

2

GLOBAL ECONOMIC OUTLOOK

- Overview
- Global Economy

Feature Article 2.1 – International Tax Standards:
Where Are We At?

Information Box 2.1 – ASEAN Economic Community
Blueprint 2025: Issues, Challenges and Opportunities

- Conclusion



2 | GLOBAL ECONOMIC OUTLOOK

Overview

Global growth is expected to remain favourable at 3.7% in 2018 and 2019. This growth is mainly supported by stable growth in the US as well as in most emerging market and developing economies (EMDEs). Growth in the advanced economies is expected to expand 2.4% in 2018 and 2.1% in 2019, while the EMDEs is projected to be sustained at 4.7% in 2018 and 2019.

Among the advanced economies, growth in the US is projected to be supported by fiscal stimulus in 2018, while in 2019, growth is expected to record a marginal slowdown mainly due to the recently introduced trade restrictive policies. Growth in the euro area is expected to ease due to lower domestic demand and exports. Similarly, Japan is projected to record slower growth as a result of weak private consumption and investment. The GDP growth in the UK is expected to moderate due to low business confidence following uncertainties amid the ongoing Brexit negotiations.

Growth in the EMDEs is expected to be uneven due to various factors affecting the economies such as rising oil prices, higher yields in the US, appreciation of the US dollar, ongoing trade tensions and geopolitical conflicts. Economic growth in China is projected to moderate as a result of financial sector regulatory tightening as well as weak exports. On the contrary, India's economy is expected to improve driven by domestic demand as adverse effects from the currency exchange initiative and introduction of the Goods and Services Tax (GST) wear off. The GDP of ASEAN is expected to be steady supported by domestic demand and exports.

Inflation in the advanced economies is expected to increase to 2% in 2018 and 1.9% in 2019, following higher energy and food prices. Likewise, inflation in the EMDEs is projected to record 5% in 2018 and 5.2% in 2019 due to higher energy prices. World trade is expected to ease marginally from 4.2% in 2018 to 4%

in 2019 mainly due to the escalating trade tensions between the US and its key trading partners that may hamper business and financial market sentiments. Slower demand for automobiles and agricultural raw materials may also affect global trade. Meanwhile, FDI flows are projected to increase 5% to USD1.5 trillion in 2018 reflecting improvement in investors' confidence amid continuous expansion in the global economy.

Risks have tilted further to the downside despite the projected expansion of the global economy. The anticipated tariff increase by the US is likely to escalate retaliatory trade actions by its trading partners. In addition, tighter financial conditions in several advanced economies may cause fluctuations in exchange rates and further reduction in capital inflows to emerging markets. Other downside risks include geopolitical tensions, domestic strife as well as economic and humanitarian costs of weather-related events and natural disasters.

Global Economy

The US economy recorded a stellar performance, with a growth of 2.7% during the first half of 2018 driven by investment, particularly in the non-residential segment as well as stronger exports. The unemployment rate improved to 4% following additional job gains in the manufacturing and healthcare sectors, while inflation recorded 2.5% due to increases in food and energy prices.

For the year of 2018, the US GDP is envisaged to expand at a stronger pace of 2.9% mainly contributed by robust domestic demand. Private consumption is expected to be sustained at 2.8% buoyed by the strong job market, individual tax cuts as well as anticipation of interest rate hikes in 2019. Meanwhile, capital spending is expected to rise favourably by 5.7% supported by lower corporate tax as well as buoyant market sentiment. In addition, government expenditure is projected to increase 36%

following the introduction of fiscal stimulus in early 2018. Exports are expected to record a solid growth of 5.2% reflecting higher demand in industrial supplies and materials. On the supply side, the manufacturing sector is expected to expand markedly, particularly in the production of fabricated metal products, transportation equipment as well as plastics and rubber products. The unemployment rate is expected to improve further to 3.8% following employment gains in transportation, utilities, leisure and hospitality industries. Inflation is anticipated to record 2.4% due to higher energy and food prices. Given the anticipated strong economic performance throughout the year, the US Federal Reserve (Fed) is expected to raise the federal fund rate in December 2018 following a recent increase in September to a range of 2.00% to 2.25%.

In 2019, the US economy is projected to moderate to 2.5% (2018: 2.9%). Domestic demand will continue to sustain growth amid heightening policy uncertainties and medium-term vulnerabilities, mainly dampening exports and rising public debt. Capital spending is expected to grow 6% (2018: 5.7%) mainly contributed by private fixed investment which may increase 6.9% (2018: 6.3%). However, private consumption is expected to slow down at 2.5% (2018: 2.8%) due to gradual hikes in the interest rate. Similarly, exports are expected to decelerate to 2.7% (2018: 5.2%) mainly due to effects from protectionism as it will increase material costs and weaken competitiveness of the US exports. Meanwhile, the net federal public debt is expected to rise to 82.8% of GDP (2018: 81.4%) following the introduction of fiscal stimulus in early 2018, indicating potential fiscal risk to the economy. The unemployment rate is expected to improve to 3.5% (2018: 3.8%) owing to job gains in low-paying retail and food service industries while inflation is expected to record 2.1% (2018: 2.4%). The Fed is anticipated to increase the federal fund rate three times in 2019 to achieve its 2% inflation target and full employment over the medium-term.

The medium-term prospects for the US economy appear burdened by downside risks. Pro-cyclical fiscal policies may heighten inflation and trigger a faster-than-expected rise in interest rates. The increase in interest rates

may result in large capital flows into the US which creates volatility in the US and global financial markets. Fiscal stimulus may also cause the dollar to appreciate which will lead to an expansion in the trade deficit.

The UK's economy registered a lower growth of 1.2% in the first half of 2018 due to a slowdown in the services sector. The services sector grew at a slower pace of 1.4%, mainly due to a fall in the distribution, hotels and restaurants subsector. The unemployment rate improved to 4.1%, while inflation was slightly higher at 2.6% as a result of an increase in motor fuels.

For the year, the UK's economic growth is forecast to moderate to 1.4%, arising from uncertainties throughout the Brexit negotiation period with the EU, which may adversely affect investment. However, the slowdown is forecast to be offset partly by planned increases in public investment to raise the supply of public housing to 300,000 units per year until 2020. The unemployment rate is projected to register 4.1% following increases in job creation in the services sector. Inflation

Table 2.1. Real GDP for Selected Economies 2017 – 2019

	Change (%)		
	2017	2018 ¹	2019 ²
World Output	3.7	3.7	3.7
Advanced economies	2.3	2.4	2.1
United States	2.2	2.9	2.5
Euro area	2.4	2.0	1.9
Japan	1.7	1.1	0.9
Republic of Korea	3.1	2.8	2.6
Emerging market and developing economies	4.7	4.7	4.7
China	6.9	6.6	6.2
India	6.7	7.3	7.4
ASEAN			
Singapore	3.6	2.5 - 3.5	2.7
Thailand	3.9	4.4	4.2
Indonesia	5.1	5.1 - 5.5	5.4 - 5.8
Philippines	6.7	6.7	6.8
Malaysia	5.9	4.8	4.9
World Trade Volume	5.2	4.2	4.0

¹ Estimate.

² Forecast.

Sources: International Monetary Fund and national authorities.

Table 2.2. Inflation Rate for Selected Economies 2017 – 2019

	2017	Change (%) 2018 ¹	2019 ²
World	3.2	3.8	3.8
Advanced economies	1.7	2.0	1.9
United States	2.1	2.4	2.1
Euro area	1.5	1.7	1.7
Japan	0.5	1.2	1.3
Republic of Korea	1.9	1.7	1.8
Emerging market and developing economies	4.3	5.0	5.2
China	1.6	2.2	2.4
India	3.6	4.7	4.9
ASEAN			
Singapore	0.6	1.0	1.3
Thailand	0.7	1.1	1.2
Indonesia	3.8	3.5	2.5 - 4.5
Philippines	2.9	4.9	3.7
Malaysia	3.7	1.5 - 2.5	2.5 - 3.5

¹ Estimate.² Forecast.

Sources: International Monetary Fund and national authorities.

is anticipated to be lower at 2.5% as a result of monetary tightening by the Bank of England (BoE). Further, the BoE raised the policy rate by 25 basis points (bps) in August to 0.75%, the first increase since November 2017, and is expected to be reviewed in November 2018. Despite easing inflation, private consumption growth is expected to be subdued owing to low consumer confidence.

In 2019, the UK's economic growth is forecast to record 1.5% (2018: 1.4%), sustained by planned public investment to improve public housing and infrastructure until 2020. In addition, consumer spending is expected to gradually recover as inflation eases. Inflation is projected to record 2.2% (2018: 2.5%) as the BoE is forecast to raise the policy rate at least once in 2019 to achieve its 2% inflation target rate. Meanwhile, unemployment is forecast to be slightly higher at 4.2% (2018: 4.1%).

UK's scheduled departure from the EU on 29 March 2019 poses a risk to the economy mainly due to the uncertainties surrounding the outcome of Brexit negotiations. Consequently, the UK's trade with the EU member countries, which accounts for 44% of total UK exports, is expected to be lower.

Growth in the euro area remained at 2.3% in the first six months of 2018, supported by industrial production, construction activities and an accommodative monetary policy. The labour market continued to improve with the unemployment rate being recorded at 8.4% supported by wage growth and continued job creation, especially in the services sector. Meanwhile, inflation was recorded at 1.5%.

The euro area economy is projected to expand at a slower pace of 2% in 2018 supported by domestic demand and an accommodative monetary policy. The unemployment rate is projected to be at 8.3% owing to continuous creation of jobs. Meanwhile, the inflation rate is forecast to rise to 1.7%, as a result of higher energy prices. The European Central Bank (ECB) will reduce the current monthly asset purchases of EUR30 billion to EUR15 billion for the last quarter of 2018. The ECB plans to end this quantitative easing programme on 31 December 2018.

In 2019, the economy is expected to grow at a slower pace of 1.9% (2018: 2%) due to weaker investment and easing external demand. Furthermore, the economy is also facing increasing downside risks such as the escalating global trade tensions, political shocks in some member states and the uncertainties caused by the Brexit negotiations especially that relate to trade between the EU and the UK. The unemployment rate is projected to improve further to 8% (2018: 8.3%) following higher job creation. Meanwhile, inflation is forecast to remain at 1.7% (2018: 1.7%). The ECB is likely to maintain its interest rates on main refinancing operations, marginal lending facility and deposit facility at 0%, 0.25% and -0.40%, respectively, at least until August 2019.

Germany, the largest economy in the euro area, grew at a slower pace of 1.9%, mainly due to lower public spending and exports. Government expenditure moderated 0.9%, owing to a six-month delay in forming a new coalition government in March 2018 after the federal elections. Exports softened 3.9%, dragged by lower demand, particularly from the US and China. The labour market continued to improve with the unemployment rate at 3.6%, led by employment growth in both industry and construction sectors. Inflation remained

at 1.8% as higher services and energy prices offset the easing food prices.

For 2018, Germany's GDP growth is forecast to be lower at 1.9%, on the back of weaker exports amid rising protectionism by the US. A fall in exports is expected as the US indicated a major increase to its tariff on cars and auto-parts imports. Business sentiment may be dampened resulting in lower production in the manufacturing sector. Additionally, recent changes in China's industrial policy following the Made in China 2025 initiative, may disrupt Germany's automotive sector and weigh on its growth prospect. However, higher government spending in the second half of 2018 is expected to support growth following the approval of the digital infrastructure fund amounting to EUR2.4 billion to improve internet connectivity, particularly in schools and rural areas, as part of its digital strategy. The unemployment rate is anticipated to reduce further to 3.5% while inflation is forecast to remain stable at 1.8%.

In 2019, growth in Germany is projected to remain at 1.9% (2018: 1.9%), supported by improved domestic demand. Private consumption is expected to expand following higher wages, particularly in the public sector. In April 2018, the German unions and public sector employers agreed to raise wages for about 2.3 million workers by 7.5% over the next two years. Additionally, the government is expected to significantly increase their spending on social security and defence expenditure. The government also pledged to invest between EUR10 billion to EUR12 billion in expanding the broadband network to make Germany a lead market for 5G application by 2025. The labour market is anticipated to continue improving with the unemployment rate at 3.4% (2018: 3.5%). Meanwhile, the inflation rate is projected to remain stable at 1.8% (2018: 1.8%).

France's economy registered a steady growth of 2% for the first six months of 2018, largely on account of stronger domestic demand. Household consumption on goods increased 0.9% following lower income taxes and higher job creation. Similarly, resilient corporate margins and profits led to a higher investment of 3.2%. Labour market conditions improved with an unemployment rate of 9.2%. Meanwhile,

inflation increased to 1.8% due to higher energy prices as well as gradual tax hikes on tobacco products.

For 2018, France's economy is projected to grow moderately at 1.6% due to slower private consumption and exports. The anticipated further strikes opposing the labour reforms are likely to dampen expenditure. Similarly, business activity is expected to ease due to a fall in exports following the imposition of US tariffs on steel and aluminium. The ongoing institutional crisis in the euro area may dampen investors' confidence, which will affect overall growth for the year. Meanwhile, the unemployment rate is expected to improve to 8.8% following employment gains, particularly in the services sector. Inflation is expected to increase to 1.9% due to higher energy and food prices as well as better salary increments.

Growth in 2019 is forecast to remain moderate at 1.6% (2018: 1.6%) due to lower public spending and private consumption. High deficit will be the main barrier of growth as the government is committed to rein in public spending and debt. This commitment is to avoid recurring excessive deficit procedures imposed by the EU. Additionally, consumers are expected to save more following the monetary policy normalisation by the ECB, which may result in lower spending. The unemployment rate is expected to improve to 8.5% (2018: 8.8%) owing to job gains following the implementation of the remaining plans under the labour market reform. Inflation is expected to record 1.8% (2018: 1.9%) due to higher fuel prices.

The net effect of the US tariffs, particularly on steel and aluminium, will continue to adversely impact France's exports. Moreover, the indication of more tariffs by the US, including on imported cars and trucks, will further dampen France's exports. Additionally, a faster-than-expected normalisation of interest rates may weigh on public and private balance sheets, which may lead to lower investments and growth prospects. Fiscal deficit is projected to remain slightly below 3% of GDP, while public debt will exceed 90% in the medium run, pointing to limited fiscal space to react to shocks under the EU excessive deficit procedures.

Feature Article 2.1

International Tax Standards: Where Are We At?

Introduction

In the advent of a more globalised business activities and extensive cross-border transactions, it is important that the right to tax should be attributed to the jurisdictions where substantive economic activities are being carried out. This will close the gaps that allow profit to be artificially shifted to low or no tax jurisdictions. Therefore, jurisdictions are encouraged to adopt and comply with the internationally-agreed tax standards introduced by the international organisations such as the Organisation for Economic Co-operation and Development (OECD) and the United Nations (UN). These standards are also well reflected in the Double Taxation Avoidance Agreement (DTAA)¹. Such commitments are needed to create a sound cross border taxation system and to strengthen cooperation among the tax authorities, especially in the aspect of monitoring and compliance.

Malaysia's Commitment

As of September 2018, Malaysia has 72 currently enforced DTAA², two limited agreements³ with the US and Argentina as well as one Tax Information Exchange Agreement (TIEA) with Bermuda. These agreements were entered between Malaysia and its treaty partners to maintain Malaysia's taxing rights in accordance with the accepted tax standards including in the area of exchange of information.

Figure 2.1.1. Malaysia's Bilateral Tax Treaties⁴ with Major Trading Partners

⁴ Bilateral tax treaties, in the context of Malaysia, refer to DTAA, limited agreement and TIEA.
Source: Ministry of Finance, Malaysia.

¹ Double Taxation Avoidance Agreement (DTAA), also referred as tax treaty, is an agreement between two (or more) countries for the avoidance of double taxation. A tax treaty may be titled a Convention, Treaty or Agreement (OECD Glossary).

² List of DTAA: Albania (1994), Australia (1980), Austria (1989), Bahrain (1999), Bangladesh (1983), Belgium (1973), Bosnia and Herzegovina (2007), Brunei Darussalam (2009), Canada (1976), Chile (2004), China (1985), Croatia (2002), Czech Republic (1996), Denmark (1970), Egypt (1997), Fiji (1995), Finland (1984), France (1975), Germany (1977), Hong Kong (2012), Hungary (1989), India (2012), Indonesia (1991), Iran (1992), Ireland (1998), Italy (1984), Japan (1999), Jordan (1994), Kazakhstan (2006), Kuwait (2003), Kyrgyz Republic (2000), Lao PDR (2010), Lebanon (2003), Luxembourg (2002), Malta (1995), Mauritius (1992), Mongolia (1995), Morocco (2001), Myanmar (1998), Namibia (1998), Netherlands (1988), New Zealand (1976), Norway (1970), Pakistan (1982), Papua New Guinea (1993), Poland (1977), Philippines (1982), Qatar (2008), Republic of Korea (1982), Romania (1982), Russia (USSR) (1987), San Marino (2009), Saudi Arabia (1993), Senegal (2010), Seychelles (2003), Singapore (2004), South Africa (2005), Spain (2006), Sri Lanka (1997), Sudan (1993), Sweden (2002), Syria (2007), Thailand (1982), Turkey (1994), Turkmenistan (2008), UAE (1995), UK (1996), Uzbekistan (1997), Venezuela (2006), Viet Nam (1995) and Zimbabwe (1994).

³ These limited agreements refer to an Agreement between the Government of Malaysia and the Government of the United States of America for Reciprocal Exemption with Respect to Taxes on Income of Shipping and Air Transport Enterprises between the Two Countries; and Agreement between the Government of Malaysia and the Government of the Argentina Republic for Reciprocal Exemption with Respect to Taxes on Income from the Operation of Ships and Aircraft in International Traffic.

In 2013, OECD countries and G20 members worked together in developing Base Erosion and Profit Shifting (BEPS) Action Plan to close the gaps in international tax rules that allow multinational enterprises (MNEs) to artificially shift their profits to low or no-tax jurisdictions. BEPS Action Plan aims to create a set of consensus-based international tax rules to address base erosion and profit shifting. Such initiative is to protect jurisdictions tax bases while enhancing certainty and predictability to taxpayers, beyond securing revenues by realigning taxation with economic activities along the value creation.

With this latest development in the international taxation standard, Malaysia is committed to implement BEPS Action Plan, transparency and exchange of information (EOI) for tax purposes. Malaysia participates actively in various platforms on tax collaboration and policy-making. This includes being a signatory to four OECD-led multilateral instruments, namely Multilateral Competent Authorities Agreement on Common Reporting Standard (MCAA CRS); Multilateral Competent Authorities Agreement on Country-by-Country Reporting (MCAA CbC); Convention on Mutual Administrative Assistance in Tax Matters (CMAA); and Multilateral Instrument Framework to Modify Bilateral Tax Treaties.

Issues and Challenges

Malaysia officially became an OECD BEPS Associate by joining the BEPS Inclusive Framework in early 2017. This gives Malaysia an equal footing with the OECD countries and G20 members and provides a platform to be directly involved in the formulation of the international tax standards in addressing base erosion and profit shifting. As an Associate, Malaysia needs to implement the four Minimum Standards of the BEPS Action Plan immediately, while continuing to review the rest of the Action Plan under Malaysia's domestic laws.

Figure 2.1.2. Malaysia's Participation in the BEPS Action Plan

MINIMUM STANDARD	REINFORCED INTERNATIONAL STANDARD	COMMON APPROACH AND BEST PRACTICES	ANALYTICAL REPORT
Action 5 Counter harmful tax practices	Action 7 Prevent the artificial avoidance of Permanent Establishment status	Action 2 Neutralise the effects of hybrid mismatch arrangements	Action 1 Digital economy
Action 6 Prevent treaty abuse	Action 8 – 10 Aligning transfer pricing outcomes with value creation: Intangibles; Risk and capital; and Other high-risk transactions	Action 4 Limit interest deductibility	Action 11 Data analysis
Action 13 Re-examine transfer pricing documentation		Action 3 Strengthen Controlled Foreign Corporation (CFC) rules	Action 15 Develop a multilateral instrument
Action 14 Dispute resolution		Action 12 Mandatory disclosure rules	

Source: Ministry of Finance, Malaysia.

Note: Malaysia's participation as of September 2018.

Recognising the importance of transparency and EOI on tax matters, Malaysia agreed to implement the Automatic Exchange of Information (AEOI) through the signing of MCAA CRS⁵ and MCAA CbC⁶ in early 2016. This signified Malaysia's full adherence to the best practices of EOI. In this context, the first exchange commenced in September 2018.

The implementation of AEOI will facilitate the tax authorities by enhancing their enforcement efficiency to increase tax compliance. The exchange practice will be done annually by using standard format and procedure through a secured electronic platform, the Common Transmission System developed by the OECD. This initiative is an improvement to the current EOI practice, which is done between the tax authorities through Exchange of Information on Request (EOIR), either under the DTAA or TIEA. Therefore, its effectiveness will depend on the response of the treaty partners.

As a developing country, the implementation of the BEPS Action Plan with a higher standard on the aspect of transparency and the EOI system posed significant challenges to Malaysia's tax authorities as well as to the MNEs. Any shortfalls in the BEPS Action Plan implementation and compliance may result in exposure to unilateral action including trade sanctions by international organisations and trading partners. Therefore, Malaysia continues to take proactive measures to review its domestic laws and policies to ensure consistency in dealing with the cross-border transactions. The measures taken include ongoing consultations as well as engagements with the business communities and international organisations. It is also crucial for MNEs to enhance their knowledge with the latest tax developments in the respective jurisdictions to ensure their business sustainability, while adhering to the internationally-agreed tax standards.

Conclusion

The significant changes initiated by international organisations, such as the OECD and UN present an opportunity especially for developing countries to review and improve their tax systems. As a result, jurisdictions are now actively engaged in the development and implementation of new rules in critical aspects of international taxation to address tax evasion and avoidance, enhance transparency and promote effective EOI on tax matters. As a BEPS Associate and member to the EOI fora, Malaysia continues to review its international tax policy to support its sustainable economic development. Malaysia will also continue to provide competitive environment for business community, especially in attracting FDI, while assuming an active role in promoting international tax cooperation to prevent cross border tax evasion.

⁵ MCAA CRS requires Competent Authorities to obtain information from their financial institutions and automatically exchange with other jurisdictions on an annual basis. This obligation prescribes the financial account information to be exchanged, financial institutions required to report, different types of accounts and taxpayers covered as well as due diligence procedures to be followed by financial institutions.

⁶ MCAA CbC requires Competent Authorities to automatically exchange CbC Reports, prepared by the Reporting Entity of an MNE Group and filed on an annual basis with the tax authorities of the jurisdiction of tax residence of that entity with the tax authorities of all jurisdictions in which the MNE Group operates.

Japan's GDP grew at a slower pace of 1% during the first half of 2018 due to weaker private consumption and private investment. Private consumption was significantly lower by 0.1%, partly due to the adverse weather conditions in the first few months of the year. The slow economic growth was further compounded by lacklustre performance in private investment spending, which contracted 7.2% following uncertainties in the global market and a deflationary outlook. Inflation increased to 1.1% owing to higher energy prices. The unemployment rate was lower at 2.5% as a result of increased female and retirees' participations in the workforce.

GDP growth is forecast to be at 1.1% in 2018, mainly due to slower private consumption and private investment. Private consumption is anticipated to grow at a slower pace of 0.7% due to weakening consumer confidence in wage growth. Private business fixed capital investment is expected to weaken 2%, particularly in the manufacturing sector as manufacturers pull back on machinery and equipment spending. Inflation is expected to register 1.2% due to higher fuel prices. The unemployment rate is projected to record an improvement of 2.5%.

In 2019, Japan's GDP growth is forecast to moderate to 0.9% (2018: 1.1%) primarily due to sluggish private consumption which is projected to grow 0.3% (2018: 0.7%). Private consumption is expected to reduce even further following a planned sales tax increase in October 2019. The Japanese government is planning to use the proceeds from the tax hike to reduce public debt which currently stands at more than twice the size of GDP and to also channel the revenue into education and healthcare activities. Inflation is expected to record 1.3% (2018: 1.2%), lower than the Bank of Japan's target of 2%. The unemployment rate is anticipated to improve to 2.4% (2018: 2.5%), supported by the creation of part-time and temporary jobs for the Rugby World Cup Japan 2019 and Tokyo 2020 Olympic Games. Domestic risks to the economy include declining labour force due to ageing population, high fiscal deficit, prolonged deflationary pressure and weak corporate sentiment.

Australia's economy expanded markedly by 3.3% in the first half of 2018 mainly contributed by stronger external demand. Exports recorded a robust growth of 1.8% contributed by higher production of iron ore, coal and liquefied natural gas (LNG). The unemployment rate improved to 5.5% following growth in job creation for part-time work in retail and accommodation as well as food services industries. Inflation was recorded at 2.1% due to an increase in alcohol and tobacco prices.

Australia's GDP is forecast to grow 3.2% in 2018 mainly supported by favourable external demand. Exports are anticipated to rise 6.8% mainly contributed by higher demand for coal, iron ore and LNG, particularly from China, India and Japan. The unemployment rate is expected to improve to 5.3% supported by the government's assistance through the reduction of taxes for SME and provision of targeted incentives to promote research, development and new technology. Inflation is projected to register 2.2% following continuous increase in alcohol and tobacco prices largely due to scheduled increases in the tobacco excise duty which was implemented since December 2013.

In 2019, Australia's GDP is estimated to record a marginal slowdown of 2.8% (2018: 3.2%) driven by private spending and exports. Private consumption is projected to grow 2.8% (2018: 2.4%) mainly contributed by personal income tax rate cuts. Similarly, exports are expected to increase 7.4% (2018: 6.8%) attributed to higher demand from China, particularly in iron ore. The unemployment rate is anticipated to be lower at 5% (2018: 5.3%) following job creation in the healthcare and social assistance, construction as well as retail trade sectors. Inflation is projected to register 2.3% (2018: 2.2%) due to an increase in utility prices.

The downside risks to Australia's economy persist. The escalating trade tensions between the US and China would affect exports of iron ore to China. Furthermore, an anticipated increase in interest rate to 1.75% in the third quarter of 2019 may weigh on disposable income stemming from monthly housing loans commitment.

The Republic of Korea's GDP growth was sustained at 2.9% in the first half of 2018 driven by private consumption and exports. Private consumption rose 3.2%, partly contributed by an increase in demand for non-durable goods. Likewise, exports increased 3.4% mainly attributed to higher demand for chemical products and semiconductors. Inflation was recorded at 1.4% due to lower prices of livestock products, while the unemployment rate was sustained at 3.8%.

Korea's economy is forecast to register a slower growth of 2.8% in 2018 due to weak domestic demand and exports. Private consumption is expected to be lower as a result of weak labour market conditions, depreciation of the won and high level of household debt. Investment growth is expected to decelerate sharply by 1.1%, particularly in facilities investment due to the base effect from last year's spike in the purchase of semiconductors manufacturing equipment. Inflation is projected to be at 1.7%, while the unemployment rate at 3.8%.

In 2019, GDP growth is projected to be marginally lower by 2.6% (2018: 2.8%) due to weaker domestic demand. Investment, particularly in construction, is anticipated to ease due to a fall in housing starts following the government's efforts to curb overheating property prices. Inflation is expected to be recorded at 1.8% (2018: 1.7%), while the unemployment rate is anticipated to remain at 3.8% (2018: 3.8%). Risks to the economy include subdued labour market condition, heightened financial market volatility and falling asset prices. As part of the government's effort to increase consumption, the minimum wage will be raised by 10.9% in 2019, with a total increase of 55% by 2020, to achieve income-led growth. The Fiscal Management Plan for 2017-2021 will continue to be the focus of the government over a five-year term that shifts spending priorities from economic activities to social welfare to promote inclusive growth.

China's GDP growth was sustained at 6.8% during the first half of 2018 driven by private consumption and exports despite a slowdown in investment. Private consumption increased 6.7% contributed by higher online spending. Exports surged 12.8% mainly attributed to advanced purchases by the US manufacturers

ahead of expected tariff hikes. However, investment in fixed assets moderated 6%, partly due to the suspension of infrastructure projects by state-owned enterprises to reduce debt. Inflation was recorded at 2% due to price hikes in food, tobacco and liquor. Meanwhile, the unemployment rate was sustained at 3.9%.

Economic growth for China is projected to moderate to 6.6% in 2018 due to softening external demand. Exports are expected to ease 6.6% as a result of reduced demand, particularly from the US following the imposition of tariffs on more than USD250 billion worth of China's exports. In addition, the government's regulatory tightening measures will also impact growth. Inflation is expected to increase to 2.2% on account of higher food and energy prices. The unemployment rate is projected to be sustained at 3.9%.

In 2019, growth is forecast to be at a slower pace of 6.2% (2018: 6.6%) mainly due to lower domestic demand. Investment and consumption are expected to decrease following tightening of credit conditions. Among the measures undertaken by the government to ease monetary policy is to continue pursuing financial deleveraging efforts. This measure is partly to curb shadow banking, targeted at lending institutions, which are not regulated by the People's Bank of China. The government is also expected to further cut the reserve requirement ratio to boost lending. Inflation is expected to be at 2.4% (2018: 2.2%), while the unemployment rate is projected to remain at 4% (2018: 4%).

During the first half of 2018, India's GDP expanded 8%, mainly contributed by a solid growth in the manufacturing sector as well as a rebound in the construction sector. The manufacturing sector surged 11.2%, largely supported by a higher production of computer, electronic and optical products. Likewise, the construction sector recorded a turnaround of 10%. Inflation, as indicated by the wholesale price index, was recorded at 3.5% due to a decrease in the prices of pulses, high speed diesel as well as eggs, meat and fish. The Reserve Bank of India increased its key policy repo rate twice in June and August 2018 by a total of 50 bps to 6.50% to achieve a medium-term inflation target of 4%.

Overall, India is projected to grow favourably at 7.3% in 2018 led by higher investment and private consumption. Investment is expected to accelerate as infrastructure projects continue to grow. Private consumption is expected to increase on account of higher consumer spending on electronic goods such as smartphones and televisions. In addition, exports are anticipated to strengthen, reflecting stronger demand for cotton and sugar from China, as well as overall competitiveness gains on goods resulting from the implementation of the GST. On the contrary, the agriculture sector is expected to slow down due to the heavy monsoon rains in August 2018 in Kerala, which flooded more than 56,000 hectares of agricultural land.

India's economic growth in 2019 is projected to sustain at 7.4% (2018: 7.3%) on the back of steady domestic consumption and higher investment. India's economic risks are tilted to the downside, which include tax revenue shortfalls related to continued GST implementation issues and delays in addressing the twin balance sheet problems. Additionally, uncertainties surrounding the implementation of structural reforms such as the Insolvency and Bankruptcy Code and the new regulations on the increase in FDI limits in the insurance, real estate and defence subsectors may weigh on business sentiment. Higher oil prices and tighter financial conditions will also hamper the pace of growth.

The ASEAN economy recorded a steady growth in the first half of 2018 supported by strong domestic demand and higher exports following increased commodity prices. Overall, ASEAN's economy is expected to grow 5.2% in 2018, supported by improved trade and solid expansion in investment, particularly on public infrastructure. In 2019, the region's economic growth is anticipated to remain steady at 5.2% (2018: 5.2%) driven by private consumption, investment and exports. The region's economic growth momentum, however, is at risk of being undermined by increasing trade tensions, monetary policy tightening in advanced economies and higher fuel prices.

Indonesia's GDP grew 5.2% in the first half of 2018 driven by strong domestic demand. Household consumption remained at 5% supported by

higher spending on various goods, particularly food, clothes, shoes and transportation during Ramadan and Eid celebrations. Government expenditure surged 4%, particularly in organising the Jakarta Palembang 2018 Asian Games in August. In addition, exports increased 6.9% contributed by favourable global trade and increased commodity prices. Inflation recorded 3.3% owing to lower food prices.

Overall in 2018, Indonesia's economy is projected to grow between 5.1% and 5.5% supported by higher investment and exports. Government expenditure is anticipated to increase following higher investment in infrastructure, particularly for projects related to energy and transportation. Private consumption is expected to remain stable, supported by higher consumer confidence and increased non-cash transfers to low income households. Inflation is forecast to record 3.5% due to measures undertaken to control food prices. The unemployment rate is expected to improve to 5.1% with the creation of jobs in the construction sector.

Indonesia's GDP is expected to grow between 5.4% and 5.8% in 2019 (2018: 5.1% – 5.5%) supported by higher investment and stronger exports. Investment is projected to increase following various fiscal incentives for construction activities. In addition, the government's social- and business-centric structural reforms are expected to further support growth. Nevertheless, various challenges, including tax revenue shortfalls, larger fiscal financing due to higher interest rates, political uncertainty owing to the 2019 presidential elections, natural disasters and maritime border disputes may weigh on the economy. Bank Indonesia is anticipated to tighten its monetary policy to stabilise the rupiah. Inflation is expected to record between 2.5% and 4.5% (2018: 3.5%).

In the first half of 2018, Thailand's economy expanded 4.8% driven by the robust non-agricultural sector. Growth in the non-agricultural sector was mainly contributed by the hotels and restaurants as well as the manufacturing subsectors which increased 11.1% and 3.5%, respectively. Inflation was recorded at 1% due to higher prices of electricity, fuel and water supply, while the unemployment rate was lower at 1.1%.

In 2018, Thailand's economy is forecast to grow 4.4% buoyed by stronger consumption and exports. Private consumption is expected to be higher attributed to favourable income conditions following strong labour market, particularly in the construction and services subsectors. Similarly, public consumption is anticipated to expand ahead of the general elections scheduled in 2019. Exports are projected to be propelled by higher demand for automotive and electronic goods, particularly from China, the US and Japan. Additionally, growth is anticipated to be boosted by the robust tourism subsector, led by new international routes and an increase in short-haul international flights operated by low-cost airlines. Inflation is estimated at 1.1% due to higher prices of food and non-alcoholic beverages while the unemployment rate is expected to improve to 0.7%.

Thailand's GDP is projected to moderate 4.2% in 2019 (2018: 4.4%) supported by a robust tourism subsector. The tourism subsector revenue is expected to expand 10% to approximately USD103 billion. On the demand side, public investment is expected to contribute to growth following the government's continuous investment in infrastructure, particularly in the development of the Eastern Economic Corridor (EEC), with an estimated cost of USD43 billion over a five-year period (2017 – 2021). Inflation is anticipated to be recorded at 1.2% (2018: 1.1%) while the unemployment rate is expected to remain at 0.7% (2018: 0.7%). Political instability remains one of the major risks of the country as this may lead to capital withdrawals.

In the first half of 2018, Singapore's GDP expanded 4.2% driven by the goods and services producing sectors. Growth in the goods producing sector was mainly contributed by the manufacturing subsector which increased 10.5% following higher output from the electronics, biomedical manufacturing and transport engineering clusters. The services producing sector rose 3.4%, particularly contributed by an increase in the finance and insurance; information and communications; and the wholesale and retail trade subsectors. Meanwhile, inflation recorded 0.3% owing to lower non-cooked food prices. The unemployment

rate improved to 2.1% following job gains in the construction and manufacturing subsectors.

The economy is projected to grow between 2.5% and 3.5% in 2018, supported by the goods and services producing sectors. The goods producing sector is expected to grow contributed by the manufacturing subsector, particularly transport engineering, precision engineering products and electronics clusters. In addition, growth is anticipated to be supported by the services producing sector, particularly the finance and insurance; wholesale and retail trade; and transportation and storage subsectors. Inflation is expected to record 1% mainly due to increases in food prices and housing rentals. The unemployment rate is anticipated to be lower at 2% supported by job gains in the services producing sector, particularly the information and communications subsector.

Singapore's GDP is expected to grow 2.7% in 2019 (2018: 2.5% – 3.5%) supported by the services producing sector, particularly the finance and insurance; transportation and storage; information and communications; and the wholesale and retail trade subsectors. Inflation is anticipated to rise to 1.3% (2018: 1%) due to higher food prices while the unemployment rate is expected to record 1.9% (2018: 2%). Growth may be weighed down by sharp increase in labour cost and tighter immigration policy, hampering investment in some sectors.

The Philippines' economy grew 6.3% in the first half of 2018, mainly supported by the services and industry sectors. The services sector rose 6.7%, spearheaded by the transport, storage and communications as well as the financial intermediation subsectors, which grew 6.4% and 8.3%, respectively. Growth in the industry sector was higher at 7%, backed by the construction as well as the electricity, gas and water supply subsectors, which grew significantly by 11.5% and 5%, respectively. Inflation recorded 4.3% owing to higher prices of rice, perishable goods and liquefied petroleum gas. The unemployment rate improved to 5.4% following job creation in the construction subsector, partly supported by the Build, Build, Build programme.

In 2018, the Philippines' economy is projected to grow 6.7% underpinned by strong consumption and investment. Private consumption is expected to improve following a higher ceiling of tax exemption under the Tax Reform for Acceleration and Inclusion Act, effective 1 January 2018. Additionally, public spending is anticipated to expand as the government plans to spend approximately USD150 billion on infrastructure projects from 2017 to 2022, in line with its Build, Build, Build programme. The unemployment rate is expected to improve further to 5.5%. Meanwhile, inflation is forecast to register 4.9% following higher utility, tobacco and oil prices.

Growth in the Philippines is projected to improve 6.8% in 2019 (2018: 6.7%) as government consumption and investment are anticipated to increase despite rising global uncertainties. Government consumption is expected to rise following higher expenditure for the general election in May 2019. Investment is projected to expand following ongoing construction activities. Inflation is projected at 3.7% (2018: 4.9%) due to lower food prices, particularly rice. However, quantitative restriction involving tariff and deregulation of rice imports under the proposed reform in the rice industry may be a downside risk to the economy. The unemployment rate is anticipated to remain at 5.5% (2018: 5.5%).

Information Box 2.1

ASEAN Economic Community Blueprint 2025: Issues, Challenges and Opportunities

Introduction

In 2007, the ASEAN Leaders adopted the ASEAN Economic Community (AEC) Blueprint 2015 to establish the AEC 2015 to promote single market and production base, competitive economic region, equitable economic development and integration into the global economy. AEC 2015 was achieved, among others by the elimination of tariffs as well as reduction of non-tariff barriers and administrative costs to facilitate the free flow of goods, services, capital and skilled workers among ASEAN Member States (AMS). The AEC offers economies of scale to attract foreign investors into the region and enable more manufacturers to participate in a competitive and integrated global value chain.

The AEC Blueprint 2025 charts the region's economic integration landscape over the next decade while retaining the key vision of the AEC 2015. The AEC Blueprint 2025 emphasises the use of science and technology, development of human resources and enhancement of good governance as well as promotes connectivity. The Blueprints have outlined key characteristics and elements as in Table 2.1.1.

Table 2.1.1. Key Characteristics and Elements of AEC Blueprint 2015 and AEC Blueprint 2025

AEC Blueprint 2015	AEC Blueprint 2025
I. Single Market and Production Base ▪ Free flow of goods ▪ Free flow of services ▪ Free flow of investment ▪ Free flow of capital ▪ Free flow of skilled labour ▪ Priority Integration Sectors ▪ Food, agriculture and forestry	I. A Highly Integrated and Cohesive Economy ▪ Trade in goods ▪ Trade in services ▪ Investment environment ▪ Financial integration, inclusion and stability ▪ Facilitating the movement of skilled labour and business visitors ▪ Enhancing participation in the global value chain

AEC Blueprint 2015	AEC Blueprint 2025
II. Competitive Economic Region ▪ Competition policy ▪ Consumer protection ▪ Intellectual property rights ▪ Infrastructure development (includes transportation and ICT) ▪ Taxation ▪ E-Commerce	II. A Competitive, Innovative and Dynamic ASEAN ▪ Effective competition policy ▪ Consumer protection ▪ Strengthening intellectual property rights cooperation ▪ Infrastructure development (includes transportation and ICT) ▪ Taxation cooperation ▪ Sustainable economic development
III. Equitable Economic Development ▪ SME development ▪ Initiative for ASEAN Integration (IAI)	III. Enhanced Connectivity and Sectoral Cooperation ▪ Transport ▪ ICT ▪ E-Commerce ▪ Energy ▪ Food, agriculture, forestry ▪ Tourism, healthcare, minerals as well as science and technology
IV. Integration into the Global Economy ▪ The coherent approach towards external economic relations ▪ Enhanced participation in global supply networks	IV. A Resilient, Inclusive, People-Oriented and People-Centred ASEAN ▪ Strengthening the role of micro, small and medium enterprises (MSMEs) ▪ Narrowing the development gap (includes IAI) ▪ Strengthening the role of the private sector ▪ Public private partnership ▪ The contribution of stakeholders in real estate and infrastructure
	V. A Global ASEAN ▪ Covering Free Trade Agreements between ASEAN and its trading partners (ASEAN+1 FTAs) and Regional Comprehensive Economic Partnership (RCEP)

Source: Dr. Sanchita Basu Das. (2016). *Huge challenges await AEC 2025*.

In order to complement the AEC Blueprint 2025, the AEC 2025 Consolidated Strategic Action Plan (CSAP) 2016 – 2025 was established as a single reference document for stakeholders on the implementation of the Blueprint. The AEC CSAP comprises key actions from all the 23 AEC Sectoral Work Plans, among others, the Strategic Action Plan 2016 - 2025 for Financial Integration, ASEAN Taxation Cooperation and the AEC 2025 Trade Facilitation Strategic Action Plan.

Realising AEC 2025 through Financial Sector Integration

Regional economic integration is imperative for robust growth in an evolving domestic and external environment. The financial sector plays a crucial role in ensuring sustainable and inclusive economic growth. Hence, the Strategic Action Plan 2016 – 2025 for Financial Integration was developed with three strategic objectives, namely financial integration, inclusion and stability; and three cross-cutting areas which are capital account liberalisation, payment and settlement systems as well as capacity building.

Financial integration plays a significant role in accelerating economic growth in ASEAN through the creation of common financial infrastructure to facilitate intra-ASEAN trade and investment. In this context, AMS needs to further collaborate by increasing the role of ASEAN indigenous banks as well as having more integrated insurance sector and connected capital markets. The integration will be supported by a financial market infrastructure that is more connected, cost-efficient and safe.

Financial inclusion accelerates financial integration and supports inclusive growth by targeting poor and unbanked households as well as MSMEs to have greater access to finance. Increased awareness and access to financial products and services such as insurance, savings and credit facilities enable households to invest in education and skills as well as improve their health conditions. In addition, MSMEs are able to shift from informal to formal financial services and further expand their businesses.

Financial stability can be sustained through the continuous strengthening of regional infrastructure to cushion against external economic volatilities. Among the measures for financial stability is to intensify the existing process of macroeconomics and financial surveillance by identifying financial system risks and vulnerabilities. In addition, prudential regulations should be more cohesive and aimed at achieving greater consistency with international best practices and regulatory standards.

Issues and Challenges

Given the current global challenges, as ASEAN moves towards deeper and more cohesive economic integration, the interdependence of financial market intensifies the risk of contagion. Hence, AMS must undertake relevant measures to complement the liberalisation and integration of their financial markets. These measures include establishing necessary capacity building as well as pursuing sound and consistent macroeconomic policies to minimise the effects of contagion risk. Other factors that may weaken ASEAN economic integration include global trade tensions, a slowdown in China's economic growth as well as interest rates normalisation.

Trade protectionism through border measures to protect the domestic market of an economy may hamper regional economic integration and disrupt trade. For example, the imposition of 25% tariff on steel and 10% tariff on aluminium items by the US effective 23 March 2018 has caused trade tensions between the US and its trading partners. While the US remains a relatively small but growing market for ASEAN's steel and aluminium exports, these inward-looking policies will still pose a risk to regional growth and integration in the long run.

China remains the largest trading partner for the last nine years with USD514.8 billion of trade volume in 2017. The escalating trade tension between the US and China is anticipated to pose a greater impact on ASEAN's trade and economy. This is due to ASEAN's position in the integrated global value chain.

Major central banks in the advanced economies are gradually normalising monetary policy to achieve stronger economic growth, favourable labour market conditions and targeted inflation. For instance, the US Federal Reserve raised its federal fund rates several times in 2018, and the increase is anticipated to continue until its 2% inflation target is achieved. The monetary policy adjustments by advanced economies may lead to capital flow reversals and currency movements following tightening global financial conditions. Consequently, these adjustments will cause adverse repercussions on the AMS central banks' balance sheets.

Opportunities

Notwithstanding the challenges faced by ASEAN coupled with varying political systems and levels of economic development of AMS, the AEC presents immense opportunities to the region. In this regard, the AEC Blueprint 2025 guides ASEAN's transformation into a high performing trading region and an attractive investment destination focusing on financial sector integration benefits as follows:

- (i) free flow of trade in services, which allows ASEAN suppliers to provide a wider range of financial services to a broader consumer base and establish companies across national borders within the region, subject to domestic regulations;
- (ii) freer flow of capital, which allows economic agents in any member state to invest in or borrow funds more freely, subject to prudential regulations;
- (iii) integrated capital markets in ASEAN, which provides investors greater access to capital markets with lower transaction costs; and
- (iv) harmonised ASEAN payments and settlement systems, which allow businesses and individuals to make or receive electronic payments with greater convenience and security.

The regional economic integration has benefited ASEAN. The benefits are reflected by ASEAN's stable economic growth and improving trade in goods and services as well as FDI inward flows to the region as in Table 2.1.2.

Table 2.1.2. Selected Key Macroeconomic Indicators of ASEAN 2010 – 2017

Indicators	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth (%)	7.5	5.0	6.2	5.2	4.7	4.8	4.8	5.3
Total FDI Inward Flows (USD billion)	108	88	117	122	130	122	123	137
Intra-ASEAN (%)	15.1	18.0	20.1	15.2	17.1	17.1	21.0	19.4
Extra-ASEAN (%)	84.9	82.0	79.9	84.8	82.9	82.9	79.0	80.6
Total Trade in Goods (USD billion)	2,001	2,398	2,480	2,533	2,535	2,273	2,237	2,575
Intra-ASEAN (%)	25.1	24.3	24.4	24.4	24.0	23.2	23.1	22.9
Extra-ASEAN (%)	74.9	75.7	75.6	75.6	76.0	76.8	76.9	77.1
Total Trade in Services (USD billion)	440	519	569	623	658	651	663	703
Total Exports (USD billion)	214	254	279	307	322	324	337	361
Total Imports (USD billion)	226	265	289	316	336	327	325	343

Source: ASEAN Secretariat Database accessed September 2018.

Conclusion

ASEAN economic integration can be realised through concerted efforts of AMS. As such, AMS needs to increase awareness of stakeholders on AEC measures, strengthen the domestic industries to enable them to participate in the global value chain, place importance on improving regional infrastructure and allocate additional financial and human resources towards regional integration. Therefore, it is crucial for the stakeholders to strengthen their collaboration to overcome the challenges towards making AEC 2025 a success.

Conclusion

Global economy is expected to grow moderately mainly supported by strong domestic demand in the EMDEs, in particular, China, India, Indonesia and the Philippines. On the contrary, growth in the advanced economies is projected to register a slowdown due to lower private consumption following normalisation of interest rates and waning fiscal stimulus. Risks are skewed to the downside and growth remains vulnerable to changes in trade, fiscal and monetary policies, global financial conditions and geopolitical stability. Trade tensions are expected to escalate in anticipation of additional protectionist and retaliatory measures posed by the US and its key trading partners, which may include expanding list of items that will

be subjected to tariff rates increase. In addition, deterioration in global financial conditions due to rising corporate debt will weigh on investment. Emerging market imbalances due to weakening currency as well as dollar-denominated debt, such as in Turkey and Argentina, may cause a downward trend in growth. Furthermore, advanced economies' reliance on highly supportive macroeconomic policies is projected to hinder sustainable global growth. For example, the fiscal stimulus in the US will lead to faster-than-expected interest rates increases, which may shrink capital flows to developing Asia. In addition, prolonged geopolitical concerns in the Middle East and the possibility of more countries exiting the euro area are among the persistent risks.

References

- AMRO. (2018). *China Watch – Pressures are Building*. Retrieved from <https://insights.abnamro.nl/en/2018/08/china-watch-pressures-are-building/>
- ASEAN Secretariat. (2018). Retrieved from <https://data.aseanstats.org/sits-by-reporters-and-services>
- Australia Bureau of Statistics. (2018). *Australian National Accounts: National Income, Expenditure and Product (5206.0)*. Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5206.0?opendocument&ref=HPKI>
- Australia Bureau of Statistics. (2018). *Consumer Price Index, Australia (6401.0)*. Retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6401.0?opendocument&ref=HPKI>
- Australia Bureau of Statistics. (2018). *Labour Force, Australia (6202.0)*. Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0?opendocument&ref=HPKI>
- Bank Indonesia. (2018). *Inflation Report*. Retrieved from <https://www.bi.go.id/en/moneter/inflasi/data/Default.aspx>
- Bank of England. (2018). *Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 12 September 2018*. Retrieved from <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2018/september-2018.pdf>
- Bank of Japan. (2018). *Outlook for Economic Activity and Prices*. Retrieved from <https://www.boj.or.jp/en/mopo/outlook/gor1807b.pdf>
- Bank of Korea. (2018). *Real Gross Domestic Product: 2nd Quarter of 2018 (Advance Estimate)*. Retrieved from <http://www.bok.or.kr/eng/bbs/E0000634/view.do?nttId=10046199&menuNo=400069&pageIndex=2>
- Bank of Thailand. (2018). *Inflation*. Retrieved from <https://www2.bot.or.th/statistics/ReportPage.aspx?reportID=409&language=eng>
- Bureau of Economic Analysis, Washington: US Department of Commerce. (2018). *News Release, 27 September 2018: Gross Domestic Product: Second Quarter 2018 (Third Estimates)*. Retrieved from <https://www.bea.gov>
- Bureau of Labor Statistics, Washington: US Department of Labor. (2018). *Press Release, 5 October 2018: The Employment Situation – September 2018*. Retrieved from <http://www.bls.gov>
- Cabinet Office, Government of Japan. (2018). *Quarterly Estimates of GDP*. Retrieved from http://www.esri.cao.go.jp/en/sna/sokuhou/sokuhou_top.html
- Central Bank of Philippines. (2018). *Inflation*. Retrieved from http://www.bsp.gov.ph/publications/regular_inflation.asp
- Deloitte. (2018). *South Korea: Economy Showing Signs of Resilience*. Retrieved from <https://www2.deloitte.com/insights/us/en/economy/asia-pacific/south-korea-economic-outlook.html>
- Department of Statistic, Singapore. (2018). *Data and News*. Retrieved from <https://www.singstat.gov.sg/>
- Department of Statistic, Singapore, Consumer Price Index. (2018). *CPI for August 2018*. Retrieved from <https://www.singstat.gov.sg/-/media/files/publications/economy/cpiaug18.pdf>
- Destatis (Germany Federal Statistical Office). (2018). *Fact and figures*. Retrieved from <https://www.destatis.de/EN/Homepage.html>
- Dr. Sanchita Basu Das. (2016). *Huge challenges await AEC 2025*. Retrieved from https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2016_48.pdf
- Economist Intelligence Unit. (2018). *Germany*. Retrieved from http://viewswire.eiu.com/index.asp?layout=VWCountryVW3®ion_id=&country_id=1360000136
- European Central Bank (ECB). (2018). *Monetary Policy Decisions*. Retrieved from <https://www.ecb.europa.eu/press/pr/date/2018/html/ecb.mp180913.en.html>
- European Commission. (2018). *Eurostat – Your key to European Statistics*. Retrieved from <https://ec.europa.eu/eurostat/news/news-releases>

- Federal Open Market Committee, Washington: Board of Governors of the Federal Reserve System. (2018). *Press Release 26 September 2018, Federal Reserves (September 2018)*. Retrieved from <https://www.federalreserve.gov>
- Focus Economics. (2018). *Germany*. Retrieved from <https://www.focus-economics.com/countries/germany>
- Germany Federal Ministry of Finance. (2018). *Monthly reports*. Retrieved from <https://www.bundesfinanzministerium.de/Web/EN/Home/home.html;jsessionid=5CA8B30881FF619745EA007E47F4DA19>
- HM Treasury. (2018). *Spring Statement 2018: what you need to know*. Retrieved from <https://www.gov.uk/government/news/spring-statement-2018-what-you-need-to-know>
- IMF Staff Country Report. (2017). *Indonesia: 2017 Article IV Consultation-Press Release; Staff Report*. Retrieved from <https://www.imf.org/media/Files/Publications/CR/2018/cr1832.ashx>
- IMF Staff Country Report. (2018). *Singapore: 2018 Article IV Consultation-Press Release; Staff Report*. Retrieved from <https://www.imf.org/en/Publications/CR/Issues/2018/07/27/Singapore-2018-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-46131>
- International Monetary Fund. (2018). *World Economic Outlook, October 2018: Challenges to Steady Growth*. Retrieved from <https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018>
- Ministry of Commerce and Industry, Office of the Economic Adviser. (2018). *Wholesale Price Index Press Release Archive*. Retrieved from http://eaindustry.nic.in/wpi_press_release_archive.asp
- Ministry of Statistics and Programme Implementation. (2018). *Press Note on Estimates of Gross Domestic Product for the First Quarter (April – June) 2018-2019*. Retrieved from http://www.mospi.gov.in/sites/default/files/press_release/PR_GDP_Q1_31aug18.pdf
- Ministry of Statistics and Programme Implementation, Central Statistics Office. (2018). *Press Release – Quick Estimates of Index of Industrial Production and Use-Based Index*. Retrieved from http://www.mospi.gov.in/sites/default/files/press_release/iip_PR_12mar18.pdf
- Ministry of Trade and Industry Singapore GDP. (2018). *MTI 2018 GDP Growth Forecast*. Retrieved from <https://www.mti.gov.sg/NewsRoom/Pages/MTI-Maintains-2018-GDP-Growth-Forecast-at-2.5-to-3.5-Per-Cent.aspx>
- MUFG Bank Ltd. (2018). *The Outlook for the Japanese Economy*. Retrieved from http://www.bk.mufg.jp/report/eco_jap2018e/outlook_japan20180531e.pdf
- National Bureau of Statistics. (2018). *Preliminary Accounting Results of GDP for the First Quarter of 2018*. Retrieved from http://www.stats.gov.cn/english/pressrelease/201804/t20180419_1595000.html
- National Institute of Statistics and Economic Studies (INSEE). (2018). *Statistics*. Retrieved from <https://www.insee.fr/en/statistiques?theme=27>
- Office for Budget Responsibility. (2018). *Office for Budget Responsibility: Economic and fiscal outlook*. Retrieved from https://cdn.obr.uk/EFO-MarCh_2018.pdf
- Office for National Statistics. (2018). *GDP quarterly national accounts, UK: April to June 2018*. Retrieved from <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/apriltojune2018>
- Office of the National Economic and Social Development Board, Philippines. (2018). *GDP & Components*. Retrieved from http://www.nesdb.go.th/nesdb_en/more_news.php
- Organisation for Economic Co-operation and Development. (2018). *Developments in Individual OECD and Selected Non-Member Countries - Korea*. Retrieved from <http://www.oecd.org/eco/outlook/economic-forecast-summary-korea-oecd-economic-outlook.pdf>

- Organisation for Economic Co-operation and Development. (2018). *OECD Economic Outlook and Interim Economic Outlook, 20 September 2018: High Uncertainty Weighing On Global Growth*. Retrieved from <http://www.oecd.org/eco/outlook/High-uncertainty-weighing-on-global-growth-OECD-interim-economic-outlook-handout-20-September-2018.pdf>
- Organisation for Economic Co-operation and Development. (2018). *United Kingdom - Economic forecast summary (May 2018)*. Retrieved from <http://www.oecd.org/eco/outlook/united-kingdom-economic-forecast-summary.htm>
- Philippines Statistics Authority. (2018). *PSA Calendar of Press Release for 2018*. Retrieved from <http://psa.gov.ph/content/psa-calendar-press-release-2018>
- Reserve Bank of Australia. (2018). *Statement on Monetary Policy*. Retrieved from <https://www.rba.gov.au/publications/smp/2018/aug/economic-outlook.html>
- Reserve Bank of India. (2018). *Minutes of the Monetary Policy Committee Meeting June 4-6, 2018 [Under Section 45ZL of the Reserve Bank of India Act, 1934]*. Retrieved from <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/R3320556E3589C58C4978B8E24686472796DD.PDF>
- Statistics Indonesia. (2018). *Data and News*. Retrieved from <https://www.bps.go.id/>
- Statistics Japan. (2018). *Labour Force Survey: Statistical Figures*. Retrieved from <http://www.stat.go.jp/english/data/roudou/lngindex.html>
- The Star (2018). *Thai central bank raises GDP growth forecast to 4.4%*. Retrieved from <https://www.thestar.com.my/business/business-news/2018/06/21/thai-central-bank-raises-gdp-growth-forecast-to-44/>
- Trading Economics. (2018). *Indicators*. Retrieved from <https://tradingeconomics.com/germany/indicators>
- Trading Economics. (2018). *Thailand GDP Growth Rate*. Retrieved from <https://tradingeconomics.com/Thailand/gdp-growth>
- World Bank. (2018). *Press Release, 5 June 2018: Global Economy to Expand by 3.1 percent in 2018, Slower Growth Seen Ahead*. Retrieved from <http://www.worldbank.org/en/news/press-release/2018/06/05/global-economy-to-expand-by-3-1-percent-in-2018-slower-growth-seen-ahead>
- World Bank. (2018). *Global Economic Prospects, June 2018: The Turning of the Tide?*. Retrieved from file:///C:/Users/ITDuser/Downloads/9781464812576.pdf
- World Bank. (2018). *Philippines Growth to Remain Strong Despite Global Uncertainty*. Retrieved from <https://www.worldbank.org/en/news/press-release/2018/07/13/philippines-growth-to-remain-strong-despite-global-uncertainty>
- World Trade Organisation. (2018). *Trade Statistics and Outlook Press Release, 27 September 2018: WTO Downgrades Outlook for Global Trade As Risks Accumulate*. Retrieved from https://www.wto.org/english/news_e/pres18_e/pr822_e.htm

