

Global Economic Commentary

China–United States trade war continued



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The second half of 2018 is an era of economic turmoil

After deep correction in October, both developed market equities and emerging market equities were rebounded in November, MSCI Emerging Market and MSCI World index were up 4.06% and 0.96% respectively.

MSCI World Index Monthly Return in USD



Economic key points:

- MSCI Emerging Market and MSCI World index were down 8.78% and 7.42% respectively

Source: Bloomberg

MSCI Emerging Market Index Monthly Return in USD



Source: Bloomberg

In the G20 meeting, China and U.S has agreed to a temporary truce on trade issues. U.S will put on hold additional tariff for 90 days, China will import American agricultural products immediately and both sides start formal negotiation. In short term, this is a good news for China to tackle the slowing down economy and undertake more structural reforms. However, in medium perspective, China is under the headwind as to reach a deal with U.S in next 90 days otherwise it will impose 25% tariff on Chinese US 200 billion's import. Under the pressure to meet the deadline, China may have to sign an agreement that similar to Plaza Accord in 1985 as the coming negotiation would not be smoothed if you read the statement of both parties as below.

Chart of the Month: MSCI World Index



| | |
|-------------------|---------|
| 10-day MA | 2003.57 |
| 20-day MA | 2024.27 |
| 100-day MA | 2110.64 |
| 250-day MA | 2112.37 |

Comment:

The MSCI World Index is expected to be adjected amid the U.S interest rate hike.

Global Market Performance

| Index (USD) | Closed at 30/11/2018 | MTD Change (%) | YTD Change (%) | Current PE ratio | Estimated PE ratio | Dividend Yield |
|--------------------|----------------------|----------------|----------------|------------------|--------------------|----------------|
| DJIA | 25,538.46 | 0.62 | 3.31 | 16.26 | 15.28 | 2.32 |
| S&P 500 | 2,760.17 | 0.72 | 3.24 | 18.01 | 16.11 | 2.03 |
| Nasdaq | 7,330.54 | (1.39) | 6.19 | 121.42 | 20.64 | 1.14 |
| FTSE 100 | 8,902.60 | (3.77) | (14.37) | 15.44 | 11.75 | 4.76 |
| DAX | 12,737.57 | (2.67) | (17.98) | 11.79 | 12.02 | 3.42 |
| CAC | 5,661.94 | (2.44) | (11.35) | 14.84 | 12.83 | 3.62 |
| Nikkei 225 | 196.68 | 2.18 | (2.73) | 14.93 | 15.56 | 2.04 |
| HSI | 3,387.62 | 4.45 | (11.54) | 9.93 | 10.97 | 3.83 |
| SHCOMP | 371.91 | (1.20) | (26.83) | 12.11 | 10.67 | 2.60 |
| ASX | 4,195.27 | (1.70) | (12.92) | 16.80 | 14.64 | 4.55 |
| TWI | 320.55 | 0.14 | (10.64) | 12.63 | 12.61 | 4.69 |
| KOSPI | 1.87 | 3.82 | (18.77) | 9.92 | 8.70 | 2.27 |
| SET | 33.14 | (0.86) | (4.91) | 14.62 | 15.02 | 3.04 |
| SENSEX | 518.99 | 10.24 | (2.70) | 23.21 | 20.39 | 1.37 |
| Russia RTS | 1,126.14 | (0.46) | (2.45) | 5.10 | 5.38 | 5.72 |
| Mexico IPC | 2,050.28 | (9.02) | (18.20) | 17.88 | 14.09 | 2.66 |
| Bovespa | 23,140.81 | (3.47) | 0.14 | 19.25 | 13.07 | 3.45 |
| Median | | (0.86) | (10.64) | 14.93 | 13.07 | 3.04 |

Market Data

Commodities (USD)

Price as at 30/11/2018

| | |
|-------------------|----------|
| Crude Oil | 50.93 |
| Gold 100oz | 1,220.20 |

Source: Bloomberg

| Date Time | Country | Event | Event Time | Survey | Prior |
|------------|-----------|-----------------------------------|------------|--------|--------|
| 12/3/2018 | Japan | Company Profits | 3Q | 14.00% | 17.90% |
| 12/3/2018 | China | Caixin China PMI Mfg | Nov | 50.1 | 50.1 |
| 12/3/2018 | Europe | Markit Eurozone Manufacturing PMI | Nov F | 51.5 | 51.5 |
| 12/3/2018 | UK | Markit UK PMI Manufacturing SA | Nov | 51.7 | 51.1 |
| 12/4/2018 | Europe | PPI MoM | Oct | 0.50% | 0.50% |
| 12/4/2018 | Europe | PPI YoY | Oct | 4.50% | 4.50% |
| 12/5/2018 | Japan | Nikkei Japan PMI Services | Nov | -- | 52.4 |
| 12/5/2018 | Japan | Nikkei Japan PMI Composite | Nov | -- | 52.5 |
| 12/6/2018 | US | Initial Jobless Claims | Dec-01 | 225k | 234k |
| 12/6/2018 | US | Continuing Claims | Nov-24 | 1690k | 1710k |
| 12/6/2018 | US | Durable Goods Orders | Oct F | -2.40% | -4.40% |
| 12/7/2018 | US | Unemployment Rate | Nov | 3.70% | 3.70% |
| 12/8/2018 | China | Exports YoY | Nov | 9.40% | 15.60% |
| 12/8/2018 | China | Imports YoY | Nov | 14.00% | 21.40% |
| 12/10/2018 | Japan | GDP SA QoQ | 3Q F | -0.50% | -0.30% |
| 12/14/2018 | US | Markit US Manufacturing PMI | Dec P | 55 | 55.3 |
| 12/14/2018 | US | Markit US Services PMI | Dec P | 54.6 | 54.7 |
| 12/19/2018 | Japan | Exports YoY | Nov | -- | 8.20% |
| 12/19/2018 | Japan | Imports YoY | Nov | -- | 19.90% |
| 12/19/2018 | UK | CPI MoM | Nov | -- | 0.10% |
| 12/19/2018 | UK | CPI YoY | Nov | -- | 2.40% |
| 12/20/2018 | Australia | Unemployment Rate | Nov | -- | 5.00% |
| 12/20/2018 | UK | Bank of England Bank Rate | Dec-20 | -- | 0.75% |
| 12/20/2018 | US | Initial Jobless Claims | Dec-15 | -- | -- |
| 12/20/2018 | US | Continuing Claims | Dec-08 | -- | -- |
| 12/21/2018 | Canada | GDP YoY | Oct | -- | 2.10% |
| 12/21/2018 | US | GDP Annualized QoQ | 3Q T | 3.50% | 3.50% |
| 12/21/2018 | US | Personal Spending | Nov | 0.30% | 0.60% |
| 12/28/2018 | Japan | Jobless Rate | Nov | -- | 2.40% |
| 12/31/2018 | China | Non-manufacturing PMI | Dec | -- | 53.4 |
| 12/31/2018 | China | Manufacturing PMI | Dec | -- | 50 |

News Stories Highlights

Headlines

[Investors Turn Focus to Fed's 2019 Rate Path](#)

The Federal Reserve will conclude its final policy meeting of the year Wednesday. With traders widely expecting the central bank to raise short-term interest rates, many say the focus will be on Fed officials' comments on the economy.

[Slower Overseas Growth Fans Worries on U.S. Expansion](#)

New evidence that economies in Europe and China are slowing sparked worries that the malaise could spread to the U.S., driving down stocks and sending the Dow Jones Industrial Average into correction territory for the first time in almost three years.

[U.K. Economy Picked Up Pace in Third Quarter](#)

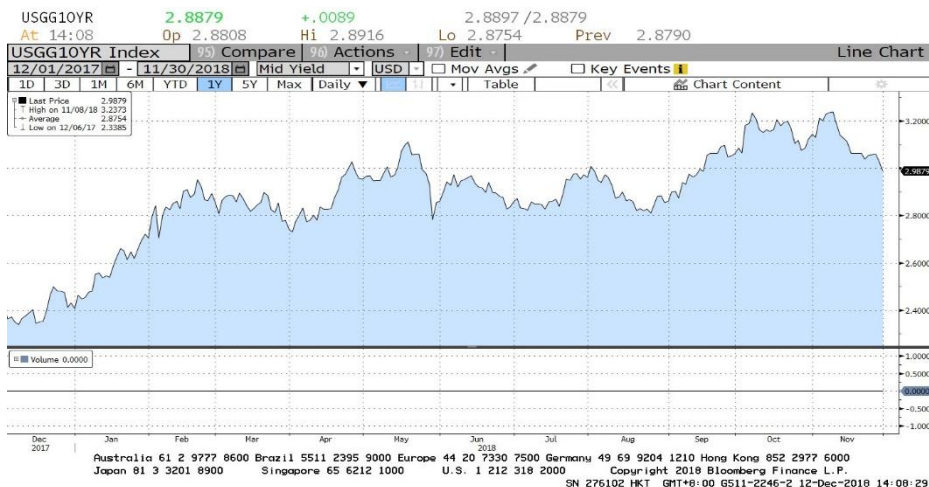
LONDON—The U.K.'s economy expanded in the third quarter at its fastest pace in almost two years, making it one of only a handful of countries in Europe to avoid the broad slowdown across the continent.

[China's Economy Flashes New Warning Signs](#)

BEIJING—China's economic downturn deepened last month, hitting industry and consumers and raising the challenge for Beijing to arrest the slowdown next year while fending off a trade conflict with the U.S.

US inflation is still in the doldrums, but 10-year bond yields declined on the top.

FIGURE 1
US 10 years treasury yield



HSCEI was seeking a bottom

FIGURE 2
Hang Seng China Enterprises Index



SPX declined on the top.

FIGURE 3
S&P 500 Index



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