Again "Black Monday " on exchanges: Panic because China could to cause new great crisis

By: JC
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value of shares in the US Wall Street yesterday was a significant decrease due to the collapse of the Asian stock market. The slowdown of the Chinese economy, which in recent years it has shown strong growth, caused a panic in stock markets around the world. The US stock market index S & P as the previous day finished with a loss of almost 4 percent, according to The New York Times. The Dow Jones fell nearly 600 points, which is even considered a success, given that in the first few minutes of trading plummeted to around 1,000 points. The Chinese stock market is, in fact, on Monday fell by 8.5 percent, as Chinese State Media compared with the "Black Monday", the famous destruction of the American Stock Exchange, which took place in 1987. The value of shares in European stock markets yesterday fell to five percent. **The decline is continuing** fear that the decrease may continue. The value of the shares on the stock market in Shanghai continued to decline on Tuesday, and at the start of trading fell by 4.5 percent. However, the good news is witnessing a slight increase in stock indexes in Tokyo and Hong Kong. Yesterday's massive sell-off of shares, which is why some companies just in one day value dropped by tens of billions of dollars, many recalled the financial crisis of 2008. "All this is a result of the fear of a sharp decline in China. The panic on Wall Street is clear evidence that the market knows exaggerate," says the Washington Post Campbell R. Harvey, economist and professor at Duke University. **"Now I understand why people jump from tall buildings"** The situation in the Chinese market was not created yesterday. Stock market indices in Shanghai falling since June, when it became clear that the Chinese economic miracle most likely come to an end. The value of the shares on the Chinese stock market has since declined by almost 40 percent, and fuel to the fire in the meantime, she added, and the Chinese government, which is allowed to fall the value of the yuan, China's national currency. "Now I understand why people jump from tall buildings. After investing in shares, and I get such a need," wrote one user of the Chinese social network Weibo. In the stock market in Shanghai most
investors are, in fact, the citizens, not what big companies dominate the market in the US. **The central bank does not react** to the Chinese central bank now shows no signs that it will boost liquidity in the market by reducing the mandatory reserves of commercial banks, as be pumped more money into the system. But the question is whether such a move and does have resonance, according to stock market analysts. "Only this will not drastically change the situation. However, we soon hear that you are doing something to ease the situation and we have to hear that commercial banks increase liquidity infrastructure projects. China must convince the domestic market and the rest of the world that its economy can cope with further outflow of money and that the slowdown in economic growth under control," says Christ Weston, a market analyst at Australia's IG's.

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