China’s economic recovery could beat the U.S. if second wave is avoided

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Despite the impressive growth in China and with the U.S. reopening, there is a higher risk of triggering another wave of coronavirus infections, according to a chief economist.

With other parts of the world easing restrictions and the Dow Jones attempting to sustain its positive rally to put the economy back on track, China seems to be emerging from this coronavirus pandemic despite he controversies.

U.S. market rallies despite the chaos

Last week in an episode of *CNBC’s Mad Money*, Jim Cramer told its viewers that positive sentiment from the other markets abroad encouraged Wall Street to rally despite the civil unrests as he adds:

> “If the rest of the world’s in better shape, well, that is fantastic news for our companies that do lots of business overseas, and … it absolutely overshadows what’s happening here.”

Traders and investors got a piece of the action from Genius Brands, one of the U.S. market outliers, which had an amazing rally since May, gaining over 2,000%.

However, the positive outlook for the U.S. economy looks grim, according to some analysts. It is possible that investors might also encounter unusual moves from the markets this week such as this bankruptcy play from U.S. car rental company, Hertz.

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Hertz is in a textbook WTF pattern this year:

stock falls 97%

company declares bankruptcy

stock rises 830%

1,041
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However, China is also doing moves on its own as it tries to survive the onslaught brought by the U.S. ban by Huawei persuading the U.K. into upgrading its 5G technology through aggressive media marketing.

"Impressive growth" shown in China—unless the U.S. derails its recovery

Michael Spencer, Deutsche Bank's chief economist and head of research for the Asia Pacific, expressed his insights in *CNBC's Squawk Box*.

First off, he said that China's economic recovery is "going to look very impressive" as it grows five percent to six percent quarter-on-quarter in April-June.

Aside from the recent reports that China's factory activity was doing positively well, Spencer also said that its exports have been performing better than expected.

However, he forecasts that China's trade performance could get worse in the next few months with the economic weakness in its major export destinations.

As early as January 2019, he already claimed that the markets were going to have an economic slowdown before the coronavirus broke out and the U.S.-China trade war had little to do with China's progress.

Given that the U.S. also reopened its economy recently, the chief economist added that despite a surprise jump in its employment, if a second wave is triggered, another round of restrictions may take place.

Steve Hanke, a senior fellow at Cato Institute, added that the U.S. economy could take years to recover from the damage as he estimates it to reach beyond 2022.

China continues to take the lead for economic recovery unless the U.S. spoils its move if they manage to contract a second wave of coronavirus infections or the Fed finds a way to continue to keep the U.S. markets attractive to investors.