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The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

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

- Key Global and Regional Developments over the Past Week
- Special Analysis: World Economic Forum –The Digital Arab World: Understanding and embracing regional changes in the Fourth Industrial Revolution
- Recent Developments in Financial and Commodity Markets

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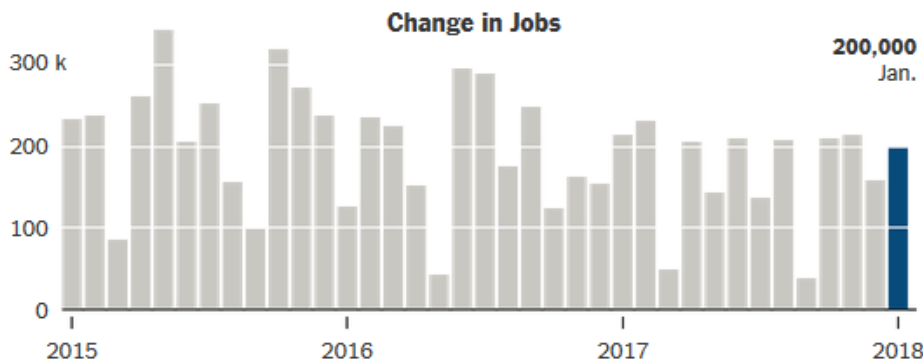
Our Economy and The World

The Weekly Report

Key Global and Regional Developments over the Past Week

[New York Times: Job and wage gains deliver a promising start of the year](#)

As the unemployment rate has fallen in recent months and the economy has roared, one central question has bedeviled the American job market: Where is the wage growth? New data on Friday suggested an answer: It is here, and it is now. Average hourly earnings jumped 2.9 percent in January from a year earlier, the Labor Department said on Friday, the latest sign that the long, slow economic recovery is at last reaching Americans' pocketbooks. Separate data released this week showed that private-sector wages and salaries rose 2.8 percent in the final three months of 2017 compared with a year earlier, the fastest growth since the recession.



Source: Bureau of Labor Statistics

[Read the full article](#)

[Reuters: Disorderly Brexit would renew pressure on Britain credit rating: S&P global](#)

A disorderly Brexit as a result of Britain misjudging the “self-preservation” instincts of the European Union could lead to a further downgrade of the UK’s sovereign credit rating, S&P Global said on Monday. “The U.K. risks further adverse economic, financial, and ratings outcomes if it ignores the EU’s rationale of self-preservation,” S&P’s top sovereign analyst Moritz Kraemer said in a report. He was referring to the EU needing to avoid a domino effect of other countries wanting to leave the bloc if they perceived Britain received a “lenient” post-Brexit trade deal.

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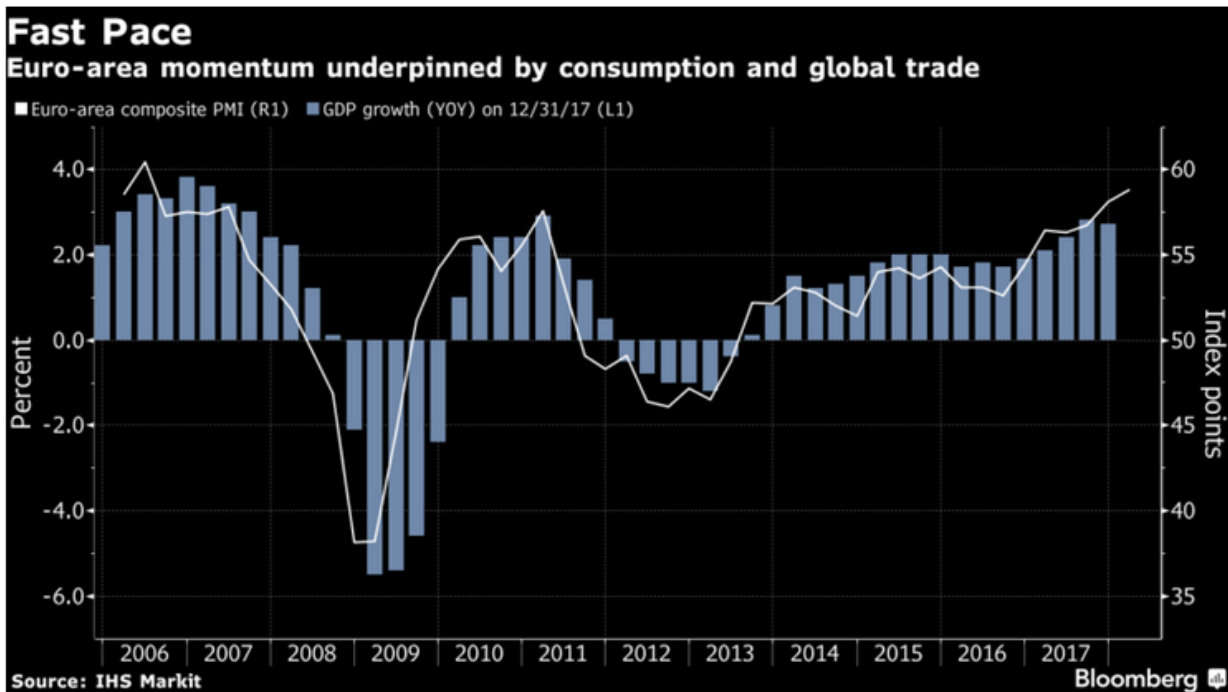


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[Bloomberg: Euro-area companies boost jobs as output nears 12-year high](#)

Economic momentum in the euro area surged to the fastest pace in almost 12 years, pushing firms to pile on the most additional workers since the start of the millennium. A composite Purchasing Managers' Index rose to 58.8 in January from 58.1 in December, IHS Markit said. That unexpectedly beat the previous flash estimate of 58.6, with the revision driven mainly by better-than-expected momentum in the service sector, led by Germany.



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Special Analysis -World Economic Forum

The Digital Arab World: Understanding and embracing regional changes in the Fourth Industrial Revolution

The increasing convergence and affordability of digital, biological and physical technologies will dramatically affect how the Arab world produces, consumes, trades and moves, and it may challenge how we relate to one another and even what it means to be human. The 'Digital Arab World' White Paper explores the future of the Arab world with contributions from leading experts across the region discussing topics ranging from the Future of Artificial Intelligence to the Future of Biotechnology and the Future of Innovation and Entrepreneurship. This white paper is an initial step to identify a regional agenda for countries and leaders in the Arab world for how governments, businesses and societies can work together to design and govern new technologies. The white paper was launched at the World Economic Forum's Annual Meeting in January 2018 by Sheikha Bodour Al Qasimi, the Chair of the Middle East North Africa Regional Business Council and Chairwoman of the Sharjah Investment and Development Authority.

Future of Platforms and Systems

The souks and the previous entrepreneurship system design intervention teach us some important lessons that the region can learn from as it looks towards playing a leading role in the Fourth Industrial Revolution:

- **Top down does not work.** This does not mean that hierarchy is not important, but rather that it has to evolve from the bottom up, with the upper layers serving the lower layers.
- **Stay true to the purpose.** While many initiatives start by having an altruistic purpose, some end up with an inverse result; it is important to avoid this trap and be ready to kill the initiatives that do not work.
- **Identify levers.** While there are no easy ways to control a system, there are ways to shape its direction towards an intended goal and make it more resilient to external events.
- **Pay attention to the edges.** Innovation happens at the fringes. This is where the probability for creative and disruptive ideas to form is much higher away from the conservative and risk averseness of the mainstream center; for that purpose, it is important to strengthen one's peripheral vision to spot what works there and bring it to the center for larger impact.
- **Have patience and foresight.** There are long delays in feedback loops and so changes take time, but this also means that foresight is essential before making any intervention; to act only when a problem become obvious is to miss an important opportunity to solve the problem.

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Egypt needs to examine the impact of the fourth industrial revolution and how to benefit of it.

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Recent Developments in Financial and Commodity Markets

[Bloomberg: Bitcoin newbies are getting crushed while old timers bemoan 'weak hands'](#)

After surging to almost \$20,000 in December following the introduction of regulated futures contracts in the U.S., the world's largest cryptocurrency has lost more than half its value, plummeting to as low as \$7,614 on Friday. It regained some ground on Saturday, rising 7.5 percent to \$9,290.15 as of 2:58 p.m. in New York, according to coinmarketcap.com.



[Read the full article](#)

[Bloomberg: Bitcoin ban expands across credit cards a big U.S. banks recoil](#)

A growing number of big U.S. credit-card issuers are deciding they don't want to finance a falling knife. JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc. said they're halting purchases of Bitcoin and other cryptocurrencies on their credit cards. JPMorgan, enacting the ban Saturday, doesn't want the credit risk associated with the transactions, company spokeswoman Mary Jane Rogers said.

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Reuters: Dollar pauses after U.S. jobs report gives it a boost

The U.S. dollar paused on Monday after rebounding at the end of last week, when a strong jobs report suggested the currency's weakness might have gone too far, too fast. The U.S. payrolls report on Friday showed wages growing at their fastest pace in more than eight years, leading to a rebound for the dollar, which had been stuck at three-year lows after a months-long sell-off.

[Read the full article](#)

Bloomberg: Oil struggles to persist with bull run as U.S. drilling expands

Oil's rally is unraveling on fears over a rise in U.S. production after crude's best January in more than a decade. Futures in New York are extending declines for a second session as Baker Hughes data showed American explorers last week raised the number of rigs drilling for crude to the highest in almost six months. Short-sellers betting against West Texas Intermediate oil increased their positions for a third week, according to figures from the U.S. Commodity Futures Trading Commission.



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