Summer 2026

China Financial Index

June 23, 2026

Business Optimism on the Rise

The SEB China Financial Index rises to 56.2 in June 2026, marking its fourth straight increase and approaching levels last seen in May 2023. This momentum points to renewed confidence among Northern European companies in the Chinese market.

- **Order intake and Profit indices show the strongest gains** among the four components, pointing to strengthening financial performance for Northern European companies. However, profit growth is expected to lag behind order intake, suggesting margin pressures remain.

- **Material costs have returned to the top three concerns** for the first time in three years. Customer demand and competition continue to rank as the other key challenges. Meanwhile, supply chain disruptions are becoming more prominent, likely driven by the ongoing conflict in the Middle East.

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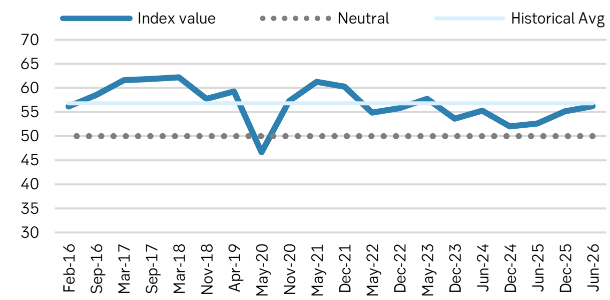
China Financial Index (CFI) rises to 56.2 for the first half of 2026, indicating a more positive outlook among Northern European companies in China over the next 6 months. The index is now approaching its May 2023 level of 57.8 and has already surpassed 2022 levels of 54.9 and 55.8. While confidence is clearly recovering, it has yet to return to pre-COVID levels.

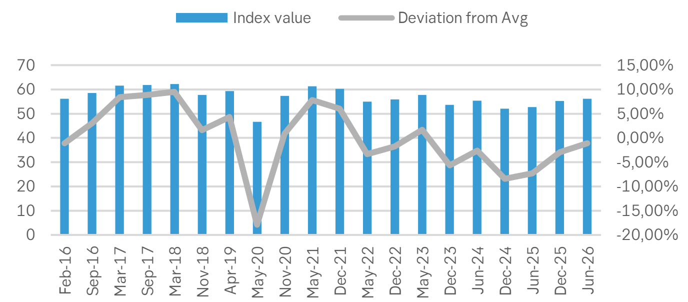
Historical trends in the CFI



Source: SEB

Notably, the index now sits just 1.1% below its historical average of 58.8, with a standard deviation of 3.87, indicating a return to near-normal confidence levels.

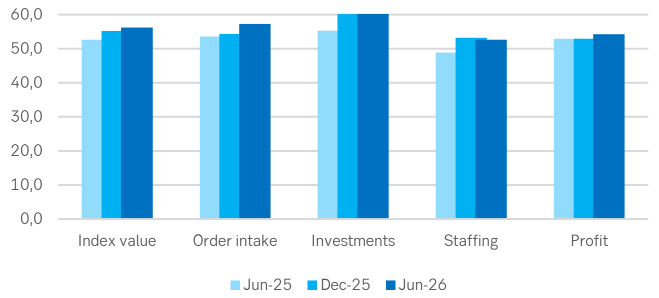
Deviation from the historical average



Source: SEB

Among the four components (order intake outlook, investment outlook, staffing outlook, and profit outlook), order intake and profit outlook recorded the most significant improvements compared to six months ago, rising by 5.5% and 2.5%, respectively. Investment outlook remains broadly stable at 60.6, while staffing outlook edges lower slightly to 52.6 from 53.2.

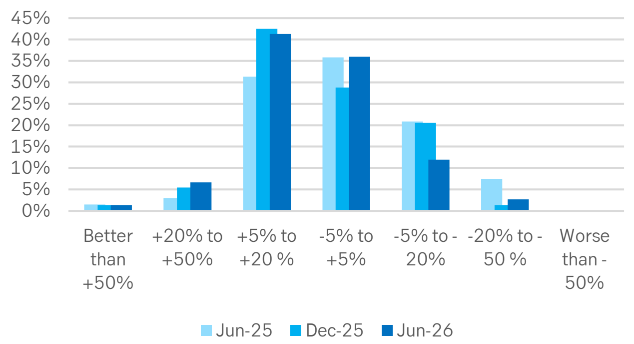
Index values



Source: SEB

Compared to H1 2025, companies are experiencing a recovery in sales. While 49% of respondents report sales growth exceeding 5%, unchanged from the previous survey, only 15% report declines of more than 5%, down from 22% previously. Meanwhile, 36% report flat sales.

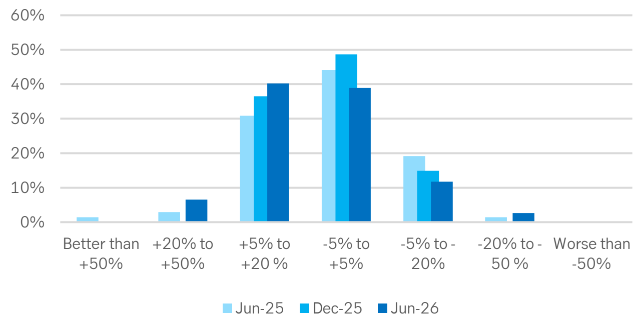
Sales YoY



Source: SEB

Looking ahead, 39% expect sales growth to remain within ±5%, while 46% anticipate growth above 5%— an increase of 10 percentage points from the previous survey. This includes 6% that expect growth of over 20%. Meanwhile, the share expecting a decline of more than 5% remains unchanged at 15%.

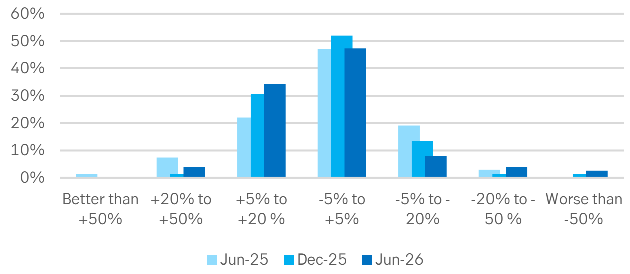
Sales outlook



Source: SEB

Profit expectations are improving in tandem. While 47% of respondents expect profits to stay around breakeven (±5%), the share anticipating profit growth of more than 5% has risen to 38%, including 4% who expect growth above 20%. Meanwhile, the proportion expecting a decline has edged down from 16% to 14%, with 3% projecting a drop of more than 50%. Compared with the sales outlook, profit expectations remain more conservative, reflecting ongoing margin pressures.

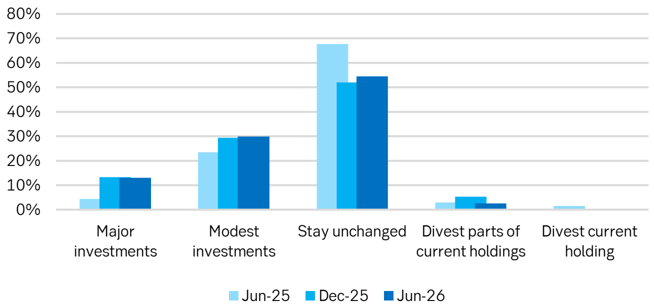
Profit outlook



Source: SEB

Investment appetite remains steady. More than half (55%) of the respondents expect no additional investment, while same proportion (43%) as in the last survey plan to increase their investments. Divestment expectations declined marginally to 3% from 5% in last survey. Overall, the stable and positive investment outlook suggests that China remains an attractive investment destination, particularly compared with regions facing greater uncertainty.

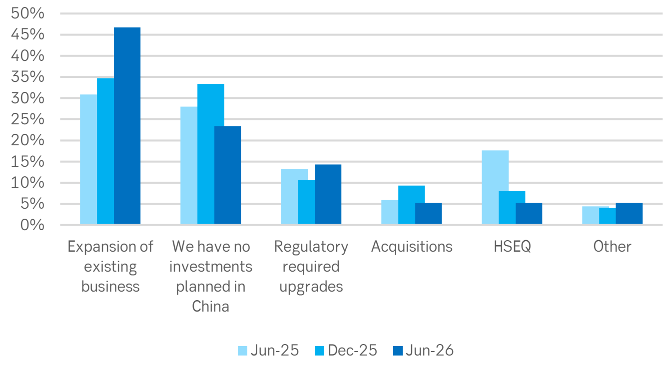
Investment plans



Source: SEB

Among the companies planning to invest, 47% are prioritizing the expansion of existing operations, the highest in three years. In contrast, allocations to HSEQ and acquisition have each fallen to just 5%, highlighting a clear preference for organic growth within existing operations over diversification through additional holdings.

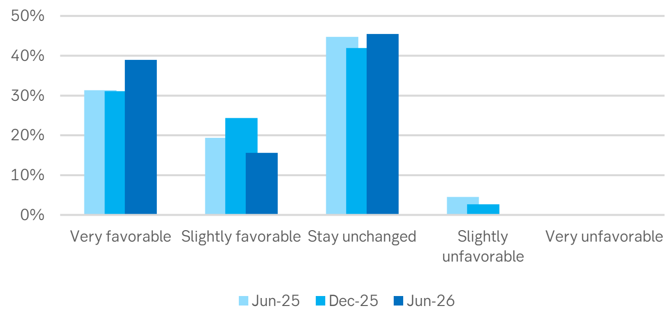
Nature of investments



Source: SEB

Survey results point to expectations of sustained supportive monetary policy by the People's Bank of China, underpinning favorable financing conditions. 55% of respondents view lending conditions as favourable, unchanged from the last survey. Notably, none perceives conditions as unfavorable, only the second time on record, suggesting broad-based easing in financing sentiment.

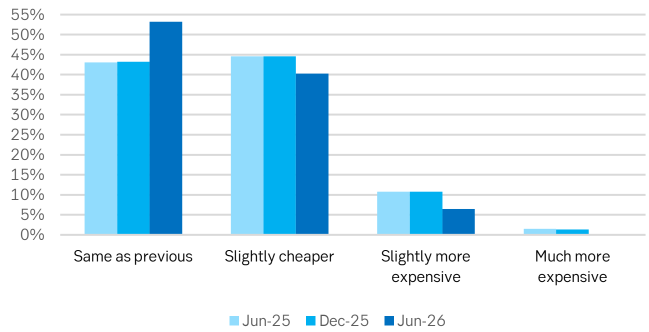
Lending attitudes



Source: SEB

Borrowing costs remain broadly stable, with more than half of respondents reporting no change. Only 6% indicate an increase, a record low, further underscoring the supportive financing environment.

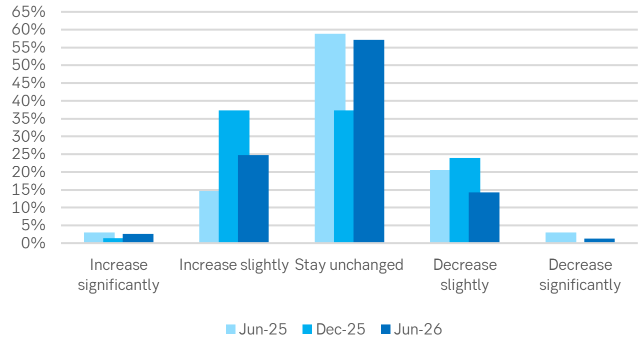
Borrowing costs



Source: SEB

Staffing sentiment holds steady overall, with a slight softening. A majority of respondents (57%) expect no change in headcount, while both hiring and reduction expectations have declined, with hiring plans falling to 28% (from 38%) and reduction plans to 15% (from 24%).

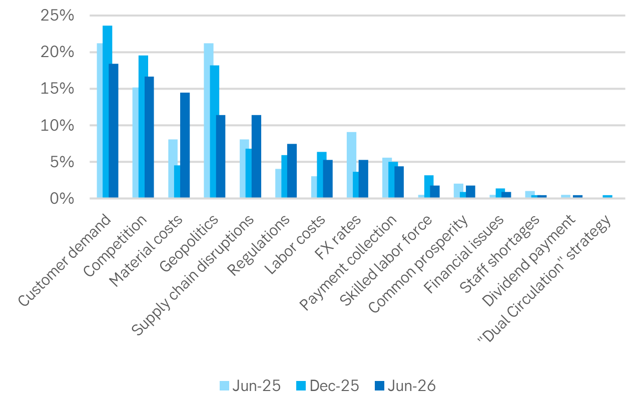
Staffing outlook



Source: SEB

Material costs have re-emerged as one of the top three concerns, joining the persistent challenges of customer demand and competition. Supply chain disruptions have also become more prominent, likely linked to the ongoing conflict in the Middle East, a trend reflected in subsequent survey responses. Meanwhile, geopolitical concerns now rank fourth, with the share of respondents citing them falling from 18% to 11%, possibly reflecting improved sentiment following the recent visit by US President Donald Trump to China.

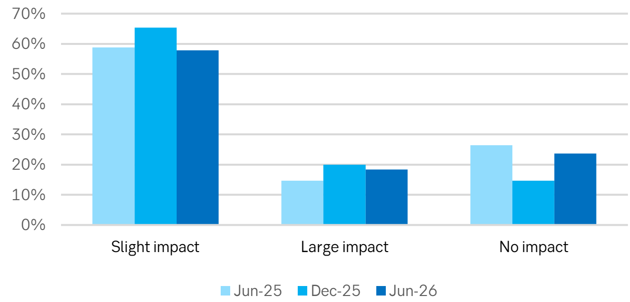
Main concern over the next six months



Source: SEB

Despite easing tensions, geopolitics remains an important consideration, with 76% of respondents expecting it to influence business decisions, down from 85% previously.

Political/geopolitical view's impact on operations in China

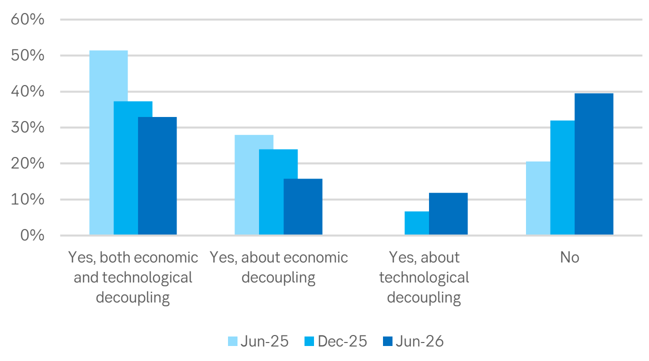


Source: SEB

The share of respondents unconcerned about U.S. decoupling continues to increase, rising from 32% to 39%. Meanwhile, 33%

remain concerned about both economic and technological decoupling. Among those with single-issue concerns, economic risks (16%) exceed technological risks (12%), although the gap has narrowed. Overall perceived risks across both dimensions are gradually converging.

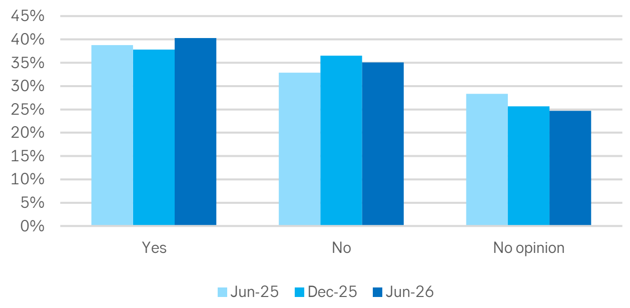
Worried about decoupling with the US?



Source: SEB

Concerns over data and cybersecurity remained stable at 40%, slightly below the historical average of 43%.

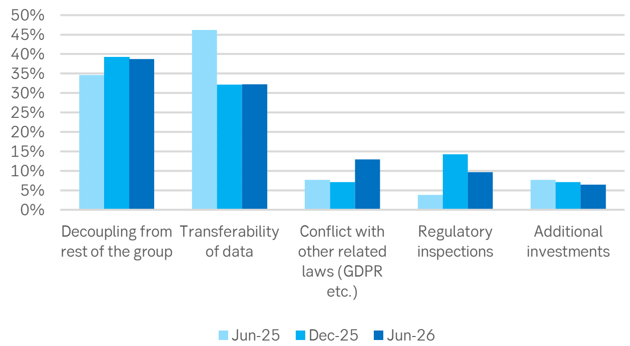
Concerned about the state of data and cyber security?



Source: SEB

Among respondents who are concerned, decoupling from the broader group is cited as the primary issue by 39%, followed by data transferability at 32%. Notably, concerns about regulatory conflicts have increased to 13% from 7% pointing to growing complexity in the compliance landscape.

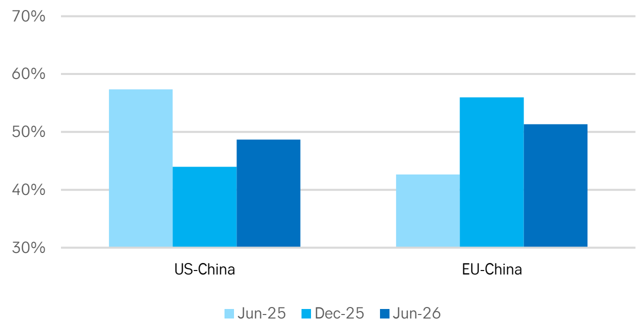
Main concern regarding data/cyber security



Source: SEB

Perceived trade-related impacts are nearly evenly split between U.S.–China and EU–China relations. 49% of respondents see US-China relations as having a negative impact on business, while 51% view the same for EU-China.

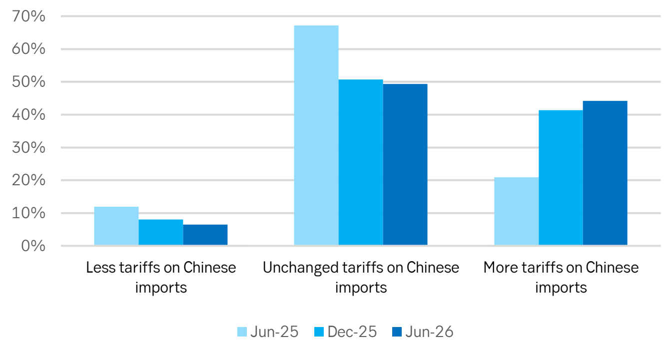
Trade relationship that will have a greater negative impact over the next 12-18 months



Source: SEB

Expectations for EU-China tariffs are largely unchanged from the previous survey. About half of the respondents (49%) expect tariffs to remain stable, while 44% anticipate increases, up slightly from 41%. The share expecting tariff reductions continues to decline, signaling a persistent upward bias in tariff expectations.

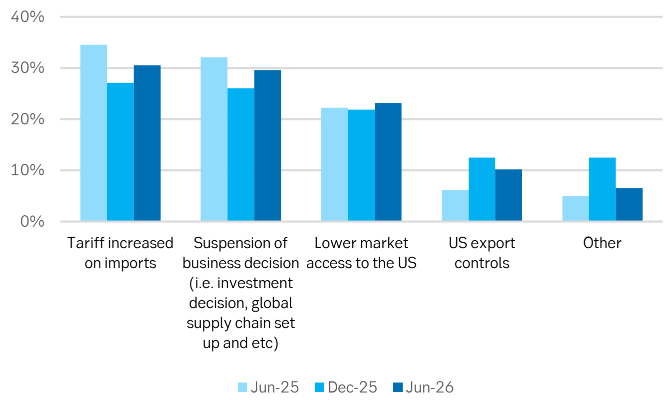
View on EU-China tariffs evolving in the coming 12-18 months



Source: SEB

US-China trade disputes primarily affect Northern European companies through higher tariffs (31%) and delayed decisions (30%). A smaller share of respondents also points to spillover effects on the broader economic environment, customer demand, and U.S. sanctions on Chinese companies.

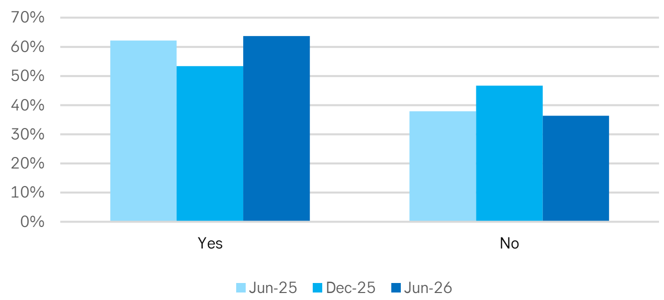
Impact of US-China trade disputes on your business in China



Source: SEB

With AI adoption accelerating, 64% of respondents are concerned about competitors faster integration of the technology, up from 53%.

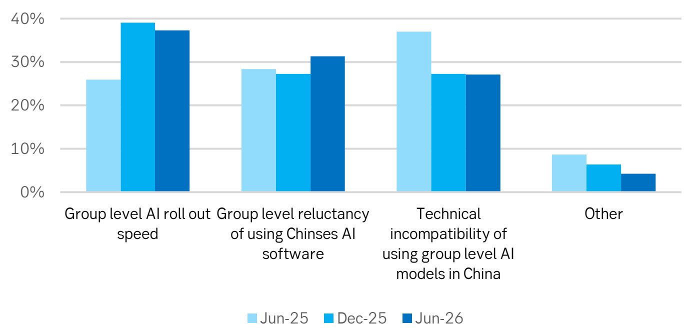
Concerned about your local competitors incorporate AI at a faster speed?



Source: SEB

The main barriers to AI adoption lie at the group level, with 37% of respondents citing slow rollout and 31% highlighting reluctance to adopt Chinese AI solutions. In addition, staff capabilities and organizational readiness remain key challenges in implementing AI applications.

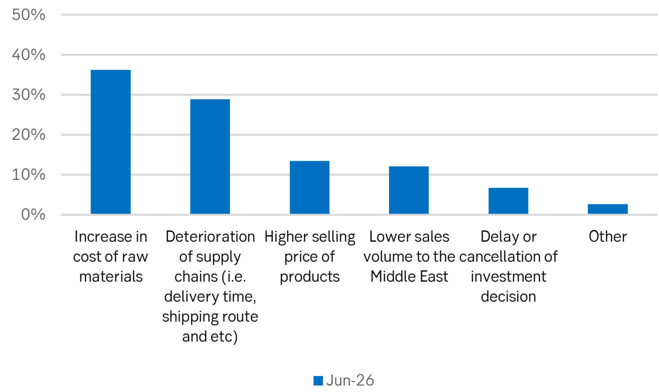
Factors that slow down the adoption of AI in your China operation



Source: SEB

The conflict in Iran is beginning to impact Northern European companies. The most immediate effect is rising material costs, driven in part by energy price volatility, cited by 36% of respondents. This is followed by supply chain disruptions, reported by 29%. Overall, geopolitical tensions are increasingly translating into tangible operational and cost pressures, with external shocks feeding more directly into day-to-day business performance.

Iran Conflict's effect on your business



Source: SEB

Our conclusions

The latest survey points to a clear recovery in business confidence among Northern European companies in China, reflected in a higher index value that is approaching its historical average. However, margin pressures remain, driven by rising material costs, ongoing intense competition, and uncertainty in customer demand. While US-China geopolitical concerns appear to have eased at the surface, they continue to shape underlying business decisions. Against this backdrop, China remains a relatively attractive investment destination, supported by favorable financing conditions and greater stability compared to other regions facing heightened geopolitical risks.

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 77 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 29 May and 5 June 2026.

China Financial Index – composition

SEB's China Financial Index displayed a value of 56.2 in the summer of 2026, indicating a more positive macro environment compared with the survey conducted in winter 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 57.3, profit expectations 54.2, investment plans 60.6, and employment plans 52.6. 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, %

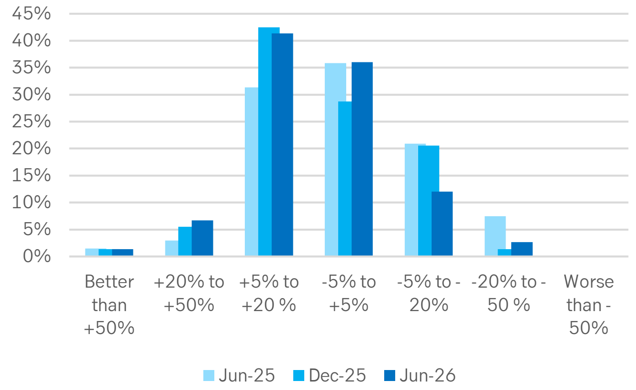
	2025	2026	2027
China	5.0	4.7	4.5
Japan	1.2	0.8	0.7
United States	2.1	2.1	2.0
Germany	0.2	0.6	1.3
Sweden	1.5	2.6	2.9
United Kingdom	1.4	0.8	1.4
Euro area	1.4	0.8	1.3
Nordic economies	1.5	1.8	2.0
Baltics economies	2.2	2.8	2.3
Emerging markets	4.3	4.0	4.1
OECD	1.8	1.6	1.7
World PPP*	**3.2**	**3.0**	**3.1**

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

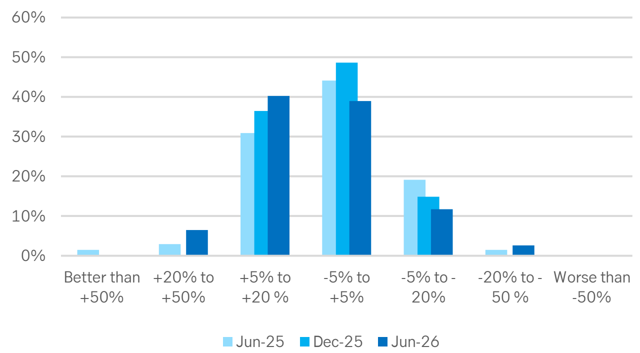
Please note: The following graphs are all produced by SEB and represent all the questions in the latest China Financial Index, as well as historical surveys (if applicable).

1 – Index values

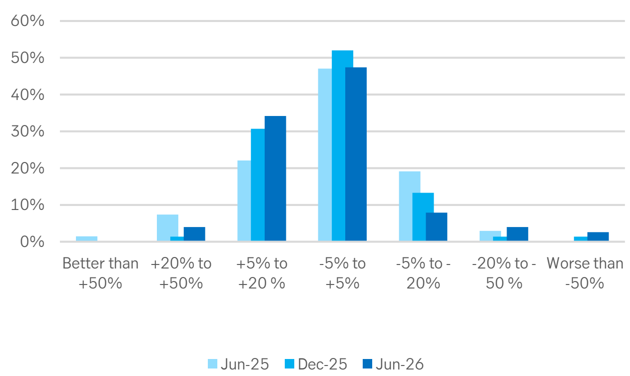
2 – Y/y sales trend (H1/26 vs H1/25)



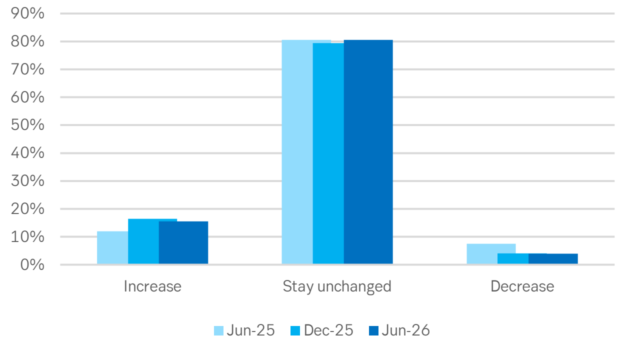
3 – Sales outlook (next six months)



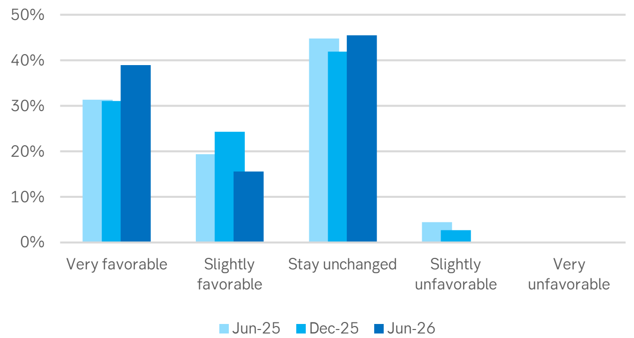
4 – Profit outlook (next six months)



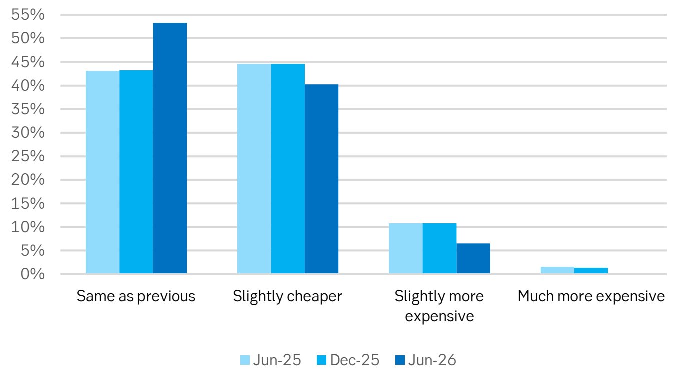
5 – Borrowing outlook (next six months)



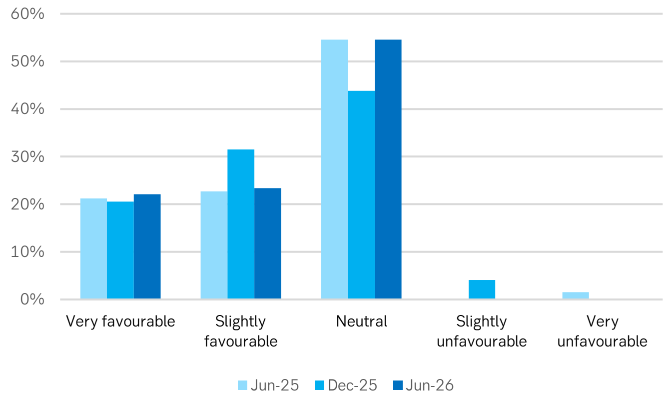
6 – Banks' lending attitude



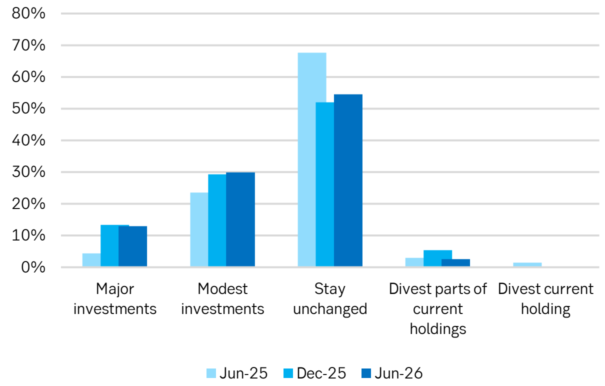
7 – Borrowing cost



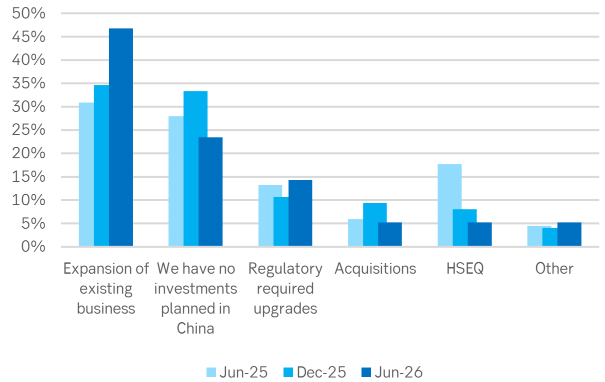
8 – Borrowing environment outlook



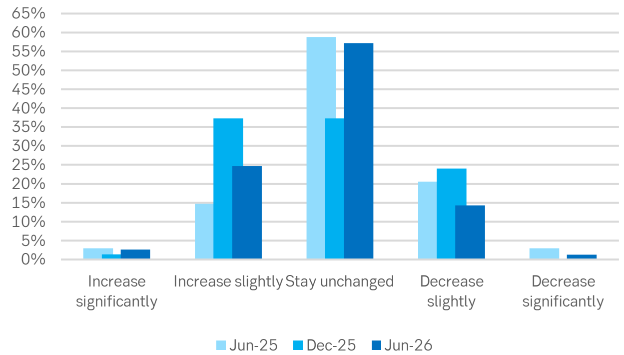
9 – Investment plans



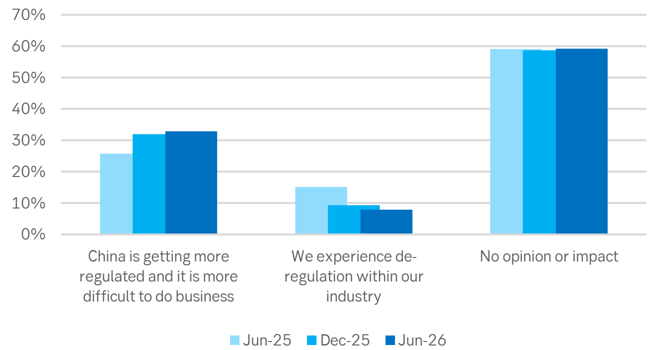
10 – Type of investment



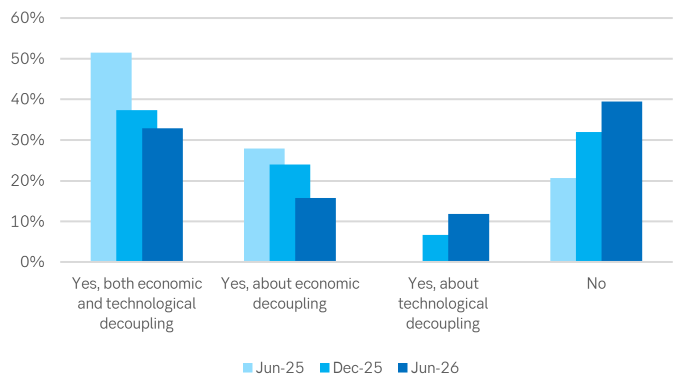
11 – Staffing outlook



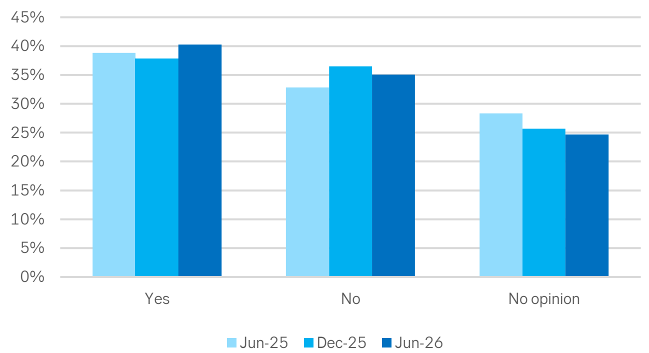
12 – Regulatory development in China



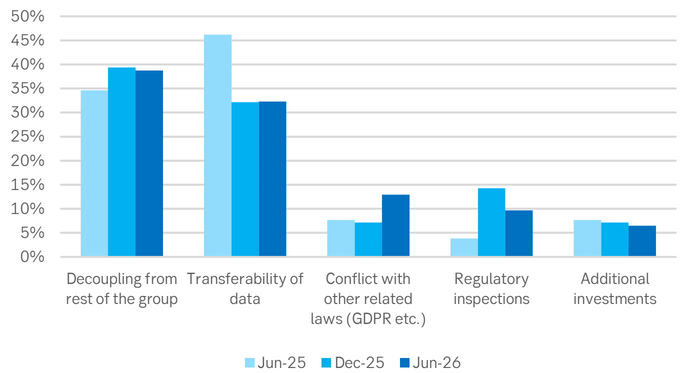
13 – Concerned about decoupling with the US?



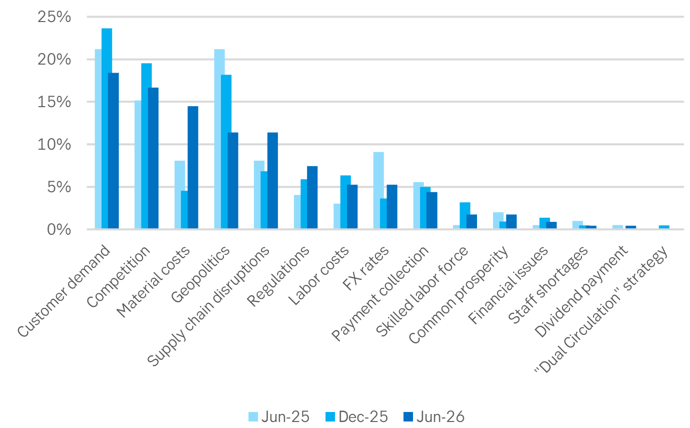
14 – Concerned about data/cyber security?



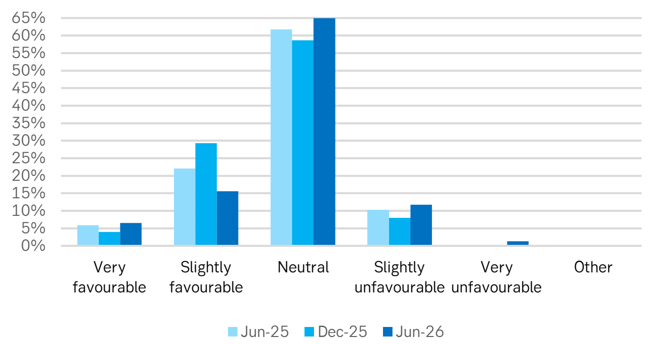
15 – Main concern regarding data/cyber security



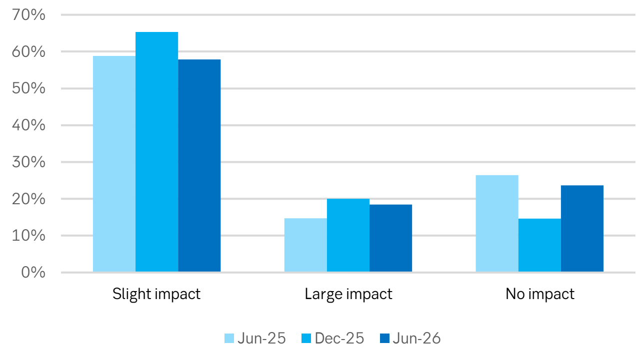
16 – Main concern over the next six months



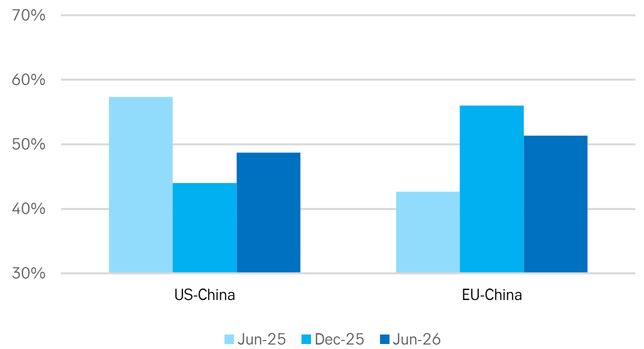
17 – ESG impact



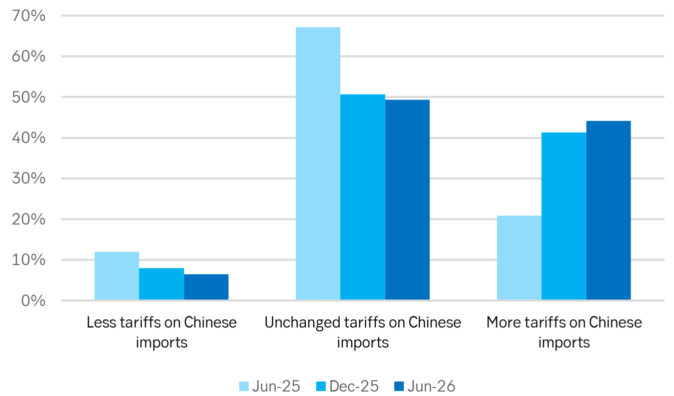
18 – Political/geopolitical view's impact on operations in China



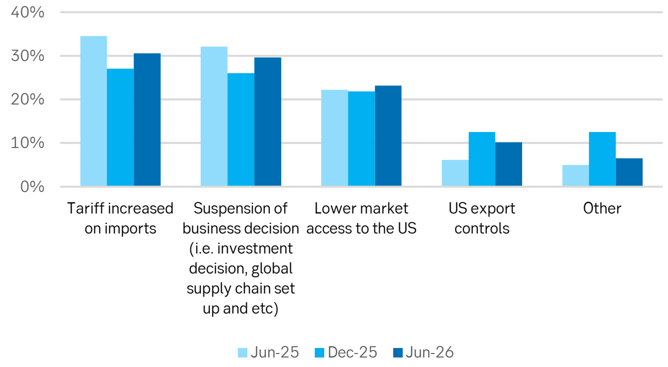
19- Trade relationship that will have a greater negative impact over the next 12-18 months



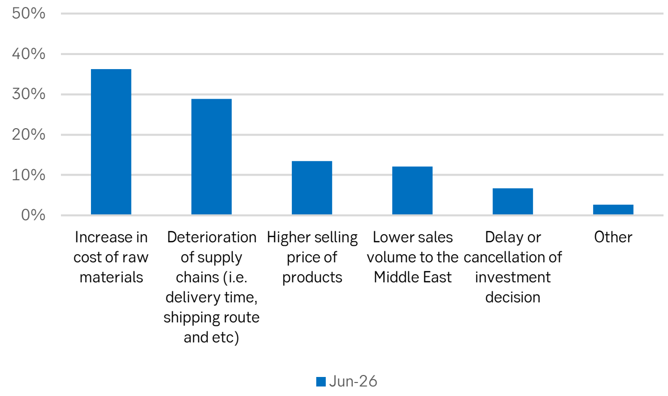
20- View on EU-China tariffs evolving in the coming 12-18 months



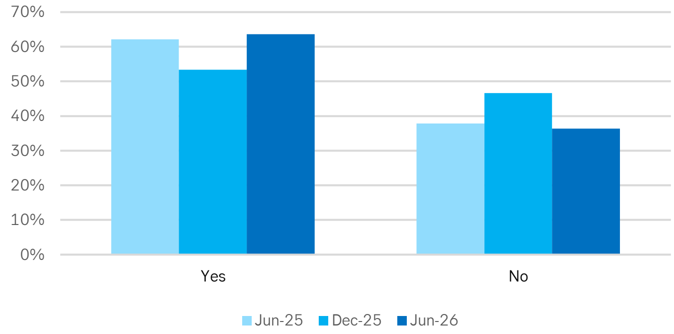
21- Impact of US-China trade disputes on your business in China



23- Iran Conflict's effect on your business



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