

China has injected huge amounts of money into the banking system, lowered interest rates and encouraged banks to provide cheap loans to ease the financial impact of the epidemic on various enterprises, including retailers and manufacturers.

As of Wednesday, the Shenzhen growth enterprise market index rose 13.1%, far more than the 1.7% increase of China's blue chip CSI 300 index.

The broader China Securities TMT industry theme index rose 14%. The index includes start-ups and more established companies, such as ZTE (000063. SZ).

"The economy has stagnated for two months, and the first quarter's earnings will be ugly. How can the stock market be so high? "

The current price earnings ratio of gem is 59 times, 30 times higher than the same period of last year and 47 times at the end of 2019. The NASDAQ is trading at 26.5 times earnings, according to Luft.

Huang Fan, general manager of wealth management China at Deutsche Bank (China) Limited, said the central bank's monetary easing policy "directly encouraged investor speculation."

In a February 24 blog post, he urged investors not to forget the lessons of the 2015 market crash. The crash at that time caused the market value of Shanghai and Shenzhen stock markets to evaporate more than \$5 trillion, and gem lost half of its market value in a few months.