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# The State of the Economy

## THE WORLD IS SLEEPWALKING TOWARDS AN ECONOMIC CRISIS WITH DEVASTATING CONSEQUENCES



According to the United Nations (2018), “at the annual International Monterey Fund meeting in Washington DC; former Bank of England, Governor Mervyn King reported *the world is sleepwalking towards a fresh economic and financial crisis that will have devastating consequences for the democratic market system*”.

### THREE REASONS WHY - FIRST:

During his lecture Lord King said today’s economic and political climate has never been so fraught; for instance, a recent study shows the ongoing US-China trade war has resulted in sharp declines in bilateral trade with U.S. consumers bearing the heaviest brunt of the tariffs on China. Overall results of the study serve as a global warning that *“a lose-lose trade war is not only harming the main contenders; it also compromises the stability of the global economy and future growth”*. Figure below shows in the first half of 2019, US tariffs caused a 25% export loss inflicting a \$35 billion blow to the Chinese exports in the US market for tariffed goods; however, the competitiveness of Chinese firms which, despite the substantial tariffs, maintained 75% of their exports to the US (United Nations, 2019).



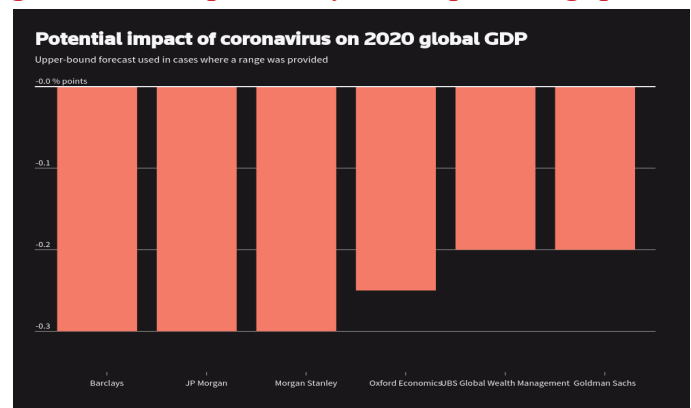
Source: UNCTAD

### SECOND:

More economic worries surface as China struggles to contain the deadly coronavirus, *it’s becoming increasingly evident that the disruption to its economy will be global*. Provinces accounting for almost 69% of Chinese GDP remain closed with travel restrictions limiting movement of more than 48 million people, with the crucial manufacturing and logistics hub of Wuhan (the epicenter of the virus).

Hundreds of major manufacturers have had their links to the global supply chain severed; Robert Bosch GmbH, the world’s largest car-part maker, had to shutter two factories employing a total of 800 people in Wuhan. Other auto part manufacturers, including Honda and Nissan have also closed their facilities in Wuhan. Depending on how quickly the virus can be contained, *policy makers and CEO’s are preparing for the worse*; Nike closed about half of its company-owned stores in China, Starbucks has closed about 2,000 of its cafes and Apple says its supply chain will be greatly affected (Dormido & Leung, 2020).

Banks and asset managers have begun forecasting the potential impact the coronavirus could have on the global economy. Most project it will *reduce global gross domestic product by 0.2-0.3 percentage points*.



### THIRD:

To worsen matters, the new spending blueprint released by the current administration reveal a lot of broken promises; specifically, the President’s promise to eliminate the national debt in eight years. However, outlined the spending blueprint titled “A Budget for a Better America: Promises Kept, Taxpayers First”, the federal government would not start paying down debt for 15 years. Until then, even under budget writers’ rosy projects of the blueprint, Washington would run annual deficits adding to the red-ink total that already stands at more than \$22 trillion (Allen, 2020). 2

# INVESTING IN A\$SETCOIN



Given the overall short and long-term impact of all three economic events, *what can you do to remain financially sustainable?*

## INVEST IN A STABLE VIRTUAL CURRENCY LIKE A\$SETCOIN

The perception that all is good with the economy gives people a *“false sense of security”*. The 2008 Housing and economic crisis did not happen overnight, a series of economic events led to the crisis.

Since the last economic crisis occurred, developers of cryptography (cryptocurrency and stablecoins) have emerged to meet society demands of a better currency not controlled by the government.

Consumer confidence in the financial system and the government is at an all time low; as a result, many consumers now prefer cryptocurrency.

In fact, a recent survey revealed how people felt about cryptocurrency compared to other investable assets. When asked which they would prefer in terms of stocks, bonds, gold or virtual currency;

- **21% prefer it over government bonds,**
- **17% prefer crypto over stocks,**
- **14% prefers crypto to real estate.**
- **12% prefers virtual currency over gold.**

Interest in cryptocurrency continues to grow along with the overall want and need for it; in fact, Dick (2018) reports, *“three generations (Baby Boomers, GenX and Millennials) indicate they are not happy with the existing financial system”*.

- **77%** believe the financial system is favorably biased to the rich and powerful at the expense of ordinary people like them.
- **Three-quarter** of respondents fear the global financial system will be hacked.
- **77%** expect another global crisis in the future; and
- The **majority** report a strong distrust in the existing financial system.

These findings test the validity of the media and the current administration reporting a good economy; instead, critics and economist believe the economy is rapidly changing to a not so good status.

Therefore, A\$SETcoin has emerged into the spotlight to provide a more stable economic foundation to sustain any future economic storm.





## SOCIAL & ECONOMIC BENEFITS

Increasing Asset Acquisition Opportunities  
to Capital Challenged Communities



### Quote of the Month

“An investment in knowledge pays the best interest”

*Benjamin Franklin*

## Company Updates

### INVESTMENT DEALS OPEN

Currently negotiating several multi-million dollar deals, more details coming May 2020.



*We encourage you to get involved in our asset building movement; tell family, friends and associates to join and follow us on social media*

