
THE OUTLOOK FOR CHINA

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Last year's market moves were often driven by headlines relating to the China trade deal, while this year so far is all about the coronavirus. On last week's episode of "Behind the Markets" with investment strategist Andy Rothman of Matthews Asia, we had a great discussion reflecting on both these current issues as well as the long-term view on China.

Coronavirus Trajectory

Rothman has been watching the coronavirus data very carefully. Of the 75,000 global cases, 98% have been found in mainland China, and 82% in the Hubei province where it began. Hong Kong and Singapore both have fewer than 100 cases, while the U.S. only has 16 cases so far. Rothman is hopeful that the virus will be under control by the end of March. China has implemented strict lockdown procedures, so as it starts to lift the lockdown and gets back to work outside of Hubei province, we will have to monitor how quickly it spreads. The more people congregate in close areas, the faster it spreads.

China Trade Deal

President Trump is cutting China some slack on how quickly it increases its purchases of U.S. goods. Rothman sees the relative recent stability of the Chinese currency (in the past it would have weakened with the coronavirus) as a sign that China is appeasing Trump while new agricultural purchases are delayed with port closures.

China Still World's Best Consumer Story

Last year was the eighth consecutive year the consumer and services segment of the Chinese economy was larger than its manufacturing and construction segments. While Chinese income will slow down in the short term, Rothman remains [bullish](#) on the long-term growth opportunity provided by Chinese consumers.

Rothman's big picture view that he hopes our leaders recognize is a unique perspective. He does not see China as the Soviet Union of the Cold War, meaning he does not believe China wants to crush the U.S., but rather outcompete us as an economic superpower. He hopes Washington politicians see this in future rounds of negotiations as we try to adjust to new global trade norms.

This was a great conversation with Andy Rothman. Please listen to the conversation below.

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