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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:

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Our Economy and The World

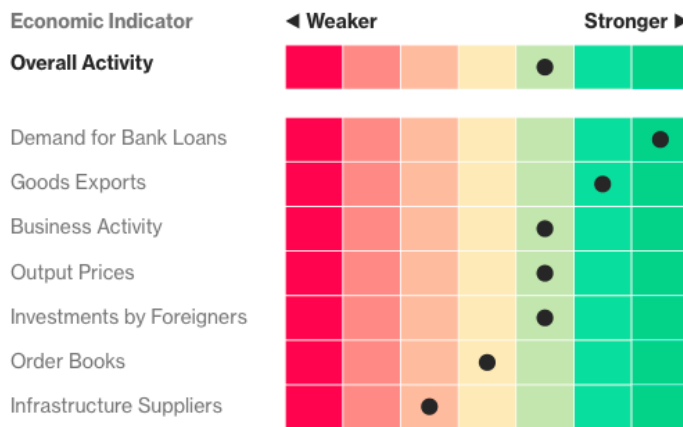
The Weekly Report

Key Global and Regional Developments over the Past Week

Bloomberg: The World’s fastest growing economy looks like it’s got momentum

The world’s fastest growing major economy is showing signs of a recovery in animal spirits, suggesting India’s mid-term outlook can weather global trade tensions and emerging market strains. A cross section of forward-looking indicators compiled by Bloomberg News show largely positive signs. Sentiment in the manufacturing and services sectors – both of which make up nearly 80 percent of the \$2.6 trillion economy – rebounded in June, with new orders picking up pace. Bank loan disbursements are growing while auto sales – a barometer of overall demand – are expanding at double-digits.

Animal Spirits Reviving



Source: Bloomberg, RBI and Government of India

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Bloomberg: Human bankers are losing to robots as Nordea sets a new standard

Something interesting happened in Swedish finance last quarter. The only big bank that managed to cut costs also happens to be behind one of the industry’s boldest plans to replace humans with automation. Nordea Bank AB, whose Chief Executive Officer Casper von Koskull says his industry might only have half its current human workforce a decade from now, is cutting 6,000 of those jobs. Von Koskull says the adjustment is the only way to stay competitive in the future, with automation and robots taking over from people in everything from asset management to answering calls from retail clients.

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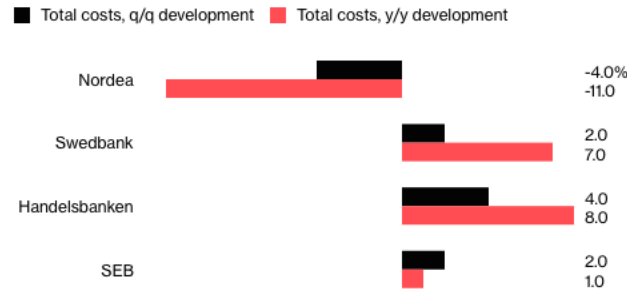


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Standing Out

Nordea was the only Swedish bank to report a drop in second-quarter costs

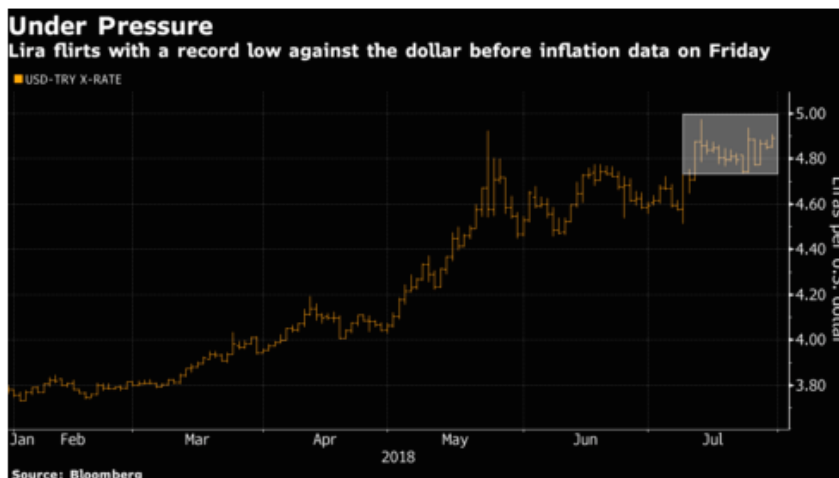


Source: The banks' financial reports

[Read the full article](#)

[Bloomberg: Turkish Lira extends decline as threat of U.S. sanctions weighs](#)

The lira weakened against the dollar as the threat of U.S. sanctions on Turkey compounded investor concerns before key inflation data due later this week. The currency fell as much as 1 percent to 4.9084 per dollar, bucking a broader strengthening trend across emerging markets as the standoff between the NATO allies threatened to deal another blow to Turkey's already fragile economy. Consumer-price data due Friday may show inflation accelerated a fourth month in July, adding to concern that the central bank's ability to contain prices has been compromised.



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Special Analysis: World Bank

Missed Opportunities: The High Cost of Not Educating Girls, July 2018

Key Results

Globally, nine in ten girls complete their primary education, but only three in four complete their lower secondary education. In low income countries, despite progress over the last two decades, less than two thirds of girls complete their primary education today, and only one in three completes lower secondary school. In addition, as documented by the World Development Report 2018, girls just like boys suffer the consequences of a global learning crisis by which too many children in the developing world do not acquire the foundational skills that a functional education system ought to ensure. Girls tend to outperform boys in reading, but they score lower in mathematics and science tests in many countries. While there is no systematic data on socio-emotional skills across countries, education systems that fail to deliver these basic skills are also likely to underperform in nurturing important socio-emotional skills.

More needs to be done to improve educational opportunities for girls, as well as learning while in school. To make the case for such investments, given data constraints, the focus of this study is on the potential impacts and cost of low educational attainment for girls as opposed to lack of learning. Specifically, the study documents associations of low educational attainment for girls with six domains of interest: (1) earnings and standards of living; (2) child marriage and early childbearing; (3) fertility and population growth; (4) health, nutrition, and well-being; (5) agency and decision-making; and (6) social capital and institutions. Within those domains, more than 50 different outcomes are considered. For most outcomes, estimates of correlations are obtained using household survey data for more than 100 countries, both developed and developing. For some outcomes that may be more relevant for developing countries, results are based on analysis for a core set of 18 developing countries.

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Recent Developments in Financial and Commodity Markets

[Reuters: Asian shares slide on fresh trade worries, bonds fragile](#)

Asian stocks tumbled on Thursday as the latest escalation in the Sino-U.S. trade war hit Chinese shares, while global bond markets were rattled by increased borrowing by Washington and Japan's new tolerance for higher yields. European shares are expected to fall, with financial spread-bettors see Britain's FTSE, France's CAC, Germany's DAX opening 0.4 percent lower. Japan's Nikkei declined 1.1 percent while MSCI's broadest index of Asia-Pacific shares outside Japan dropped 1.5 percent, dragged down by a 2.2 percent fall in Chinese H-shares.

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[Reuters: Mexico's cenbank seen holding rates steady after peso surge](#)

Mexico's central bank is expected to leave its main interest rate stable on Thursday after a strong appreciation of the peso cooled inflation pressures and data showed a weakening economy. In its first decision since national elections last month, the Bank of Mexico was seen holding its benchmark rate at an over nine-year high of 7.75 percent MXCBIR=ECI, according to 15 of 19 analysts polled by Reuters. Mexico's peso has gained around 12 percent since mid-June, just before the landslide victory of leftist Andres Manuel Lopez Obrador as president on July 1, buoyed by market friendly comments made by him and his team.

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