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Highlights: In its latest outlook report, Morgan Stanley upgraded emerging market stocks "overweight" for 2019, expecting a higher-level growth and better stocks performance in EMs than in advanced economies.

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Boao Forum for Asia

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【 Weekly Review 】

Global Strategy Outlook report for 2019 by Morgan Stanley: Growing optimism on emerging economies

In its latest outlook report, Morgan Stanley upgraded emerging market stocks "overweight" for 2019, expecting a higher-level growth and better stocks performance in EMs than in advanced economies.

China's economic growth was expected to stay steady from the second quarter of 2019, and the yuan was expected to at 6.85 to the U.S. dollar by the end of 2019, according to Morgan Stanley.

The US dollar will weaken in 2019 as global capital flows into the EMs, said Morgan Stanley.

G20: US and China tensions dictate against multilateralism – Financial Times

The likelihood that the G20 will fare much better in mediating between Washington and Beijing is low. The Trump administration has an instinctive aversion to — and in some cases outright contempt for — multilateral institutions outside as well as inside the economic sphere.

In this context, is there anything the G20 can meaningfully do?

Certainly, if the US and China decide to make some kind of deal to end or at least reduce trade hostilities, the G20 might provide a platform for them to unveil it. Mr. Trump does, after all, enjoy announcing deals.

China: Improve cross-border e-commerce retail imports policies

The Ministry of Finance, the General Administration of Customs and the State Administration of Taxation jointly released a notice on improving import tax policies related to cross-border e-commerce retail.

From Jan. 1, 2019, the tax-free limits on single transactions will increase to 5,000 yuan from 2,000, and the annual duty-free quota on cross-border e-commerce purchases for individual buyers will rise to 26,000 yuan from 20,000 yuan.

Japan: Outline 2 trillion yen stimulus to ease consumption tax hike impact

There is not much time left for Abe Administration to work on countermeasures to offset rise in sales tax hike. The government published fiscal stimulus, which account for 2 trillion yen of the national budget, to help minimize the negative impact of the consumption tax increase on the economy.

Japan: Retail sales jumps 3.5 percent y/y in October

Japan's retail sales jumped 3.5 percent year-on-year in October, beating the median estimate for a 2.6 percent increase.

Retail sales grew the fastest in 10 months in October as consumers shelled out more on fuel, cars, medicines and cosmetics, in a sign firm private consumption is likely to put the economy back on track for growth.

South Korea: Lift rates by 25 basis points to 1.75 percent as expected

The Bank of Korea raised its base rate by 25 basis points to 1.75 percent, in line with market expectations. It is the first time in a year.

Global liquidity is closer to a tipping point since October 2018. World widely, the Federal Reserve has been gradually hiking rates and looking at tightening monetary policy; the Bank of England is likely to hike interest rates in 2019 and the European Central Bank is expected to enter the interest rate hike cycle after next summer.

2019 could be the year when central banks tighten monetary policies.

Hong Kong: October retail sales rise to HK \$39.7 billion in value terms

The value of total retail sales in October provisionally estimated at HK\$39.7 billion, increased by 5.9 percent over the same period last year.

For the first ten months of 2018, the value of total retail sales increased by 10.6 percent year on year.

After price adjustment, retail sales grew 5.2 percent in October in terms of volumes.

For the first ten months, the total retail sales increased 9.1 percent in volume over the same period in 2017.

Singapore: IPO market falls in terms of value and volume

Singapore completed 13 initial public offering (IPO) deals as at Nov. 15, down 35 percent compared to last whole year.

The total of S\$715 million worth of IPOs was an 86 percent drop compared with 2017's full year achievement, according to report by Deloitte.

Singapore ranked fourth among the ASEAN nations, falling behind Vietnam, Thailand and Indonesia.

Thailand: October tourist arrivals fall 0.51 percent y/y

Thailand saw a total of 2,712,033 foreign tourist arrivals in October, of which about 1,847,633 came from the Asia-Pacific region, following by tourists from Europe, South Asia, South America, Oceania, the Middle East and Africa.

Thai tourists arrivals fell by 0.51 percent from a year earlier, on falling numbers of Chinese visitors, according to the statistics by the Ministry of Tourism and Sports.

U.S.: House prices fall for second month in a row

Home price gains slowed to 5.5 percent in September, down from 5.7 percent last month and fell for the second straight month.

Average home prices for the top 10 metropolitan areas increased 4.8 percent, down from the previous month of 5.2 percent. The top 20 metropolitan areas also posted a gain of 5.1 percent year over year, which is down from 5.5 percent from August 2018 and the slowest rate increase since November 2016.

Canada: Government further simplify visa application process for Chinese tourists

Supported by Zhima Credit, Chinese travelers could generate a report containing their identity and financial status to circumvent the need to submit bank statements when applying for Canadian visitor visas, according to the Immigration, Refugees and Citizenship Canada (IRCC).

Previously, Chinese to visit Canada on tourist visas were required to offer bank statements for last 6 month and a 3-month deposit of at least 50,000 yuan as proof of financial status.

WTO: Global trade growth expected to slow further

Global growth in merchandise trade is likely to slow further in the fourth quarter of 2018, according to the World Trade Outlook indicator published by the World Trade Organization (WTO).

The trade outlook indicator showed a reading of 98.6, falling under the baseline value of 100 for the index and marking the lowest level since October 2016. The latest value of 98.6 is approaching the weakest point recorded in 2012 during the Eurozone crisis.

IMF urges G20 members to de-escalate trade tensions

The global economic slowdown shows a clear risk of further extending and world economy faces increasing downside risks, said the International Monetary Fund (IMF), urging all economies to enhance multilateral cooperation and ease trade tensions.

In a surveillance note prepared for the upcoming G20 summit in Buenos Aires, the IMF projected global growth to continue at a high level through 2019, but for many G-20 economies growth was expected to weaken.

The IMF also stressed that there is "an urgent need" to de-escalate trade tensions, reverse recent tariff increases and modernize the global trading system.