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The Impact of Macroeconomic Indicators on Chinese Individual Investors' Willingness to Participate in the Stock Market - The Case of Chinese Stocks

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Abstract: The purpose of this study is to examine the extent to which macroeconomic indicators (GDP, interest rate, exchange rate, inflation rate) influence the willingness of Chinese individual investors to invest in A-shares. The results show a weak to moderately significant positive effect of GDP on investment intentions, as do interest rates and exchange rates. Whereas, inflation rate has insignificant effect on investment intention which may be due to slight fluctuation in inflation rate and policy regulation during the sample period. All the other three hypotheses are supported except inflation. This study provides insights into the impact of macroeconomic indicators on investment intentions in China's A-share market, which is dominated by individual investors, and quantifies the direction and strength of the effect of each macroindicator, laying the foundation for further research to validate these insights with random sampling.

1. Introduction

The stock market is seen as an important hub connecting savings to the real economy, providing a source of financing for firms, diversifying systemic risk and promoting economic growth. China's A-share market has grown rapidly over the past two decades, with the total number of listed companies and turnover ranking among the highest in the world. However, the investor structure is significantly different from that of mature markets, resulting in an A-share market dominated by individual investors. It has been shown that changes in GDP can significantly affect investors' willingness to invest, and changes in interest rates, exchange rates, and inflation rates can also shape investors' willingness to invest by altering the cost of financing, income, and real return expectations (Wang, 2024).

Although the effects of macroeconomic indicators on investor willingness have been supported by international evidence, there are still gaps in the relevant research. Most of the current studies focus on developed markets dominated by institutional investors, and there is a lack of targeted tests on Chinese A-shares, which have a very high proportion of individual investors. Moreover, the existing literature tends to focus on macro indicators as the overall economic context, and lacks research on the direct impact and extent of univariate variables on individual investment intentions. This study

fills the gap in this area. Based on this, this study takes Chinese individual investors as the target sample, determines the importance of the stock market and analyses the current status of A-shares, and determines the extent to which each variable affects individual investors' willingness to invest.

The purpose of this study is to fill the gap of research on the influence of macroeconomic indicators on individual investors in the Chinese context, and to provide empirical evidence for individual investors' decision-making.

2. Literature Review

2.1 Macroeconomic indicators and Chinese individual investors' willingness to invest

In China, macroeconomic data (e.g., GDP, inflation rate, interest rates, etc.) released regularly by the National Bureau of Statistics is an important indicator of economic performance and the most useful information available to all investors. Ming's (2018) research found that there is a significant positive correlation between the level of macroeconomic indicators and stock market investment, as well as a significant positive correlation with participation. The financial investment behaviour of individual investors in Chinese mainland is strongly influenced by macroeconomic factors. Data published by the National Bureau of Statistics and the Shanghai Stock Exchange (as shown in Table 1) also reflect this phenomenon. The data show that as GDP has increased in the previous 4 quarters, lending rates have decreased, and the stock market is rising on the second trading day of the data release. However, there is a lack of research on the impact of individual macroeconomic indicators (e.g., GDP, interest rates, exchange rates, inflation) on the willingness of Chinese individual investors to invest.

Table 1 Macroeconomic Indicator Data and Stock Market Trends

Dates	China's GDP (billions of yuan)	Interest rate on a loan	Stock exchange gain/loss ratio for the next trading day
24-Dec	373,726.20	3.28%	0.62%
24-Sep	341,758.00	3.67%	0.69%
24-Jun	328,837.60	3.68%	0.99%
24-Mar	304,761.80	3.99%	0.43%

2.2 The impact of changes in macroeconomic indicators on Chinese individual investors' investment intention

2.2.1 The Impact of Gross Domestic Product (GDP) Changes on Chinese Individual Investors' Investment Intentions

Gross Domestic Product (GDP) is an important indicator of a country's economic performance and is widely used to analyse the current state of the macroeconomy. Therefore, the change of GDP is one of the important bases for investors to make decisions, which is likely to have a significant impact on investors' willingness to invest and directly influence the volatility of the capital market and future investment decisions. According to Dynan *et al*., (2018), in most cases GDP can fully reflect the current economic scale and growth of the country, and the change of GDP not only affects the current investors' willingness to invest but also affects the future investors' confidence in the development of the market.

When GDP growth exceeds market expectations, investors' confidence in future economic development increases. This is because it usually means stronger economic activity, higher corporate

profitability and increased market demand. Based on the optimistic expectations of future economic prospects, investors tend to increase their investments and stock market performance rises accordingly. A similar conclusion is suggested by the study of Baker and Wurgler (2007) that GDP growth significantly improves investors' risk tolerance and promotes stock market growth. In addition, GDP growth also boosts consumer and business confidence, creating a virtuous circle of positive investment intentions.

On the contrary, when GDP exhibits signs of recession, it usually triggers investors' concerns about corporate earnings prospects. According to La Porta et al., (1997), shrinking GDP leads to a deterioration in investors' expectations of the future economic situation, which may lead to sharp volatility in the stock market, increase risk aversion among investors, and in turn discourage investment activity. Therefore, a GDP decline can not only lead to negative market reactions, but may also further exacerbate stock market sentiment volatility.

In summary, GDP, as one of the core indicators of macroeconomic performance, changes in GDP not only affect investors' judgement of current market risk and return but also tend to influence investors' expectations of future economic trends. Therefore, this study proposes Hypothesis 1: GDP has a significant impact on Chinese individual investors' willingness to invest in the stock market.

2.2.2 The impact of interest rate changes on Chinese individual investors' investment intention

Interest rates, as one of the core tools of monetary policy, have a significant impact on economic activity, investment decisions and market sentiment. Interest rate changes not only directly affect stock movements, but also indirectly affect investors' willingness to invest by influencing, for example, the cost of corporate finance. The impact on individual investors' willingness to invest is mainly in terms of return on investment, and Ratanapakorn et al., (2007), in their study of US stock indices from 1975 to 1994, also concluded that rising long-term interest rates have a dampening effect on stock market appreciation.

Rising interest rates will increase the cost of financing for firms, compressing profitability and thus reducing the market valuation expected by investors. At the same time, capital also tends to flow to depository institutions (e.g. banks) with more stable returns, which puts pressure on stock market liquidity and inhibits the stock market from rising. Duca et al., (2010) point out that rising interest rates reduce investors' expected return on equities and inhibit their willingness to participate, making them shift to a more conservative approach to investing, which triggers outflows from the stock market and increases negative sentiment. Changes in interest rates are one of the main factors in the volatility of capital markets, and that rising interest rates tend to increase market uncertainty and reduce investor confidence.

On the other hand, lower interest rates usually lead to an easier financing environment and lower investment costs, which help firms to expand their investments and raise their earnings expectations and also enhance investors' confidence in the prospects for economic growth. The lower interest rates indirectly enhance market sentiment and investment intentions by improving the financing environment and consumer spending, thus positively driving the stock market.

It is worth noting that not only changes in current interest rates, but also market expectations of future interest rate trends may influence investor sentiment and therefore their activity. For example, when the market generally expects the central bank to adopt an interest rate hike strategy, investors may adjust in advance, which is reflected in stock price fluctuations, resulting in an ‘expectation-driven’ market reaction (Lucca and Moench, 2015).

To sum up, both the actual change of interest rate and the market's expectation of its future trend will affect individual investors' willingness to invest through several mechanisms, such as corporate profitability, capital flow, market liquidity, and in China's stock market, which is dominated by individual investors, this effect is more significant.

Therefore, this study proposes Hypothesis 2: Interest rate has a significant effect on the willingness of Chinese individual investors to invest in the stock market.

2.2.3 Impact of exchange rate changes on Chinese individual investors' investment intention

Changes in the exchange rate, which is the ratio between two currencies, not only have a direct impact on the cost of imported and exported goods and on corporate profit expectations but also play a key role in macroeconomic stability and international capital flows by altering the balance of trade and capital flows. With the liberalisation of financial markets, the impact of international capital flows on the stock market has become increasingly significant and likewise have been shown to affect investors' willingness to invest with drastic exchange rate movements exacerbating market uncertainty and triggering this change.

Investors often view currency appreciation as a sign of economic strength, especially when it reflects favourable economic conditions. Currency appreciation is often accompanied by economic factors such as strong export trade, which further boosts investor confidence and market participation. Stavarek (2005) found that investors are more optimistic about the market when the currency appreciates. This is because it usually means stronger market demand, which in turn drives up the stock market.

Similarly, currency depreciation can also trigger a reduction in investors' willingness to invest. This usually means higher operating costs, increased inflationary pressures and hence lower returns on assets, weakening earnings expectations and deepening uncertainty and concern about the macroeconomic outlook. Exchange rate volatility also affects the import business and cost structure of firms, which in turn affects profitability and stock price performance, and is therefore often considered by investors as an important basis for judging the performance of firms and stocks when evaluating stock returns, thus adjusting their willingness to invest. Dimitriadou (2024) also points out that currency depreciation triggers a rise in risk aversion and an increase in negative market sentiment, which in turn leads to a decrease in the willingness to invest. Khan et al, (2023) also found that currency depreciation negatively affected investor returns in their study[1]. Other studies (Xiao et al.,) also point out that currency depreciation has a negative impact on equity investors, and that exchange rate volatility affects stock prices and encourages investors to favour safe assets. When the exchange rate is relatively stable and in the right range, it can effectively increase investors' willingness to invest. Gu's (2023) study further suggests that exchange rate movements can influence investors' investment decisions[2].

In sum, exchange rate appreciation tends to enhance investors' willingness to invest and promote market participation, while exchange rate depreciation tends to trigger risk aversion and weaken investment intentions. These empirical findings suggest that exchange rate volatility affects corporate earnings and investment return expectations, as well as investors' market judgements and decisions. However, most of the current studies are based on developed markets and do not fully consider the structural differences in the Chinese market, which is dominated by individual investors.

Therefore, this study proposes Hypothesis 3: Exchange rate has a significant impact on Chinese individual investors' willingness to invest in the stock market.

2.2.4 Impact of inflation rate on Chinese individual investors' willingness to invest

Inflation is a sustained rise in the general price level of goods and services that reduces the purchasing power of money. Although moderate inflation is usually seen as an indication of economic growth, excessive rises can trigger instability in the financial system and erode investor confidence (Sukmadilag et al., 2023). For example, in 1972 the inflation rate in the United States rose by 3.38 times in 2 years, during which time the NASDAQ index fell by 60.29%[3]. Batrancea (2021) also

pointed out that high inflation usually leads to depreciation of stock market asset values, which in turn reduces investors' willingness to invest. The impact of inflation on investors' willingness to invest is not only present in the short term but also has a lagged effect. Although inflation may not lead to a financial market crash in a certain period of time, its cumulative effect in the long run will gradually emerge[4]. As inflation continues to rise, increased investor anxiety may trigger panic selling of assets.

Existing research also suggests that inflation compresses equity returns and induces investors to reallocate capital across asset classes, thereby changing their asset preferences and return expectations and ultimately affecting their willingness to invest. Rising corporate costs and declining consumer purchasing power can lead to a general expectation of declining stock returns, making investors more conservative in their outlook for the stock market and weakening their willingness to remain engaged. Du (2024) finds that Chinese individual investors' demand for safe-haven assets such as gold rises sharply in hyperinflationary scenarios and falls in moderate inflationary phases, suggesting that investors will turn to lower-risk assets when they are concerned about declines in the stock market's asset value[5]. Hyperinflation will negatively affect investors' willingness to participate in the stock market by negatively impacting their stock returns.

However, too low a rate of inflation may lead to a weak economy, shifting individual investors' willingness to invest towards time deposits or government bonds (Brennan et al., 2002) Therefore, governments usually control inflation artificially by adjusting monetary policy. It has been found that as monetary policy uncertainty rises, investor returns tend to decline while inflation rises[6]. However, the data for this study comes from 12 developed countries, so it remains to be seen whether it is consistent with the current market environment in China.

In summary, inflation affects investors' asset allocation and market confidence to a certain extent. Excessive inflation will weaken stock market return expectations and trigger risk aversion, while too low inflation may cause economic weakness and reduce investment incentives.

So, this study proposes Hypothesis 4: Inflation rate has a significant impact on Chinese individual investors' willingness to invest in the stock market[7].

2.3 Literature review summary and research gaps

The existing literature generally suggests that macroeconomic variables significantly affect investors' willingness to invest.GDP growth increases investors' confidence in future returns, rising interest rates reduce willingness to invest, RMB appreciation usually stimulates the willingness to invest, excessive inflation drives funds to safe-haven assets such as gold.

However, most of these findings are based on developed markets dominated by institutions, and there is a lack of targeted testing of China's A-shares, where individual investors account for about 70% of the total. Moreover, current research often considers macro indicators as the overall environment, and lacks the quantification of the direct effects of GDP, interest rates, exchange rates, inflation on willingness to invest, as well as the magnitude of the effects and the extent of their impact.

To address these gaps, this study proposes four hypotheses, which aim to investigate the significant effects of GDP, interest rate, exchange rate, inflation on the willingness of individual investors to participate in the stock market in Chinese mainland through statistical analyses of the data collected in the questionnaire. This study aims to deepen the understanding of how the macroeconomic environment affect Chinese consumers' individual investment decisions[8].

3. Methodology

3.1 Research Question

To what extent do macroeconomic indicators, (GDP, interest rates, inflation and exchange rates)

influence the willingness to participate in the stock market of individual investors in China's A stock?

3.2 Research Objectives

Research Objectives

To quantify the impact of macroeconomic indicators such as GDP, interest rates, inflation and exchange rates on the investment intentions of individual investors in China.

4. Results

4.1 Secondary data

For authenticity and trustworthiness, secondary data from official websites such as China National Bureau of Statistics (2025) and Shanghai Stock Exchange (2025) was collated and calculated to identify the average value on a quarterly basis for subsequent processing, the results are shown in Table 2.

Table 2 Secondary data

GDP	Exchange rates (US Dollar to Chinese Yuan	Interest rates	inflation	closing price
304,761.80	7.19	3.99	0.00%	2941
328,837.60	7.24	3.68	0.27%	3070
341,758.00	7.17	3.67	0.50%	2883
373,726.20	7.21	3.28	0.20%	3344

4.2 Inferential statistical test results: Cross-tabulation, Pearson's chi-square test and linear regression

4.2.1 Impact of GDP on willingness to invest

Hypothesis 1: GDP has a significant effect on Chinese individual investors' willingness to invest in the stock market.

As shown in Table 3 there was a significant difference in the distribution of investors' willingness score at different levels of GDP. With the increase in GDP, there was a significant increase in the willingness of investors to invest and a shift towards higher willingness.

Table 3 Cross-tabulation of GDP and investment intentions

Willingness * GDP Crosstabulation

			GDP				
			304761.80	328837.60	341758.00	373726.20	Total
Willingness	1	Count	52	44	59	49	204
		% within Willingness	25.5%	21.6%	28.9%	24.0%	100.0%
	2	Count	131	84	103	50	368
		% within Willingness	35.6%	22.8%	28.0%	13.6%	100.0%
	3	Count	114	67	112	108	401
		% within Willingness	28.4%	16.7%	27.9%	26.9%	100.0%
	4	Count	63	137	77	94	371
		% within Willingness	17.0%	36.9%	20.8%	25.3%	100.0%
	5	Count	20	48	29	79	176
		% within Willingness	11.4%	27.3%	16.5%	44.9%	100.0%
Total		Count	380	380	380	380	1520
		% within Willingness	25.0%	25.0%	25.0%	25.0%	100.0%

The correlation between GDP and willingness to invest was determined by Pearson's chi-square test. There was a significant difference between GDP and willingness to invest (χ 2 =134.675,p < 0.001) and therefore a strong correlation between the two variables[9].

Linear regression allows further quantification of the specific strength of GDP's influence on investment intentions, and according to the Coefficients table (B= 7.630E-6 (0.00000763), p < 0.001 (see Table 4), it can be concluded that GDP had a significant positive influence on investment intentions. Referring to Cohen's (2013) criteria for classifying the strength of influence of Standardized coefficient Beta value, the beta value is 0.156, so the strength of influence of GDP on investors' willingness to invest was weak-moderate.

Table 4 Linear regression of GDP and investment intentions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.392	.420		.933	.351
	GDP	7.630E-6	.000	.156	6.146	<.001

a. Dependent Variable: Willingness

In summary, Hypothesis 1: GDP has a significant effect on Chinese individual investors' willingness to invest in the stock market is supported.

4.2.2 Impact of interest rates on willingness to invest

Hypothesis 2: Interest rate has a significant effect on the willingness of Chinese individual investors to invest in stock market.

According to Table 5, the structure of willingness to invest was significantly different at different levels of interest rates.

Table 5 Cross-tabulation of interest rates and willingness to invest

Willingness * Interest rates Crosstabulation

			Interest rates				
			3.28	3.67	3.68	3.99	Total
Willingness	1	Count	49	59	44	52	204
		% within Willingness	24.0%	28.9%	21.6%	25.5%	100.0%
	2	Count	50	103	84	131	368
		% within Willingness	13.6%	28.0%	22.8%	35.6%	100.0%
	3	Count	108	112	67	114	401
		% within Willingness	26.9%	27.9%	16.7%	28.4%	100.0%
	4	Count	94	77	137	63	371
		% within Willingness	25.3%	20.8%	36.9%	17.0%	100.0%
	5	Count	79	29	48	20	176
		% within Willingness	44.9%	16.5%	27.3%	11.4%	100.0%
Total		Count	380	380	380	380	1520
		% within Willingness	25.0%	25.0%	25.0%	25.0%	100.0%

The correlation between interest rates and willingness to invest was explored through the Pearson chi-square test. The results show that there is a significant difference between interest rates and investors' willingness to invest. (χ 2 =134.675,p < 0.001).

The results of linear regression analysis (Table 6) showed that interest rates had a significant negative effect on investors' willingness to invest in the stock market (B = -0.861, p < .001), i.e., as the level of interest rates increased, investors' willingness to invest decreased significantly. However, the Standardized coefficient Beta value was -0.178, so the intensity of the impact of interest rates on investors' willingness to invest in the stock market was weak-moderate.

Table 6 Linear regression of interest rates on willingness to invest

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.111	.448		13.649	<.001
	Interest rates	-.861	.122	-.178	-7.043	<.001

a. Dependent Variable: Willingness

Based on the above results Hypothesis 2: Interest rate has a significant effect on the willingness of Chinese individual investors to invest in stock market is supported.

4.2.3 Impact of exchange rates on willingness to invest

Hypothesis 3: The exchange rate has a significant effect on the willingness of Chinese individual investors to invest in the stock market.

The results in Table 7 indicate that there is a significant difference between exchange rates and investors' willingness to invest in different periods.

Table 7 Cross-tabulation of exchange rates and investment intentions

Willingness * Exchange rates Crosstabulation

			Exchange rates				
			7.17	7.19	7.21	7.24	Total
Willingness	1	Count	59	52	49	44	204
		% within Willingness	28.9%	25.5%	24.0%	21.6%	100.0%
	2	Count	103	131	50	84	368
		% within Willingness	28.0%	35.6%	13.6%	22.8%	100.0%
	3	Count	112	114	108	67	401
		% within Willingness	27.9%	28.4%	26.9%	16.7%	100.0%
	4	Count	77	63	94	137	371
		% within Willingness	20.8%	17.0%	25.3%	36.9%	100.0%
	5	Count	29	20	79	48	176
		% within Willingness	16.5%	11.4%	44.9%	27.3%	100.0%
Total		Count	380	380	380	380	1520
		% within Willingness	25.0%	25.0%	25.0%	25.0%	100.0%

The Pearson chi-square test results shown that there was a significant difference between exchange rate and investors' willingness to invest ($\chi 2 = 134.675, p < 0.001$).

Linear regression was used to further determine the impact and strength of the exchange rate on the willingness to invest and the results (Table 8) indicated that the exchange rate had a significant positive impact on the willingness to invest (B = 7.391, p < .001), i.e., an increase in the exchange rate would increase investors' willingness to invest. The Standardized coefficient Beta was 0.157, so the exchange rate had a weak effect on investors' willingness to invest in the stock market.

Table 8 Linear regression of exchange rate and willingness to invest

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-50.265	8.603		-5.843	<.001
	Exchange rates	7.391	1.194	.157	6.187	<.001

a. Dependent Variable: Willingness

In summary, there was a significant positive effect of exchange rate on investment intention ($p < 0.001$), but the Standardized coefficient Beta value i(0.157) showed the strength to be weak. A high exchange rate was a motivating indicator for willingness to invest among the sample, although its influence was limited compared to other indicators. Therefore Hypothesis 3: The exchange rate has a significant effect on the willingness of Chinese individual investors to invest in the stock market is supported.

4.2.4 Influence of inflation rate on willingness to invest

Hypothesis 4: Inflation rate has a significant effect on Chinese individual investors' willingness to invest in the stock market.

Table 9 shows that there is a significant difference between the inflation rate - and investors' willingness to invest in different periods.

Table 9 Cross-tabulation of inflation and investment intentions

Willingness * inflation Crosstabulation

			inflation				
			0.00%	0.20%	0.27%	0.50%	Total
Willingness	1	Count	52	49	44	59	204
		% within Willingness	25.5%	24.0%	21.6%	28.9%	100.0%
	2	Count	131	50	84	103	368
		% within Willingness	35.6%	13.6%	22.8%	28.0%	100.0%
	3	Count	114	108	67	112	401
		% within Willingness	28.4%	26.9%	16.7%	27.9%	100.0%
	4	Count	63	94	137	77	371
		% within Willingness	17.0%	25.3%	36.9%	20.8%	100.0%
	5	Count	20	79	48	29	176
		% within Willingness	11.4%	44.9%	27.3%	16.5%	100.0%
Total		Count	380	380	380	380	1520
		% within Willingness	25.0%	25.0%	25.0%	25.0%	100.0%

The results of Pearson's chi-square test show that there was a significant difference between inflation rate and willingness to invest ($\chi 2 = 134.675, p < 0.001$).

The impact of inflation on willingness to invest was determined using linear regression, the results (Table 10) show that the direction of the impact was positive (B = 0.147), i.e. an increase in inflation may be accompanied by an increase in willingness to invest, but the effect was not statistically significant (p = 0.402). In addition, the Standardized coefficient Beta = 0.022 indicated that the strength of the effect was too low to explain the actual impact.

Table 10 Linear regression of inflation and willingness to invest

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.930	.053		55.569	.000
	inflation	.147	.175	.022	.839	.402

a. Dependent Variable: Willingness

In summary, despite the variability of the chi-square test, the linear regression did not show that the inflation rate had a significant effect on the willingness to invest, so Hypothesis 4: Inflation rate has a significant effect on Chinese individual investors' willingness to invest in the stock market is not supported.

5. Discussion

5.1 The extent to which GDP affects the willingness of Chinese individual investors to invest in the stock market

The inferential statistical test supports Hypothesis 1 that there is a significant positive relationship between investment and GDP growth with long-term causality. This supports and complements Wang's (2024) finding that in the case of China, GDP growth not only represents increased corporate profitability and consumption dynamism, but also enhances investor trust in the stability of macro-policies, which in turn drives investment intentions. The results of this study are also consistent with the findings of Baker and Wurgler (2007) that economic growth increases investors' risk tolerance and market participation[10].

In addition, the impact of GDP changes on investment intentions is not only at the short-term sentiment level, but also continues to rise as GDP continues to grow during the period covered by this study, i.e., changes in GDP affect future investor confidence in market development.

It is worth noting that the impact of GDP on investment intentions is likely to be more direct and significant in developing markets, especially in a stock market structure dominated by individual investors like China. Chen (2022) argues that individual investors in the Chinese stock market rely more on macroeconomic conditions and policies than on in-depth financial analyses when making investment decisions.

5.2 The extent to which interest rates affect Chinese individual investors' willingness to invest in the stock market

Interest rates had a significant negative effect on Chinese individual investors' willingness to invest with weak-moderate strength of effect, indicating that rising interest rates led to a decrease in the investors' willingness to invest in the stock market, which is in line with the findings of Duca (2010), which found that rising long-term interest rates lead to a decrease in investors' willingness to invest, and therefore have a dampening effect on the stock market[11].

Further analyses reveal that the Chinese stock market also exhibits an ‘expectation-driven’ response in a Chinese capital market dominated by individual investors. In the four quarters of this study, the interest rate had been declining continuously, and in the lowest quarter, the proportion of investors choosing to invest strongly was nearly four times that of the highest quarter. Also, because

of the delayed release of interest rate indicators, it can be concluded that investors anticipated future interest rate movements and this was reflected in their investment intentions and behaviour[12]. This supports and complements the findings of Lucca and Moench (2015) that investors anticipate future macroeconomic indicators such as interest rates and make adjustments to their investment behaviour and willingness. This is also in line with Bernanke and Gertler (2000) who suggest that a reduction in the level of interest rates enhances market sentiment and willingness to invest and positively drives the stock market.

5.3 Degree of influence of exchange rate on Chinese individual investors' willingness to invest in the stock market

The exchange rate had a significant weak-moderate negative influence on the investment willingness of Chinese individual investors indicating that an increase in the exchange rate (depreciation of the RMB) led to a decrease in the willingness of the respondents to invest in the stock market, but this was not consistent with the results from previous research[13].

A key feature of China's financial system is government intervention, and Liu et al.,(2023) also show that 50.66% of economic policies issued by the Chinese government from 1992 to the present are positively correlated with the effectiveness of the stock market. In 2024, the Chinese government announced an increase in the intensity of monetary policy[14], accompanied by a series of policies to promote international capital inflows and to boost exports to increase corporate profitability. The government policies may have sent positive signals to the stock market to a certain extent, which made some investors more optimistic about the future performance of the economy and the stock market in the context of currency depreciation, and even increased their willingness to invest[15]. This is in line with Chen's (2022) suggestion that Chinese individual investors rely more on macroeconomic conditions and policies to make investment decisions.

Second, most of the previous studies investigated the market in terms of ten years and above, and the research coverage period of this paper may have led to biased results. Moreover, although the exchange rate of RMB depreciated during the period covered by the study, it did not experience sharp fluctuations, which may have led to a relatively low sensitivity to depreciation by the investors as a whole. Fang and Miller (2002) also argue that investors are less sensitive to depreciation during periods of low volatility in exchange rate depreciation[16].

In summary, exchange rate changes had a significant impact on the stock market investment intentions of the Chinese individual investors surveyed, and the explanation for the inconsistency with the results of previous studies includes policy intervention, the length of time covered by the study, and the low volatility of the exchange rate.

5.4 The degree of influence of inflation rate on Chinese individual investors' willingness to invest in the stock market

Although the results of chi-square test indicated a significant difference between the inflation rate and Chinese individual investors' willingness to invest in the stock market and the results of linear regression showed a positive effect, the result was not significant so the evidence was not strong enough to support Hypothesis 4.

During the period of this study, the level of inflation in China remained relatively stable and moderate, with a lack of sharp fluctuations[17]. According to the secondary data published by the National Bureau of Statistics, there was no hyperinflation such as the 1972 US inflation rate which rose by 3.38 times in 2 years, which may have reduced investors' sensitivity to changes in inflation and weakened its effect on stock market investment intentions.

In addition, policy regulation by the Chinese government may also have reduced the impact of

inflation on investment behaviour to some extent. Huang's (2025) study also identifies the critical role of inflation stabilisation in policy formulation when making macroeconomic adjustments[18]. For example, in 2024, the Chinese government's 1 trillion yuan special treasury bonds and the provision of subsidies for home purchases have stabilised the inflation rate from multiple perspectives.

In summary, the reason for the hypothesis not being supported may lie in the lack of inflation volatility and the intervention of government policies[19].

5.5 Limitations and Suggestions for Further Research

There are several limitations to this study. Firstly, the sample was collected using snowball sampling method, which resulted in uneven distribution of the sample in terms of gender and age, and this sampling method led to the fact that the respondents were mostly concentrated in Beijing, a relatively economically developed region, and could not adequately represent the investor structure of the whole country[20].

Secondly, the study adopted a cross-sectional design, which only measured the respondents' willingness to invest rather than their real trading behaviour, and thus failed to reveal the causal effects of macro variables and willingness to invest over time. Third, the selection of variables focused on GDP, interest rate, exchange rate, inflation rate and market volatility, and did not include potential influencing factors such as financial literacy, digital finance usage, and policy expectations, so the explanatory power was still insufficient. Fourth, there is a lag in macroeconomic indicators[21]. In the Chinese stock market, investor behaviour may also be affected by a combination of short-term policies and other factors, so macroeconomic indicators may not be able to reflect short-term market trends in a timely manner. In addition, there may be heterogeneity in the mechanisms of different investor groups, For example, Koou and Innes (2024) finds that different investors' risk preferences and investment strategies affect the response of interest rate changes to their own investment intentions.

To increase these limitations, future research can adopt stratified random sampling and expand the sample collection area to enhance the external validity and authenticity of the results. Secondly, a longitudinal or event study design can be introduced to track the willingness and actual investment behaviour of the same investor during periods of macro-indicator volatility in order to verify the lagged and causal effects. At the same time, instant surveys can be conducted under major policy adjustments or extreme volatility scenarios to compare the changes in investment intentions of different investor groups and obtain more targeted evidence.

6. Conclusion

This study examined the effects of the macroeconomic indicators GDP, interest rate, exchange rate, inflation rate on the investment intention of Chinese A-share individual investors. The results showed that GDP, exchange rate had a positive effect on investment intention, interest rate has a negative effect but there were some differences with the existing studies, and inflation rate did not show a significant effect on investment intention during the period of this study, which may be due to the influence of the policy, the study coverage time and the insufficient degree of volatility.

This study enriches the empirical evidence on the impact of macroeconomic indicators on investment behaviour, especially in the context of the Chinese stock market dominated by individual investors, and reveals the association between economic variables and investment decisions. It provides a reference for understanding investor behaviour in developing markets and helps to improve investors' sensitivity and awareness of changes in economic data.

However, there are still limitations in the study, and future research can further improve understanding of the relationship between economic variables and investment intentions by

expanding the sample coverage and combining long-term data with the introduction of other variables such as policy impact.

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