



Our Economy and The World

The Weekly Report

Issue: 274 Date: 29th May 2022

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 - Bloomberg: US's China-Tariff Review Likely to Take Months, Aide Says
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Key Global and Regional Developments over the Past Week

Bloomberg: Fed Saw Aggressive Hikes Providing Flexibility Later This Year

Federal Reserve officials agreed at their gathering this month that they need to raise interest rates in half-point steps at their next two meetings, continuing an aggressive set of moves that would leave them with flexibility to shift gears later if needed. While highlighting the “strong commitment and determination” of all policy makers to restore price stability, the minutes of the May 3-4 meeting, released Wednesday, showed officials attentive to financial conditions as they prepare to raise rates further.

Overshooting 2% Goal **PCE inflation is running too hot for the Fed**



Source: Bureau of Economic Analysis

Bloomberg

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Reuters: U.S. Core Capital Goods Orders Growth Slows in April; Shipments Increase

New orders for U.S.-made capital goods increased less than expected in April, suggesting businesses could be slowing their pace of spending on equipment as they confront growing headwinds from rising interest rates and tightening financial conditions. The mixed report from the Commerce Department on Wednesday followed on the heels of May regional factory surveys last week showing manufacturers expecting moderate growth in capital spending over the next six months. The Federal Reserve has adopted an aggressive monetary policy stance to cool

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demand and tame inflation, sparking a stock market sell-off and boosting U.S. Treasury yields and the dollar.

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Reuters: Africa Risks Stagflation due to Pandemic, Ukraine War - AfDB

Africa risks sliding into stagflation - a cycle of slow growth and high inflation - as it battles the lingering effects of the pandemic and rising fuel and food prices caused by the Ukraine conflict, the African Development Bank (AfDB) said on Wednesday. Despite experiencing relatively low death rates compared to more developed regions, Africa was dealt a heavy economic blow by the COVID-19 pandemic.

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Bloomberg: US's China-Tariff Review Likely to Take Months, Aide Says

The US's review of tariffs on more than \$300 billion in Chinese imports that's required as the duties reach their four-year anniversary will likely take months, a top trade official said. At the same time, that won't prevent the Biden administration from taking other steps such as exclusions from duties in tandem with that analysis, US Trade Representative General Counsel Greta Peisch said Wednesday at an event hosted by Georgetown University's law school. "We want to undertake a review as soon as we can," she said, referring to the so-called review of necessity. "In part, it will be driven by the volume of responses that we are receiving -- going through those, ensuring we have a really good process to consider them. Given that, it's likely to be months, but again, we want to complete it as quickly as we can."

[\(Read Full Article\)](#)

Bloomberg: UK Recession Risk Makes BOE Wary of Acting on Inflation, Pill Says

The Bank of England needs to tighten policy further to fight rising inflation, but it's also wary of acting too quickly and risking pushing the UK into recession, according to Chief Economist Huw Pill. Pill, who has voted with the majority to hike rates at each of the BOE's previous four meeting, told the Western Mail newspaper that he expects "over the coming months some further moves in the direction we have been seeing."

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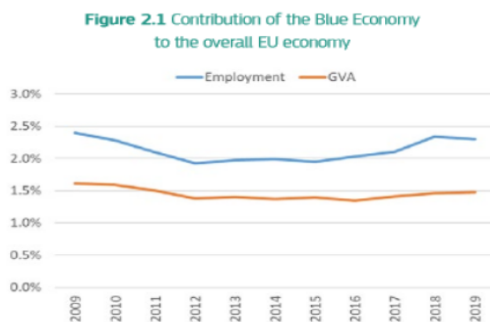
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Special Analysis

European Union: The EU blue economy report 2022

The ocean is at the foundation of life in the planet and plays a vital role in safeguarding that some of our most basic needs are met. The Blue Economy comprises all activities that are linked to the water, the sea and the oceans. It relies not only on more traditional forms of utilization (e.g., fishing and aquaculture), but also combines a broader vision of activities that can offer important sources of sustainable economic development for Member States and coastal communities in particular. The Blue Economy can contribute to a large extent to Europe's green ambitions. A sustainable Blue Economy enables society to obtain value from the oceans and coastal regions, whilst respecting their long-term ability to regenerate and endure such activities through the implementation of sustainable practices. This implies that human activities must be managed in a way that guarantees the health of the oceans and safeguards long-term economic productivity, so that the potential they offer can be realized and sustained over time. The annual EU Blue Economy Report aims to continuously improve the measuring and monitoring of the socio-economic performance of the Blue Economy (for the 2009-2019 period in the current edition), while taking its environmental impacts into account. The EU is determined to deliver on European Green Deal, with the adoption of the 'Fit for 55 package', implementation of the Zero Pollution Action Plan, and with other initiatives being prepared, at the same time as it ensures a transition based on sustainable economic growth and employment. Besides, the insight of the Sustainable Blue Economy Communication, can help achieve this sustainable growth objective while protecting and restoring nature, fighting pollution, and tackling climate change.



Source: Own elaboration from Eurostat (SBS) and DCF data.

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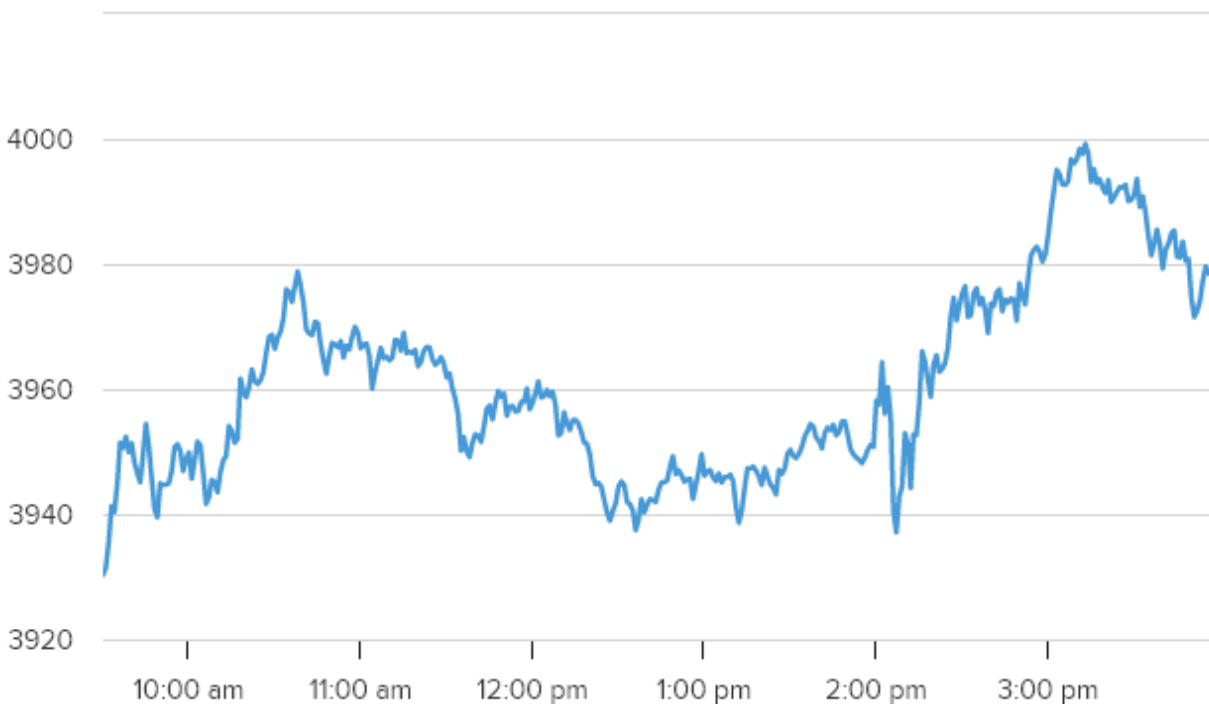
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Developments in Financial and Commodity Markets in the Past Week

CNBC: Stocks rise after Fed signals further rate hikes, Dow jumps nearly 200 points

Stocks rose on Wednesday after the minutes of the Federal Reserve's May policy meeting showed the central bank is prepared to raise rates further than the market had anticipated. The Dow Jones Industrial Average jumped 191.66 points, or 0.6%, to 32,120.28. The S&P 500 climbed 0.9% to 3,978.73, and the Nasdaq Composite advanced 1.5% to 11,434.74. All of the major averages are currently on pace for a winning week.



cnbc.com



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Financial Times: Commodity funds stage revival as investors seek inflation hedges

Commodity funds are making a comeback after years out of favour, as institutional investors seek hedges against stubbornly high global inflation. Investment vehicles tied to raw materials such as oil and wheat drew in net inflows of \$38.7bn in the year to May 10, building on weekly inflow highs through March, according to data from Citi. Commodity prices have soared this year as pandemic supply chain disruptions

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were compounded by a squeeze on oil and gas supplies over the winter, pushing the broad S&P GSCI index in March to its highest level since 2008.



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