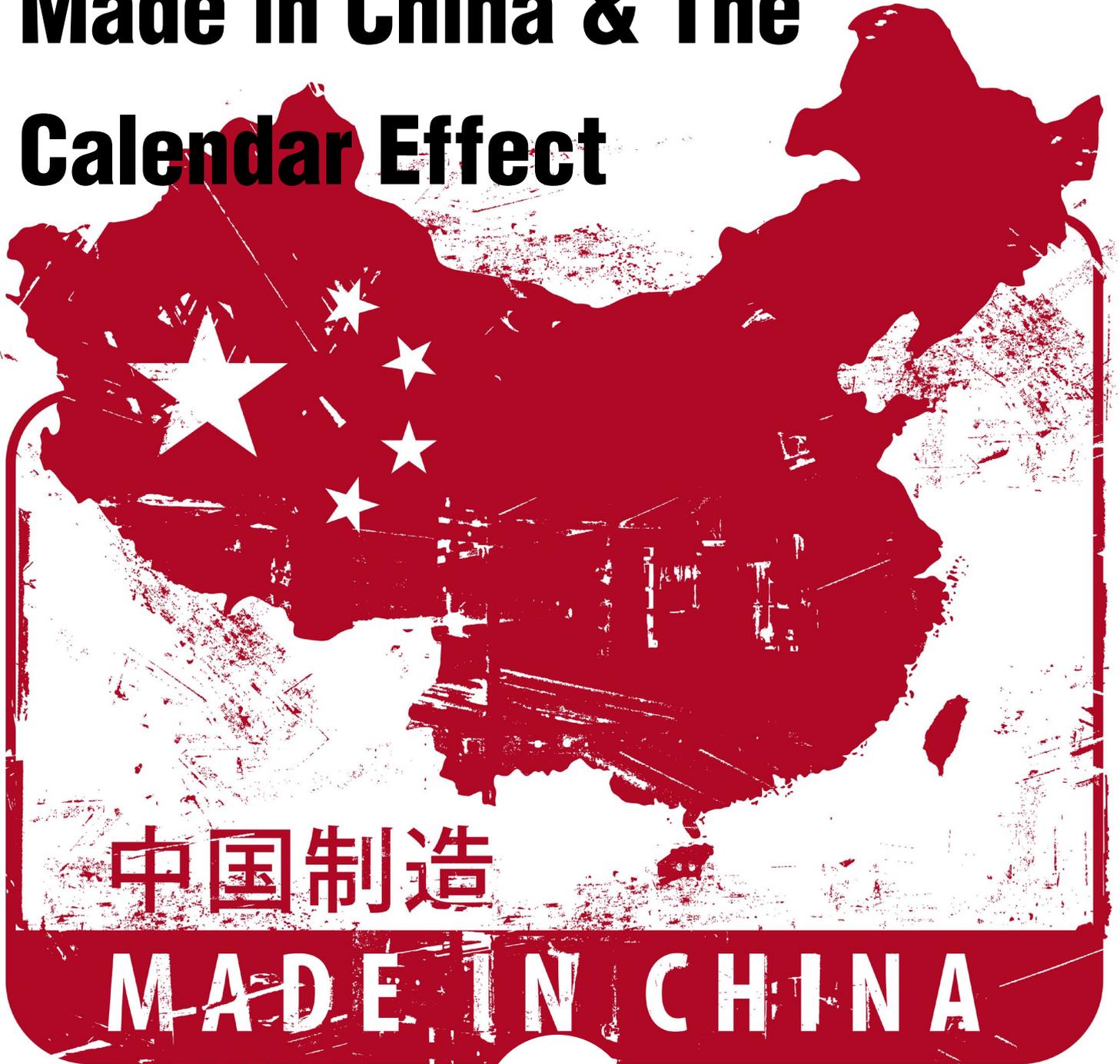


# CHINA.ACTION.MONEY.

## Made in China & The Calendar Effect



PACIFIC TYCOON

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China's position as a global trade leader is undeniable. The Dragon Economy is already the second largest by nominal GDP and the fastest-growing major economy in the world. With growth rates averaging 10% over the past 30 years, the progression is driven by the fact that it is the largest manufacturing economy in the world and the biggest exporter of goods internationally.

A strapline that is not only instantly recognisable around the world, but underlines just how important China's manufacturing outputs are to global trade is "Made in China." As the world's leading manufacturer, it stands to reason that as we enter the festive season, the "calendar effect" will have a significant impact on China's economy. The calendar effect is the theory that certain days, months or seasonal times of year are subject to above-average price changes in market indexes. Although the term is commonly associated with effects to the stock market, it is also applicable to the performance of world trade, driven by consumer spending patterns.

With a number of international markets entering the festive period, China's impact on the calendar effect, given the significance of the "Made in China" phenomenon, is significant. Ultimately, the Dragon Economy is pivotal to positive trade performance during what is the busiest consumer trade period of the year.

### Made in China

The term "Made in China" is more than just a country of origin label; it is a brand in itself. As one of the most recognisable straplines in the world, it is indicative of China's role as "the workshop of the world." Around 80% of China's global exports are manufactured goods, ranging from textiles and electronic equipment, to toys, DVD players, mobile phones, clothes, food products, body jewellery, and kitchen utilities. Its electrical goods output is unparalleled. 50% of cameras, 30% of air conditioners and televisions, 25% of washing machines, and 20% of refrigerators in the world are now being produced or assembled in China. Further underlining the importance of "Made in China" to international markets and the businesses that fuel global trade is the fact that of the top 500 companies in the world – 400 have manufactured goods within the country's borders. The most revealing statistics about the prominence of Chinese manufacturing on a global scale include:

- 80% of toys worldwide are made in China
- 85% of artificial Christmas trees are made in China
- 63% of shoes purchased worldwide are made in China
- 80% of the world's energy saving lighting is produced in China
- 49.8% of the world's pork meat is produced in China
- 74% of the global total production of solar energy is made in China
- 45.1% of the world's shipbuilding capacity per capita is in China

On an international scale, China manufactures more personal goods than any other nation. For instance, China builds more than 40 times more computers per person than the rest of the world – equating to an astonishing 90.6% of the global total. With China manufacturing 70.6% of the world's personal cell phones, the growth of the electrical goods industry shows no sign of abating, securing China's position as a leader in global trade, particularly within electrical retail. Recent research also reveals that revenue from consumer electronics could total \$208bn this year alone.

### The Calendar Effect & Seasonal Spending Patterns

Consumer spending follows clear seasonal habits. A recent study revealed that the median spend in December – i.e. the global festive season – is between 35% and 40% higher than any other month of the year. In fact, 20% of consumers have twice as much spend reported on their credit cards in December as they do on average throughout the rest of the year. The seasonal spending patterns are also consistent year on year. Analysis unveiled that consumers who were rank ordered into 5% bands, based on their 2010 holiday season spending fell into the same 5% bands in 2011, 2012 and 2013.

In a recent global study, the United States was revealed to be the biggest spender during the festive season, with an astonishing \$245bn spent every year on Christmas. The UK was second, with spending at \$68bn and Germany in third place, spending \$42bn. The rest of the top 10 worldwide are: France (\$38bn), Brazil (\$33bn), Italy (\$28bn), Canada (\$24bn), Russia (\$13bn), Spain (\$9bn) and Ireland (\$5bn).

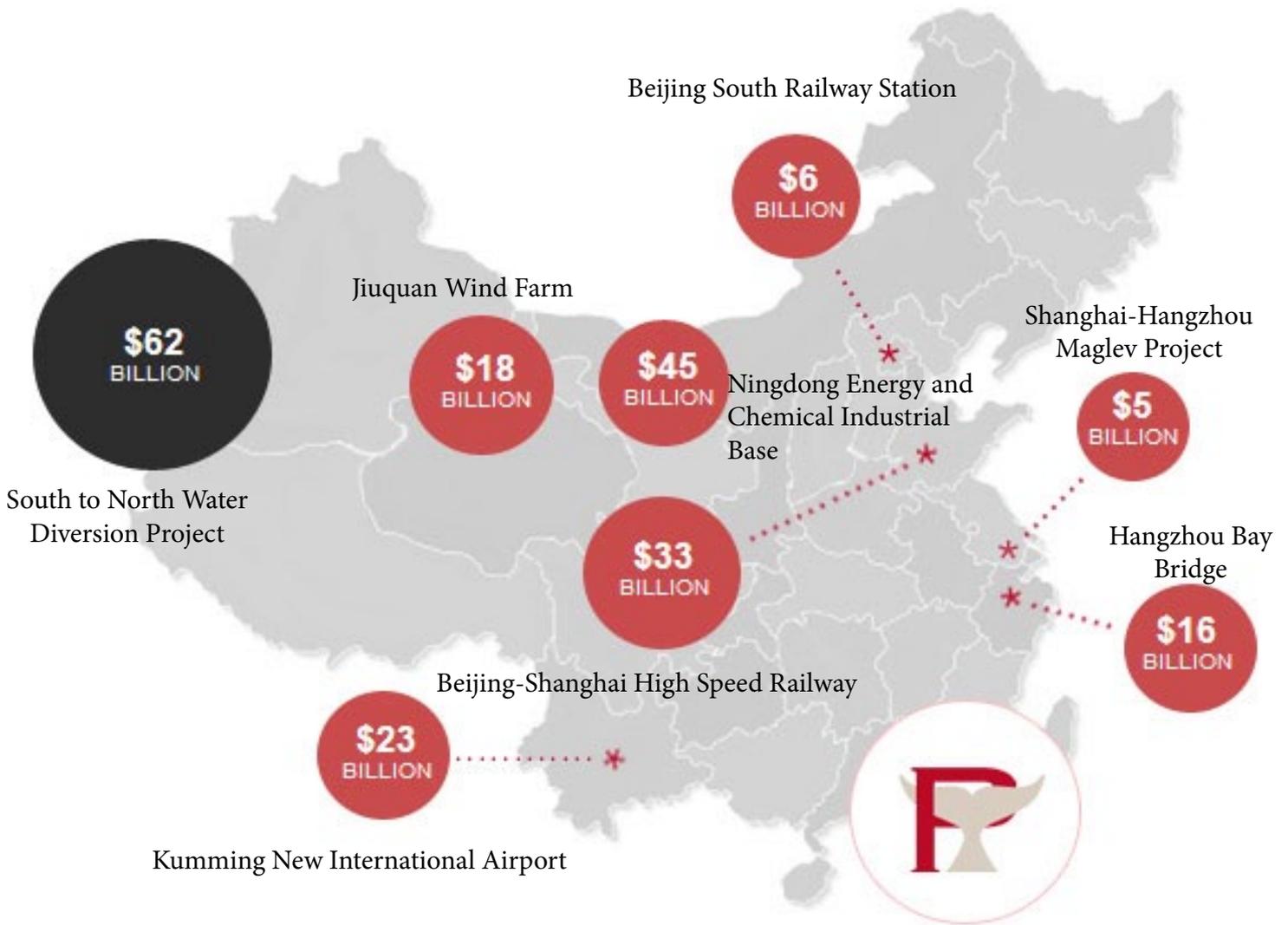
### China – A Festive Facilitator

With the shipping industry facilitating 90% of world trade, and China being the world's largest exporter and trading nation, the festive period is hugely significant for the Dragon Economy. A strong indicator of just how important China is to this market is the fact that out of the five busiest ports in the world, three are in China.

The Chinese government has recognised the importance of its manufacturing output and position in global trade, both to the progression of its own economy, and internationally. Having already agreed a number of free trade agreements in recent years, it continues to invest in its shipping industry, including its ports and vessels as well as its wider trade infrastructure and manufacturing capabilities. The combination of these factors contributes to its leading status in international trade.

As the global economic outlook improves and personal wealth and spending increases – both in emerging and developed markets – the festive season will be extremely important to international trade. The 'Made in China' label continues to feature on a significant number of goods traded worldwide and the calendar effect will certainly be witnessed this festive season. As the world's number one trading nation, China's role in facilitating market growth at this time of year is unrivalled.

Pacific Tycoon's head office is based in Hong Kong, at the heart of the booming East Asian economy. Benefiting from our proximity to the industrial and business-led projects transforming China, we endeavour to monitor and understand each one closely. For further details on the trillion dollar projects shown on this map, visit our website: [www.pacifictycoon.com](http://www.pacifictycoon.com)



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