

“What’s going on in Asia...besides the impact of tariffs?”

By Tommy Williams, CFP®

There’s a bear in China – and it’s not a panda. The Shanghai Stock Exchange (SSE) Composite Index, which reflects the performance of all shares that trade on the Shanghai Stock Exchange, dropped into bear market territory last week, reported *CNBC*. The Index has fallen more than 20 percent from its previous high. It appears some investors saw an opportunity and bought the dip since the SSE Index bounced higher last Friday, gaining more than 2 percent.



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Slower economic growth and rising trade tensions were responsible for much of the red ink in China, reported *Barron’s*, but

the Chinese government may be playing a role, too:

“What’s got global market watchers worried is that China’s stocks are sliding in tandem with its currency, the renminbi or yuan...That suggests China is using the exchange rate as a weapon. ‘The most effective way for China to retaliate [against] rising U.S. tariffs is to weaken the yuan,’ according to the July Bank Credit Analyst. That could roil financial markets, however. The dual declines in China’s equity market and currency are raising concerns of a repeat of 2015. Treasury strategists at NatWest Markets recall that the drop in the yuan that summer sparked severe equity market losses, including a 10.5 percent correction in the S&P 500.”

That may explain, in part, why U.S. Treasury bills were so popular last week, although it probably didn’t hurt that the yield on short-term

Treasuries was roughly equivalent to the average of dividends paid by stocks in the Standard & Poor’s 500 Index. The coming days may deliver more excitement than this week’s Fourth of July fireworks.

As we continue our global focus you might notice that sometimes the hottest trends in other regions of the world are similar to those in the United States. Sometimes they’re very different. Here are three recent chapters in the book of Asian cultural trends I think you’ll find interesting.

Improving your future wife’s ROI. Single men in the Land of the Rising Sun are trying to increase their value on the marriage market by taking parenting classes. The lessons include developing empathy for future spouses by wearing pregnancy suits. *The Atlantic* reported, “The man in the traditional kimono is having difficulty... The weight of the belly

strains his back. Simply walking around the room – a party room in a Tokyo condo building – is more like lumbering. Lying down and getting up again is a struggle. The rest of the men in the Ikumen class laugh as he tries to adjust to the new reality.”

Shopaholics rejoice.

‘Shopstreaming’ is a little bit e-commerce and a little bit live streaming, reports *Trendwatching Quarterly*. “Asians are social shoppers – they rely on social media recommendations for their purchase decisions. For many, the ability to talk to sellers and buyers can build trust and allay fears about counterfeit goods. In Southeast Asia, 30 percent of e-commerce sales are started on social media and completed in messaging apps...”

It’s not just puppy

love. New entrants into the middle class in developing nations are turning to pets for comfort and companionship. In emerging markets in the Asia Pacific region, *Spire Research* reports, “Changes in consumer

lifestyles and rising disposable income are driving acceptance for pets and boosting the entire pet-related industry along the way.”

Trends are entertaining. As in any industry, they also can help business owners find expansion opportunities and help asset managers discover companies with potential. Of course, that is nothing new. Remember Peter Lynch of Fidelity Magellan fame. He often stated that his best investment research was in a grocery store. Walk up and down the aisles and see what companies’ products dominate the shelves. Those companies should be good investment candidates. Apparently it worked for him.

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