



# Our Economy and The World

## The Weekly Report

Issue: 107 Date: 8<sup>th</sup> July 2018

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

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  - *Bloomberg: Our guide to what the world's top central banks will do next*
  - *Reuters: Trump moves to China mobile's U.S. entry on security concerns*
  - *Bloomberg: ECB faces ghost of rate hikes past a decade after 2008 misstep*
  - *Reuters: Saudi private sector growth starting to rebound from slump: PMI*
  - *Reuters: Bank of Japan seen cutting price forecasts as inflation expectations stall*
- **Special Analysis: OECD - International Migration Outlook 2018**
- **Recent Developments in Financial and Commodity Markets**
  - *Bloomberg: Rising oil cuts Gulf Arab energy borrowings to 2014 level*
  - *Reuters: Tesla's all-nighter to hit production goal fail to convince Wall Street*

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#### **Bloomberg: ECB faces ghost of rate hikes past a decade after 2008 misstep**

A decade to the day since the European Central Bank raised interest rates on the cusp of the global financial crisis, some believe it now risks waiting too long to tighten monetary policy. On July 3, 2008, the ECB hiked borrowing costs to combat inflation that was running more than twice as high as its target. By October, it was hitting reverse as prices slumped and economic growth evaporated amid the worst economic emergency since the Great Depression.



[Read the full article](#)

#### **Reuters: Saudi private sector growth starting to rebound from slump: PMI**

Growth in Saudi Arabia's non-oil private sector accelerated in June to its fastest rate this year as the economy showed signs of emerging from a severe slump triggered by government austerity policies, a survey of companies showed on Tuesday. The seasonally adjusted Emirates NBD Saudi Arabia Purchasing Managers' Index rose to 55.00 last month from 53.2 in May. A level above 50 indicates expansion.

[Read the full article](#)

#### **Reuters: Bank of Japan seen cutting price forecasts as inflation expectations stall**

The Bank of Japan is likely to cut its price growth forecasts at a policy meeting later this month as long-term inflation expectations stall, sources said, highlighting the bank's difficulty in hitting its elusive price target. Three sources with direct knowledge of the bank's thinking told Reuters that the BOJ was likely to cut its projection for core consumer price growth this fiscal year to around 1.0 percent from the 1.3 percent projected in April, and for next year to around 1.5 percent from 1.8 percent.

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# Special Analysis – OECD International Migration Outlook 2018

Preliminary data show that OECD countries received slightly more than 5 million new permanent legal migrants in 2017. This represents the first decline in migration to the area since 2011 (down by around 5%, compared to 2016). This is due, however, to the significant reduction in the number of recognized refugees in 2017 while other migration categories remained stable or increased. After two years of record-high numbers of asylum applications to OECD countries, there was a significant decline in 2017, with 1.23 million claims. This figure is still well above any other recorded year, prior to 2015. The top three origin countries were Afghanistan, Syria and Iraq. In 2017, the United States received the highest number of asylum applications in the OECD (330 000 applications), followed by Germany (198 000).

Accounting for almost 40% of permanent migrants, family migration (family reunification and formation as well as accompanying family members) remained the most important migration channel to the OECD area. The sharp increase in this category in the period 2015/16 reversed a decline that started in 2010.

For the first time, this year's Outlook includes a consolidated number for all categories of temporary labor migration to OECD countries. These categories comprise international recruitments of seasonal workers and other temporary foreign workers; EU workers sent by their employers to other EU countries under local contracts (posted workers); and intra-company transferees. In total, more than 4.2 million temporary foreign workers were recorded in the OECD in 2016, which corresponds to an 11% increase compared to the previous year. The main receiving countries for temporary foreign workers are Poland (672 000, mostly from Ukraine) and the United States (660 000, with India as main origin country).

Around 3.3 million international students were enrolled in higher education in an OECD country, **8% up from the previous year. Recent trends in the United States, however, indicate a strong decline in the number of study permits in 2016 (-27%). On average, international students account for 9% of the total number of students enrolled in establishments of higher education in OECD countries in 2015. They represent 14% of all students enrolled in Master's degree courses and 24% of those enrolled in doctoral courses.**

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## Recent Developments in Financial and Commodity Markets

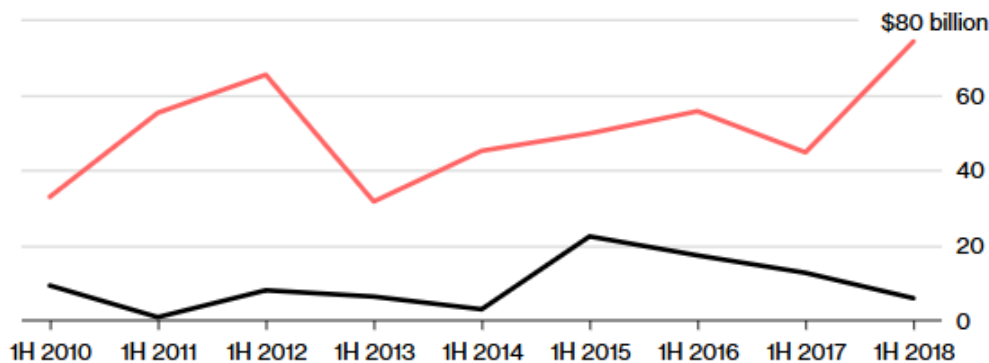
### Bloomberg: Rising oil cuts Gulf Arab energy borrowings to 2014 level

Gulf Arab energy companies retreated from debt markets in the first half of 2018 after a banner year for borrowing as higher oil prices curbed financing needs for existing operations and new projects. Oil and gas producers, pipeline operators and refiners in Kuwait, the United Arab Emirates, Saudi Arabia, Oman, Bahrain and Qatar borrowed \$6 billion through loans and bonds in the first half of 2018, the slowest start in four years, according to data compiled by Bloomberg. By comparison, U.S. energy companies, driven by resurgent shale production, issued a record \$74.3 billion in debt so far in 2018.

#### Divergence

U.S. energy companies issued record debt so far in 2018; Persian Gulf retreated

GCC / U.S.



Source: Bloomberg

[Read the full article](#)

### Reuters: Tesla's all-nighter to hit production goal fail to convince Wall Street

Tesla Inc's (TSLA.O) burning the midnight oil to hit a long-elusive target of making 5,000 Model 3 vehicles per week failed to convince Wall Street that the electric carmaker could sustain that production pace, sending shares down 2.3 percent on Monday. Tesla met the target by running around the clock and pulling workers from other projects, workers said. The company also took the unprecedented step of setting up a new production line inside a tent on the campus of its Fremont factory, details of which Chief Executive Elon Musk tweeted last month.

[Read the full article](#)

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