

A Roaring Start to Earnings Season

Regulators impact the Chinese stock market.

Provided by DSA Financial Group

With overseas investments, we remind people that, “international markets carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risk, foreign taxes and regulations.”

The “political risks” and “regulations” portions of this common disclosure have been on full display in recent weeks in China.

Chinese technology and education stocks have been under pressure as Chinese regulators continue their push to rein in large companies for reasons that include data security, corporate behavior, financial stability, and curtailing private-sector power.¹

The Nasdaq Golden Dragon China Index (HXC), which tracks 98 of the biggest U.S.-listed Chinese stocks, dropped 19% in the three days ended Tuesday, July 27.² Prices have since rebounded somewhat but overall investor sentiment remains cautious.

Actions by China’s regulators are raising new concerns among investors about whether other Chinese industries in the weeks and months ahead may fall in the crosshairs of regulators.

If you have some investments in foreign markets, we know you’ll be watching these developments closely. Please reach out if you have questions or thoughts to discuss.

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Citations

1. Earnings Scout, July 23, 2021
2. Insights.Factet.com, January 22, 2021