

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(28 December 2020 – 31 December 2020)

Countries	Highlights
<p>US</p> <p>US pending home sales fall again in November</p>	<p>Contracts to buy US previously owned homes fell for a third straight month in November as an acute shortage of properties pushed up prices, though the housing market remains supported by record-low mortgage rates. The National Association of Realtors said its Pending Home Sales Index, based on contracts signed last month, fell 2.6% last month to 125.7. Compared with a year ago, pending home sales jumped 16.4% in November. Sales of existing homes have slackened recently, declining in November for the first time in six months. The housing market is being driven by record low mortgage rates. The 30-year fixed mortgage rate is around an average 2.86%, according to the most recent data from the Mortgage Bankers Association.</p> <p><i>(Source: Reuters, 30 December 2020)</i></p>
<p>EU</p> <p>EU agrees investment deal with China to rebalance ties</p>	<p>The European Union and China agreed on Wednesday to an investment deal that will give European companies greater access to Chinese markets and help redress what Europe sees as unbalanced economic ties. The agreement was negotiated for nearly seven years and is likely to take at least another year to enter into force. European firms will gain permission to operate in China in electric cars, telecom cloud services and certain activities linked to air and maritime transport, such as ground handling. Joint venture requirements will fall away for the automotive sector, many financial services, private hospitals, advertising, real estate and environmental services, such as sewage. China will pass laws to ban forced transfer of technology from foreign companies and has pledged to be more transparent on subsidies and bar state-owned enterprises from discriminating against foreign investors.</p> <p><i>(Source: Reuters, 30 December 2020)</i></p>
<p>JAPAN</p> <p>Japan's climate plan: Big on ambition but small in scope</p>	<p>Japan's plan to become carbon neutral by 2050 is beginning to take shape as the government targets the nation's biggest business (automotive industry). But the scope, impact and intent of the climate plan are dubious, experts say, since it won't ban hybrid vehicles, nor does it promote or subsidise green electricity production. As part of the plan, the government will phase out the sale of new gasoline-powered commercial and passenger vehicles and possibly motorcycles by the first half of the 2030s. The move represents a significant shift in the country's stance, since the government had previously said in 2010 that by the mid-2030s it would reduce the share of gasoline automobiles on the market to between 30% and 50%, environmentally friendly vehicles accounting for the rest.</p> <p><i>(Source: The Japan Times, 31 December 2020)</i></p>
<p>CHINA</p> <p>China central bank says to cap property loans by banks</p>	<p>China's central bank issued a regulation on Thursday to cap property loans by banks, as authorities shift their attention back to debt risks and look to guard against any over lending to the property sector. The People's Bank of China (PBOC) said each bank's outstanding property loans as a proportion of total loans, as well as its ratio of outstanding mortgages to total loans, should both be capped as required. Nearly 30% of outstanding loans with China's financial institutions were property loans by the end of September. For China's big four banks, along with China Development Bank, Bank of Communications and Postal Savings Bank of China, the ratio of outstanding property loans to total loans will be capped at 40% and their outstanding mortgages as a proportion of total loans, will be capped at 32.5%. The new rules will take effect from Jan. 1.</p> <p><i>(Source: Nasdaq, 31 December 2020)</i></p>