

---

# THE OUTLOOK FOR CHINA

Jeremy Schwartz – Global Chief Investment Officer  
02/25/2020

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.

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](http://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.

DEFINITIONS

**Bullish**: a position that benefits when asset prices rise.