

China Financial Index

9 January 2026

Business confidence picks up in H2 2025

The December 2025 SEB China Financial Index rose to 55.1 in H2 from 52.6 in H1 2025, indicating that confidence improved among Northern European companies in China amidst a more stable business environment compared to first half of the year.

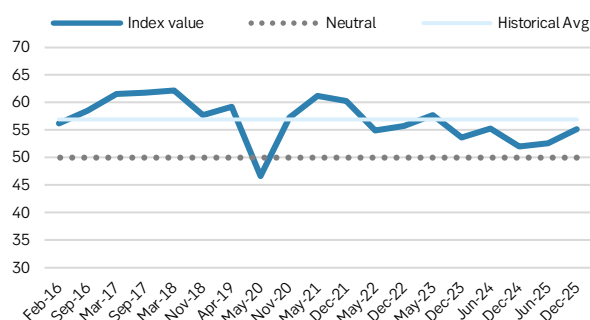
- **Respondents report more investment plans in China**, with 43% of respondents expecting at least modest investments for the next 6 months. Staffing outlook improved as 38% anticipated new recruitment. Expectations for sales and profit growth remain broadly unchanged.
- **Customer demand, competition and geopolitics** remain the top three concerns for a sixth consecutive survey. Competition is cited as even bigger concern compared to previous surveys.
- Increased tariff on imports and delays in business decisions remain the most significant consequences of US-China trade tension for Northern European companies. Compared to the last survey, **more respondents express concern about risks related to US export controls, while fewer highlight US tariffs. On the contrary, 41% anticipate more tariffs from the EU** – nearly twice as many compared to the previous survey.

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China Financial Index (CFI) rises to 55.1 for the second half of 2025, indicating a more positive outlook among Northern European companies in China regarding the business environment over the next 6 months.

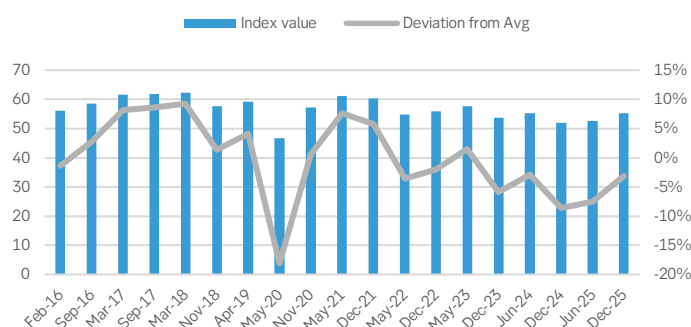
Historical trends in the CFI



Source: SEB

Although the index value remains above 50, signaling optimism, it is still 3.14% below the historical average of 56.9 recorded since February 2016, with a standard deviation of 4.06.

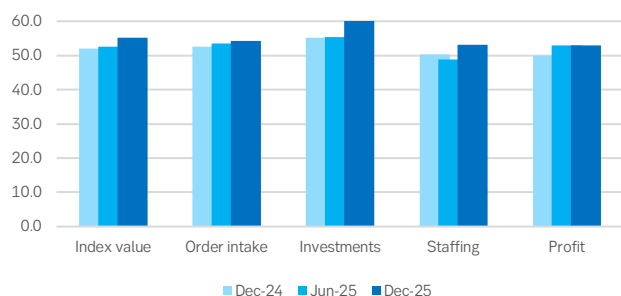
Deviation from the historical average



Source: SEB

Among the four components (order intake outlook, investment outlook, staffing outlook, and profit outlook), investment and staffing outlook show the most significant improvement compared to six months ago, increasing by 4.8% and 4.4%, respectively. Sales outlook improves slightly by 0.8%, while profit outlook remains unchanged.

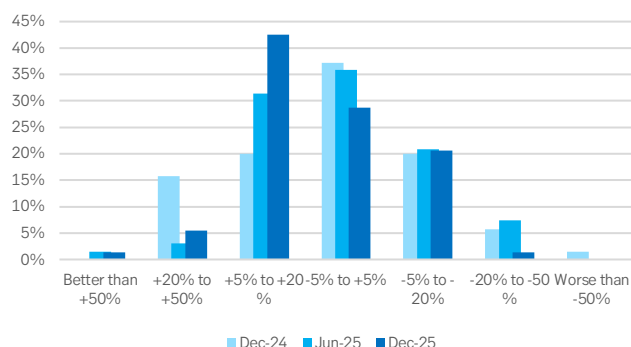
Index values



Source: SEB

Year-on-year sales performance strengthens. 49% of respondents report sales growth exceeding 5%, compared to 36% in the previous survey.

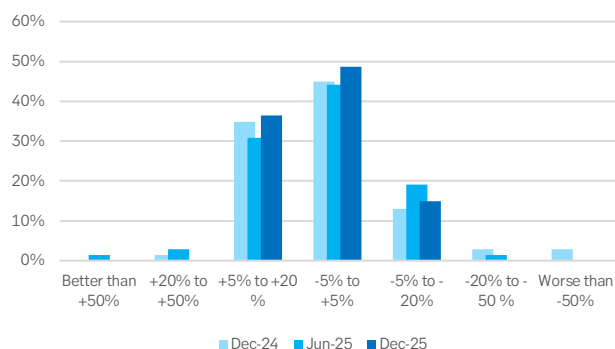
Sales YoY



Source: SEB

Looking ahead, 49% expect sales growth to remain within $\pm 5\%$, while 36% anticipate growth between 5–20%. No respondents expect growth above 20%. The share expecting a decline of more than 5% falls to 15%, down from 20% previously.

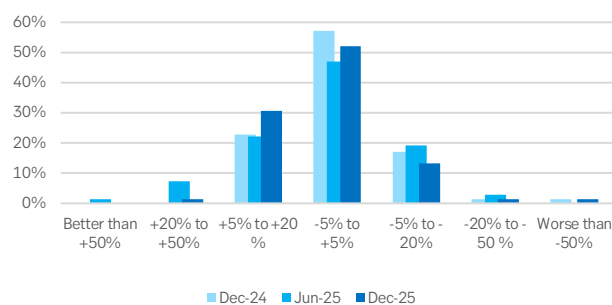
Sales outlook



Source: SEB

Profit expectations improve slightly. 52% of respondents expect profits to remain near breakeven ($\pm 5\%$). The share anticipating profit growth above 5% rises marginally to 32%, while only 1% expect growth above 20%, down from 8% six months ago. Respondents expecting profit contraction decline to 16% from 22%, with 1% projecting a drop of more than 50%.

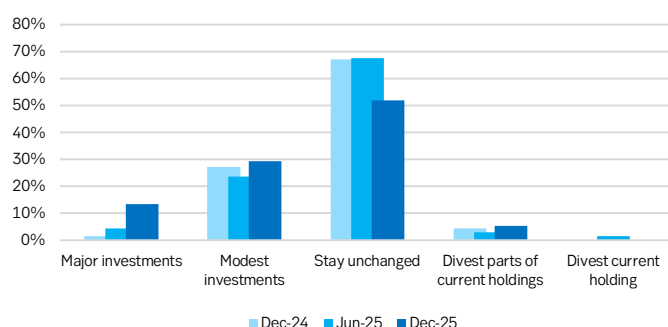
Profit outlook



Source: SEB

Investment appetite strengthens. The proportion of companies with no investment plans falls to 52% from 68%, while 43% plan modest investments. 13% intend major investments—a five-year high. Divestment expectations remain stable.

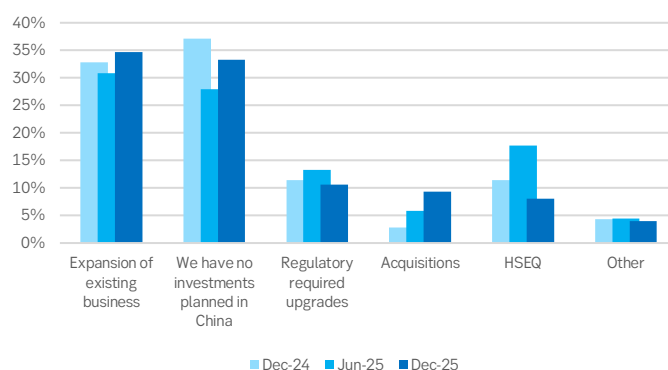
Investment plans



Source: SEB

Among the companies planning investments, 35% aim to expand existing operations (up from 31%) and 9% plan acquisitions (up from 6%). Conversely, regulatory upgrades and HSEQ investments decline to 11% and 8%, respectively.

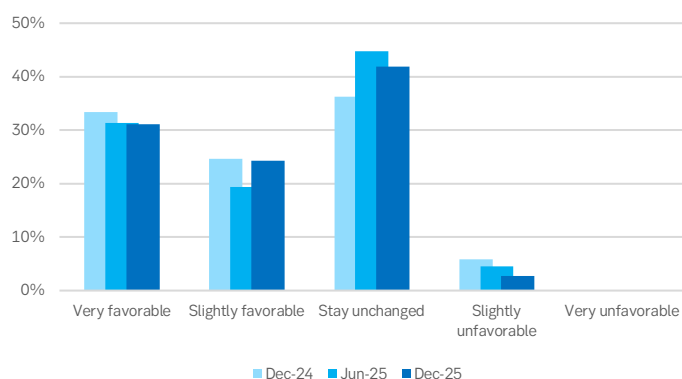
Nature of investments



Source: SEB

Survey results indicate expectations of persistently supportive monetary policy by the People's Bank of China, creating favorable financing conditions. 55% of respondents view lending conditions as favorable, up from 51% last summer.

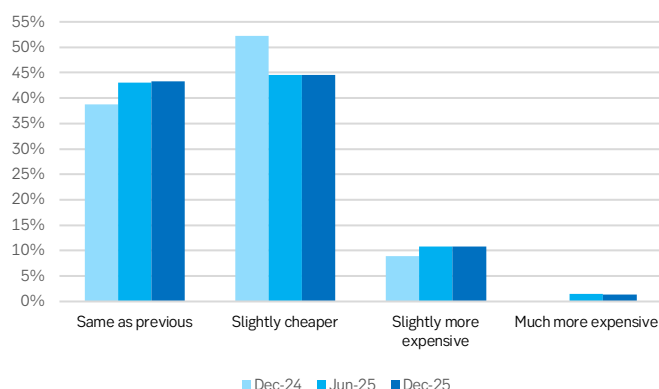
Lending attitudes



Source: SEB

Borrowing costs remain broadly unchanged, with fewer respondents reporting increases compared to the historical range of 20–30%.

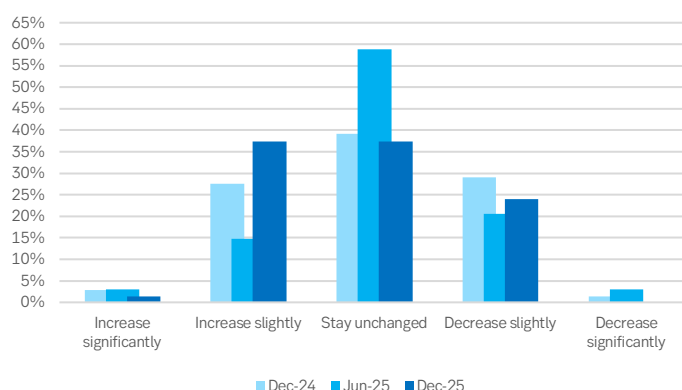
Borrowing costs



Source: SEB

In line with increased investment plans, staffing outlook improves. Only 37% expect headcount stability, while 38% anticipate workforce expansion, up from 18% previously.

Staffing outlook

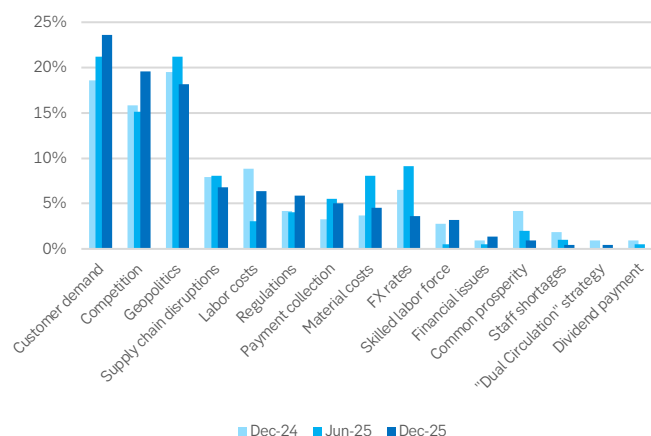


Source: SEB

Customer demand, competition, and geopolitics remain the top concerns. Customer demand and competition become more pressing, reflecting intensified price competition from local peers.

Geopolitical risk eases compared to last summer, likely due to reduced tensions between the US and China.

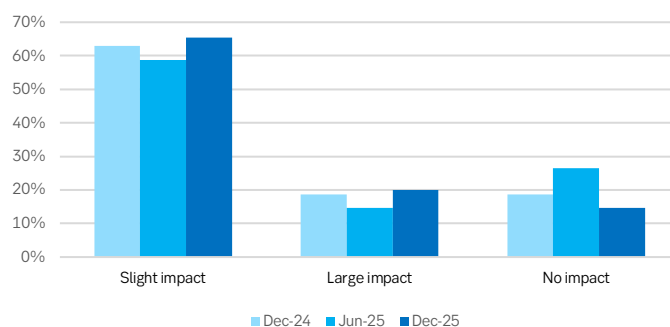
Main concern over the next six months



Source: SEB

Despite easing tensions, 85% of respondents believe geopolitics will influence business decisions.

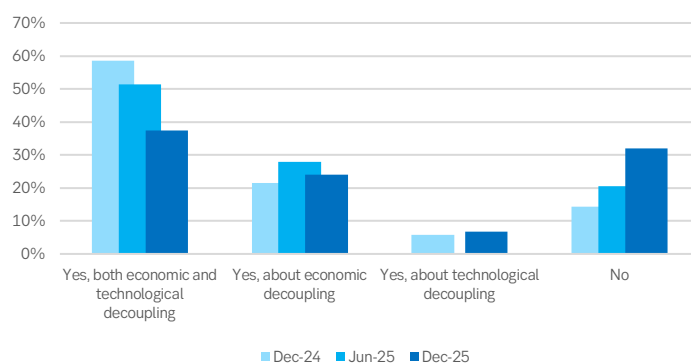
Political/geopolitical view's impact on operations in China



Source: SEB

Among companies surveyed, 37% express concern over US-China economic and technological decoupling, with economic decoupling concerns (24%) outweighing technological concerns (7%). The share unconcerned about decoupling rises, as some companies have limited US exposure.

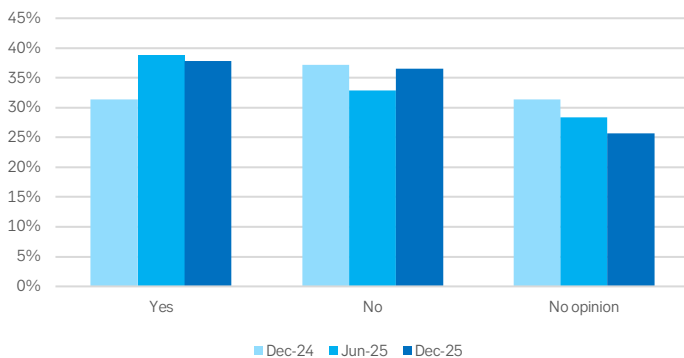
Worried about decoupling with the US?



Source: SEB

Concerns over data and cybersecurity remain stable at 38%, below the historical average of 50%.

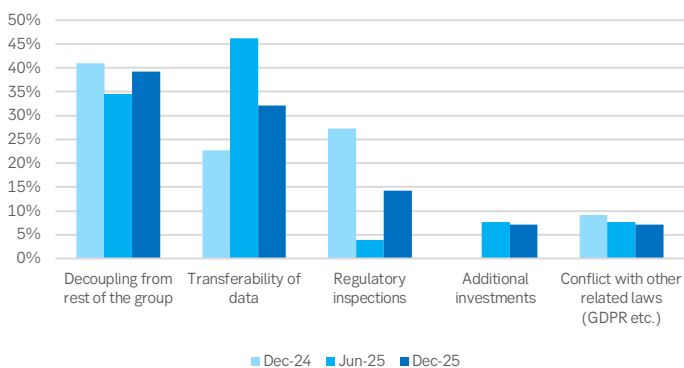
Concerned about the state of data and cyber security?



Source: SEB

Among those concerned, 39% cite decoupling as the primary issue, followed by data transferability (32%) and regulatory inspections (14%, up from 4%).

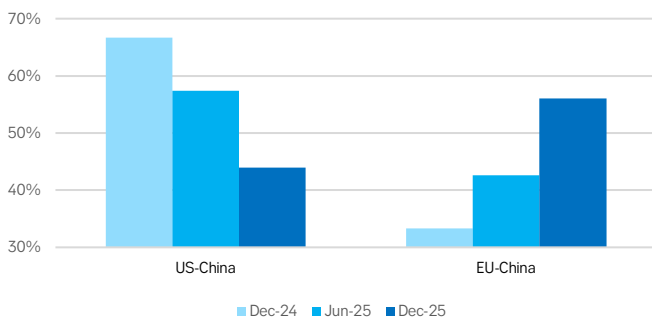
Main concern regarding data/cyber security



Source: SEB

Interestingly, 44% of respondents view US-China relations as having a negative business impact, down from 67% and 57% in previous surveys. The Xi-Trump summit in October contributes to greater stability in trade relations. The 1-year truce improved sentiment in the market.

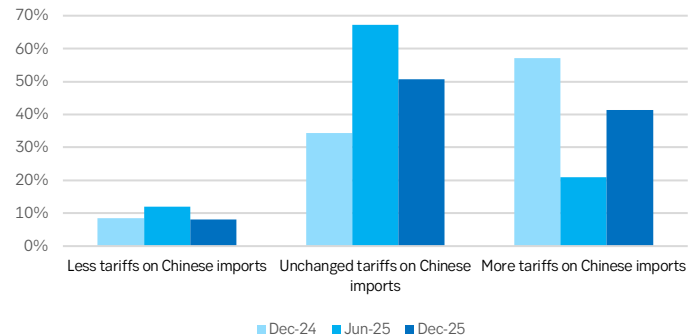
Trade relationship that will have a greater negative impact over the next 12-18 months



Source: SEB

Expectations on EU-China tariffs shift significantly. 51% foresee unchanged tariffs, while 41% anticipate increases—nearly double the previous survey's 21%. Renewed negotiations on EV tariffs and new e-commerce duties revive trade tensions.

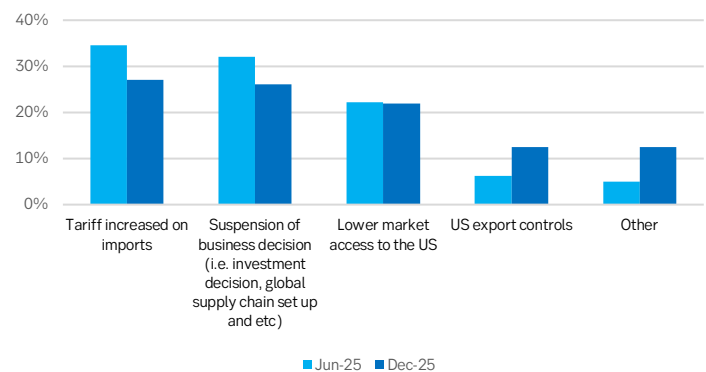
View on EU-China tariffs evolving in the coming 12-18 months



Source: SEB

US-China trade disputes primarily affect Northern European companies through higher tariffs (27%) and delayed decisions (26%), though both figures decline from 35% and 32% previously. Concern over US export controls rises to 13% from 6%. Companies with little exposure to the US have not been affected, as expected.

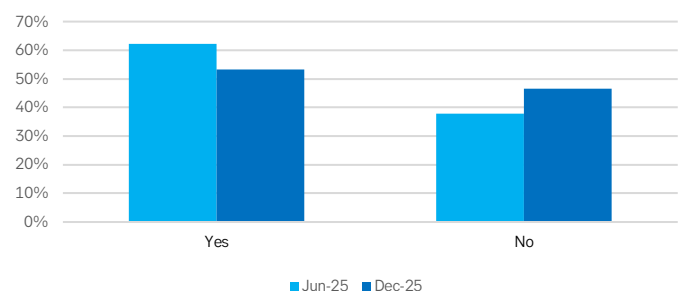
Impact of US-China trade disputes on your business in China



Source: SEB

With AI adoption accelerating, 53% of respondents express concern about competitors' faster integration, down from 62%.

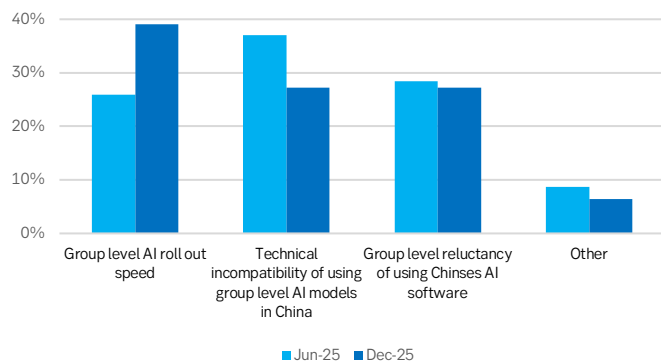
Concerned about your local competitors incorporate AI at a faster speed?



Source: SEB

Among respondents, 39% cite group-level rollout speed as the main barrier, while 27% point to incompatibility of using group level AI or reluctance to use Chinese AI solutions. Confidentiality and operational integration also remain challenges.

Factors that slow down the adoption of AI in your China operation



Source: SEB

Our conclusions

The latest survey indicates improved corporate confidence, supported by a higher index value and improved investment and staffing outlook. While geopolitical risk persists, easing US-China tensions enhance market predictability. EU-China trade relations remain uncertain amid tariff negotiations. Northern European companies show stronger willingness to invest and hire, driven by anticipated sales and profit growth, while benefiting from favorable financing conditions under continued monetary easing.

Information about the survey

SEB's China Financial Index was first launched in 2007 and is based on input, in this edition, from CEOs, CFOs or Treasurers at 75 subsidiaries of major Swedish, Finnish, Norwegian, Danish, German, British and Swiss companies. Most of the companies surveyed have a global turnover above EUR 500m. The survey is web-based and confidential and was carried out between 3 December and 15 December 2025.

China Financial Index – composition

SEB's China Financial Index displayed a value of 55.1 in the winter of 2025, indicating a more positive macro environment compared with the survey conducted in summer 2025. A value of 50 indicates a neutral view. The index is based on four components with the following ranking in the survey: order intake 54.3, profit expectations 52.9, investment plans 60.1, and employment plans 53.2. Due to a tendency of positivity bias from the respondents, the deviation from the historical average serves as a better indication of business sentiment.

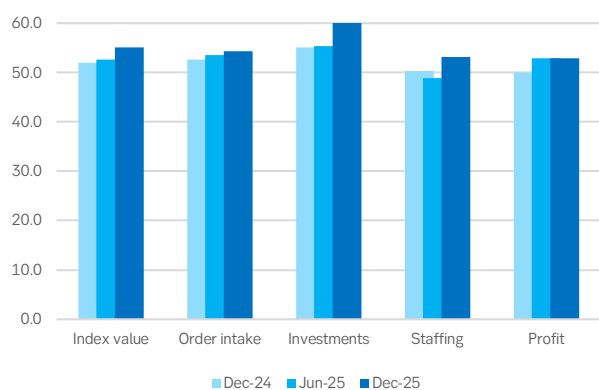
Forecasts: Global GDP growth, %

	2024	2025	2026
China	5.0	5.0	4.5
Japan	0.1	1.1	0.7
United States	2.8	1.9	1.9
Germany	-0.5	0.3	1.2
Sweden	1.0	1.3	2.8
United Kingdom	1.1	1.4	1.0
Euro area	0.9	1.4	1.2
Nordic economies	1.7	1.0	2.0
Baltics economies	1.5	1.9	2.7
Emerging markets	4.4	4.2	4.0
OECD	1.8	1.7	1.6
World PPP*	3.3	3.1	3.0

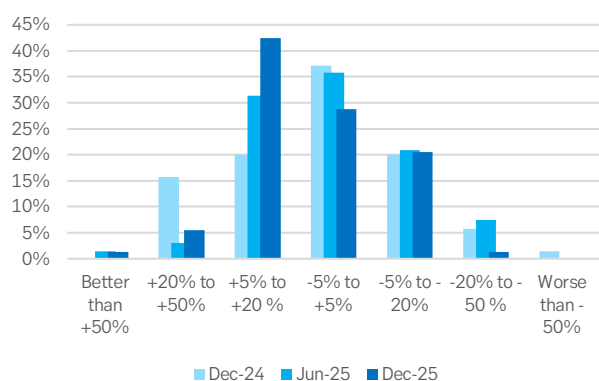
Source: SEB, OECD, IMF *PPP= purchasing power parities

Please note: The following graphs are all produced by SEB and represent all the questions in the latest China Financial Index, as well as historical surveys (if applicable).

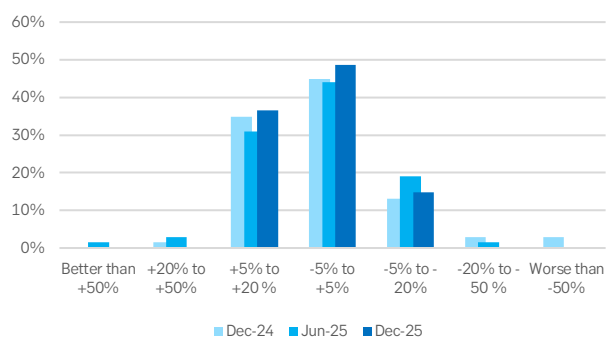
1 – Index values



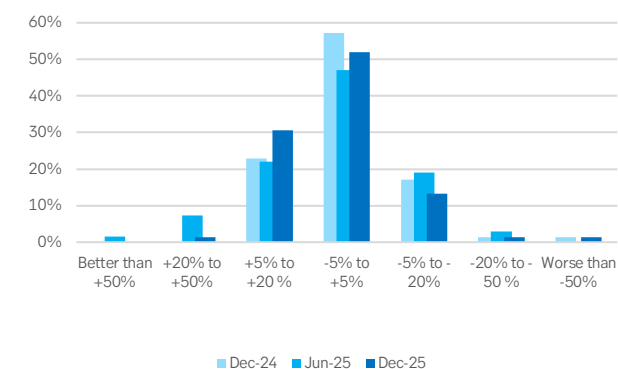
2 – Y/y sales trend (H2/25 vs H2/24)



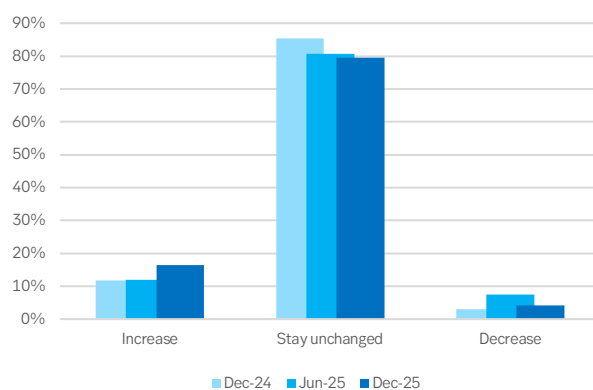
3 – Sales outlook (next six months)



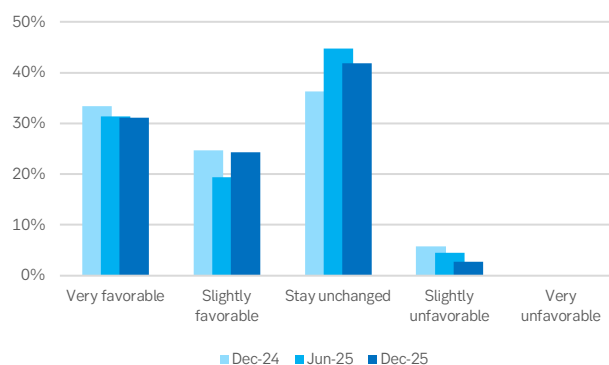
4 – Profit outlook (next six months)



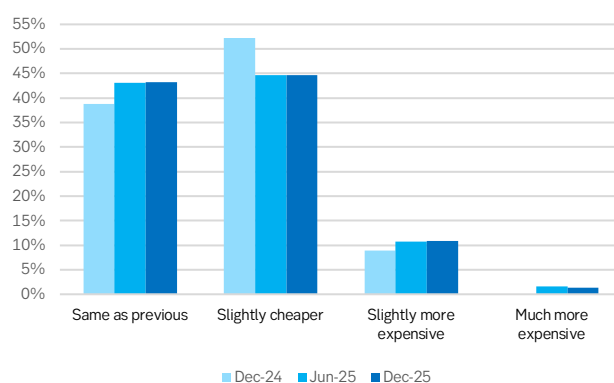
5 – Borrowing outlook (next six months)



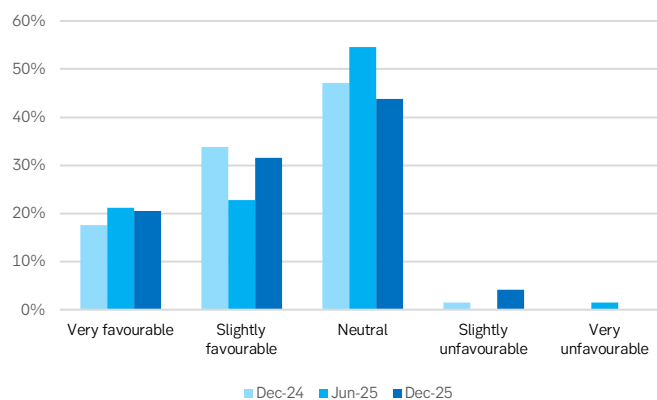
6 – Banks' lending attitude



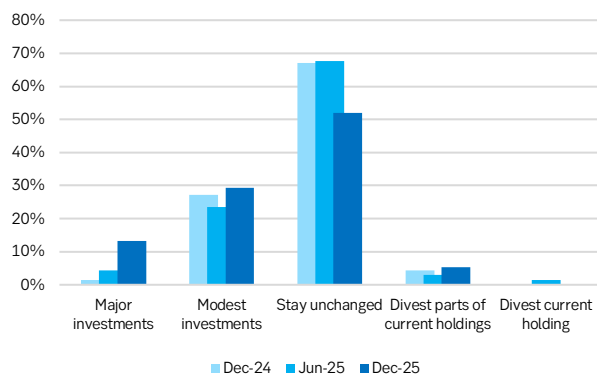
7 – Borrowing cost



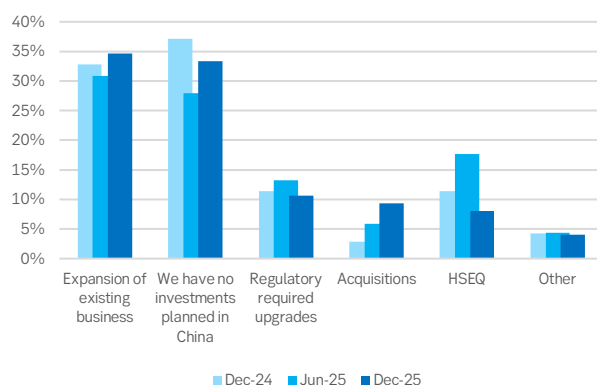
8 – Borrowing environment outlook



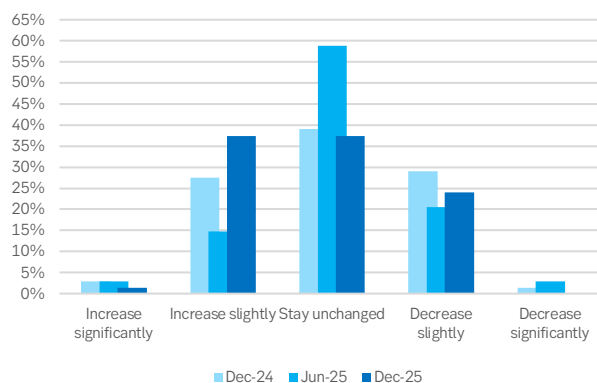
9 – Investment plans



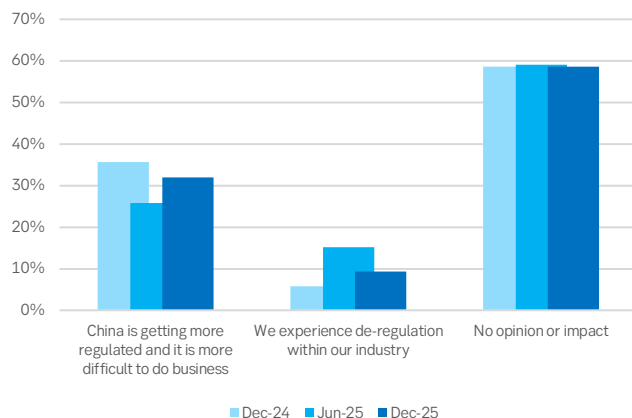
10 – Type of investment



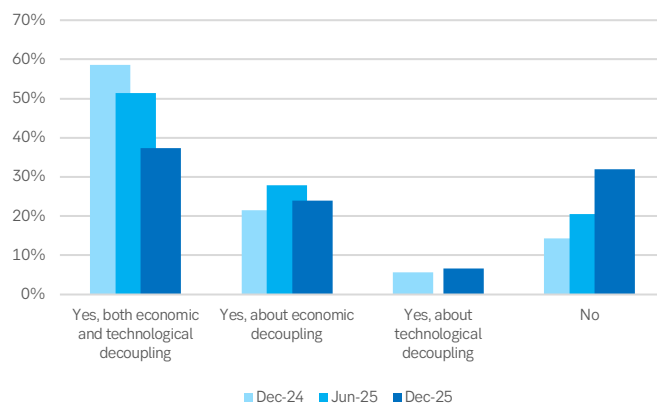
11 – Staffing outlook



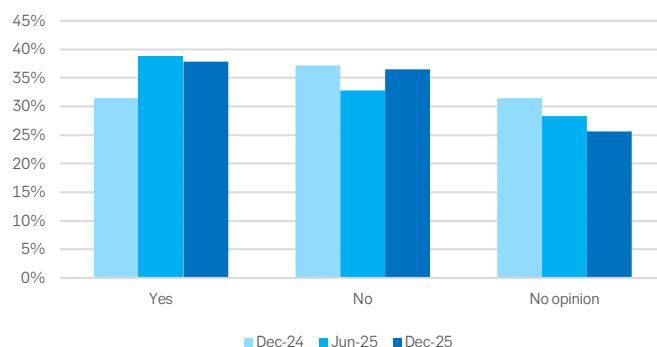
12 – Regulatory development in China



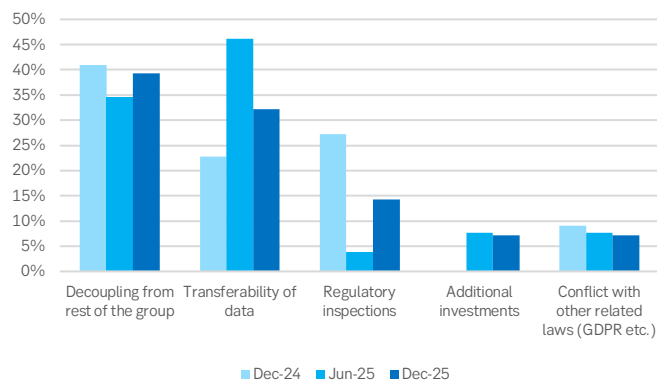
13 – Concerned about decoupling with the US?



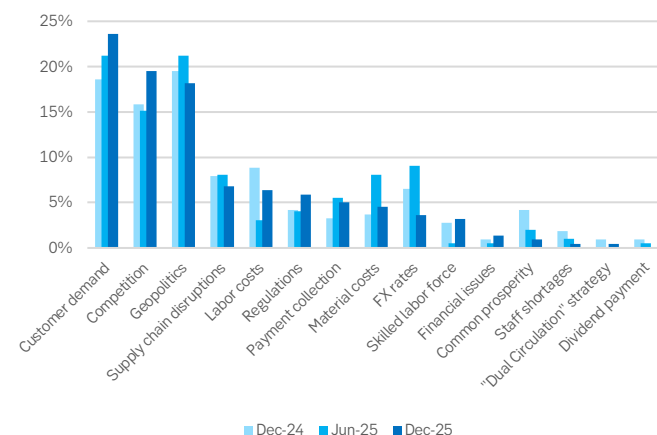
14 – Concerned about data/cyber security?



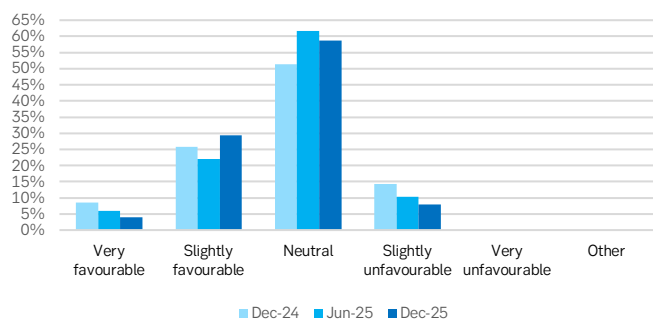
15 – Main concern regarding data/cyber security



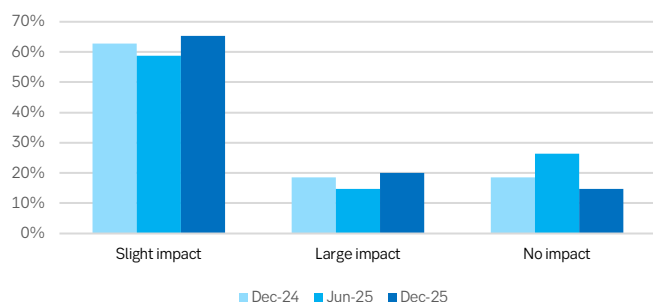
16 – Main concern over the next six months



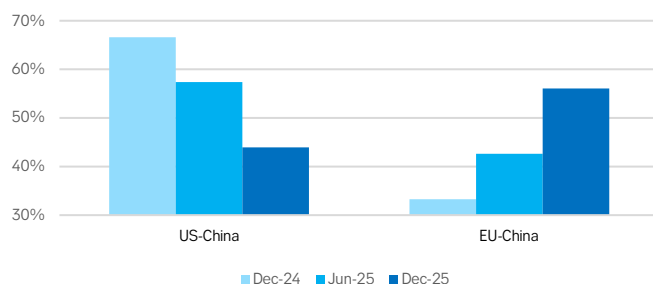
17 – ESG impact



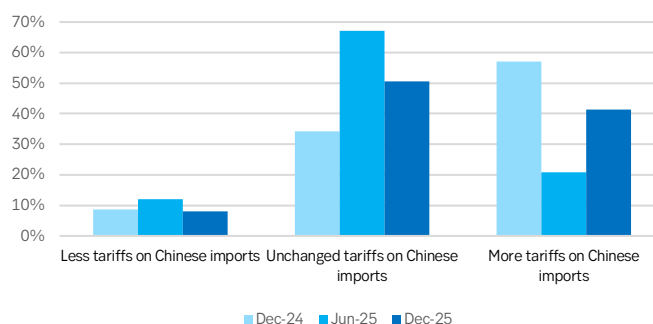
18 – Political/geopolitical view's impact on operations in China



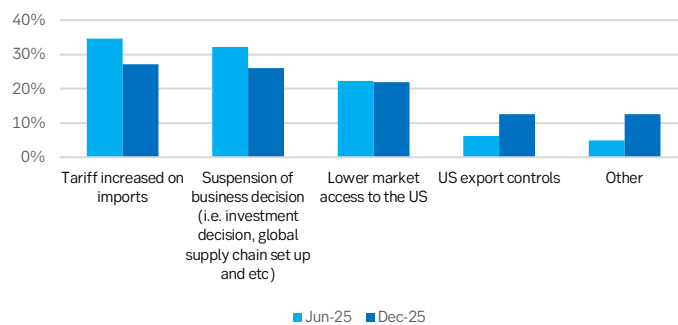
19- Trade relationship that will have a greater negative impact over the next 12-18 months



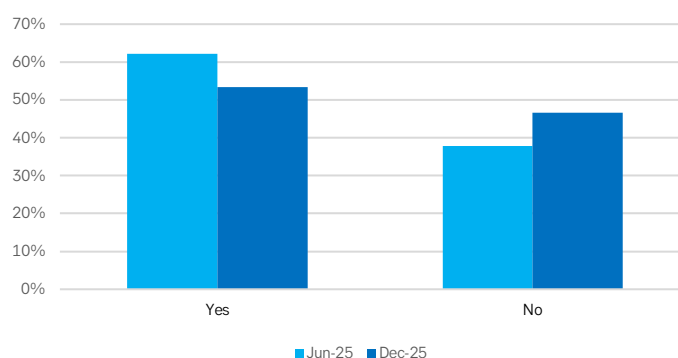
20- View on EU-China tariffs evolving in the coming 12-18 months



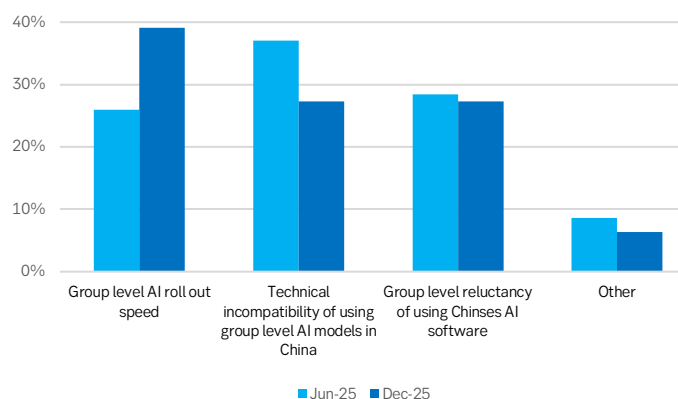
21- Impact of US-China trade disputes on your business in China



22- Concerned about your local competitors incorporate AI at a faster speed?



23- Factors that slow down the adoption of AI in your China operation



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