**Chinese Economy and Markets**

**Course Description**

Chinese economy presents unique challenges and opportunities. This course provides a comprehensive overview of Chinese business environment and its emerging role in the world economy. The course exposes the unique characteristics of the Chinese markets and investigates how Chinese uniqueness affects Chinese financial and business practices. Students will gain an understanding of the history of the Chinese financial markets, current business environment, and obtain insights for future developments.

**Course Objectives**

Students will

* Understand the emerging role of China in the world economy;
* Gain a good knowledge of the current Chinese economy, and the challenges and opportunities;
* Understand the functioning of the Chinese financial markets and the challenges and opportunities;
* Be capable to understand the uniqueness of the Chinese business environment and how it affects the economy and financial markets;
* Obtain insights for future developments in the Chinese economy and financial markets.

**Learning Goals**

TBD

**Tackled Concepts**

* Economic indicators
* Monetary policy
* Financial system
* Banking system
* Bond and equity market
* Guanxi
* Invoicing policy

**Learning Methods**

The learning methods used in the course include: lectures, guest practitioners sharing, videos, assigned exercises with critical thinking, problem solving and solution presentations. Case studies are widely used throughout the course.

Students should read the relevant chapters and reading materials prior to each session. The readings are an important learning source and supplement the session and text materials. During classes, students are encouraged to participate actively in discussions and debate in order to facilitate the formation of their critical judgment.

**Assignments**

Assignments include:

1. Assigned readings and report of learning from the readings,
2. Case studies analyses,
3. A written individual project related to corporate governance assigned by the instructor.

**Bibliography**

**Textbooks for the course**

1. The Organisation for Economic Co-operation and Development (OCED), (2016 ) *Active with the People’s Republic of China*
2. [Salih N. Neftci](https://www.amazon.com/Salih-N.-Neftci/e/B000APRBL6/ref=dp_byline_cont_book_1) and [Michelle Yuan Menager-Xu](https://www.amazon.com/s/ref=dp_byline_sr_book_2?ie=UTF8&text=Michelle+Yuan+Menager-Xu&search-alias=books&field-author=Michelle+Yuan+Menager-Xu&sort=relevancerank) (Eds.), (2006, 1st Ed),

# *China's Financial Markets: An Insider's Guide to How the Markets Work 1st Edition*, Academic Press

# Support Texbooks:

1. **Barth**, James R., **Tatom**, John A., **Yago**, Glenn (Eds.),( 2009 ), *China's Emerging Financial Markets: Challenges and Opportunities*,

**Additional Course Materials**

**Case Studies**

1. Chen, Jie (2011), “How mortgage availability affects home price dynamics in **China:** a**case** study of Shanghai during the global **financial** crisis”, Housing Finance International.  Vol. 26 Issue 2, pp26-31.
2. Wang, Xia; Chen, Yung-Hsin (2012), “Is the Consumer Sentiment Index Capable of Forecasting the Transaction Activeness of Clients? **Case** Study for a Commercial Bank in **China“，**Emerging Markets Finance & Trade. Vol. 48, pp20-28.
3. Borgia, Daniel; Rubens, Arthur; Jones, Travis L. (2012), “Using Reverse Mergers to Take Chinese Companies Public on U.S. Securities Markets: The **Case**of **China** AutoStar”, Journal of ***Financial***Education. , Vol. 38 Issue 1/2, pp127-151.

**Readings**

1. President Xi Jinping’s keynote speech at the World Economic Forum in 2017, Davos, Swizerland.
2. Kshetri, Nir (2016), “Big data’s role in expanding access to **financial**services in **China”,** International Journal of Information Management.  Vol. 36 Issue 3, pp297-30
3. Huang, Yiping; Wang, Xu. (2017), “Building an Efficient **Financial** System in **China**: A Need for Stronger **Market** Discipline”. Asian Economic Policy Review, Vol. 12 Issue 2, pp188-205.
4. Cashin, Paul; Mohaddes, Kamiar; Raissi, Mehd (2017), **“China's** slowdown and global **financial market** volatility: Is world growth losing out?” Emerging ***Markets*** Review. Vol. 31, pp164-17
5. More readings from various academic journals

**Evaluation Methods**

Exam: 50%

Assigned Individual Project: 35%

Class Participation: 15%

**Sessions:**

1. **The emerging role of China in the world economy**

Lecture： 04h00

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The role of China in the global economy has drastically changed in the past few decades, from a closed country to a very influential one in the global economy. It serves “its commercial role as market, producer, and investor; its industrial role as manufacturer and innovator; its service role as collector, distributor, and processor of goods, services, and information” (Veeck et.al., 2007, p. 182). The course will give an overview about the changes from the past to the present developments of China’s role in the world economy.

1. **Current Chinese economy situation: challenges and opportunities**

Lecture： 08h00

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China is in its 13th five-year economic plan in 2016-2020, in an environment where it is expected the economy could growth around 6.5 percent a year. The major economic indicators will be studied to give a broad overview about the present situation and the implications. A number of key challenges, e.g. the "new normal" stage of economic growth, the aim of having a less resource-consuming, the easy and cheap money available due to the several monetary stimulus implemented by the Chinese government and the deceleration of Chinese economy, will be studied together with the implication on the future economy. Opportunities in China, e.g. in the tech industry, will be explored.

1. **The Chinese financial markets: challenges and opportunities**

Lecture： 12h00

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China's financial system has recently begun to expand rapidly as [monetary policy](https://en.wikipedia.org/wiki/Monetary_policy) becomes integral to its overall [economic policy](https://en.wikipedia.org/wiki/Economic_policy). As a result, banks are becoming more important to China's economy. The different aspects of the financial market including the financial system, the monetary policy, the banking system, and the bond and equity market will be studied. Challenges in the current financial market, e.g. improving the efficiency of the banks, stabilizing the RMB and preventing halt damaging financial crisis, will be discussed. Opportunities in the financial markets, e.g. in local and international mergers and acquisition, will be explored.

1. **The uniqueness of the Chinese business environment and how it affects the economy and financial markets**

Lecture： 04h00

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Each business environment has its particularities. Doing business in China is no exception. One needs a good understanding of the local business environment and culture. The dos and don’ts in the Chinese business environment will be explored. The uniqueness of the Chinese business environment, e.g. guan-xi, the role of both central and local government, mega metropolitan cities, taxation rules and regulations, and invoicing policy, will also be discussed, with relevant examples to highlight how the uniqueness affects the financial markets.

1. **Insights for future developments in the Chinese economy and financial markets**

Lecture： 02h00

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What lies for China in the future is uncertain and depends on various factors, such as public spending, effects of expansionary monetary policy and import prices. Perhaps recent financial events in China have shown that the nation needs to stop depending on investment levels to boost the economy, but rather focusing on domestic and foreign consumer demand to be their main driver of growth. The future developments in the Chinese economy and financial markets rely on suitable reforms at the right time.