



# Our Economy and The World

## The Weekly Report

Issue: 299 Date: 4<sup>th</sup> December 2022

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

- **Key Global and Regional Developments over the Past Week**
  - Bloomberg: Powell signals downshift likely next month, more hikes to come
  - Bloomberg: Euro-Zone inflation finally slows in sign of hope for ECB
  - Reuters: UK public's inflation expectations ease in Nov - Citi/YouGov
  - Reuters: China factory, services activities slide to 7-month lows on COVID curbs
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- **Developments in Financial and Commodity Markets over the Past Week**
  - CNBC: S&P 500 ends 3-day losing streak. Dow jumps 700 points after Powell signals smaller rate hikes
  - Bloomberg: Stocks in Asia are beating global peers by the most since 1993

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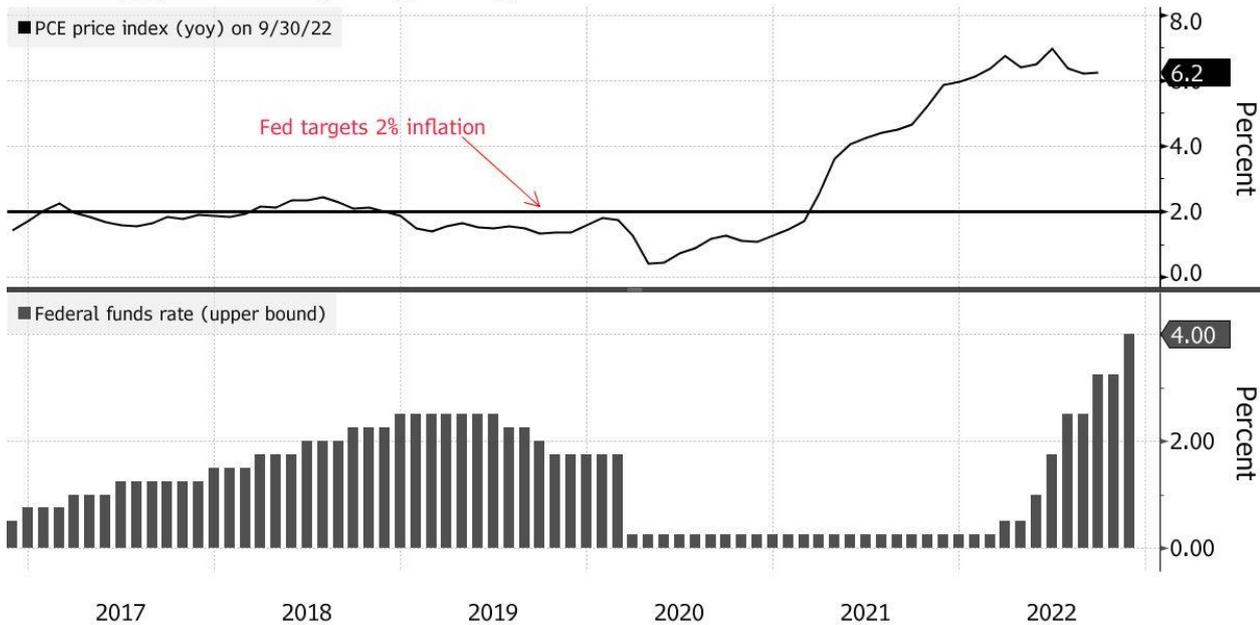
## The Weekly Report

### Key Global and Regional Developments over the Past Week

#### Bloomberg: Powell signals downshift likely next month, more hikes to come

Chair Jerome Powell signaled the Federal Reserve will slow the pace of interest-rate increases next month, while stressing borrowing costs will need to keep rising and remain restrictive for some time to beat inflation. His comments, in a speech Wednesday at the Brookings Institution in Washington, likely cement expectations for the Fed to raise interest rates by 50 basis points when they meet Dec. 13-14, following four straight 75 basis-point moves.

#### Fed Aggressively Fighting Inflation



Source: Commerce Department, Federal Reserve

Bloomberg

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#### Bloomberg: Euro-Zone inflation finally slows in sign of hope for ECB

Euro-zone inflation slowed for the first time in 1 1/2 years, offering a glimmer of hope to the European Central Bank in its struggle to quell the worst consumer-price shock in a generation. The reading for November was 10%, Eurostat said Wednesday, less than the 10.4% median estimate of economists surveyed by Bloomberg. The drop, from 10.6% in October, was the biggest since 2020 and was thanks to slower advances in energy and services costs, even as food prices grew more quickly.

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### Euro-Area Inflation Slows for First Time in 1 1/2 Years



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### [Reuters: UK public's inflation expectations ease in Nov - Citi/YouGov](#)

The British public's expectations for inflation over the coming years eased back further in November from record highs reached in August, a monthly Citi/YouGov survey showed, suggesting less pressure on the Bank of England to raise rates. The British central bank looks closely at surveys of inflation expectations as a guide to how likely businesses are to charge higher prices and whether workers will seek bigger pay rises, which can potentially entrench high rates of inflation.

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### [Reuters: China factory, services activities slide to 7-month lows on COVID curbs](#)

China's manufacturing and services activities shrank further in November to seven-month lows, official data showed, stung by the country's strict COVID-19 restrictions and rising infections that analysts said will hurt the economy well into 2023.

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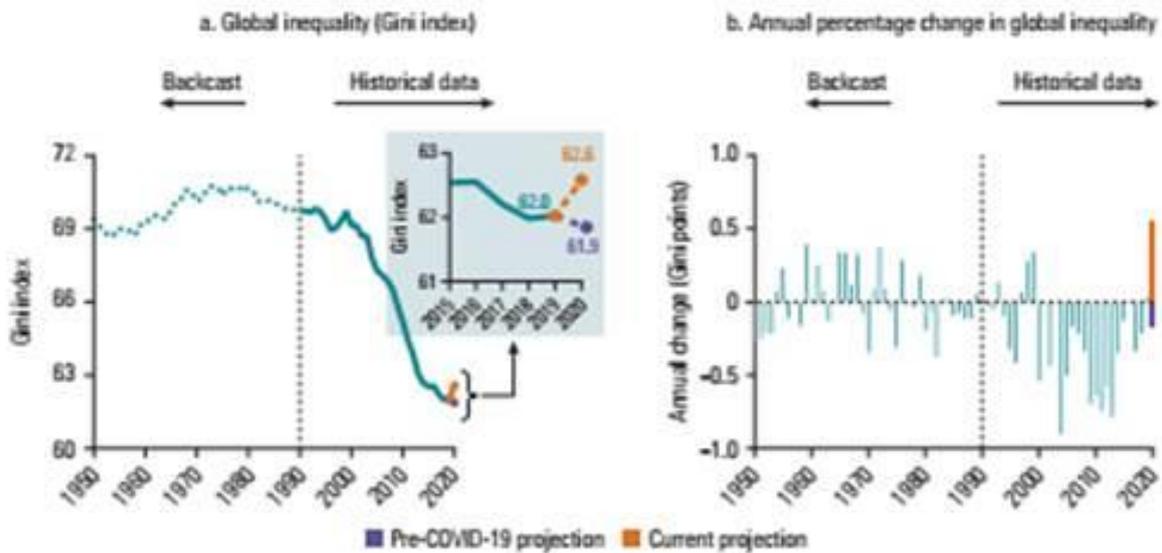
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### Special Analysis

#### World Bank: Poverty and Shared Prosperity 2022

The World Bank’s Poverty and Shared Prosperity series provides the latest estimates and trends in global poverty and shared prosperity. The 2022 edition provides the first comprehensive look at the landscape of poverty in the aftermath of an extraordinary series of shocks to the global economy. Global progress in reducing extreme poverty has virtually come to a halt. After COVID-19 dealt the biggest setback to global poverty in decades, rising food and energy prices—fueled by climate shocks and conflict among the world’s biggest food producers—have hindered a swift recovery. The report analyses how fiscal policy was used in the first year of the pandemic to support the most vulnerable groups. It also sheds light on the impact of taxes, transfers, and subsidies on poverty and inequality in 94 countries before 2020, providing important new insights into the impacts of fiscal policy not only during crises but also during normal conditions. The report identifies how governments can optimize fiscal policy to help correct course. <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

**FIGURE 0.2**  
Recent global inequality trends were reversed in 2020



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# Developments in Financial and Commodity Markets over the Past Week

## CNBC: S&P 500 ends 3-day losing streak. Dow jumps 700 points after Powell signals smaller rate hikes

Stocks saw broad gains Wednesday after Federal Reserve Chair Jerome Powell confirmed that the central bank will slow the pace of its aggressive rate-hiking campaign that has weighed on markets. The Dow Jones Industrial Average closed up 737.24 points, or 2.18%, to 34,589.77. Meanwhile, the tech-heavy Nasdaq Composite jumped 4.41% to 11,468.00. The S&P 500 added 3.09% to 4,080.11.



cnbc.com



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## Bloomberg: Stocks in Asia are beating global peers by the most since 1993

November is turning out to be the best month for Asian stocks since 1993 relative to their global peers. The MSCI Asia Pacific Index jumped 15% this month, set for its biggest jump since 1998, as benchmarks in markets from Hong Kong to the Philippines saw strong gains that cracked records held for at least a decade. The MSCI All Country World Index is up less than 6%. Asia's surge has been driven by growing signs that China is easing its Covid-Zero policy, and expectations that the Federal Reserve will move

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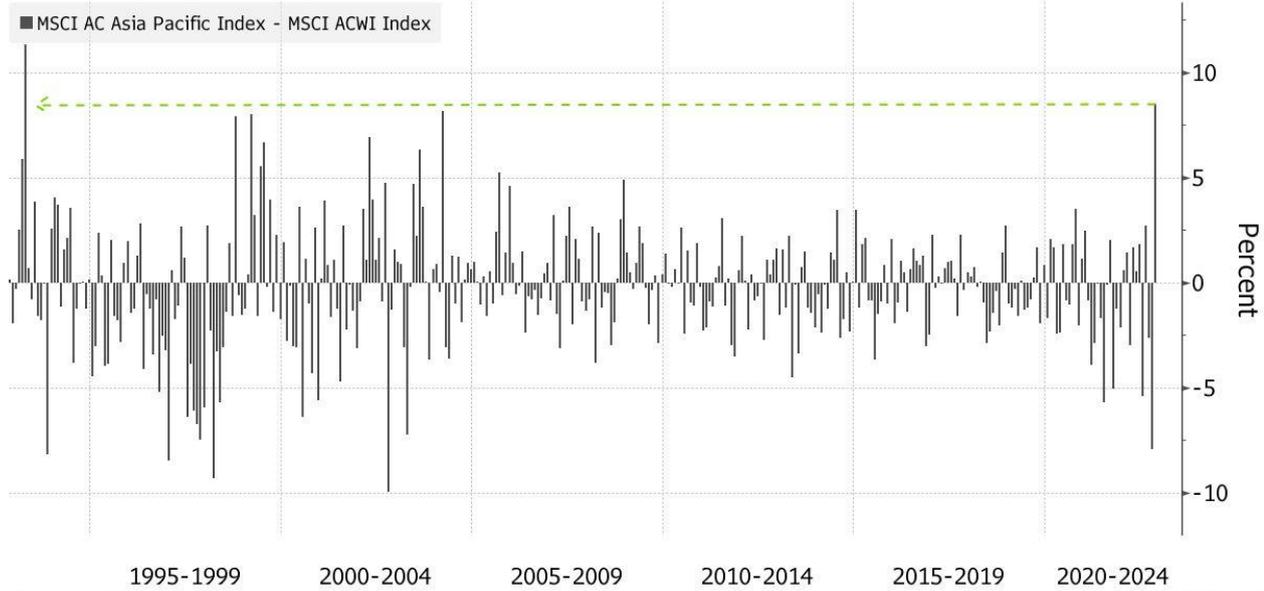
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toward a slower pace of rate hikes. Some asset managers are arguing this is only the start, making the case for the outperformance to continue into 2023 after the region lagged global peers for months.

### Three Decades

#### Asia stocks beating global peers in November by most since early 90s



Source: Bloomberg

Bloomberg 

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