Beat: Technology

END OF ONE CHILD POLICY IN CHINA PROVOKES CONDOM SHARES TO FALL

SHARES OF CONDOM MAKER TO FALL

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USPA NEWS - Analysts at investment bank Credit Suisse estimated that the relaxed controls would result in an extra 3 millions to 6 million babies born annually in the five-year period starting in 2017. China, the world´s most populous country with almost 1.4 billion people, has about 16.5m births each year...

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Shares of companies that make diapers, baby strollers and infant formula got a boost Friday from China's decision to scrap its one-child policy. But for the maker of a popular brand of condoms, it was not the brightest of days. Investors are betting on a bump in sales for companies with baby or child-related businesses after China's Communist leaders announced that all married couples would be allowed to have two children. (AP)

'They may buy less iPhone and Samsung, they may buy a Xiaomi phone, the cheaper local version, one third the price and switch the budget maybe to that baby food product, maybe entertainment,' said Savio S. Chan, President and CEO of US China Partners.

The Credit Suisse report said that with the annual cost of raising a child estimated at 40,000 yuan (£4,100), the extra births would translate into an extra 120 billion-240 billion yuan in consumer spending a year, or 4-6% of China´s total retail sales.

One of the biggest winners in the financial markets was China Child Care Corp., which makes hair and skin care products for kids. Its shares ended 40 % higher on Hong Kong's stock exchange.

In New Zealand, the local dollar jumped as high as $0.6772, gaining nearly 1 % from $0.6699 the day before. The country is a major dairy exporter and its milk powder and formula industry would likely benefit from a baby boomlet in China.

Japanese and other foreign brands are popular with Chinese buyers because they are seen as being authentic and better quality. Those characteristics are prized in China following food and other product safety scandals involving domestic brands.

Goodbaby International, which makes strollers, car seats and cribs, rocketed 7.4 % on Thursday and followed that up with a 2.3 % gain Friday. Rumors had already been swirling in China that the policy would be adjusted at a meeting on China's next five year plan that was held this week.(The Guardian)

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