

# Chinas exchange-traded fund (etf) essay examples

[Finance](#), [Investment](#)



China is among the emerging markets in the global economy. The country has become of interest to various people in the society. The main group of people who have been attracted to the company is investors group. This is following the ability of the China market to extend exclusive economic performance to the entire world. However, investors do not believe in performance by watching at the performance only. They need proper understanding of various economic forces as well as the elements that motivate the observed performance in the economy. Therefore, financial analysis of the economy is considered extremely vital for investors. This calls for use of various financial tools to evaluate the extent to which investors will be willing to invest in the country. At this point, the most reliable tool to evaluate the reliability of the economy for investment is exchange-traded fund (ETF). This is a form of evaluation where the currency of a country is evaluated against the Dollar. The dollar is mainly used following its stability as well as the reliable nature of the economy of the United States (BlackRock, 2013). Also, the dollar is the main currency acceptable worldwide. The share exchange value of the currency in terms of dollar gives a clear indication of potential that the economy have in support for investments.

Having understood the China ETF, it would be wise for an investor is to consider the type of shares that the ETF is suitable to hold. Following the current China ETF foreign investment is not fully allowed in the country. There are restrictions that have been developed in order to allow domestic investors gain proper grounds on investments in the country. To the government this is an assurance of excellent livelihood of the citizens of the

country. However, the government has allowed a given portion of its shares to the public. Among the shares are; Red Chips, P-chips, B-shares as well as N-shares. This bears exclusive meaning to foreign investors. Although, China trades with other countries such as the United States, it has ensured that its markets are not dominated by foreigners. The country believes in strengthening its citizens first before attracting foreign investors who may make heavy investments that may cost the economy of China dearly.

Looking at the performance of the China Yuan against the dollar for the last five years up to 2010, massive and informative conclusions will be made. As the time elapses, the dominance of the dollar against the Yuan has been reducing. This has extensive impact on how the administration of China has been undertaking various economic processes. The government of the country has ensured competent strategies are being employed in the economy for it to suit the requirements for global economic leaders. This should be an eye-opener to the global investors. They should watch the activities that are taking place in the country so as to determine the most suitable techniques they need to employ in their countries so that they may match the exclusive potential that China has over specific investment opportunities (BlackRock, 2013). This should be a warning to the world and the stable markets like that of the United States since it is an indication that they are likely to face massive competition from the emerging markets.

The most common China ETF that has become extremely popular is the iShares MSCI Index Fund. This has been exclusively fundamental in assigning stocks to different countries (Leite, Levitov & Suhartono, 2013). However, this ETF is not eligible to hold certain shares that have been allowed for

trade among foreigners. This is an indication that the country is still facing exclusive challenges in investment strategies. This means that despite the country experiencing an exclusively high economic growth rate there are certain elements in the financial sector of China that needs to be considered vital with the necessary steps being taken accordingly.

Although, China has continued to advance in terms of economic performance, it cannot stand alone. It still needs a lot of information from a country like the United States. There is a need for the country to invest heavily on financial knowledge which will have a direct impact on the investments that are being done by its citizens. Also, for the country to get in to the level of the wealthiest countries in the world there will be a need to work together with these countries. Domestic investors will remain inclined to exclusive opportunities with a lot of market shares preserved for them by the government. However, there will be a need for the China government to consider adding on the proportion of the shares that it allows foreigners to access. Therefore, ETF Fund will remain exclusive fundamental for the country (Leite, Levitov & Suhartono, 2013).

Following the performance of the China economy is an indication that the country has exclusive potential of becoming the world's best economy. This is based on the exclusive investments that the government has been carrying out in support for its citizens. Although, massive foreign investment is not being encouraged in the country the few who get an opportunity will aid the economy in getting to the top of the global economy.

## References

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