

“Oil for the lamps of China!”

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Back in the days of John D. Rockefeller and his Standard Oil trust, the cutting edge of trade with China was petroleum products. Stanvac –the precursor of Mobil - was producing oil and refining products in Java and Sumatra, the heart of what is now Indonesia. Since most Chinese couldn’t read, the famous “Flying Red Horse” (Pegasus) image was affixed to both the lamps and Stanvac products so they could be easily identified as belonging together. In a brilliant marketing move, millions of kerosene lamps were given away free in the hinterlands of China and East Asia and John D made his money made selling the fuel. Pegasus still flies today for ExxonMobil, forever proving the marketing power of an easily recognizable symbol.

Ever since John D’s day, people have been trying to market their wares to the Chinese. There is an assumption that Asia is essentially one large, homogeneous mass—that what is true for Singapore, for example, is equally true (with perhaps a few minor tweaks) of mainland China. As illustrated in the table above, however, this assumption has little basis in reality, at least from an economic standpoint. To some extent like the United States, Asia encompasses both enclaves of staggering wealth and pockets of wretched poverty, with a broad stripe of would-be middle-class strivers between the two.

This range of financial conditions may come as a disappointment to overseas marketers, many of whom have been dazzled by the prospect of selling into one gigantic product-hungry population. But from an investment standpoint, Asia” economic diversity can be viewed as a positive, because of the potential it implies for a diversified portfolio. True, Asia’s expanding middle-class population is what’s fueling much of the excitement about investing in the region. But while impoverished Asia may not be in the market for the consumer goods that the middle class is buying, its desperate need for everything from water-treatment facilities to basic healthcare represents its own investment opportunity.

	THE WEALTHY				THE STRIVING			
	Japan	Singapore	Hong Kong	South Korea	China	Philippines	Indonesia	India
Population in Millions ¹	127	3 ²	7	48	1,287	85	235	1,050
GDP US \$ Billions ²	\$4,302	\$92	\$159	\$535	\$1,410	\$79	\$203	\$604 ⁶
Per Capita GDP in US \$ ³	\$33,816	\$26,941	\$21,449	\$11,075	\$1,096	\$930	\$862	\$575
Market Cap in US \$ Billions ⁴	\$3,093	\$141	\$359	\$293	\$995 ⁷	\$24	\$49	\$255
Listed Stocks over US \$100 Million ⁴	1,899	138	267	250	1,349 ⁷	39	71	276
TV Ownership ⁵	73%	30%	50%	36%	31%	17%	15%	8%
PC Ownership ⁵	35%	51%	39%	26%	2%	2%	1%	1%