ECES
المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

Our Economy and The World

The Weekly Report

Issue: 69 Date: 10 September 2017

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

Key Global and Regional Developments over the Past Week

CNBC: Central banks are suffering a major headache .. and only an exit from QE (Quantitative Easing) will solve it

The death of a major economic concept is riling many economists and analysts. Known as the Phillips Curve, a concept developed by New Zealand economist William Phillips, it shows that inflation and unemployment have a stable and inverse relationship and is a fundamental philosophy for many. In recent months with central banks using artificial ways to pump money into the economy, this inverse relationship is seen to be dying, or rather "flattening" as many economists point out.

Read the full article

Egypt has been caught in the trap of money printing to solve difficult economic situation and it seems very clear that we are suffering from stagflation: where inflation and unemployment are both present.

CNBC: Hiring and firing to be made easier under French labor reforms

Bosses in France will find it easier to hire and fire staff under new reforms aimed at overhauling the country's notoriously stringent labor market. The French government laid out 36 new measures on Thursday as part of President Emmanuel Macron's plans to encourage employment and business freedoms. These include greater autonomy at a workplace level, rather than an industry level. The changes will be especially significant for small and medium-sized businesses, which employ over half of the French workforce.

Read the full article

Egypt is undergoing revisions of its labor law and it will be useful to capture the French experience while taking into account the nature of the Egyptian economy.

Reuters: Nine years on, another Lehman Brothers bankruptcy

Two affiliates of Lehman Brothers, the U.S. investment bank that collapsed in 2008 and fueled an economic crisis, filed for Chapter 11 bankruptcy late on Thursday, a reminder of the complexity of unwinding a global financial institution. The two affiliates, Lehman Brothers U.K. Holdings (Delaware) Inc and Lehman Pass-Through Securities Inc, were put into bankruptcy as part of a deal that will generate $485 million cash for the Lehman estate, according to court documents. The affiliates own residential mortgage-backed securities, real estate and stock in First Data Corp (FDC.N), which helps process credit card transactions, among other assets, according to papers filed in the U.S. bankruptcy court in Manhattan. Affiliates of Brookfield Asset Management Inc of Canada (BAMa.TO) are buying stakes in the Lehman affiliates, which were put into bankruptcy to carry out the deal.

Read the full article

IMF: IMF Team completes a staff visit to Qatar

At the conclusion of the visit, Mr. El-Qorchi issued the following statement: "The Qatari economy and financial markets are adjusting to the shock associated with the June 5 measures imposed following the diplomatic rift with some trading-partner countries. The measures led to a sharp contraction in imports in June (40 percent year-over-year), with a slight recovery in July. Efforts to diversify sources of imports and external financing and enhance domestic food processing are accelerating. As a result of the authorities' quick response, some trade has been re-routed and alternative sources of food supply have been established, allaying fears of potential shortages. The initial concern that trade disruptions could impact the implementation of key infrastructure projects has also been mitigated by the availability of an inventory of construction materials and of alternative sources of imports…"

Read the full article

Special Analysis: The Economist, the world's most valuable resource is no longer oil, but data

A NEW commodity spawns a lucrative, fast-growing industry, prompting antitrust regulators to step in to restrain those who control its flow. A century ago, the resource in question was oil. Now similar concerns are being raised by the giants that deal in data, the oil of the digital era. These titans—Alphabet (Google's parent company), Amazon, Apple, Facebook and Microsoft—look unstoppable. They are the five most valuable listed firms in the world. Their profits are surging: they collectively racked up over $25bn in net profit in the first quarter of 2017. Amazon captures half of all dollars spent online in America. Google and Facebook accounted for almost all the revenue growth in digital advertising in America last year.

Such dominance has prompted calls for the tech giants to be broken up, as Standard Oil was in the early 20th century. This newspaper has argued against such drastic action in the past. Size alone is not a crime. The giants' success has benefited consumers. Few want to live without Google's search engine, Amazon's one-day delivery or Facebook's newsfeed. Nor do these firms raise the alarm when standard antitrust tests are applied. Far from gouging consumers, many of their services are free (users pay, in effect, by handing over yet more data). Take account of offline rivals, and their market shares look less worrying. And the emergence of upstarts like Snapchat suggests that new entrants can still make waves.

But there is cause for concern. Internet companies' control of data gives them enormous power. Old ways of thinking about competition, devised in the era of oil, look outdated in what has come to be called the "data economy."

Read the full article

At the macro level: databases in Egypt are fragmented, incoherent, incomplete, inaccurate and are not continuously updated. There is a need for a mechanism to revise, update and link all databases. The multiplicity of authorities involved in this matter delays the reform process.

Databases include:

1- Human databases (national ID number, social security network, etc.)
2- Taxation databases
3- Databases of the state's and individuals' real estate property
4- Production capacity databases
5- Investment map for Egypt
6- Mining map
7- Map of storage capacities
8- Map of groundwater

Article 68 of the Constitution:

Information, data, statistics and official documents are owned by the people. Disclosure thereof from various sources is a right guaranteed by the state to all citizens. The state shall provide and make them available to citizens with transparency. The law shall organize rules for obtaining such, rules of availability and confidentiality, rules for depositing and preserving such, and lodging complaints against refusals to grant access thereto. The law shall specify penalties for withholding information or deliberately providing false information.

The State institutions shall be obliged to deposit official documents at the National Archives of Egypt after the completion of their working period, to protect them from loss or damage, and to restore and digitize them by all means and modern tools, in accordance with the law.

Source of translation

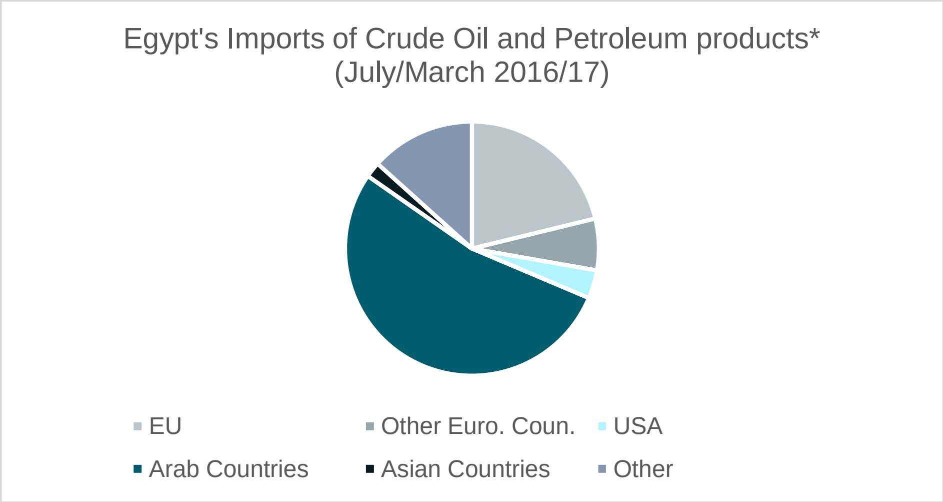
Recent Developments in Financial and Commodity Markets

Bloomberg: Aramco raises oil pricing to Asian in sign of greater demand

Saudi Arabia raised oil pricing for October sales to Asia, increasing its lighter grades for a second consecutive month, in an indication the world's largest crude exporter sees strengthening demand in its biggest market. State-owned Saudi Arabian Oil Co., known as Saudi Aramco, increased its official pricing for Arab Light crude to Asia by 55 cents to 30 cents a barrel more than the regional benchmark, it said Monday in an emailed statement. The company had been expected to raise pricing by less than that, according to a Bloomberg survey.

Read the full article

- **$55 per barrel is the price of oil used in Egypt's government budget 2017/2018**



Source: Central Bank of Egypt, Monthly Statistical Bulletin
* Including gas & bunker and jet fuel.

Reuters: Precious-gold edges up, hovers near 1-year high on haven demand

Gold prices edged up on Tuesday, hovering around their highest levels in nearly a year, as North Korea's most powerful nuclear test to date underpinned haven demand for the precious metal. Spot gold was up 0.1 percent at $1,335.36 per ounce as of 0700 GMT after touching its strongest since late September in the previous session. U.S. gold futures for December delivery were up 0.8 percent at $1,340.80. "Safe-haven buying's been fairly strong over the past few days but there's still a level of uncertainty about what the North Korean crisis will mean for markets," ANZ analyst Daniel Hynes said.

Read the full article

ECES
المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

Our Economy and The World

The Weekly Report

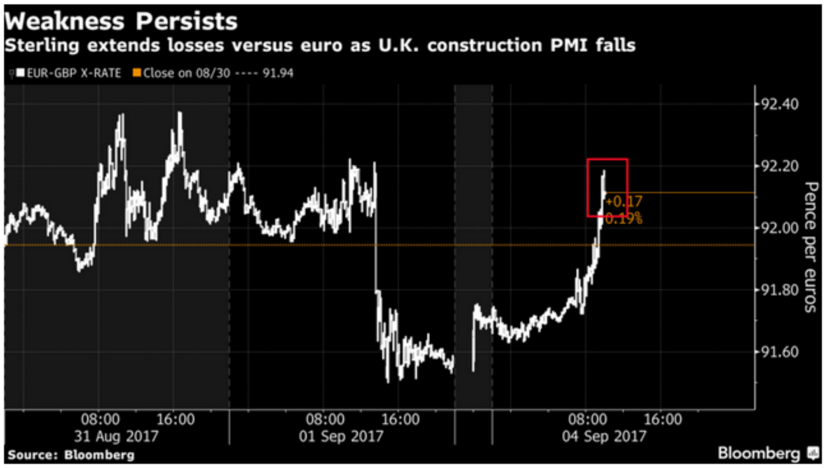
Bloomberg: Bitcoin tumbles as PBOC declares initial coin offerings illegal

Bitcoin tumbled the most since July after China's central bank said initial coin offerings are illegal and asked all related fundraising activity to be halted immediately, issuing the strongest regulatory challenge so far to the burgeoning market for digital token sales. The People's Bank of China said on its website Monday that it had completed investigations into ICOs, and will strictly punish offerings in the future while penalizing legal violations in ones already completed. The regulator said that those who have already raised money must provide refunds, though it didn't specify how the money would be paid back to investors.

Read the full article

Bloomberg: Pound extends loss versus Euro as U.K. construction growth slows

The pound extended its losses against the euro after a gauge of U.K. construction growth unexpectedly slowed to the weakest in a year in August. Sterling was set to reverse its gains made versus the euro. The British currency has been buffeted by a lack of progress in Brexit negotiations between the U.K. and the European Union. The third round ended in stalemate last week, spurring doubts that the two sides would be ready to discuss a trade deal any time soon. Markets will keep an eye on politics with the U.K. House of Commons reconvening on Tuesday after its summer recess.



Read the full article