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# Carlsquare/Vontobel weekly trading note: Opportunities in China

**Last week we pointed out that the Shanghai stock exchange has significantly underperformed the US and European stock indices. There are some interesting Chinese companies with good growth potential that have been caught up in the fall. One of these is Baidu, which is the case this week.**

After posting positive year-on-year revenue growth in Q1, Baidu was unable to maintain its business momentum in Q2. However, the company's AI cloud business saw accelerated growth, with a 14% year-over-year increase in the quarter. In Q2, Baidu introduced ERNIE 4.0 Turbo, expanding its portfolio of generative AI models. Despite a Q2 below expectations, Baidu stands out as the owner of China's largest search engine, commanding a dominant market share of 52%, according to Statcounter. Given the share price decline in the last few months, combined with the future possibilities, this might be the right time to buy the Baidu share.

The Fed cut the US federal funds rate by 50 basis points on 18 September. The forecast is for a further 50bp cut over the rest of 2024. This compares with a market expectation of a further 70 basis points as of late last week. The world's major stock markets (except for Shanghai) have continued a modest uptrend after recovering from the sharp fall in early August. The brief but sharp breakout in the VIX in early August can be seen as a parenthesis or as a warning that new turbulence may arise, sooner or later. The VIX represents an opportunity to hedge one's equity portfolio.

Please find out more in our weekly letter on certificates Vontobel.com: [Read the weekly newsletter here](#)

[Link to the Swedish-translated version](#)

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## About Vontobel:

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## About Carlsquare

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Carlsquare is a global research firm and financial advisor, focusing on M&A, Equity Research and Growth Equity. Carlsquare has 150 employees with deep sector knowledge in all 11 GICS sectors. The senior equity research team has extensive experience about the stock environment and several business sectors. The team produces company research reports, independent valuations and trading notes. The group have offices in Canada, Denmark, France, Germany, Poland, Sweden, United Kingdom and United States. [Read more](#)

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**Attachments**

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