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China hard landing way worse than gradually weaker yuan

Michael Heise | Special to CNBC

One of the main headaches that has plagued financial markets in recent months is the possibility of further devaluation of the Chinese yuan. It would make Chinese exports even more competitive and is therefore seen as a risk that reinforces deflationary pressures on world markets.

The recent devaluation however does not compensate the significant appreciation of the Chinese currency over many years previous. Since the gradual relaxation of the exchange rate peg with the US dollar in the summer of 2005, the Chinese currency soared by 37 percent until early 2014. Over the same period, it shot up by almost 29 percent against a trade-weighted basket of important trading currencies.

Link to CNBC article:

<http://www.cnbc.com/2016/03/18/china-hard-landing-way-worse-than-gradually-weaker-yuan.html>