

China Mega-trend Stocks Stealth Bull Market Update, SSEC Up 47%

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Region: [Asia](#)

Theme: [Global Economy](#)

Whilst many readers have benefited from my [series of analysis on the stocks stealth bull market](#) of the past 4 months on the western markets. However, back at the start of [September 2008](#) I gave the first of a series of accumulating buy signals on a major world market which was for China at SSEC 2,000 or lower, which had followed a year of bearish analysis as of October 2007 at above SSEC 6,000 and therefore subsequently reflected up on accumulating into a meg-trend at less than 1/3rd the level of a year earlier.

Since the stated accumulation level of 2,000 on the SSEC the market has risen to 2,940 which represents a gain of 47% in less than 9 months. Whilst many 'perma-bears' continue to correctly point to the collapse in world trade i.e. exports down 40%, imports down 25%. However the performance of the chinese economy and stock market shows that China has offset the collapse in world trade by means of a huge stimulus package of \$600 billion so as to prevent a downward economic spiral from taking hold.

Those that continue to be negative on China's prospects due to the crash in exports, FAIL TO RECOGNISE THE FACT that China is sitting on more than **\$2 trillion of reserves** that despite the economic crisis continues to **grow by \$400 billion per year**. Therefore the \$600 billion stimulus whilst huge by western standards is **NOT FINANCED by debt but by CASH-FLOW**, which is the fatal mistake countries such as Britain are making, i.e. borrowing for consumption.

Now that China has gotten a taste for spending spree's, imagine a China that can sustain annual economic growth rates of at least 7% and more probably averaging more than 10% per annum for the next TEN YEARS! ALL on the basis of a STRONG annual cash-flow taking up the slack whenever there is a blip in the global economy. This implies that the outlook for Chinese stocks remains immensely attractive even after the 47% run up, which implies that it can no longer be really called a stealth bull market, but rather a bull market proper that investors should take seriously note of.



The economic stimulus package AND communist party dictats such as ordering state and private factories that produced goods for exports to now produce goods for domestic consumption, and illustrated by the **THREE NO's** policy ensures that the global recession does NOT impact on Chinese consumers who in fact have been given the green light to embrace consumption.

- No Redundancies
- No delays in salary payments
- No Salary Cuts

Chinese statistics imply a successful bounce back in the economy which is now projected to grow by 10% this year. Off course, as with all governments the official statistics are not 100% accurate, but still we are looking at Chinese growth for 2009 of at least 7%, with an increasing shift away from the export model to a consumer model ensuring that the chinese long-term mega-trend has many years to run and therefore those that accumulated during the global crisis look set to reap continuing huge rewards especially on an exchange rate adjusted basis.

Asian Stealth Stocks Bull Markets

China forms part of an Asian Axis of Growth that has seen stock markets soar right across the region across all of the major players from the developing Indian market up 100%, to the more developed South Korean market up 60%. To make sure you do not miss out on the asian stocks bull markets [see the ten page in-depth report.](#)

China Economy to Boost World Trade and Commerce

As China becomes a larger consumer market than this will benefit manufacturing and service industries across the world as the Chinese ports will increasingly see more and more import traffic and so China's continuing boom will in fact lift western stock markets along with it. For example imagine a Chinese middle class of over 300 million holidaying abroad, imagine the tourism boost to holiday destinations of Europe and America and elsewhere and you begin to get a taste of what the chinese mega-trend has to offer the world as 20 years of exports gradually gives way to the next 20 years of imports, with the established trade routes and links specifically benefiting i.e. Europe, USA, Hong Kong, Asia and Japan as the major beneficiaries of China trade and investments.

Apart from the strong outlook of domestic sectors right across the board such as construction, retail and technology, the China factor impacts on the other global mega-trends that remain as oft mentioned over the past 9 months of the energy sector, agricultural commodities and tek stocks as well as numerous other China growth impacted sectors such as tourism mentioned earlier.

I continue to view ANY sell-off in Chinese stocks due to seasonal factors as a further opportunity to accumulate more in an economy that has far more sound fundamentals than many other countries especially those in the west that are sitting on soon to be exploding debt time bombs with all of the associated consequences of lagging economic growth and thus under performance of stock prices.

Your China-centric mega-trends INVESTING analyst.

By Nadeem Walayat

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