



China Weekly Update

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This week's topic

- Money
 - History and controversy of Chinese currency
- Ways to spend money
 - History and current status of Chinese fashion industry

History of Chinese currency



貝(Shell)/Bei



青銅(Bronze)/Chin
Ton

白銀(Silver)/Bai Yin

黃金(Gold)/Huan
Gin

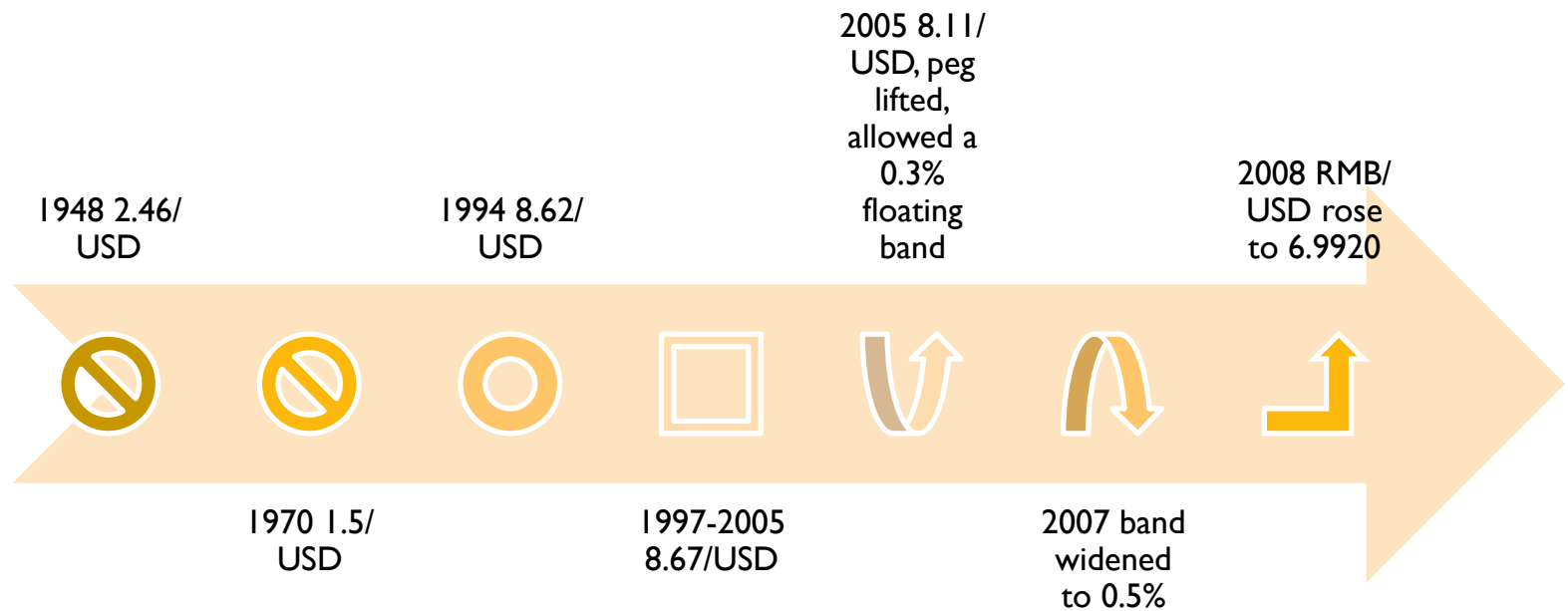
交子(Banknote)/
Giao zh



Today's banknote: Ren Min Bi



Values of 人民币 over the history



Today's RMB

- Issued by People's Bank of China
- Today's quote: 6.82940 USD/RMB
- Often criticized as being vastly undervalued
 - **Who is to benefit from such undervaluation?**
- Generally convertible on current account, but not on capital account
 - New regulations are loosening on this front
- Due to its special property and policy, the policy tool of Chinese Central Bank is quite different from that of Federal Reserve

Undervaluation argument

Country	in Local Currency	in US dollars	Implied PPP rate +	Today's Exchange Rate 1 USD =	Over(+) / Under(-) Valuation against the USD, % ++
United States	\$ 3.57	3.5700	---	1.0000	---
Britain	£ 2.29	3.5944	0.64	0.6371	0.4552
Canada	C\$ 3.89	3.7019	1.09	1.0508	3.7305
China	Yuan 12.5	1.8288	3.50	6.8351	-48.7937
Euro area	€ 3.31	4.5108	0.93	0.7338	26.7375
Hong Kong	HK\$ 13.3	1.7113	3.73	7.7717	-52.0054
Japan	¥ 320	3.5562	89.6	89.9832	-0.4259
South Korea	Won 3400	2.9471	952	1153.67	-17.4807
Taiwan	NT\$ 75.0	2.3296	21.0	32.1950	-34.7725

Federal Reserve

- Fed Funds Rate
- Discount Window
- Member bank deposit and interest
- Capital Ratio
- Liquidity Ratio
- Jawbone
- Consequences: smooth business cycles through interest rate control

People's Bank of China

- Reserve Requirement (Liquidity Ratio)
 - 16.5% for major banks
 - 14.5% for small banks
 - Compared to 10% in U.S.
- Why?
 - Change in interest rate may affect valuation of previous loans and interest payments
 - Raise interest rate increases pressure on currency valuation

Comparison on how central banks control economy



On-Trip Financial Advice

- Don't spend all of your RMB! They **WILL** appreciate

Now that You Have Made Money...

It's time to hit the shops...and Trend can tell you what's **HOT** and what **NOT**!



Mei Li 美麗 Beautiful

“That’s too expensive”:
Thai Kwui La

“How Cute”:Thai Court
(do not pronounce last t)
Ai La





History of Fashion in China

- During the Sui Dynasty, in the 500's AD, the emperor decided that all poor people had to wear blue or black clothes, and only the rich could wear color
- In the Sung Dynasty, about 1100 AD, the emperor ordered women to bind their feet as a symbol of fashion
- In the Tang Dynasty, the decoration of the belt determined rank and social status

Fashion from the Streets...

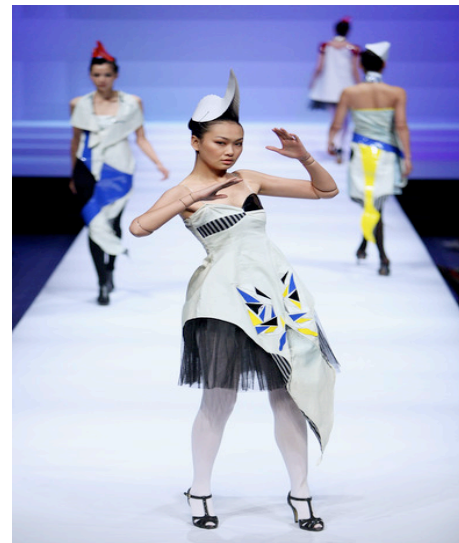
- **Li Ning**

- A major supplier of sports and shoe goods; founded by an Olympic Gymnast
- Adidas and Nike are main competition
- Contracts with Baron Davis of the LA Clippers and Shaquille O'Neill of the Cleveland Cavaliers



to the Runways...

- According to the China Fashion Association, there are now more than 100,000 people working in China's fashion design industry.
- Since its debut in 1997, China Fashion Week has held more than 440 fashion shows, 54 design contests and 11 China Fashion Award Festivals.



Fashion Do's...



“Tanguan”


天母嚴選
X 星座專家
薇薇安

聽我的準沒錯!

2010

**超神準! 2010之
最開運穿搭!!**

搶購

- 
- Omega, Luis Vuitton, Lancome, and Zara ranked among the most popular brands of the middle class (Newsweek)
 - Young girls aged 18-30 typically wear clothing with brighter colors and inspired by Japanese and Taiwanese styles
 - Suits are common for business professionals
 - “Tangan” worn by small business owners



Fashion Don'ts...

- The general manager of Silk Street Market, one of Beijing's most popular clothing markets, has been arrested for allegedly selling counterfeit goods with registered trademarks including Louis Vuitton bags (valued at up to \$58,000)
- In 2008, there was work to reform the underground market and make a place to buy Chinese specialties

Where To Shop?

Beijing:

- Silk Market
- Jimsong Market (flea market)
- Shanghai Xu (custom made clothing in 24 hours)

Shanghai

- Song Fong Maison de The (tea shop)
- Platane (funky Chinese gifts)
- Madame Mao's Dowry (everything Mao as well as porcelain)
- Shanghai Tang (Chinese inspired clothing)