

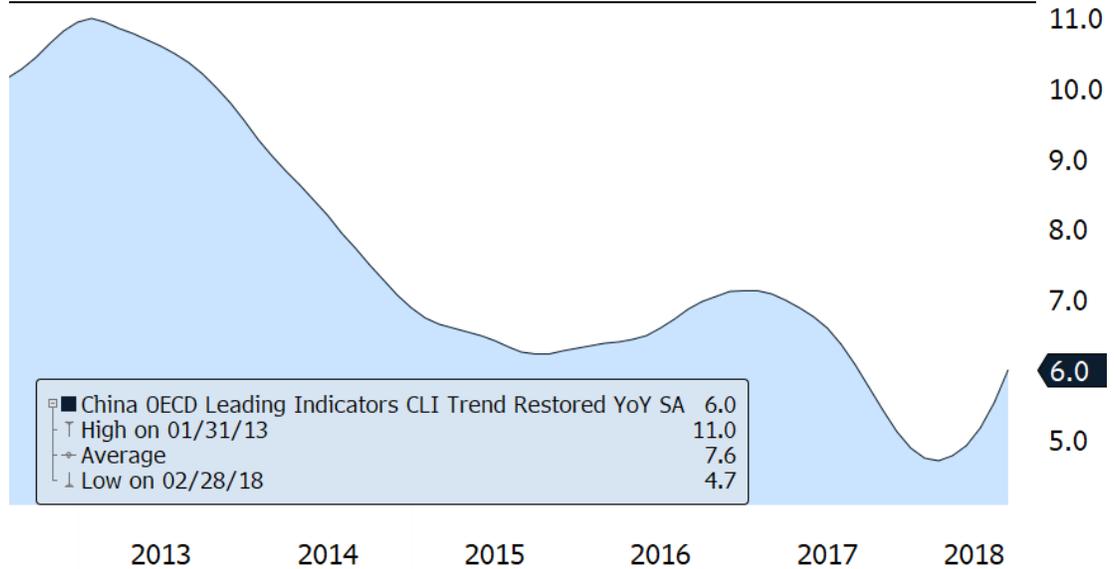


China: not just another emerging market

China has deep pockets and the easing cycle has begun

Despite China showing some signs of slowing in recent months, it is one of the few areas of the world where the OECD leading indicators are pointing to acceleration. Beyond [currency](#), China has started to accelerate monetary easing (lowering bank required reserves, expanding lending facilities, cutting interest rates, etc.) and fiscal stimulus (tax cuts, infrastructure spending, etc.). And perversely, the tariffs could potentially add to the stimulus in the near-term, as importers rush to buy Chinese goods ahead of the rise in the tariff rate to 25% in January.

China OECD Leading Indicators Index Trend Restored YoY SA

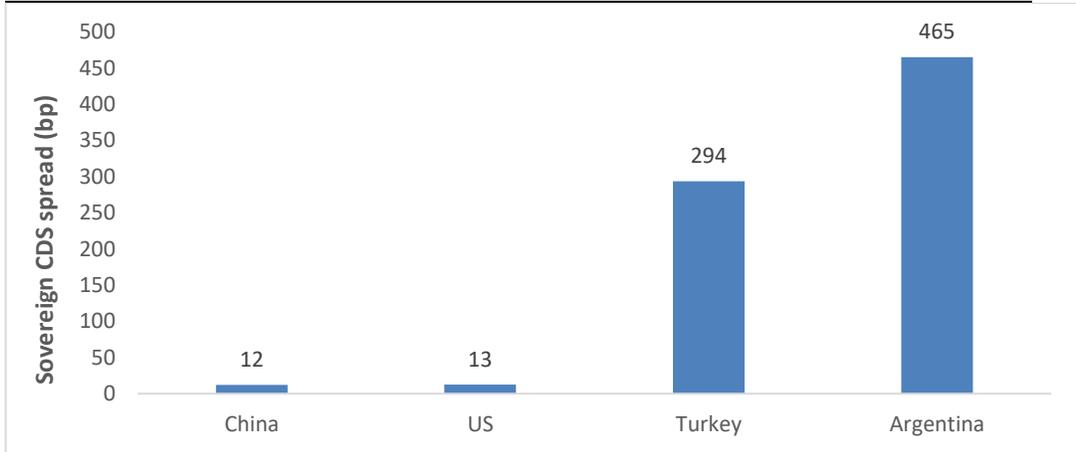


Source: Richard Bernstein Advisors, LLC, Bloomberg, OECD

Among emerging markets, cash is still king

We are [far from being secular China bulls](#), and we recognize the longer-term risks. But in our view, the magnitude of the selloff in Chinese equities seems to reflect much of the negative impacts of the potential tariffs but little of the positive offsets. It's easy to lump China in with the other struggling emerging market countries, but as Rich recently [pointed out](#), China is quite unique among emerging markets.

Sovereign credit default swap spreads: China, USA, Turkey & Argentina



Source: Richard Bernstein Advisors, LLC, Bloomberg, CMAN

Dan Suzuki, CFA
Portfolio Strategist
212 692 4020
dsuzuki@rbadvisors.com

For more information About Dan Suzuki, please click [here](#).

Recent & Related articles:

[From Fiscal Cliff to Trade Wars](#)

[Madonna, hair bands and protectionism](#)

[Putting big, scary tariff numbers into context](#)

[What about the other 80%?](#)

Dan Suzuki is registered with Foreside Fund Services, LLC which is not affiliated with Richard Bernstein Advisors LLC or its affiliates.

Nothing contained herein constitutes tax, legal, insurance or investment advice, or the recommendation of or an offer to sell, or the solicitation of an offer to buy or invest in any investment product, vehicle, service or instrument. Such an offer or solicitation may only be made by delivery to a prospective investor of formal offering materials, including subscription or account documents or forms, which include detailed discussions of the terms of the respective product, vehicle, service or instrument, including the principal risk factors that might impact such a purchase or investment, and which should be reviewed carefully by any such investor before making the decision to invest. RBA information may include statements concerning financial market trends and/or individual stocks, and are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Historic market trends are not reliable indicators of actual future market behavior or future performance of any particular investment which may differ materially, and should not be relied upon as such. The investment strategy and broad themes discussed herein may be unsuitable for investors depending on their specific investment objectives and financial situation. Information contained in the material has been obtained from sources believed to be reliable, but not guaranteed. You should note that the materials are provided "as is" without any express or implied warranties. Past performance is not a guarantee of future results. All investments involve a degree of risk, including the risk of loss. No part of RBA's materials may be reproduced in any form, or referred to in any other publication, without express written permission from RBA. Links to appearances and articles by Richard Bernstein, whether in the press, on television or otherwise, are provided for informational purposes only and in no way should be considered a recommendation of any particular investment product, vehicle, service or instrument or the rendering of investment advice, which must always be evaluated by a prospective investor in consultation with his or her own financial adviser and in light of his or her own circumstances, including the investor's investment horizon, appetite for risk, and ability to withstand a potential loss of some or all of an investment's value. Investing is subject to market risks. Investors acknowledge and accept the potential loss of some or all of an investment's value. Views represented are subject to change at the sole discretion of Richard Bernstein Advisors LLC. Richard Bernstein Advisors LLC does not undertake to advise you of any changes in the views expressed herein.