



Our Economy and The World

The Weekly Report

Issue: 292 Date: 16th October 2022

This week's issue of "Our Economy and the World" includes:

- **Key Global and Regional Developments over the Past Week**
 - Bloomberg: G-7 pledges greater policy cooperation as risks mount, draft communique says
 - Reuters: U.S. producer prices increase more than expected in September
 - Reuters: Biden vows consequences for Saudi Arabia after OPEC+ decision
 - CNBC: Nobel economics prize awarded to U.S.-based economists including Bernanke for work on financial crises
- **Special Analysis**
 - UNDP: Avoiding 'Too Little Too Late' on International Debt Relief
- **Developments in Financial and Commodity Markets in the past week**
 - Bloomberg: S&P Hits Fresh Low for the Year as CPI Data Loom: Markets Wrap
 - Bloomberg: Oil Slumps for Third Day as Inflation Metric Hints at More Hikes

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

The Weekly Report

Key Global and Regional Developments over the Past Week

Bloomberg: G-7 pledges greater policy cooperation as risks mount, draft communique says

The Group of Seven (G-7) aims to enhance policy cooperation in an effort to address a further slowdown in the global economic recovery as risks continue to mount, according to a draft communique. The G-7 also pledged to preserve financial stability, and said it's important for regulators to remain vigilant to guard against rising systemic risks as financial conditions tighten, according to the draft, a copy of which was obtained by Bloomberg. The group also noted that policies to support sustainable economic recoveries will need to pay due consideration to country-specific circumstances.

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

Reuters: U.S. producer prices increase more than expected in September

U.S. producer prices increased more than expected in September amid strong gains in the costs of services and goods, suggesting inflation could remain uncomfortably high for a while. The producer price index for final demand rebounded 0.4% last month, the Labor Department said on Wednesday. Data for August was revised lower to show the PPI falling 0.2% instead of dipping 0.1% as previously reported. In the 12 months through September, the PPI increased 8.5% after advancing 8.7% in August. Economists polled by Reuters had forecast the PPI rising 0.2% and climbing 8.4% year-on-year. The moderation in annual producer inflation is being driven by an easing in supply chain bottlenecks as well as a retreat in commodity prices from the highs seen in the spring. But the passthrough to consumer prices has been marginal.

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

Reuters: Biden vows consequences for Saudi Arabia after OPEC+ decision

President Joe Biden pledged on Tuesday "there will be consequences" for U.S. relations with Saudi Arabia after OPEC+ announced last week that it would cut its oil production target over U.S. objections. His announcement came a day after powerful Democratic Senator Bob Menendez, chairman of the Senate Foreign Relations Committee, said the United States must immediately freeze all cooperation with Saudi Arabia, including arms sales.

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

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

The Weekly Report

[CNBC: Nobel economics prize awarded to U.S.-based economists including Bernanke for work on financial crises](#)

U.S.-based economists Ben Bernanke, Douglas Diamond and Philip Dybvig were awarded the Nobel prize in economic sciences for 2022 for their research on banks and financial crises. Bernanke was chairman of the Federal Reserve from 2006 to 2014 and is now at the Brookings Institution in Washington, D.C. Diamond is a professor at the University of Chicago Booth School of Business, and Dybvig is a professor at the Olin Business School of Washington University in St. Louis. The Nobel committee said their work in the early 1980s had “significantly improved our understanding of the role of banks in the economy, particularly during financial crises,” and in showing why it is vital to avoid bank collapses. They added this was “invaluable” during the 2008-09 financial crisis and the coronavirus pandemic.

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

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

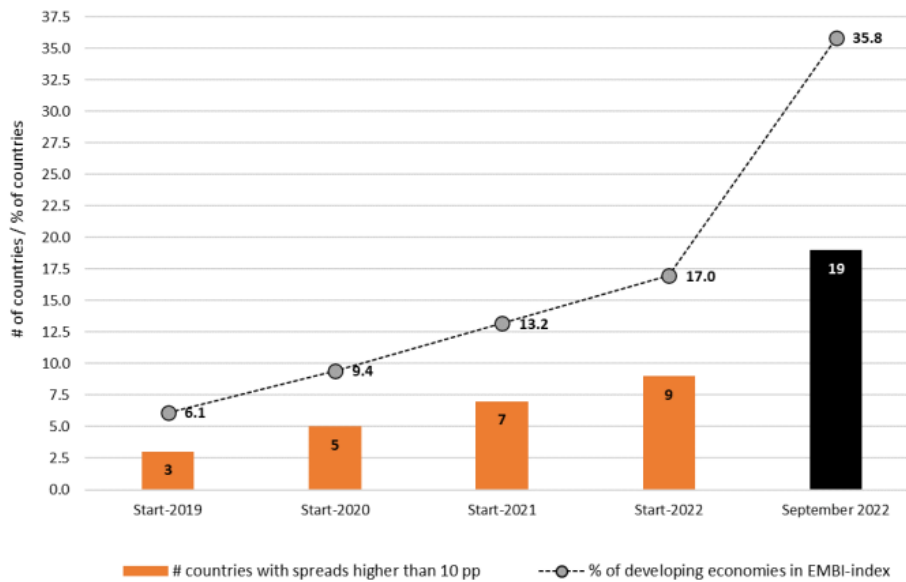
The Weekly Report

Special Analysis

UNDP: Avoiding ‘Too Little Too Late’ on International Debt Relief

This paper takes stock of the unfolding debt crisis across developing low- and middle-income countries and discusses how to break with the inertia in debt restructurings under the Common Framework for Debt Treatments (CF). Using data on credit ratings, debt sustainability ratings, and sovereign bond spreads the paper identifies 54 developing economies with severe debt problems. Given the global outlook of low growth and high interest rates, the international community must urgently step-up debt relief efforts to avert a deepening development crisis. The paper proposes a way forward for the CF focusing on issues of official creditor coordination, private creditor participation, and the use of state-contingent debt clauses that target future economic and fiscal resilience. Fundamentally, the paper argues that the focus must shift from debt rescheduling to comprehensive restructuring involving write-offs allowing countries a faster return to growth, financial markets, and development progress. A structurally different future of tighter funding conditions and higher frequency of climate disasters will require a re-think and ramp-up of official sector concessional lending to vulnerable developing economies.

Figure 1: Developing economies with sovereign bond spreads higher than 10 percentage points (pp)



Source: Author based on data from Haver Analytics / JPMorgan's Global Emerging Market Bond Index (EMBI Global). Note: The index measures the spread of US\$ denominated debt to US Treasury bonds. 'Start' refers to first day of reporting in January and September is per 29 September 2022. In the start of 2019, spreads were reported for 49 developing (low- and middle-income) countries, and 53 from and including the start of 2020.

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

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

The Weekly Report

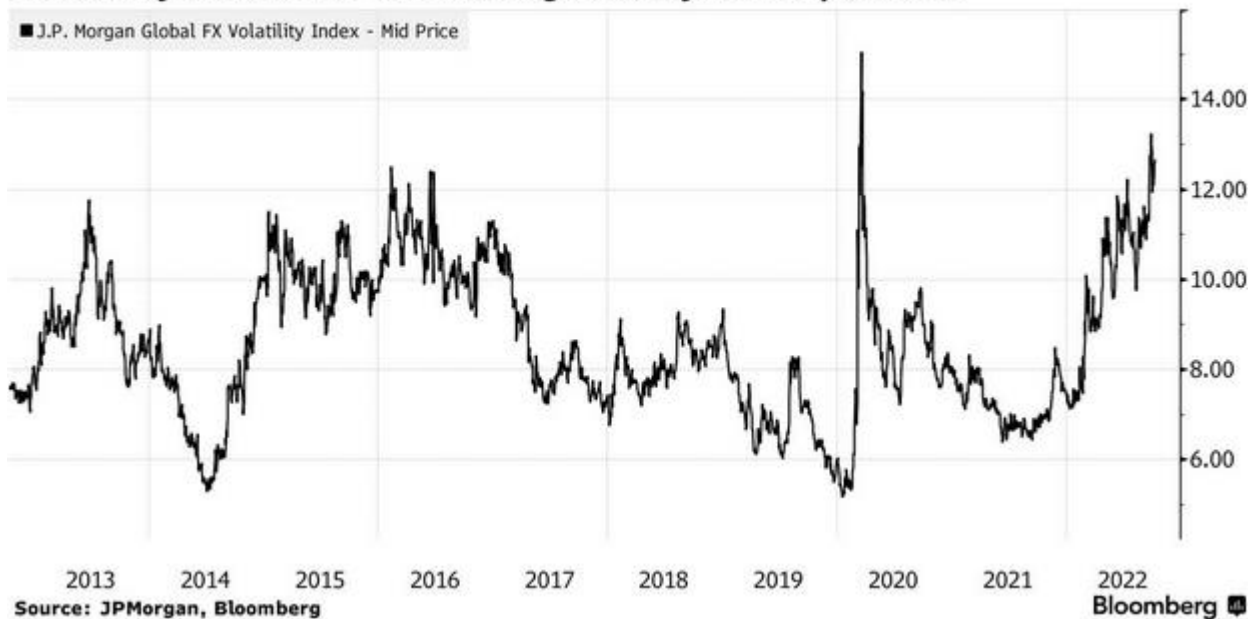
Developments in Financial and Commodity Markets in the Past Week

Bloomberg: S&P Hits Fresh Low for the Year as CPI Data Loom: Markets Wrap

US stocks fell with investors bracing for Thursday's reading on consumer prices. Treasuries gained, while UK markets were roiled once again by confusion over the country's policies. The S&P 500 slipped into the red in the final minutes of trading, capping six days of losses to close at the lowest level since November 2020 and surpassing the previous low on Sept. 30. Equities faded a brief rally after minutes from the Federal Reserve's last meeting suggested some officials may consider calibrating the pace of rate increases. The consumer price reading will be the last major data point before the central bankers meet next month.

Testing Times

FX volatility is back near levels during dark days of the pandemic



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

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

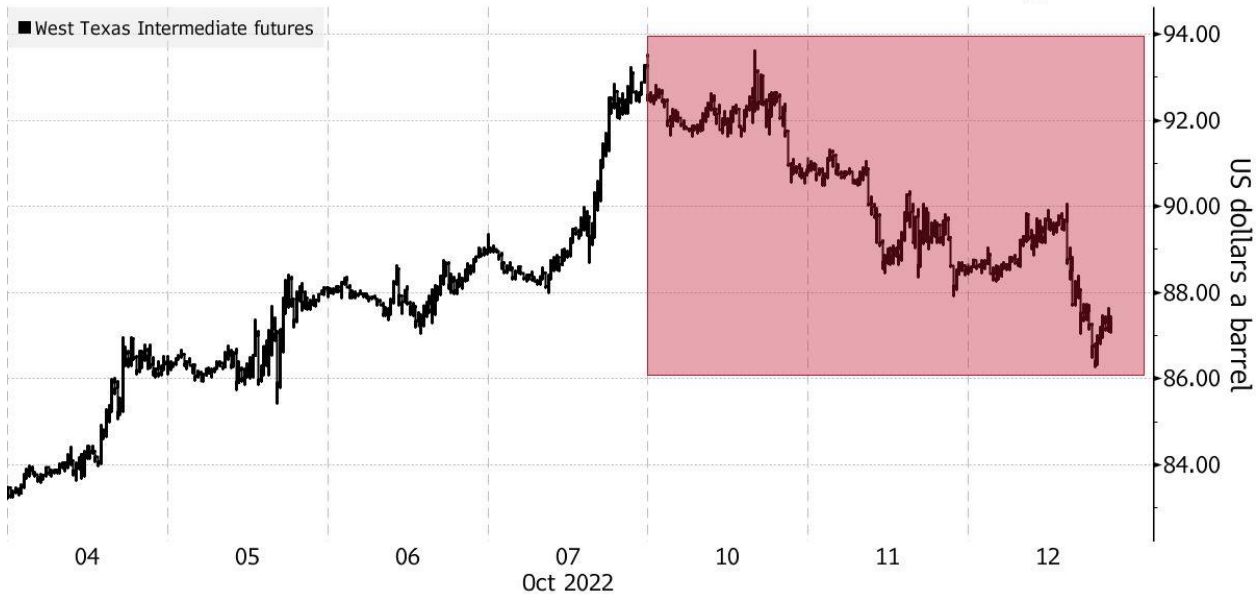
The Weekly Report

[Bloomberg: Oil Slumps for Third Day as Inflation Metric Hints at More Hikes](#)

Oil flopped for a third day after a key US inflation metric beat estimates, piling onto worries that the US Federal Bank will continue interest rate hikes. West Texas Intermediate futures settled at \$87.27 a barrel on Wednesday as inflation reports compounded forecasts of lower crude demand. Prices paid to US producers rose more than expected last month, a worrisome sign for investors indicating that more rate hikes are likely ahead to slow down global growth.

Oil Dips With Recession Fears

Crude falls amid concerns of economic slowdown ahead of Fed meeting



Source: Nymex

Bloomberg 

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

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.