

# Special Coverage: Trump-Xi summit – managed rivalry helps stabilise expectations

## Key takeaways

- ◆ The Trump-Xi summit, which was held in Beijing on 14-15 May, concluded as an event with a mix of symbolism and selective progress. It appeared to reinforce market expectations that both countries remain focused on preventing renewed escalation in trade and technology competition, which should help limit downside sentiment. President Xi has been invited to visit the US on 24 September 2026, along with two other key international summits (APEC in November and G20 in December), setting the stage for more positive engagement between the US and China throughout the year.
- ◆ For the Chinese economy, the summit offers tactical relief but no structural shift. The continuation of the trade truce prevents renewed escalation and preserves the current effective tariff rate on Chinese goods at around 29%, based on our estimation in late February, 0.1% lower than pre-ruling of the IEEPA.
- ◆ While the US granted approval for Nvidia's H200 chips to China, a symbolic positive for China's AI sector, reports indicated that China has yet to finalise any order. Meanwhile, US export controls on cutting-edge chips remain firmly in place. US concerns over critical minerals supply were addressed at the summit, but no detailed resolution has been announced at this point. For equity investors, we think the appropriate posture is constructive but selective. Sector-wise, the technology and AI complex remains the most asymmetric opportunity, and we want to continue highlighting the opportunities that come alongside China's industrial resilience.



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## What happened?

- The Trump-Xi summit was held on 14-15 May in Beijing. The overarching message from both sides was "constructive strategic stability," as President Xi framed it, rather than any structural breakthrough. Even though a number of headline issues were left unresolved, the summit appeared to reinforce market expectations that both countries remain focused on preventing renewed escalation in trade and technology competition, which should help limit downside sentiment.
- The market reaction has been a classic "buy the rumour, sell the fact" pattern for Chinese equities. There was a strong rally on optimism prior to the summit (11-12 May), with CSI 300 touched the highest level in over four years. On 14 May, however, profit taking kicked in, with CSI 300 dropped 1.7%, ChiNext and STAR 50 fell 2.2% and 2.6%, respectively. The RMB, on the other hand, has been supported by the détente narrative, trading below 6.80 and reached to a three-year high on 14 May.
- The continuation of the trade truce prevents renewed escalation and preserves the current effective tariff rate on Chinese goods at around 29%, based on our estimation in late February, 0.1% lower than pre-ruling of the IEEPA.

## Investment implications

- In Jan-Apr 2026, China's exports grew 14.5% y-o-y while exports to the US declined 10.2% y-o-y, similar to the pattern in 2025. This reflects continued reorientation towards non-US markets. The Boeing deal and agricultural/energy purchases will help narrow the US trade deficit with China optically but are unlikely to alter the structural dynamics. Chinese outbound investment into the US averaged less than 4% of the country's total ODI (overseas direction investment) since 2017. The "Board of Trade and Investment" framework, if operationalised, could provide a channel for deal flow, but near-term impact will be minimal.
- While the US granted approval for Nvidia's H200 chips to China, a symbolic positive for China's AI sector, reports indicated that China has yet to finalise any order. The actual commercial path may remain obstructed by China's own regulatory hesitancy and the continued domestic semiconductor push. Meanwhile, US export controls on cutting-edge chips (ie Blackwell-tier) remain firmly in place. US concerns over critical mineral supply were addressed at the summit but no detailed resolution has been announced at this point.
- For equity investors, we think the appropriate posture is constructive but selective. Sector-wise, the technology and AI complex remains the most asymmetric opportunity, and we want to continue highlighting the opportunities that come alongside China's industrial resilience.
- The confirmed autumn state visit by President Xi to Washington is likely to serve as an important expectation anchor between now and September, providing a structural incentive for both sides to keep the bilateral relationship on a stable footing in the intervening months. For the market, this dynamic could translate into a relatively supportive backdrop for Chinese equities through Q3 2026.

<b>14-15 May 2026 Trump-Xi Beijing Summit: key discussions and agreements</b>	
New positioning of bilateral relations: building a constructive China-US relationship of strategic stability	
<b>Agreement and discussion areas</b>	<b>Details if applicable</b>
Market access for US companies into China	
Building a Board of Trade to oversee a reduction in US tariffs on Chinese goods in non-critical, non-strategic areas	It is reported that the estimated covered goods where tariffs can be reduced or removed account for USD30billion. For example, low-end consumer goods, fireworks, etc can have tariffs removed
Building of Board of Investment to encourage Chinese investment into non-sensitive areas	Pregame investments such that they don't get referred to the Committee on Foreign Investment in the United States (CFIUS)
Supply of rare earths and other critical minerals	The White House says China will address U.S. concerns
Chinese purchases of US agricultural goods	According to the White House, China will purchase at least USD17 billion per year of US agricultural products in 2026 (prorated), 2027 and 2028, in addition to the soybean purchase commitments that it made in October 2025.
Chinese purchases of US energy products	
Chinese purchases of US aircrafts	China approved an initial purchase of 200 Boeing aircrafts.
Both sides agreed that the Strait of Hormuz must remain open to navigation and opposed its militarisation.	
China to curb fentanyl precursors to the US	
China restarts licences approving beef imports from the US	
US reportedly approves the H200 sales to 10 Chinese companies, but no deliveries have been made	
<b>Arrangements for subsequent China-US diplomatic meetings</b>	
-	President Xi accepted the invitation to visit the White House on 24 September
-	Support each other in successfully hosting the 2026 APEC meeting in Shenzhen China, and the G20 summit in Miami USA

Source: Ministry of Commerce (China), US Department of Commerce (DOC), CNBC, BBC, White House, HSBC Global Investment Research, HSBC Private Bank and Premier Wealth, as of 18 May 2026.

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