51	40.3%	29 Aug 2025	Dairy
600597 CH	Bright Dairy & Food	Buy	8.29	12.30	48.4%	5 Sept 2023	Dairy
6186 HK	China Feihe	Neutral	4.22	4.00	-5.3%	2 Sept 2024	Dairy
600882 CH	Milkground Food Tech	Neutral	28.53	13.40	-53.0%	27 Aug 2024	Dairy
1112 HK	H&H Int'l	Neutral	13.60	10.40	-23.5%	24 Aug 2023	Dairy
2313 HK	Shenzhou International	Buy	61.60	84.00	36.4%	28 Aug 2025	Garment OEM
6690 HK	Haier Smart Home	Buy	25.88	36.60	41.4%	1 Sept 2025	Home Appliance
000333 CH	Midea Group	Buy	79.16	96.20	21.5%	1 Sept 2025	Home Appliance
000651 CH	Gree Electric Appliances	Buy	40.88	52.96	29.5%	30 Apr 2024	Home Appliance
1044 HK	Hengan International	Neutral	28.56	22.64	-20.7%	26 Mar 2025	Household & Personal Care
9922 HK	Jiumaojiu International	Neutral	1.82	2.32	27.5%	16 Oct 2025	Restaurant
9896 HK	Miniso Group	Buy	38.60	48.70	26.2%	22 Aug 2025	Retail
2020 HK	Anta Sports	Buy	82.25	110.90	34.8%	28 Oct 2025	Sportswear Brand
2331 HK	Li Ning Co	Neutral	19.19	16.28	-15.2%	15 Jul 2025	Sportswear Brand
3813 HK	Pou Sheng International	Buy	0.47	0.74	57.4%	12 Aug 2025	Sportswear Distributor

Source: FactSet, BOCOM Int'l estimates, as at 22 December 2025

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**Neutral:** The stock's total return is expected to be **in line with** that of the corresponding industry over the next 12 months.

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**Not-Rated:** The analyst **does not have conviction** regarding the outlook of the stock's total return relative to that of the corresponding industry over the next 12 months.

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**Outperform:** The analyst expects the industry coverage universe to be **attractive** relative to the relevant broad market benchmark over the next 12 months.

**Market perform:** The analyst expects the industry coverage universe to be **in line with** the relevant broad market benchmark over the next 12 months.

**Underperform:** The analyst expects the industry coverage universe to be **unattractive** relative to the relevant broad market benchmark over the next 12 months.

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