



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 81 Date: 3rd December 2017

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

- [Key Global and Regional Developments over the Past Week](#)
- [Special Analysis: World Bank and PWC: Paying Taxes 2018](#)
- [Recent Developments in Financial and Commodity Markets](#)

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: U.S. tax cuts in 2018 would give GDP temporary boost, OECD says

U.S. tax cuts would give economic growth a temporary boost next year by stimulating business investment and consumer spending, before slowing employment gains drag down the pace of expansion in 2019, the Organization for Economic Cooperation and Development said. U.S. gross domestic product will grow 2.5 percent in 2018 following a 2.2 percent rise this year, assuming taxes are lowered for individuals and companies in the second quarter of 2018, the Paris-based group said Tuesday in its annual report on the economic outlook for the year ahead. Expansion will cool to 2.1 percent in 2019 as growth of the labor force slows, limiting consumer spending.

[Read the full article](#)

Reuters: Britain close to deal on Brexit bill with EU – sources

Britain has offered to pay much of what the European Union was demanding to settle a Brexit “divorce bill”, bringing the two sides close to agreement on a key obstacle to opening talks on a future free trade pact, EU sources said on Tuesday. The offer, which British newspapers valued at around 50 billion euros (44.3 billion pounds), reflected the bulk of outstanding EU demands that include London paying a share of post-Brexit EU spending on commitments made before Britain leaves in March 2019 as well as funding of EU staff pensions for decades to come.

[Read the full article](#)

Reuters: Denmark’s central bank says risks are building up in the financial system

Denmark’s central bank said Wednesday that several indicators suggest risks are building up in the financial system, and that a few of the country’s largest banks do not have sufficient capital to meet buffer requirements. The largest banks and mortgage banks, including Denmark’s top lender Danske Bank (DANSKE.CO), saw record high profits in the first half of 2017, which boosted optimism in the financial sector and helped increase risk appetite, the central bank said.

[Read the 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

Reuters: Hong Kong interbank rate tops 1% for first time since 2008

The Hong Kong dollar's one-month borrowing cost rose above 1 percent for the first time since the global financial crisis, putting pressure on local lenders to increase a key measure that influences mortgage rates. The one-month Hong Kong Interbank Offered Rate climbed four basis points to 1.00304 percent, the highest since December 2008, according to data posted on the Hong Kong Association of Banks' website. The three-month rate added six basis points to 1.18927 percent, while the overnight cost declined.

[Read the full article](#)

Special Analysis

World Bank and PWC: Paying Taxes 2018

Paying Taxes 2018 shows that around the world and across many different taxes, technology is having a significant effect on the tax obligations of businesses. There is however a mixed picture when it comes to the changes in the amounts and types of taxes that businesses pay.

The Total Tax and Contribution Rate now shows little overall movement

In Paying Taxes 2018 we have renamed the Total Tax Rate the Total Tax & Contribution Rate (TTCR) to underline the fact that it includes not just taxes, but also mandatory social contributions borne by our medium sized domestic case study company. Only the name is new – the calculation itself remains the same. The global average TTCR, has remained relatively stable for several years and for 2016 it is 40.5%, up by 0.1 percentage point from the previous year. Around the world, 52 economies increased their TTCR while 36 reduced theirs. The changes are generally very small, albeit the bias this year is to increases, rather than decreases. This may reflect the variety of ways governments are choosing to raise revenue and attract investment in the face of challenges posed by the digital economy, changing business models, demographics and environmental issues. The stability of the TTCR in this study over the last three years also provides some evidence that competition between economies on tax rates has not led to the race to bottom that some commentators feared.

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

Figure 1: Total Tax & Contribution Rate components by region (%)



Source: Paying Taxes 2018 data

[Read the 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

Recent Developments in Financial and Commodity Markets

Bloomberg: Bitcoin blasts to record \$10,000 as bubble warnings multiply

Bitcoin surpassed \$10,000 for the first time, taking this year's price surge to more than 10-fold even as warnings multiply that the largest digital currency is an asset bubble. The euphoria is bringing to the mainstream what was once considered the providence of computer developers, futurists and libertarians seeking to create an alternative to central bank-controlled monetary systems. While the actual volume of transactions conducted in cryptocurrencies is relatively small, the optimism surrounding the technology continues to drive it to new highs.



[Read the 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: Goldman sees iron ore sinking back to \$50

Iron ore will weaken next year as global supplies increase including from a new mine in Brazil at the same time that steel production risks topping out in China, according to Goldman Sachs Group Inc., which expects prices to decline back toward \$50 a metric ton. The raw material may fall to \$60 a ton in three months, \$55 in six and \$50 in 12, according to the New York-based bank's projections, which suggest a second year of lower prices after they dropped in 2017. Benchmark ore with 62 percent content was last at \$67.76 a dry ton, according to Metal Bulletin Ltd.



[Read the 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.