

AAll Members Unconcerned About Chinese Market Drop

This week's [Sentiment Survey](#) special question asked AAll members whether, and why or why not, their short-term outlook for U.S. stocks was affected by the recent drop in Chinese stocks. Nearly three-fourths (74%) of all respondents said the June/early July drops in the Shanghai and Shenzhen exchanges have not impacted their short-term expectations for how U.S. stocks will perform. Reasons given were mixed, though many said they do not invest in Chinese stocks, view the Chinese markets as having a low correlation with the U.S. markets or that Chinese stocks had a big upward run before the recent plunge. Others simply said that they follow a long-term investment strategy.

About 18% of respondents said they are more cautious about U.S. stocks following the price drop in Chinese stocks. Their concerns include a slowing of U.S. economic growth caused by China and the potential for a negative, spillover effect on U.S. stock markets.

Here is a sampling of the responses:

- "Chinese stocks have risen so much, it's not surprising that they would take a few steps backwards at some point."
- "I'm not a short-term outlook type of guy. I prefer to stay the course, barring disasters."
- "I refuse to invest in China due to the political influence of the Chinese government."
- "It seems that over the long term, U.S. stocks react more profoundly to domestic economic news."
- "The Chinese slowdown will have a negative impact due to the number of U.S. companies that do significant business in China."