



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 119 Date: 21st October 2018

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

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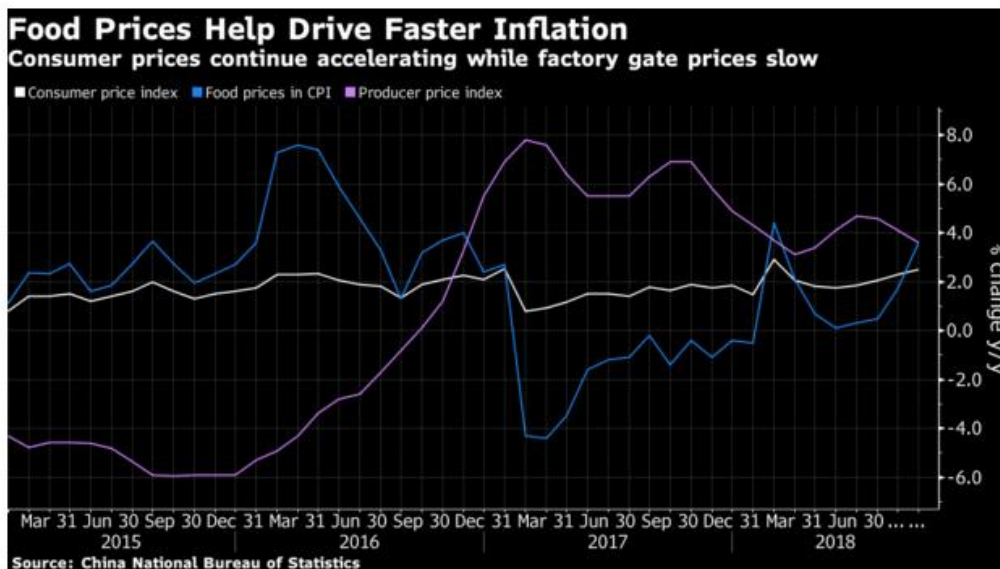
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Key Global and Regional Developments over the Past Week

Bloomberg: China consumer inflation accelerates, factory prices slow

Chinese consumer inflation accelerated for a fourth month in September, with food prices jumping by the most since February, while the rise in households' non-food costs slowed. The consumer price index rose 2.5 percent from a year earlier, according to data from the National Bureau of Statistics. That was the same as forecast in a Bloomberg survey of economists, and faster than the 2.3 percent report in August. The producer price index climbed 3.6 percent, compared with a 3.5 percent estimate and a 4.1 percent gain the previous month.



[Read the full article](#)

Bloomberg: The minimum cost of ending austerity in the U.K.: \$25 billion

Britain needs an extra 19 billion pounds (\$25 billion) a year if Prime Minister Theresa May is to fulfill her pledge to end austerity, a leading think tank claimed. That's the amount required by 2023 to increase spending on health, defense and aid, as the government has promised, without inflicting real-terms cuts on other departments, the Institute for Fiscal Studies said in a report highlighting the challenges facing Chancellor Philip Hammond as he prepares for his budget on Oct. 29.

[Read the full article](#)

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[Reuters: Gulf Arab economies to accelerate modestly through 2020: Reuters poll](#)

Gulf Arab economies are likely to accelerate over the next couple of years as governments boost spending, but growth will not return to the boom levels enjoyed before oil prices plunged in 2014, a quarterly Reuters poll of economists found. Since mid-2018, the countries have been increasing oil production as restrictions imposed by a global agreement to restrain output have eased. This is expected to inflate gross domestic product in their oil sectors.

[Read the full article](#)

[Reuters: Japan exports fall for first time since 2016 as trade war fears mount](#)

Japan's exports fell in September for the first time since 2016 as shipments to the United States and China declined, likely impeding third quarter economic growth and adding to concerns about the broadening impact of an escalating Sino-U.S. trade war. The data comes days after a Reuters poll showed a third of Japanese companies - not just exporters - have been affected by the trade conflict between the world's two biggest economies, and more than half worried about its fallout on their business.

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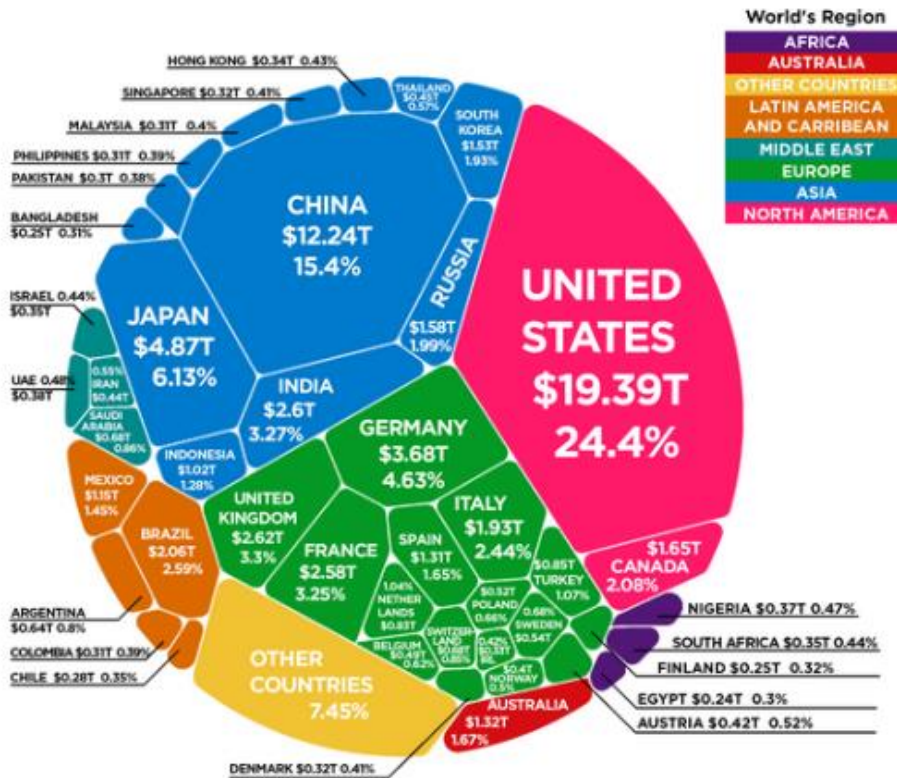
Special Analysis: How much – Visualize the Entire Global Economy in One Chart

Last week President Trump announced a landmark new trade agreement replacing NAFTA, a deal that he thinks will pour “cash and jobs” into the US economy. We don’t want to debate the merits of Trump’s approach to trade, but the world should always pay attention when the leader of the world’s largest economy starts talking about tariffs. Our newest visualization highlights exactly how big the U.S. economy is compared to the every other country in the world.



The World Economy

Gross Domestic Product (GDP) by Country 2017



Article and Sources:
<https://howmuch.net/articles/the-world-economy-2017>
<http://databank.worldbank.org/data/download/GDP.pdf>

howmuch.net

[Link to source](#)

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Recent Developments in Financial and Commodity Markets

[Bloomberg: China ditches deleveraging, posing Yuan hit, Citigroup says](#)

China's moves to boost liquidity in an effort to safeguard economic growth are eroding the country's yield premium over the U.S., putting "renewed pressure" on the yuan, according to Citigroup Inc. "Going by its latest policy moves, China has likely halted or even abandoned its financial-deleveraging program" amid the trade war with the U.S., Liu Li-Gang, chief China economist at Citigroup in Hong Kong, wrote in a note. The People's Bank of China has pumped 3.4 trillion yuan (\$492 billion) into the banking system so far this year through regular open-market operations and cuts in lenders' required reserve ratios, Citigroup estimates.



[Read the full article](#)

[Bloomberg: Investors fretting Fed error most bearish on economy since the crash](#)

Pessimism on the global economy is piling up amid rising trade tensions and expectations the U.S. central bank will carry on tightening despite the tumult in equity markets. Fund managers surveyed by Bank of America Merrill Lynch this month are hoarding cash as they become the most bearish on global activity in a decade, fretting an end to the long expansion. A record 85 percent of fund managers say the global economy is in late cycle, 11 percentage points ahead of the prior high recorded in December 2007.

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[Bloomberg: Oil slips before supply data while U.S.-Saudi tension simmers](#)

Oil retreated before weekly U.S. inventory data even as the disappearance of a critic of the Saudi Arabian regime threatened to spark a diplomatic crisis. Crude in New York dropped 0.8 percent. U.S. stockpiles probably rose by 1.25 million barrels last week, the longest streak of gains since March 2017 if confirmed by government data Wednesday. Meanwhile, U.S. Secretary of State Mike Pompeo arrived in Riyadh to discuss Jamal Khashoggi's disappearance two weeks ago. The Saudi government is said to be considering saying Khashoggi died in a botched interrogation, according to media reports.



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