
THE IMPACT OF THE CORONAVIRUS ON INTERNATIONAL TRADE

Jeremy Schwartz – Global Chief Investment Officer
02/11/2020

On last week's "Behind the Markets" podcast, we had two interesting conversations on very timely and topical issues.

The first was with Professor Yanzhong Huang, a global health care expert and senior fellow at the Council on Foreign Relations.

The second was with Ken-Hou Lin, co-author of the new book *Divested: Inequality in the Age of Finance*.

While last year's market-moving headlines surrounded China trade-related issues, the beginning of February has been dominated over the fallout from the coronavirus.

Professor Huang shared his perspective on China's response thus far. One important factor he highlighted as China tries to get its people back to work and off their extended holiday (and quarantines) involves the shortage of face masks. China can produce about 20 million per day, which is half of the world's capacity, but more than 1.8 *billion* per day are in demand. This mask issue will be one bottleneck for how quickly China gets fully back to work.

Finance as a Cause of Inequality?

Professor Lin's book is a broad look at factors that he believes fostered the movement toward inequality we've faced over the last 30 to 40-years.

- Professor Lin discussed the rise in corporate profits for the Financials sector and how it used to average 15% but has grown to average 25%.
- The average Financials sector worker makes 40% more than the non-Financials sector worker.

The book makes some strong statements, such as:

"Finance is supposed to serve the economy by allocating capital to its most productive uses. It has morphed into a snake ruthlessly devouring its own tail."

And:

"Instead of smoothing economic fluctuations and managing uncertainties, finance generates mistrust and intensifies precariousness among American families."

We discussed on the podcast what might restore trust in finance, and Professor Lin settled on transparency.

WisdomTree agrees wholeheartedly, and one of reasons we've embraced the exchange-traded fund (ETF) structure is the transparency of fees and transparency of holdings the ETF requires. We think some of the nontransparent ETF discussions taking place today are a step backward in re-establishing trust.

Professor Lin's book is a timely and important reflection of discussions happening in this year's election with remnants of the Occupy Wall Street movement. All of us in finance must do better to restore the trust Professor Lin believes we lost.

To listen to these conversations, please follow the links below:

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only. You cannot invest directly in an index.