



CHINA: IS THIS STIMULUS REAL?

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Agenda: Chinese stimulus “blitz, bazooka” and bull

- Recent stimmmies more monetary than fiscal
- More to come but is it enough?
- Market impacts
- Economic impacts
- Asset implications

Stimulus so far

- 50bps mortgage cut, 50bps
- Endless liquidity for stocks
- 100% liquidity for SOEs to buy empty property
- White-listed developers get more from banks
- \$280bn rumoured fiscal
- Where else will extra fiscal go? Some infrastructure but mostly new economy.

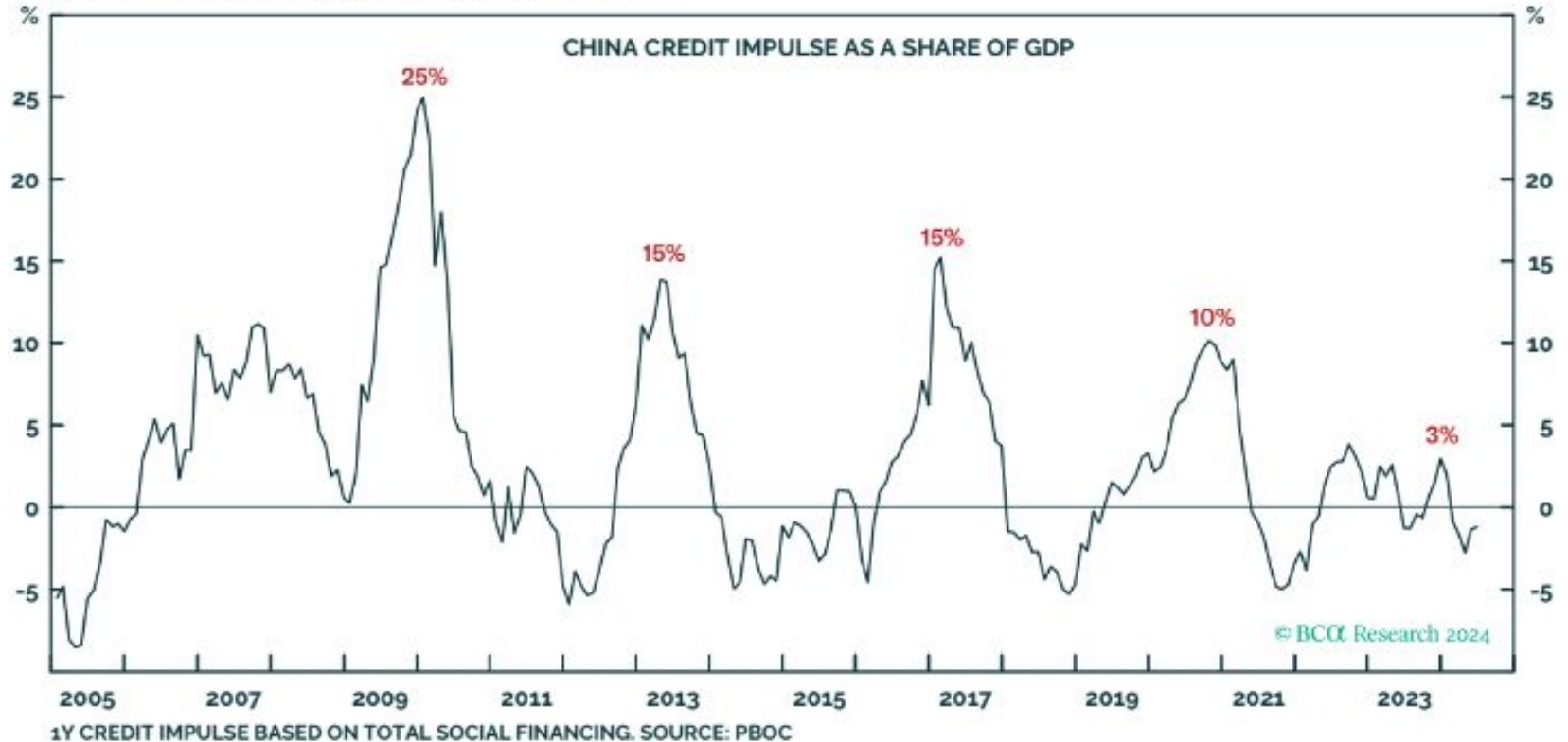
Nowhere near enough

- Real mortgage rates still 3% is a big incentive to deleverage as asset prices fall
- Buying empty apartments and letting them cheaply does not fix oversupply
- Might help stabilise prices in existing property
- New prices keep falling with new supply and discounted inventory liquidation
- Liquidity trap: credit impulse needs 27tr yuan not 5tr
- What actually needs to be done: ZIRP and QE, rationalisation of LGFV, shift of national income to households from SOEs
- CCP can't/won't do these

China credit impulse

CHART 3

China's Peak Credit Impulse Has Dwindled



Market impacts

- Stocks go bananas
- Iron ore goes bananas
- Other commodities less so
- Oil ignores
- Very confused

Economic impacts

- Reduced mortgage repayments to be saved
- Likewise cash, perhaps vouchers for trade-up?
- Meet growth target, 4% in 2025
- Nothing like previous bazookas

Asset prices

- Iron ore already way overbought
- Chinese stocks mania feeds global via liquidity
- But bubble before long
- Global bonds will hang on oil
- More collapse of Chinese credibility
- More deflation and resumption of Japanese outcome
- If this fails, is war next?

Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) ⊙
- No Fossil Fuels (Any) ⊙
- No Coal Seam Gas or Fracking ⊙
- No Nuclear Power ⊙
- No Old Growth Forest Logging ⊙

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



Build Your Portfolio

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- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

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