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China Is the Bull in the China

By KATHLEEN MADIGAN July 16, 2015

Much of the public's attention has been focused on the travails of Greece, but China could wreak far more damage to the global outlook, say economists surveyed by The Wall Street Journal.

The two nations have been in the spotlight with Greece's debt crisis and China's stock-market swoon. When asked which nation will have the greater negative impact on the global economy, an overwhelming 94% of the economists who answered the question pointed to China. Only 6% said Greece.

"China produces an economy the size of Greece about every two weeks," said **Bernard Baumohl of the Economic Outlook Group**. "Economically and geopolitically, China has a much greater impact on the global economy than Greece."

Nariman Behravesh of IHS Global Insight warns what matters is the link between the stock market and confidence about the economy. A drop in confidence would mean less foreign direct investment in the Chinese economy. Lack of investment would slow an economy already struggling. Another worry is that policymakers may delay making needed reforms to focus on boosting the economy.

Yet another overlooked risk, noted Michael Gregory of BMO Capital Markets, is the possible hit to U.S. real estate. “The Chinese are big buyers of U.S. housing,” he said. And losses in financial markets could leave fewer Chinese shopping for U.S. real estate.

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