Morgan Stanley RESEARCH

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Investor Presentation |Asia Pacific

Macro Concerns vs.Tech Spotlight

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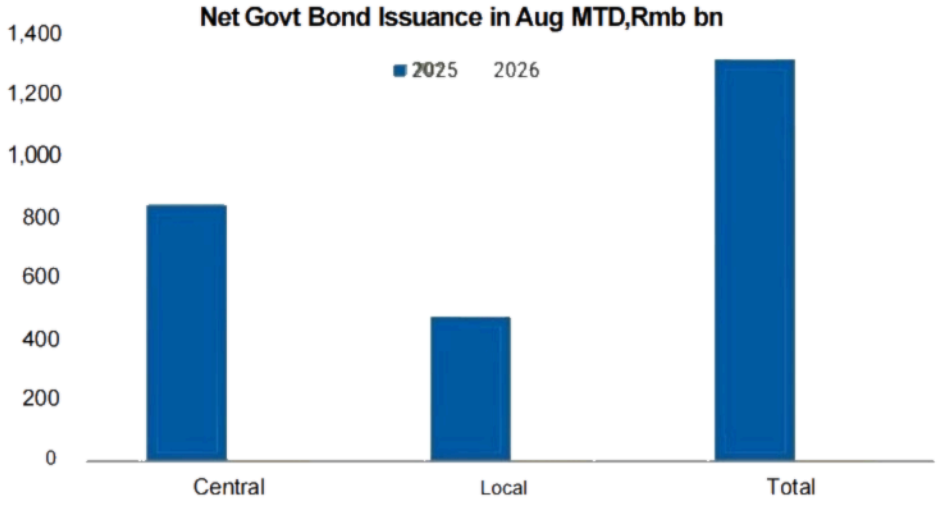
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Rising Likelihood of Policy Finetune as Data Continue to Disappoint

3Q real GDP growth is still tracking below official target



Continued slow government bond issuance MTD suggests subdued infrastructure capex growth through Q3



Source: MoF,CEIC,Morgan Stanley Research estimates

Policy Focus:Faster Execution Of Existing Budget,No "Bazooka"

Politburo	Incremental Property Easing in Beijing and Shanghai		State Council Press Conference	National Investment Work Conference
Jul 30	Aug 7 Beijing	Aug 20 Shanghai	Aug 21	Aug 28
Faster policy execution, no "bazooka"	• Further eased home purchase restrictions HPF loan limits raised • Expanded HPF usage	Second home downpayment ratio lowered to 15% Expanded HPF usage Introduced new home- upgrade subsidies	Policy tools under fiscal-monetary coordination • Expanded interest subsidy coverage • Raised subsidy caps More measures to come in 2H	The meeting called for stronger accountability and greater urgency among local governments • Accelerate construction of major projects and deployment of LGSB and new policy-based financing tools • Push forward "Six Networks" initiative

Source: Government Website,Morgan Stanley Research.

Tighter Credit for Property Developers,Incremental Looser Mortgage Rules

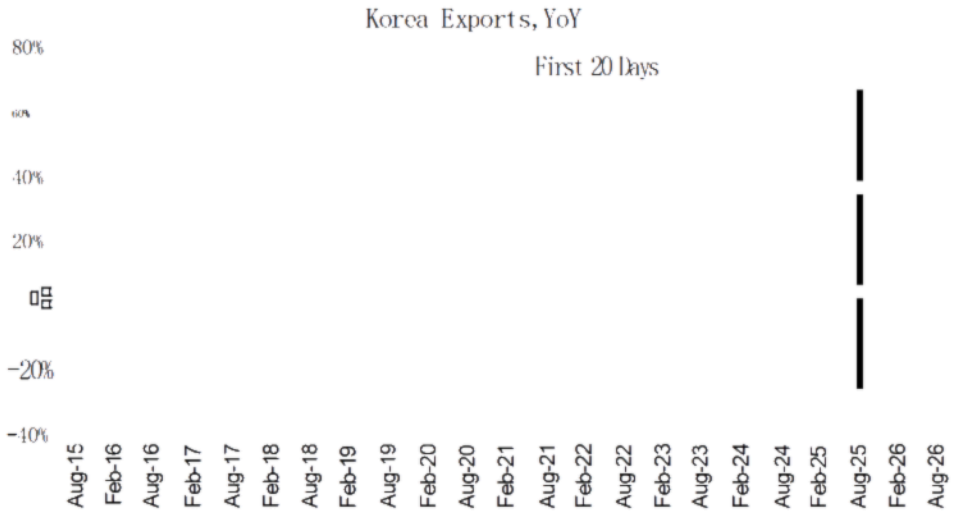
Item	Previous Rules /Practice	New Rules (Aug-2026)
Property Developer		
Financing model	Fragmented project financing	Lead-bank system introduced;one lead bank responsible for closed-loop fund management for each project
Land acquisition loans	Prohibited (existing restriction)	Prohibited(explicitly retained)
Developer loan tenor	No unified national standard	Pre-sale projects:normally ≤3 years,maximum 5 years Completed projects:normally ≤5 years,maximum 7 years
Mortgage disbursement	Pre-sale projects:Released after the building's main structure was topped out Completed-home projects:Typically released after mortgage approval and registration	Pre-sale projects:Mortgage can only be disbursed after project completion filing Completed-home projects:Mortgage can only be released after sales filing
Households		
Borrower affordability test	Payment-to-income ratio:≤50% Debt-to-income ratio:≤55%	Payment-to-income ratio:≤50% Debt-to-income ratio:≤60%
Mortgage tenor	≤30 years	≤40 years

source:Government website,Morgan Stanley Research

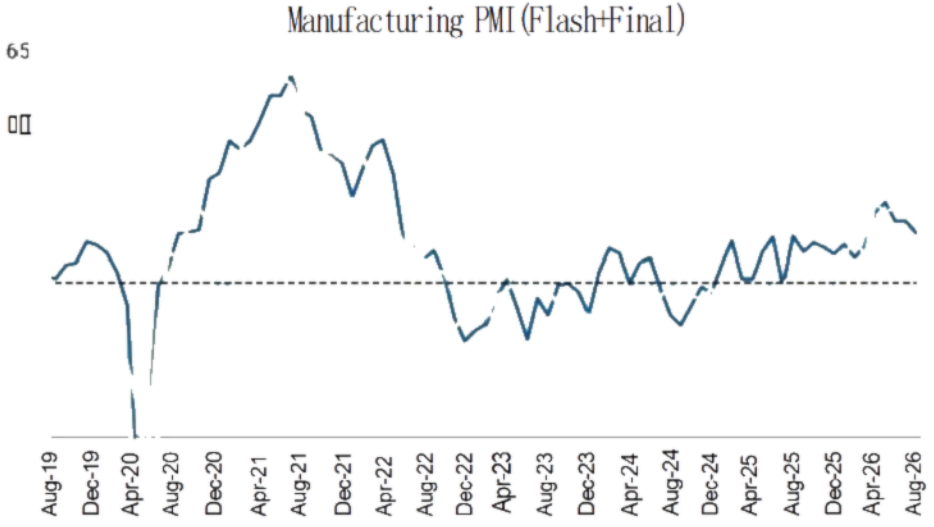
Tracking Economy

Two-Speed Economy Remains, with Robust Exports…

Korea export growth in first 20 days o August remained robust



Strong manufacturing PMI readings in August for major DMs

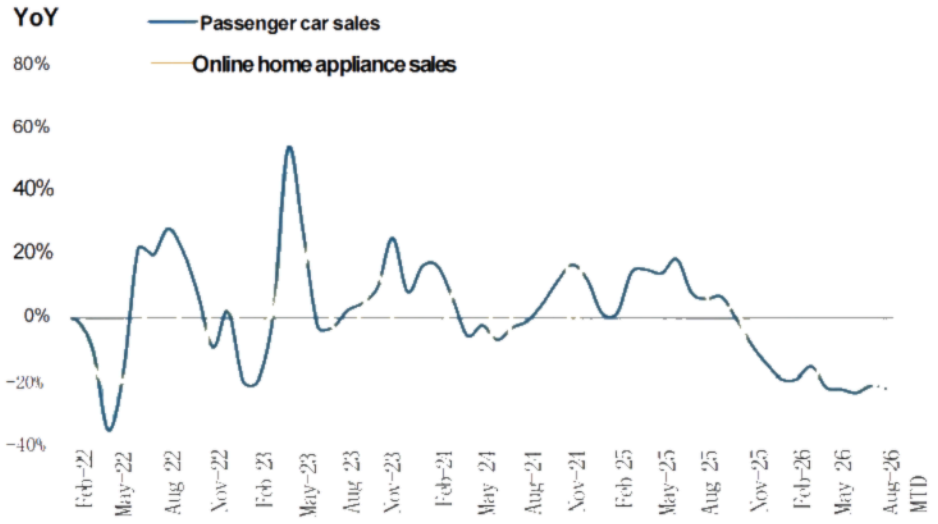


Source: CEIC, Morgan Stanley Research

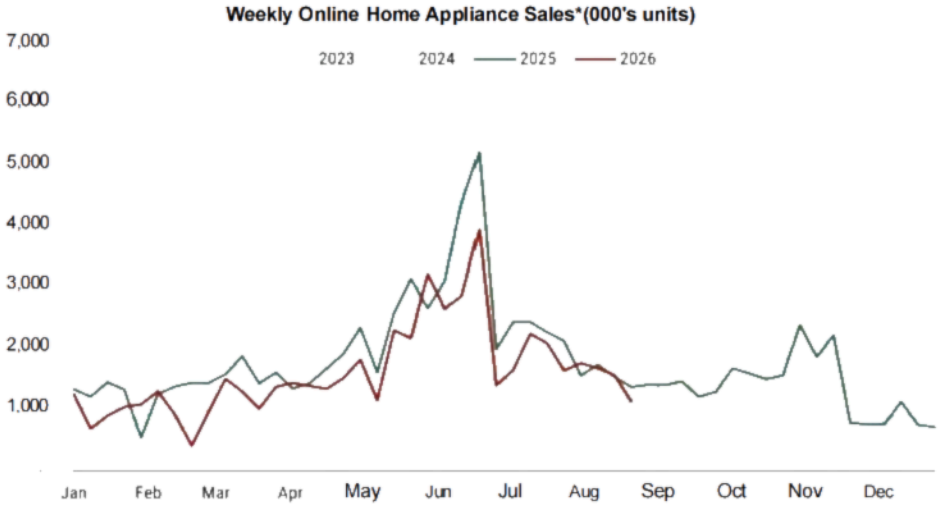
Tracking Economy

...And Subdued Consumption

YoY growth of online home appliance sales rebounded on a low base...



...but the sequential momentum is weak



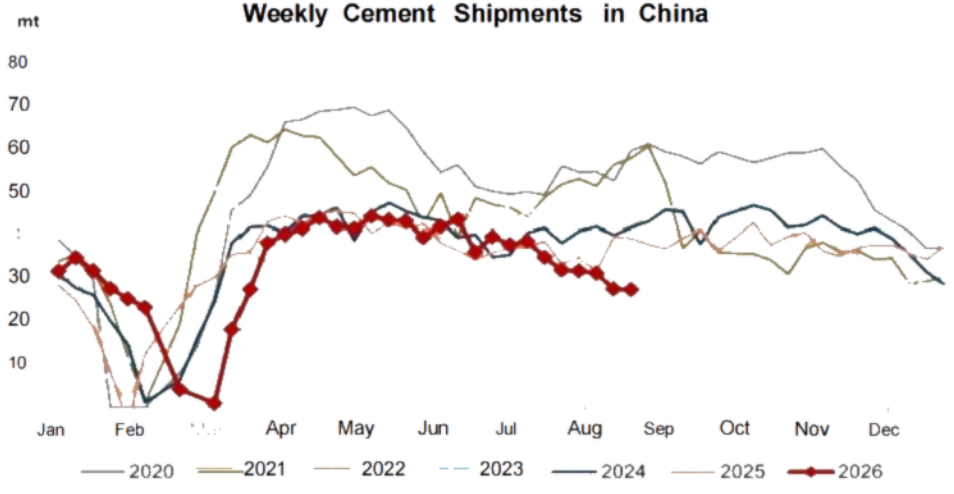
Source: CPCA,CMM,Morgan Stanley Research

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更多资料请加V

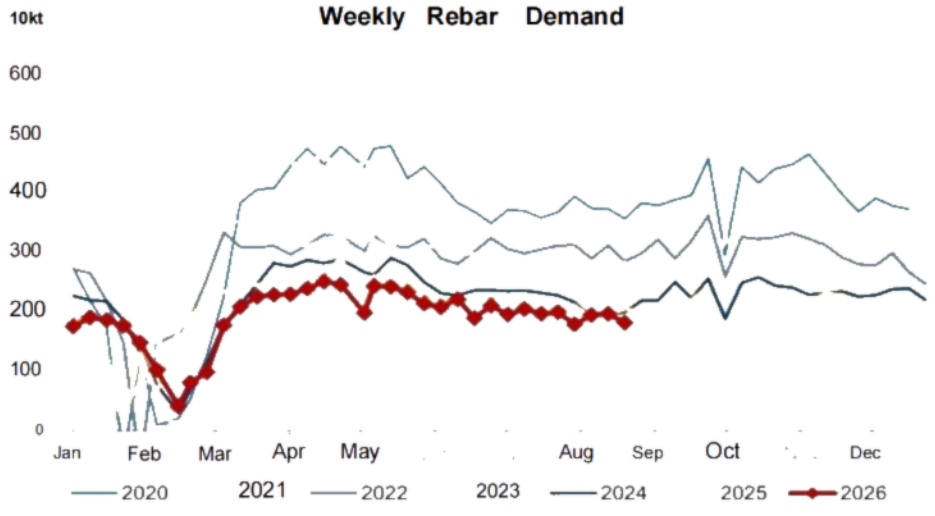
Tracking Economy

Construction Activities Yet to Pick Up

Sluggish cement shipment..



....and rebar demand

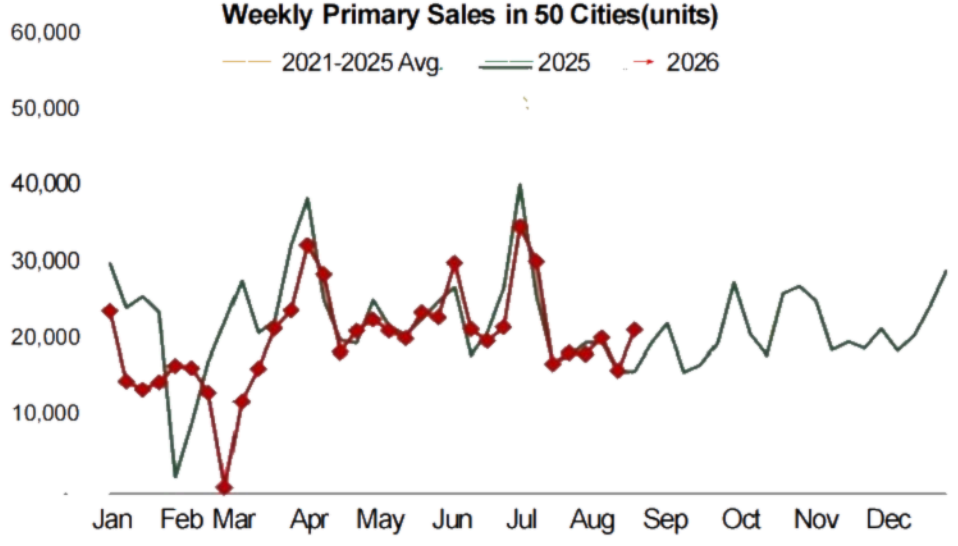


Source: Digital Cement,MySteel,Morgan Stanley Research

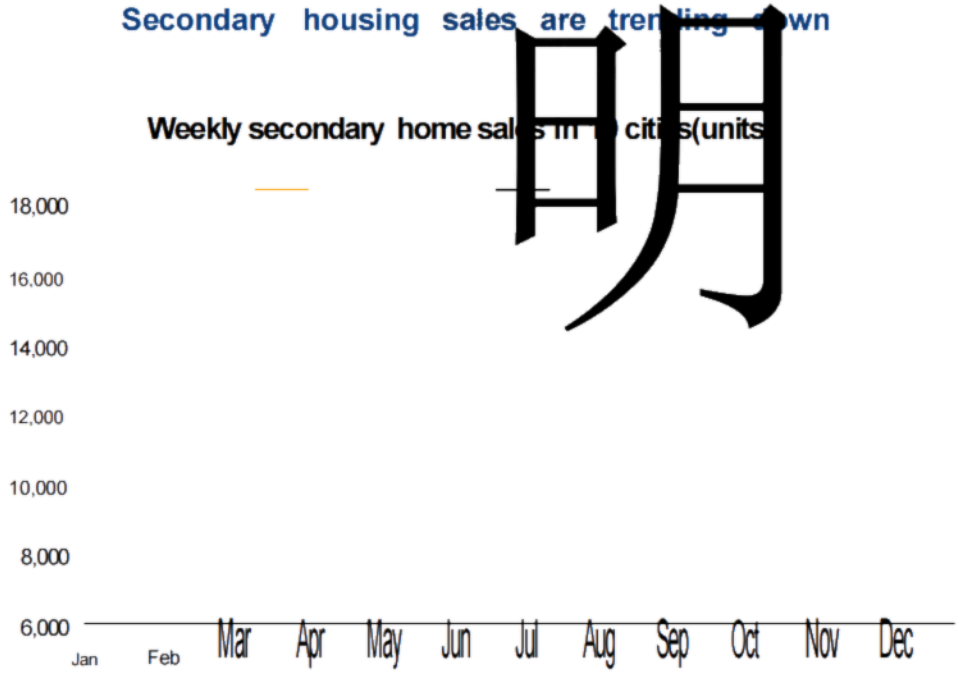
Tracking Economy

Property Sales Remained Soft

Primary housing sales are hovering at lows



Secondary housing sales are trending down

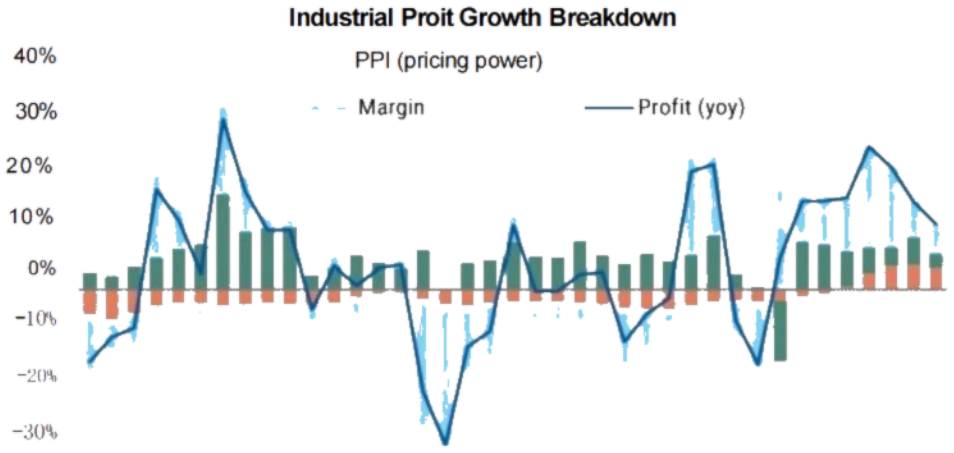


Source: Wind,Morgan Stanley Research

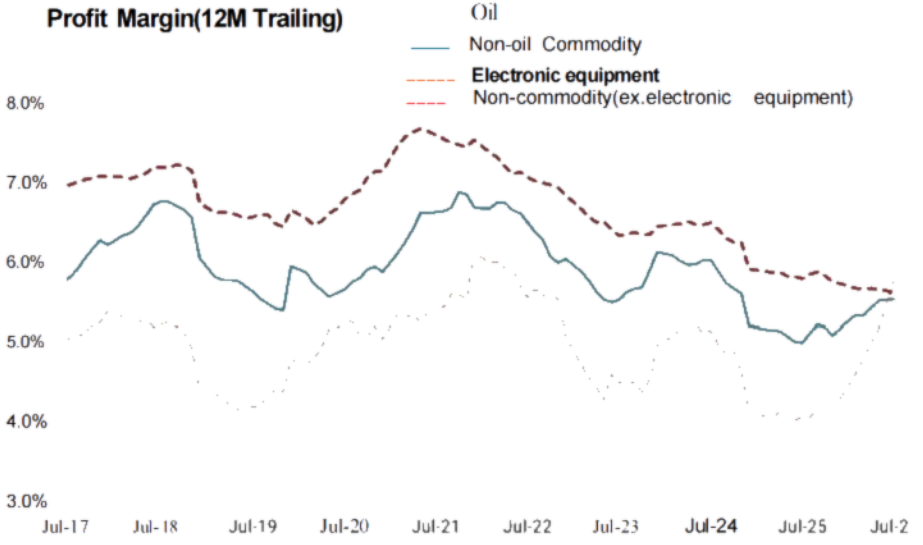
Tracking Economy

Industrial Profit Growth Is Still Constrained by Weak Domestic Demand

Industrial profit growth has been softening from 2Q26...



...due to declining margins in non-tech downstream sectors amid energy shock and weak domestic demand



Source: CEIC,Morgan Stanley Research

Fed Policy

Jackson Hole Reaction:The Hike Not Taken

The speech clearly leaned hawkish and argues for rate hikes

Warsh said:

1. The real side of the economy is ok.
2. Inflation is high and takes priority.
3. Monetary policy is not restrictive.
4. The Fed cannot count on mean-reversion to deliver price stability.

V.S.

We are not yet convinced:Maintaining our view of a Fed-on-hold

Our View:

1. It is in Warsh's interest to speak hawkishly,but he has also **demonstrated a willingness to retain optionality** and buy time to see more data.
2. The desired progress on inflation is coming,with August CPI print likely providing further evidence of disinflation

If we were wrong,we would expect a "leisurely"50-75bp of rate hikes in total

Source:Morgan Stanley Research.For more details,kindly see Jackson Hole Reaction:The Hike Not Taken(28 Aug 2026)