Chinese Stocks Rise This Week As Hope For More Reforms Continues To Grow

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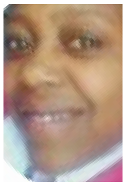

Chinese shares on Tuesday registered a steady rise as investors remained hopeful of crucial reforms within the market. This came as other major Asian stocks slumped. Chinese president Xi Jinping announced China's commitment to undertake crucial reforms while calling for a complete overhaul of state owned enterprises.

The Shanghai Composite Index saw a marginal rise of 0.6% to close at 3006.3. This was the first time the index closed above 3000 since mid April and the news came as other major markets in Asia struggled. The Japanese Nikkei fell 0.7%, while the South Korean Kospi lost 0.3%. Australia's S&P/ASX 200 dropped 1% with Hong Kong's Hang Seng Index ending the lowest with a drop of 1.5%. China's commitment to implement crucial market and economic reforms had been put to question but it seems Beijing is keen on creating a favorable climate especially for foreign investors.

In most parts of Asia investors remained cautious as they await the US jobs report that will come out

on Friday. Last month's job report in the US was not that stellar and there were many concerns about the true state of the US economy. Investors are already wary in Asia but it seems the Chinese market remains unbowed. There is a lot of hope that China is actually ready to fix major problems in state owned companies. President Xi in an article published by the state news agency Xinhua called on the improvement of the competiveness of state owned companies while increasing efficiency in the process.

As a result, the State-owned China National Complete Plant Import & Export Corp. rose 6.4%, while Luoyang Glass Co. jumped 5.3%. There were also investors who moved to consolidate profits in base metals that saw a steady rise on the hope

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of increased government economic stimulus in China. The global forecast on the Asian markets is quite upbeat with easing concerns among investors over the Brexit vote. There is also a robust economic outlook despite a few doubts on China. Either way, changes in Chinese state owned companies and proactive stock market reforms are the key factors that might open up the Chinese market to its full potential. It will be interesting to see how the market in China will respond to this week's US job report for June but there is no doubt its seem many investors are bracing themselves for bad news.

Demand for Chinese investment opportunities will continue to be steady. In 2009 Funds returned almost 55% and since then many foreign investors have had an appetite for whatever opportunities that are available here. But the ride hasn't been that smooth in recent years so proceeding with some degree of caution has always been encouraged. But China is headed on the right direction especially in market and economic reforms. Many analysts believe that while it may take time to fully liberalize the entire China market, the seemingly simple steps that the government in Beijing is taking at the moment could have a big sway on the future of investments and potential returns in the country.

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