



المركز المصري للدراسات الاقتصادية
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**
 - Reuters: Argentina stems peso bleeding but remains vulnerable to capital flows
 - Bloomberg: Saudi Arabia's non-oil income rises 63 percent on new taxes
 - Reuters: German industrial orders fall unexpectedly in March
 - Reuters: China April exports bounce back more than expected despite U.S. trade brawl
 - Reuters: Fed to communicate clearly to avoid market disruptions: Powell
- **Special Analysis: World Bank – The Global Findex Database 2017, Measuring Financial Inclusion and the Fintech Revolution**
- **Recent Developments in Financial and Commodity Markets**
 - Bloomberg: Saudi Arabia to supply Sudan with oil in midst of fuel crisis
 - Reuters: Oil prices fall as market awaits Trump decision on Iran
 - Reuters: World's biggest gold ETF launching new low-fee fund

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Key Global and Regional Developments over the Past Week

Reuters: Argentina stems peso bleeding but remains vulnerable to capital flows

Argentina's three recent interest rate increases to halt the peso's collapse can be traced back to a late December government press conference which have left the country more vulnerable to international investor sentiment and capital flows. A spike in the U.S. dollar in recent weeks and higher U.S. interest rates tested investor's confidence in emerging markets and Argentina in particular, forcing the government of Mauricio Macri into shocking the peso back to life just four months after easing monetary policy.

[Read the full article](#)

Bloomberg: Saudi Arabia's non-oil income rises 63 percent on new taxes

Saudi Arabia's non-oil revenue climbed 63 percent in the first quarter of 2018, propelled by improved tax collection as part of a drive to reduce the economy's reliance on income from oil exports. Revenue rose to 52.3 billion riyals (\$14 billion), partly due to the introduction of value-added taxation and measures taken over the past two years, including a levy on expatriates working in the world's biggest oil exporter, the Finance Ministry said on Monday. The collection of zakat, an Islamic tax, also "significantly improved," it said.

[Read the full article](#)

Reuters: German industrial orders fall unexpectedly in March

German industrial orders fell unexpectedly in March, posting the third consecutive monthly drop, data showed on Monday, in a sign that factories in Europe's largest economy will shift into a lower gear in the coming months. Contracts for 'Made in Germany' goods decreased by 0.9 percent after a downwardly revised drop of 0.2 percent in the previous month, data from the Federal Statistics Office showed.

[Read the full article](#)

Reuters: China April exports bounce back more than expected despite U.S. trade brawl

China's exports rebounded more strongly than expected in April after a surprise drop the previous month, suggesting global demand remains relatively resilient and providing a cushion to the economy amid a heated trade dispute with the United States. Imports in April also grew more robustly than expected, signaling China's domestic demand is holding up well, good news for policymakers looking to soften the blow from any trade shocks.

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Our Economy and The World

The Weekly Report

Reuters: Fed to communicate clearly to avoid market disruptions: Powell

The Federal Reserve's interest rate hikes may not pose as big a risk for global financial markets and emerging market economies as many have thought, the U.S. central bank's chairman said on Tuesday. Still, Jerome Powell said global risk sentiment bears watching as the Fed carries out its well-telegraphed gradual policy-rate increases. "I do not dismiss the prospective risks emanating from global policy normalization," he said in remarks prepared for delivery to a policy conference sponsored by the International Monetary Fund and the Swiss National Bank.

[Read the full article](#)

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Special Analysis

World Bank: The Global Findex Database 2017

Measuring Financial Inclusion and the Fintech Revolution

Financial services can help drive development. They help people escape poverty by facilitating investments in their health, education, and businesses. And they make it easier to manage financial emergencies—such as a job loss or crop failure—that can push families into destitution. Many poor people around the world lack the financial services that can serve these functions, such as bank accounts and digital payments. Instead, they rely on cash—which can be unsafe and hard to manage. That’s why the World Bank has made it a key priority to promote financial inclusion— access to and use of formal financial services.

Why financial inclusion matters for development

A growing body of research reveals many potential development benefits from financial inclusion— especially from the use of digital financial services, including mobile money services, payment cards, and other financial technology (or fintech) applications. While the evidence is somewhat mixed, even studies that do not find positive results often point to possibilities for achieving better outcomes through careful attention to local needs

The benefits from financial inclusion can be wide ranging. For example, studies have shown that mobile money services—which allow users to store and transfer funds through a mobile phone— can help improve people’s income-earning potential and thus reduce poverty. A study in Kenya found that access to mobile money services delivered big benefits, especially for women. It enabled women-headed households to increase their savings by more than a fifth; allowed 185,000 women to leave farming and develop business or retail activities; and helped reduce extreme poverty among women-headed households by 22 percent.

Digital financial services can also help people manage financial risk—by making it easier for them to collect money from distant friends and relatives when times are tough. In Kenya researchers found that when hit with an unexpected drop in income, mobile money users did not reduce household spending—while nonusers and users with poor access to the mobile money network reduced their purchases of food and other items by 7–10 percent.

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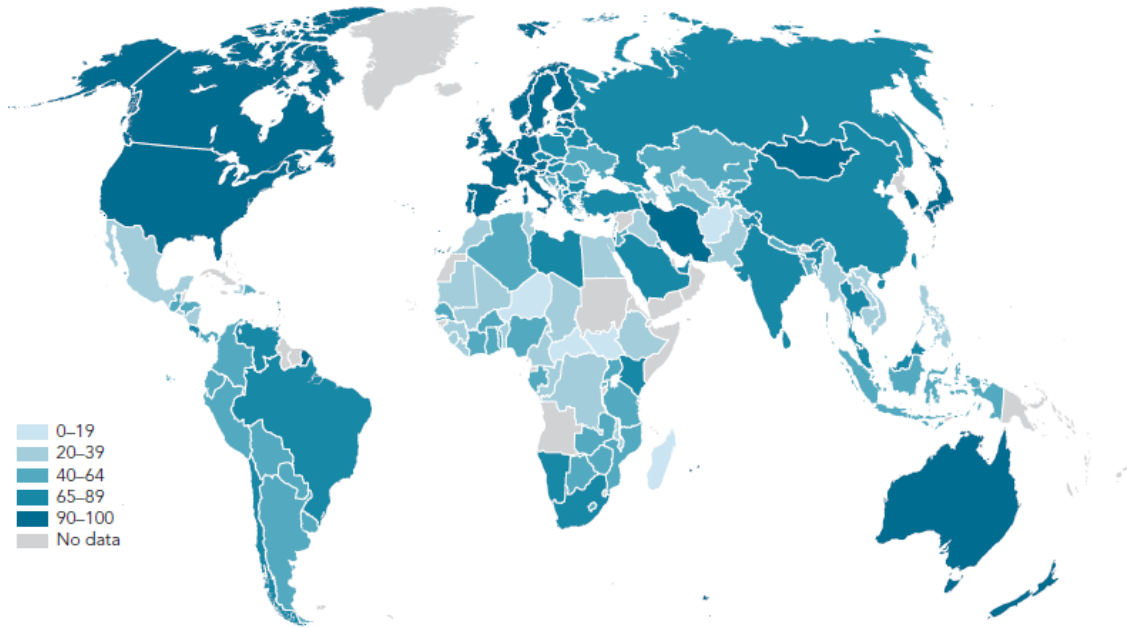
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The Weekly Report

MAP 0.1

Today, 69 percent of adults around the world have an account

Adults with an account (%), 2017



Source: Global Findex database.

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The Weekly Report

Recent Developments in Financial and Commodity Markets

Bloomberg: Saudi Arabia to supply Sudan with oil in midst of fuel crisis

Saudi Arabia has agreed to provide oil to Sudan for the next five years to fill Sudan's fuel consumption gap, as the country needs 1.8m tons of fuel each year, Sudan's Oil Minister Abdul Rahman Osman says to reporters after meeting with Sudan President Umar Al-Bashir. Osman says agreement talks with Saudi Arabia will be completed within the coming days, and that the deal will be guaranteed on credit by Saudi Arabia's development bank.

[Read the full article](#)

Reuters: Oil prices fall as market awaits Trump decision on Iran

Oil prices retreated from 3-1/2 year highs on Tuesday as investors waited on an announcement by President Donald Trump on whether the United States will re-impose sanctions on Iran. Should Trump pull the United States out of a multi-nation agreement on Tehran's nuclear program, Iranian crude exports could be hit, adding to tightness in the oil market, which is coming back into balance after years of glut.

[Read the full article](#)

Reuters: World's biggest gold ETF launching new low-fee fund

The World Gold Council, owner of the world's largest gold-backed exchange traded fund (ETF), is launching a new fund with a cut-price management fee to fend off rivals with lower charges, a source familiar with the matter told Reuters. The move is a sign that cost competition among gold ETFs is heating up after a price war in the much larger equities ETF sector slashed management fees. Gold ETFs allow buyers to invest in physical gold without having to buy and store the metal.

[Read the full article](#)

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