



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 105 Date: 10th June 2018

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

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 - *Reuters: Total virtual currency sales jump in 2018 but monthly trend slows: report*
 - *Bloomberg: Mideast bets on \$100 billion industry as oil-use outlook dims*

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Key Global and Regional Developments over the Past Week

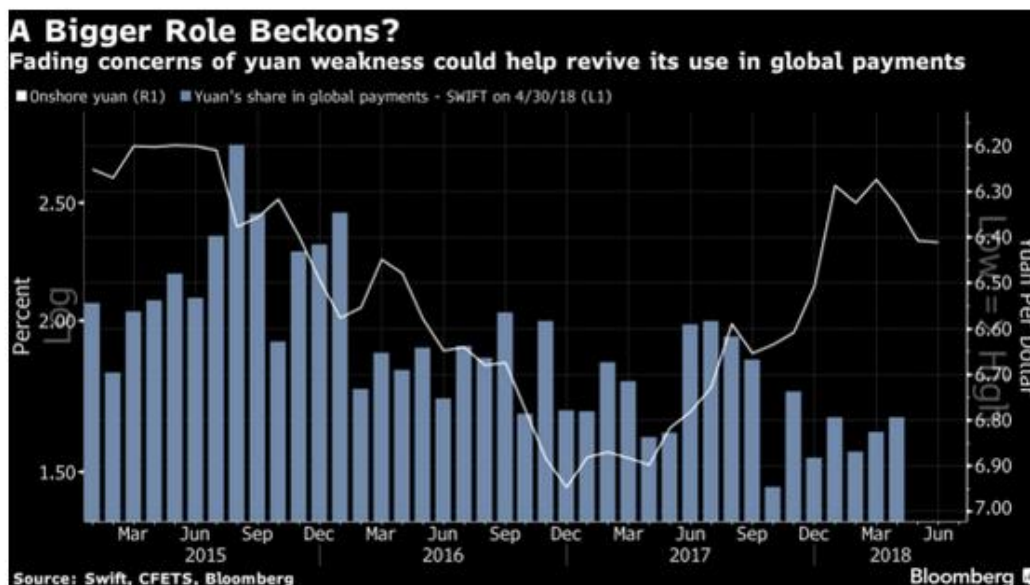
[Bloomberg: Why Trump’s trade war isn’t worrying Wall Street economists, yet](#)

President Donald Trump’s zeal for tariffs has yet to derail the global economic outlook. While Trump has sown confusion and frustration among fellow political leaders, economists at most Wall Street banks are barely changing their forecasts for solid global growth this year as they estimate only modest fallout from a skirmish over commerce. Take Trump’s 25 percent steel tariffs. After stripping out food and energy, consumer prices are poised to rise by three basis points in response, Goldman Sachs Group Inc. said in a research note Monday.

[Read the full article](#)

[Bloomberg: China revives its push to make the Yuan go global](#)

After more than two years on the back-burner, there are signs that China is once again focusing on its efforts to increase the yuan’s status in global finance. The yuan grabbed a record 2.8 percent slice of global payments three years ago, before a crackdown on outflows in the wake of the 2015 devaluation saw that figure shrink to 1.7 percent as of April. These days -- with China’s foreign reserves rising and volatility staying low -- officials have a window to refocus on President Xi Jinping’s quest for a bigger Chinese role in global finance.



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Reuters: Japan's weak household spending, services activity, hint at recession

Japan's household spending unexpectedly contracted in April and services sector activity slowed in May, figures out on Tuesday showed, raising the possibility of the economy falling into recession this quarter. Economists say it is too early to definitively say a recession is the most likely outcome, but they warn that the chance of one will increase if domestic demand indicators do not improve before the end of June.

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Special Analysis: ILO

World Employment Social Outlook 2018

Twenty-four million new jobs will be created globally by 2030 if the right policies to promote a greener economy are put in place, a new ILO report says. According to *World Employment and Social Outlook 2018: Greening with Jobs*, action to limit global warming to 2 degrees Celsius will result in sufficient job creation to more than offset job losses of 6 million elsewhere. New jobs will be created by adopting sustainable practices in the energy sector, including changes in the energy mix, promoting the use of electric vehicles and improving the energy efficiency of buildings. Ecosystem services - including air and water purification soil renewal and fertilization, pest control, pollination and protection against extreme weather conditions - sustain, among others, farming, fishing, forestry and tourism activities, which employ 1.2 billion workers. But projected temperature increases will make heat stress, particularly in agriculture, more common. It can lead to several medical conditions, including exhaustion and stroke. The report calculates that heat stress will cause a 2 per cent global loss in hours worked by 2030 due to sickness.

“The findings of our report underline that jobs rely heavily on a healthy environment and the services that it provides. The green economy can enable millions more people to overcome poverty, and deliver improved livelihoods for this and future generations. This is a very positive message of opportunity in a world of complex choices,” ILO Deputy Director-General Deborah Greenfield said at the launch.

At the regional level, there will be net job creation in the Americas, Asia and the Pacific and Europe, representing some 3 million, 14 million and 2 million jobs respectively, resulting from measures taken in the production and use of energy. In contrast, there could be net job losses in the Middle East (-0.48 per cent) and Africa (-0.04 per cent) if current trends continue, due to the dependence of these regions on fossil fuel and mining, respectively. The report calls on countries to take urgent action to train workers in the skills needed for the transition to a greener economy, and provide them with social protection that facilitates the transition to new jobs, contributes to preventing poverty and reduces the vulnerability of households and communities.

[Press release](#)

[Read the full report](#)

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Recent Developments in Financial and Commodity Markets

Reuters: Oil falls 2 percent, U.S. crude hits lowest since early April

Oil prices fell about 2 percent on Monday, with U.S. crude touching its lowest level in nearly two months, breaking below technical support levels as investors kept selling amid growing U.S. production, possible global supply growth and nagging trade tensions. Oil prices fell about 2 percent on Monday, with U.S. crude touching its lowest level in nearly two months, breaking below technical support levels as investors kept selling amid growing U.S. production, possible global supply growth and nagging trade tensions.

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Reuters: Total virtual currency sales jump in 2018 but monthly trend slows: report

Virtual currency sales ballooned to \$9.1 billion so far this year, exceeding the \$6.6 billion total for all of 2017, a financial technology data provider reported on Monday, but it said the monthly trend actually showed a slowdown if the two biggest offerings are excluded. Digital technology startups around the world have raised funds by selling cryptocurrencies, or tokens, that sidestep banks or venture capital firms as intermediaries.

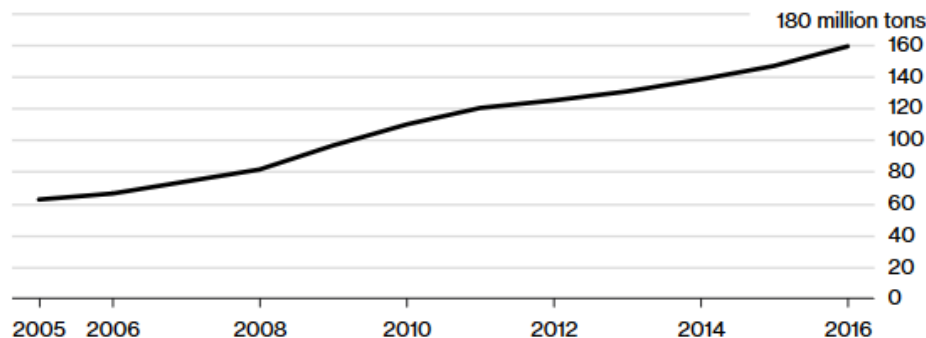
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Bloomberg: Mideast bets on \$100 billion industry as oil-use outlook dims

They are the building blocks of our daily stuff, from sports shoes to computer keyboards, created when oil and natural gas molecules are split, or cracked, to produce ethylene, propylene and other chemicals. The science may be esoteric, but petrochemicals are big business in the oil-rich Persian Gulf, and they're poised for further growth. Energy producers view these compounds increasingly as a key to unlocking more profit from each barrel of crude they pump.

Capacity Surge

Wave of projects more than doubled GCC petrochemical output in the past decade



Source: Gulf Petrochemicals & Chemicals Association

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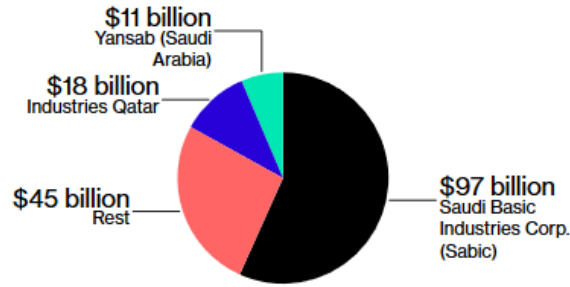


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Gulf Big Three

Top petrochemical companies in Gulf by market capitalization

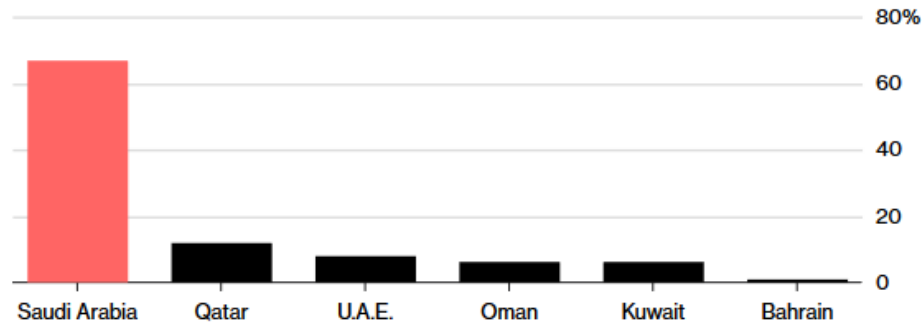


Source: Bloomberg

Note: \$45 billion is combined value of the next 17 listed companies ranked by market capitalization

Good to Be King

Saudi Arabia leads the region in petrochemical production



Source: Gulf Petrochemicals & Chemicals Association

Note: Data is each country's share of the region's petrochemical output

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