

Hello Everyone,

“There are no facts, only interpretations.”

– **Friedrich Nietzsche**

I’m not sure I agree with Germany’s most famous philosopher. In a world that embraces relativism, however, many people do. And I believe you can add the Chinese government to that list.

Today’s missive looks at a different “interpretation” of what is going on in the Middle Kingdom.

As an investor, I have no doubt you will be able to discern both opportunities and threats to the markets. Also, based on how the markets have been recently reacting, I hope you see that you are positioned well.

Signed, Your Wow-The-Democrat-Debates-Have-Morphed-Into-WWE-Smackdown-Events Financial Advisor,

Greg

KKOB 02.24.2020 China’s Grand Conspiracy Theory

Bob: So, Greg, my understanding is you want to circle back to China one more time. But this time you want to offer our listeners a different view than what we’re hearing from the mainstream media.

Greg: I do. I want to give one concerning Chinese perspective about what’s going on over there.

So, let’s start with a quick review of China’s recent history.

- Of course, currently, the coronavirus has brought the nation to a standstill.
- Meanwhile, last year, swine flu infected China’s pig population. Over 300 million pigs either died or were slaughtered. Bob, over a quarter of the world’s pigs had to

be killed. Oh, and pork is China's main protein source. Chinese food prices soared.

- Next, two weeks ago, bird flu –that H5N1 virus— broke out again in China. That flu has a 60% mortality rate in humans.
- Now remember, between 2017-18 Chinese chicken farms had to be culled because bird flu was jumping to people. Now, as the coronavirus spreads, bird flu is back. Great.
- Next, the political unrest in Hong Kong has not subsided. And China's response to the coronavirus isn't helping.
- Moving on, Taiwan just re-elected its pro-independence president. So, any hope of stronger China-Taiwan ties has faded.
- Finally, the US has stepped up naval operations in the East and South China Seas.

Bob: Wow. That's a pretty tough list of things for any country to deal with. But I can't help but feel—in large part---they have themselves to blame.

I mean....

- China's pig and chicken sanitation standards aren't exactly world class.
- Plus, they're the ones who brought oppressive policies to Hong Kong. And then when the protests came, they reacted in a ham-handed way.
- And politically, President Trump finally got sick and tired of them stealing our intellectual property and manufacturing. So he stood up to them and has held tough.

Greg: Way to go, Bob. Right! But, with all that said, has any communist nation ever taken responsibility for its failings?

Bob: No. They blame others. But—in fairness-- most politicians do this no matter where they're from. It is a lot easier to blame some supposed "foreign devil" than to say your policies were responsible for your own mess.

Greg: Man, you're on a roll today. Exactly.

There are two things though I want your listeners to be aware of....one good... & one bad.

The bad one is the narrative in China is turning dark. Some Chinese leaders are going so far as to say they are under asymmetric attack. Meaning----no, it's not bullets or artillery shells killing them. Rather, it's something called gray terrorism. And, the speeches go something like this:

"Someone is hitting our food supply, our health care system, encouraging civil unrest at home, and upending relations with our neighbors. And the reason they are doing this is we are the rising power--- and the current powers are trying to keep us down."

But, Bob, when nations go down this kind of "grand conspiracy" path, watch out. That's dangerous. We don't want China's leaders finding ways to justify some counter attack against us, or Japan, or anyone else. That's why we've sent teams of smart medical people over there to help them. Plus, we have been very careful to only praise their coronavirus efforts.

Bob: That's good. But what do you think they could do against us? I don't see them starting a war. That would only make things worse for them.

Greg: Agreed. But, to save face, they might accelerate the sale of our Treasury bonds. That could hurt our bond and stock markets.

They could cut off all trade talks...except they need our help right now. They could ramp up cyberattacks. Stuff like that.

Meanwhile, on the good side, it is getting clear to the world, China is not a safe place for capital. And when wealth leaves one place, it goes to another. I could easily see some of the manufacturing that left here decades ago coming home.

Bob: I can see that, too. C'mon Apple we have room for you here! And, you're right. I hadn't heard that alternative view out of China. I learned something new. How do people reach you?

Greg: My number is 250-3754. Or, go to my website at zanettifinancial.com

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