



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:

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 - Reuters: Oil gains after monthly Saudi output unexpectedly drops

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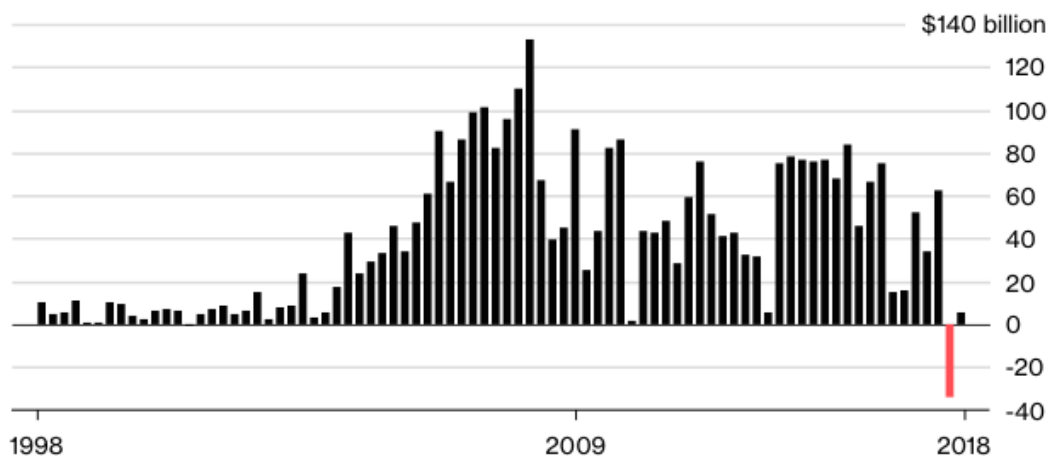
Key Global and Regional Developments over the Past Week

Bloomberg: China's current account returns to surplus on trade rebound

China's current account returned to a surplus in the second quarter of the year, with a rebound in the goods trade making up for the continued deficit in services trade and income from overseas. The current-account balance stood at \$5.8 billion in the second quarter, according to a State Administration of Foreign Exchange report on Monday. The growing services trade deficit, which includes outbound tourism, education, entertainment as well as purchases of foreign technologies and patents, highlights the changing nature of China's economy, even as it remains the world's largest exporter.

Return to Surplus

Second quarter trade rebound



Source: State Administration of Foreign Exchange

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Reuters: German industrial orders plunge most in nearly 1 ½ years

German industrial orders fell more than expected in June, posting their steepest monthly drop in nearly a year and a half, suggesting that trade tensions caused by U.S. President Donald Trump might curtail growth in Europe's largest economy. German companies have been spooked by an escalating trade conflict between the United States and China as their tit-for-tat tariffs hit businesses in Germany. The United States is Germany's biggest export market; China its most important trading partner.

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Reuters: EU says it deeply regrets reimposed U.S. sanctions on Iran

The European Union on Monday said it deeply regretted the re-imposition of sanctions by the United States on Iran, adding it and other signatories would work on keeping financial channels with Iran open. "The remaining parties to the JCPOA have committed to work on, inter alia, the preservation and maintenance of effective financial channels with Iran, and the continuation of Iran's export of oil and gas," the European Union's foreign service said in a statement, referring to the acronym for the nuclear deal struck with Iran in 2015.

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Special Analysis: OECD Tourism Trends and Policies 2018

Tourism is a major economic sector, directly contributing, on average, 4.2% of GDP, 6.9% of employment and 21.7% of services exports in the OECD area. Recent trends point to continued growth and outreach: globally, international tourist arrivals grew to over 1.2 billion in 2016, and OECD countries play a prominent role, with arrivals up 3.9%, representing 55% of the global total and accounting for 60.4% of global travel receipts (up 2.6% in real terms, reaching USD 1 226 billion in 2016). Despite widespread downward pressure on public finances, budgets for tourism have largely been maintained or increased, due to awareness of the important economic contribution of the sector.

Sustained development of the tourism sector will depend upon its ability to adapt to emerging economic, social, political, environmental and technological trends. Fulfilling tourism's potential as an engine for sustainable and inclusive growth will require the development of sound policies, integrated strategies, inter-ministerial structures, and mechanisms that involve the private sector and other stakeholders in tourism governance.

A large majority of countries have dedicated tourism policies, strategies and plans for the medium to long-term. There is much similarity between countries in their tourism policy priorities, which focus on improving competitiveness, sustainability and inclusiveness, addressing seasonality of demand, and enhancing the quality and appeal of the tourism offer. The last two years have seen a growing recognition of the importance of the development, management and promotion of local destinations, supported by regional or local structures and funding, and the preparation and execution of destination management plans.

A wide range of actions have been taken to develop and market distinctive products and destinations. Marketing activities have included various examples of successful regional and thematic branding. Many countries have established new offers and experiences based on their natural and cultural assets, and pursued opportunities for year-round growth through the promotion of health and wellness tourism, business tourism, events and various niche products. Tourism policies continue to give a high priority to opportunities presented by digitalization, both in creative and targeted communication and in the handling and analysis of data.

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Recent Developments in Financial and Commodity Markets

Bloomberg: China's Yuan, shares fall as trade row overshadows policy shift

The yuan and mainland equities declined Monday, snuffing out earlier gains as concern over trade friction with the U.S. overshadowed a move by China late Friday to support its currency. The onshore yuan slipped **0.17 percent to 6.8402 per dollar as of 4:02 p.m.**, while the **Shanghai Composite Index closed down 1.3 percent** at its lowest since February 2016. The ChiNext gauge of small caps and tech stocks fared even worse, tumbling 2.8 percent -- its worst day in seven weeks -- to its lowest in nearly four years. The Hang Seng Index, which fell every day last week, held a 0.6 percent gain.



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Reuters: Oil gains after monthly Saudi output unexpectedly drops

Oil rose on Monday after Saudi crude production unexpectedly fell in July and U.S. drilling appeared to slow, although the price is still almost 10 percent below its 2018 high of more than **\$80 a barrel**. Markets also anticipated an announcement from Washington later on Monday on renewed U.S. sanctions against major oil exporter Iran. So-called "snapback" sanctions are due to be reinstated at 12:01 a.m. EDT (8.01 a.m. ET) on Tuesday, according to a U.S. Treasury official. Saudi Arabia pumped around 10.29 million barrels per day (bpd) of crude in July, two OPEC sources said on Friday, down about 200,000 bpd from a month earlier.

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