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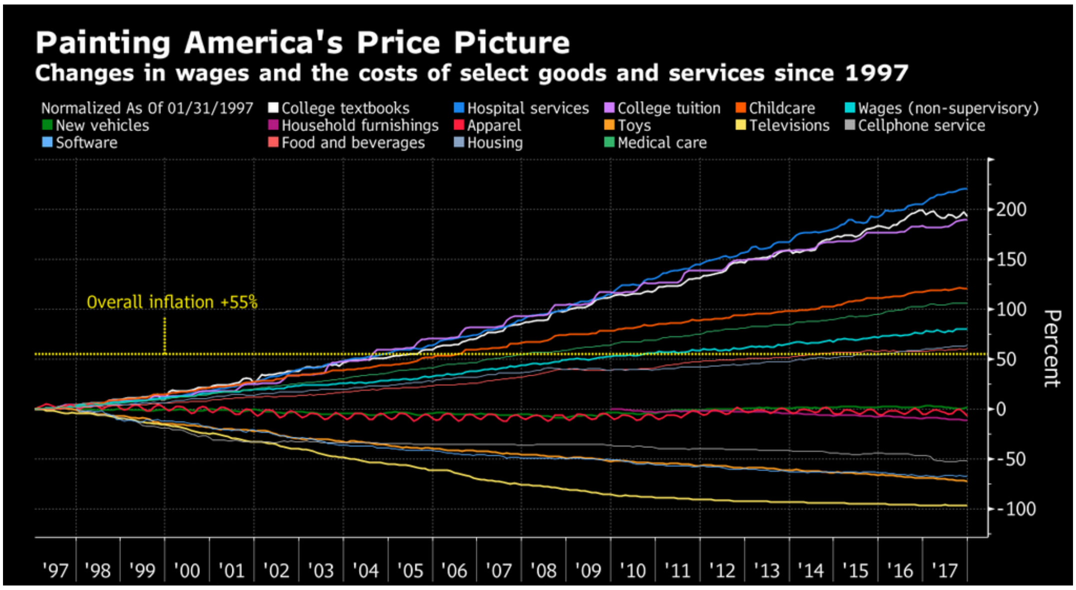
This week's issue of "Our Economy and the World" includes:

Key Global and Regional Developments over the Past Week

Bloomberg: Chart of century gives Powell gloomy glimpse of trade-war world

A multi-colored graphic that's made the rounds at the Federal Reserve hints at what Chairman Jerome Powell could face if President Donald Trump succeeds in throwing globalization into reverse: Higher prices for many goods and potentially faster inflation. Plugged as possibly the chart of the century by economist and originator Mark Perry, it shows that prices of goods subject to foreign competition -- think toys and television sets -- have tumbled over the past two decades as trade barriers have come down around the world. Prices of so-called non-tradeables -- hospital stays and college tuition, to name two -- have surged.



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Reuters: Who has Fed chair Powell's ear? lawmakers and bankers

Federal Reserve Chair Jerome Powell spends more time with U.S. lawmakers, White House advisers, and bankers than did his predecessor Janet Yellen, who tended to favor meetings with professors, the Treasury secretary and community advocates. That is the rough picture that emerges from calendars detailing Powell's first four months on the job, the latest of which was published on the U.S. central bank's website on Friday.

Read the full article

CNBC: Trump administration announces list of tariffs on $200 billion in Chinese goods

The Trump administration on Tuesday released a list of 10 percent tariffs on $200 billion in Chinese goods, making good on the president's recent threats to escalate a broadening trade war with Beijing. "The $200 billion figure we're looking at is roughly equal to their exports to us," a senior administration official said. The tariffs will not go into effect immediately but will undergo a two-month review process, with hearings Aug. 20-23.

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Reuters: China sovereign fund CIC looking to boost investments in Europe

China's CIC sovereign wealth fund sees an attractive investment environment in Europe and plans to invest more in the region, its president said on Wednesday in Paris. Speaking at a financial conference in Paris, China Investment Corp. President Tu Guangshao said there were quite a few buoyant industries in Europe. "China Investment Corporation is prepared to broaden and deepen its investments in Europe," he said, adding it would work in partnership with financial institution firms to make more investments.

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Special Analysis: World Bank Global Economic Prospects, June 2018

Global growth has eased but remains robust, although with downside risks. The possibility of financial market stress, escalating trade protectionism and heightened geopolitical tensions continue to cloud the outlook. Financial market stress could arise as a result of escalating investor concerns about the creditworthiness of some emerging market and developing economies or as a byproduct of faster-than-expected normalization of monetary policy in advanced economies. Countries with elevated corporate debt, wide current account or fiscal deficits, or weak growth prospects would be vulnerable to jumps in global financing costs. In commodity exporting economies, in particular, the expected slowdown in commodity demand growth from major emerging markets weighs on long-term growth outcomes.

Global growth has eased but remains robust and is projected to reach 3.1 percent in 2018. It is expected to edge down over the next two years as global slack dissipates, trade and investment moderate, and financing conditions tighten. Growth in advanced economies is forecast to decelerate toward potential rates as monetary policy is normalized and the effects of U.S. fiscal stimulus wane. In emerging market and developing economies (EMDEs), growth in commodity importers will remain strong, while the rebound in commodity exporters is projected to mature over the next two years. For the first time since 2010, the long-term (10-year-ahead) consensus forecast for global growth appears to have stabilized. Although this development could signal that the legacies of the global financial crisis are fading, past experience cautions that long-term forecasts are often overly optimistic. While well below levels expected a decade ago, these forecasts also remain above potential growth estimates. Moreover, risks to the outlook are tilted to the downside. They include disorderly financial market movements, escalating trade protectionism, and heightened geopolitical tensions. EMDE policymakers should rebuild monetary and fiscal policy buffers and be prepared for rising global interest rates and possible episodes of financial market turbulence. In the longer run, adverse structural forces continue to overshadow long-term growth prospects implying that EMDEs need to boost potential growth by promoting competitiveness, adaptability to technological change, and trade openness. These steps will help mitigate an expected growth slowdown over the next decade, especially if long term growth forecasts fall—once again—short of expectations.

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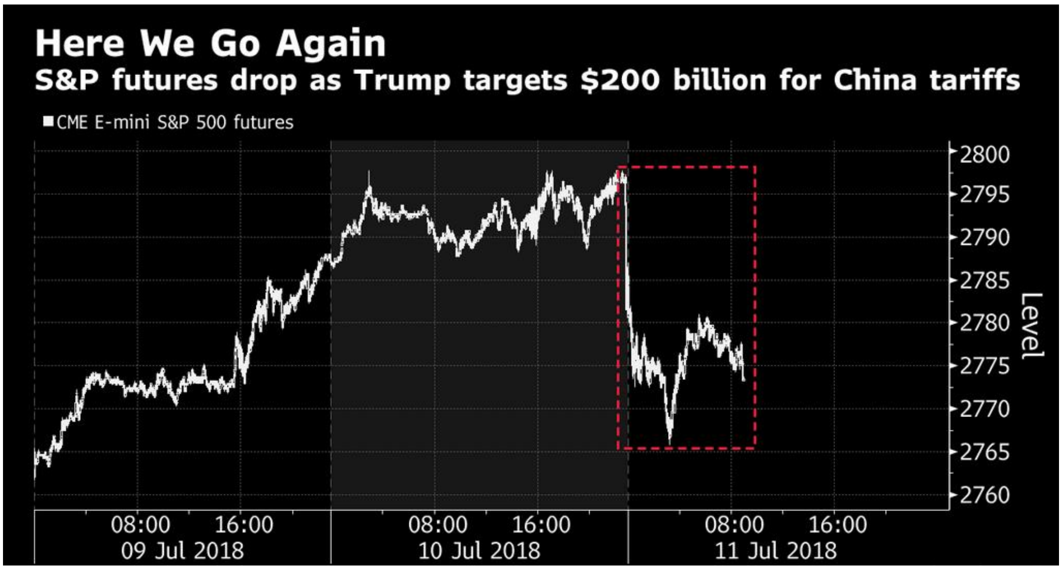
Recent Developments in Financial and Commodity Markets

Bloomberg: Stocks sink as Trump reloads the Tariff Bazooka: Markets Wrap

Stocks slumped, the dollar gained and commodities slid with emerging-market assets as markets prepared for another escalation in the burgeoning trade war between the U.S. and China. S&P 500 futures headed for their biggest drop in two weeks, the Stoxx Europe 600 Index ended its best run since March and the MSCI Asia Pacific Index fell after the Trump administration released the biggest list yet of Chinese goods it may hit with tariff increases. The Asian nation vowed to retaliate, and shares in Shanghai led the retreat as the yuan weakened.



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Bloomberg: U.S. said to meet Saudi leaders to discuss Iran oil sanctions

U.S. government teams spent three days in Saudi Arabia discussing ways to cut off money flows to Iran without disrupting energy markets as Washington presses nations to stop buying Iranian oil by Nov. 4, a senior State Department official said. Envoys from the State and Treasury departments and several Saudi ministries weighed measures to ensure oil markets have sufficient supply after the deadline, said the official, who asked not to be identified discussing private talks. The U.S. is working with nations including Saudi Arabia to make sure oil markets are well-supplied, the official said.

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