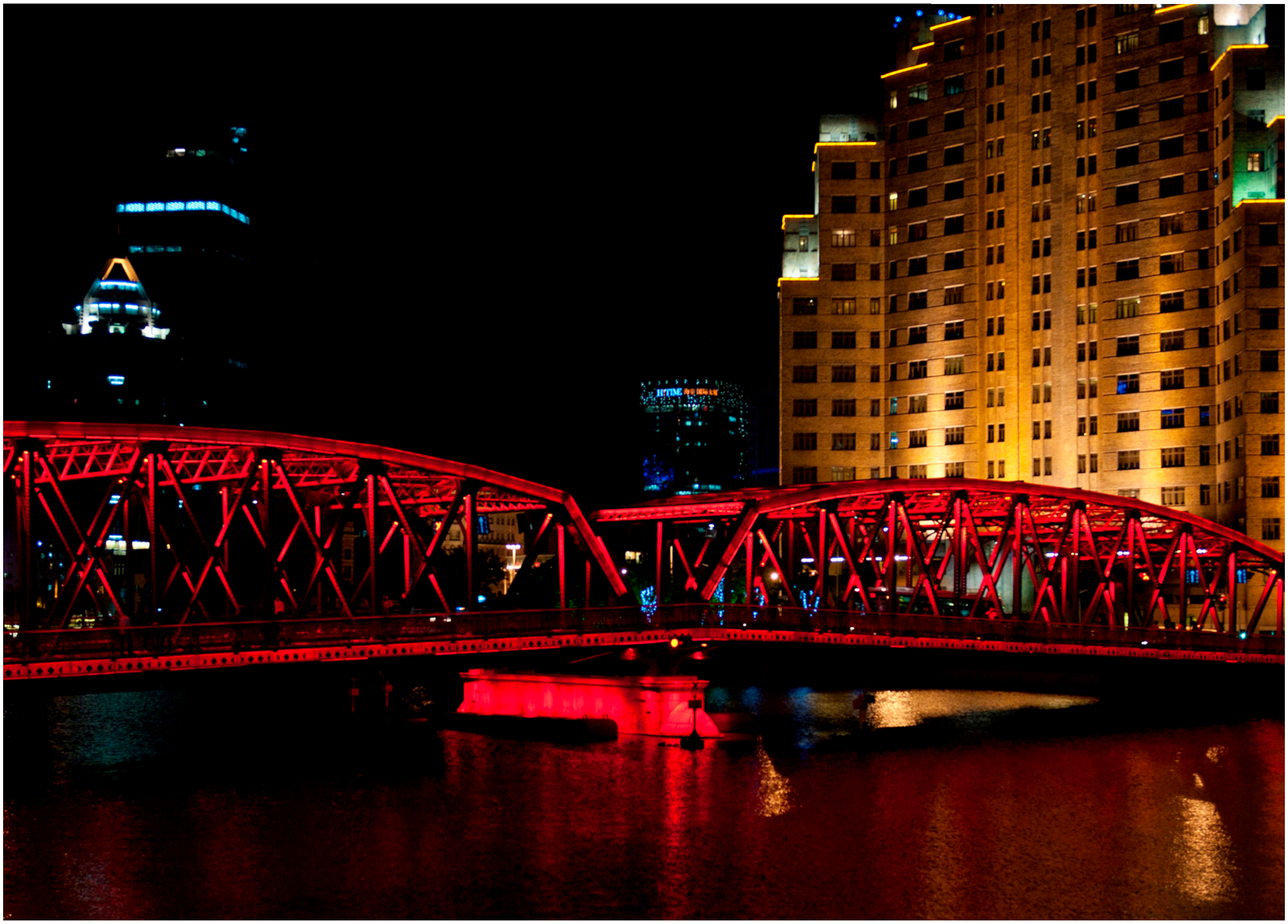

Why the Chinese Stock Market Has Been Rallying In The Last Couple Of Months

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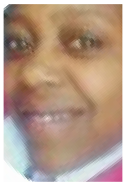

The Chinese stock market has in recent months rallied significantly. Improving corporate earnings and steady economic growth have played a key role in boosting investor confidence. This trend is expected to continue for the best part of 2017.

Broad Rally

Since the start of the year Chinese shares have been on the up. Data from Bloomberg showed the iShares MSCI China Index ETF for instance has surged 14.8% from December 23rd until today. In addition to this, Bloomberg has reported that at least 85% of all listed companies in the iShares MSCI China Index ETF have been trading above their 200 day moving average. This is a massive surge especially when you consider the challenges the Chinese market endured in 2016.

The increasing appetite for Chinese stocks has largely been driven by value investors. Bloomberg notes that valuations for Chinese listed companies are far more reasonable compared to other markets where global investors have an interest. At the moment, data from Bloomberg shows that the Price to Earnings ratio or PE for the MCSI China Index stands at 14. This is a far better ration compared to the MSCI All-Country World Index that is currently at 21.

Investor Sentiment

Even though a lot of global investors are still cautious about the future of Chinese stocks, there is no doubt investor sentiment has improved this year. In the last two weeks of January 2017 alone capital from global investors that was invested in the China and Hong Kong stock markets was nearly half a billion dollars. In addition to this, local investors have also provided a much needed boost. The total amount of capital injected into the market from local investors this year so far has topped $5 Billion and still counting.

How Does The Future Look

A lot of analysts feel that China has already transitioned from a rapidly expanding economy to a steady growth easily manageable economy. Morgan Stanley for instance has forecasted a very good decade for China due to the anticipated rise of the middle class population and increased local consumption. In addition to this, China is expected to make the transition from an emerging market to a high income country over the next decade. This can only be good news for investors. Analysts at Morgan Stanley see the MSCI China Index reaching a compound annual total return of at least 13% for the next 15 years.

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This is relatively better compared to the 10% forecasted for other emerging markets. The Shanghai Composite Index is also predicted to register double digit growth rates with analysts looking at an improvement of about 30% this year alone. Despite all this positive outlook on China there is no doubt many global investors will be cautious this time round. The stock market crush of 2015 is really not that far down memory lane but nonetheless, despite the risks China has a lot to offer in returns.

How To Invest On Chinese Stocks

With the positive outlook on the Chinese stock market you may be wondering how you can invest. Well, the Asia Pacific Fund is a closed end fund trading at the NYSE. The fund offers an investment vehicle for investors looking to invest their money through a managed portfolio on equity securities of companies that draw their revenues from countries in Asia pacific including China. Feel free to buy the Fund's shares on the NYSE under the ticker symbol APB.

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