

Course: Global business environment 1
Assignment 1: Currencies and exchange rates in the news
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Link to the article

<http://www.economist.com/news/china/21631114-more-outflows-going-out?zid=293&ah=e50f636873b42369614615ba3c16df4a>

Analysis and opinion

The article discusses the relation between the inflow and outflow of investments in China since the beginning of this century. It points out three trends in these flows: the total flow of both inflow and outflow has increased, the inflow tends to be growing less compared to previous years and the outflow is increasing faster than the inflow and will probably overtake inflow next year. This third trend is the most interesting of the three as it shows Chinese companies are investing in other countries (predominantly in Africa and Latin America) as they want to acquire brand and resources for the Chinese market. I believe this increase in outflow is normal and healthy for the world economy as China has build up a huge reserve of currencies over the past decade. This reinvestment of money can lead to a greater economy (on a world level) as it allows companies to grow and (developing) economies to develop faster than they would without this investment.