



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

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Key Global and Regional Developments over the Past Week

Reuters: Argentina's fiscal tightening takes deficit closer to target

Argentina is on track to meet its 2018 year-end spending targets, the country's treasury minister said on Monday, after it posted a deficit that was 31 percent narrower compared to this time last year. Argentina posted a fiscal deficit of 22.9 billion pesos (\$622 million) in September, bringing the deficit to 153 billion pesos (\$28 billion) in the first nine months of 2018.

[Read the full article](#)

Bloomberg: Southeast Asia has an investment boom, thanks to the trade war

Southeast Asia is seeing a boom in foreign direct investment as the intensifying trade war between the U.S. and China prompts companies to shift production to the region. Vietnam saw manufacturing inflows jump 18 percent in the first nine months of 2018, driven by investments including a \$1.2 billion polypropylene production project by South Korea's Hyosung Corp., according to a Maybank Kim Eng Research Pte. note on Monday.

[Read the full article](#)

Bloomberg: European union, Singapore sign free-trade and investment pacts

The European Union and Singapore signed free-trade and investment protection agreements in Brussels on Friday in a bid to improve bilateral business ties amid rising global trade conflicts. The EU and Singapore will remove tariffs, reduce technical barriers, and provide better opportunities in services and government procurement under the deals, the Singapore government said in a statement Friday.

[Read the full article](#)

Bloomberg: Italy seeks dialogue on 'Necessary' breach of deficit rules

Italy's populist government told the European Union that it is willing to temper its budget for next year, but it needs to break deficit rules to help out its poorest citizens. In a letter to the European Commission published Monday, Finance Minister Giovanni Tria said he won't let the country's budget deficit widen further than the 2.4 percent target for 2019. He said he knows that the plans don't comply with EU rules and he wants "constructive" talks with officials in Brussels. Prime Minister Giuseppe Conte said the shortfall could even come in below target.

[Read the full article](#)

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Special Analysis: HSBC The World in 2030

China will be the world's largest economy in 2030, overtaking the US, while India - currently the seventh biggest - will be third, pushing Germany and Japan down a position.

We have looked at 75 economies in developing, emerging and frontier markets to make long-term projections of their growth potential and changes in global rankings. We find that emerging economies will account for roughly 50 per cent of global GDP by 2030 – a seismic shift from half of that in 2000.

China will continue to be the single biggest contributor to global growth but another five Asian economies will be among the world's six fastest-growing economies – Bangladesh, India, Philippines, Pakistan and Vietnam.

However, by 2030, Africa will have more working-age people than China. Its working-age population is set to grow by more than 2.5 per cent a year for the next decade while Europe's falls by 0.5 per cent annually.

Growth in both emerging and developing markets between now and 2030 will slow. Emerging economies are projected to grow by 4.4 per cent a year compared to 4.7 per cent in the period since 2010, while developed countries will grow by 1.5 per cent, compared with 1.7 per cent since 2010.

But because emerging countries make up an increasing share of the world, the average global growth rate since 2013 – just below 3 per cent – could be sustainable until 2030. That would lift global GDP by about 40 per cent from today's level.

Emerging countries accounted for about half of global growth over the past decade but, on our estimates, roughly 70 per cent of future world growth will be from economies currently considered as emerging.

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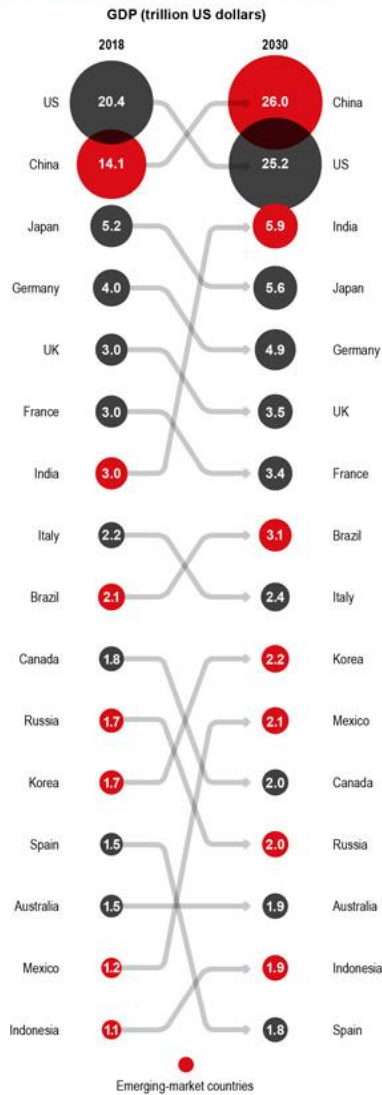
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2030: Long-term global GDP rankings



Source: HSBC estimates. Note: GDP figures in constant 2018 USD terms



Key facts for 2030



China is set to be the **world's largest economy by 2030**. China's push towards robotics could mean higher productivity and even faster GDP growth.



Emerging-market countries to account for **roughly 50%** of global GDP by 2030 ...



... but they play a much bigger role, accounting for **70%** of global growth

14%

... however, **average emerging-market GDP per capita** still only 14% of the developed-market average



Africa's working-age population set to grow by more than 2.5% per year for next decade, versus fall by 0.5% per year in Europe



Bangladesh likely to be the **biggest mover in the global GDP rankings** (42nd to 26th), followed by Philippines, Pakistan and Vietnam ...



Korea's **high level of automation** could offset the impact of its demographic drag on productivity and GDP



... and the **biggest fallers** are set to be Norway, Denmark and Finland

[Link to source](#)

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Recent Developments in Financial and Commodity Markets

Reuters: Saudi to preserve riyal exchange rate stability – central bank chief

Saudi Arabia's monetary policy is to "preserve the stability" of the riyal's exchange rate, central bank governor Ahmed al-Kholifey told the newspaper Maal. "An increase in U.S. interest rates usually requires an increases in local interest rates or else the exchange rate becomes unstable," Kholifey said in the interview published on Monday.

[Read the full article](#)

Bloomberg: Italy manages to stay out of the junk yard: taking stock

Euro Stoxx 50 futures are up 0.5%. Chinese equities soared 4.5% after Beijing vowed to help the private sector and cut taxes and there is speculation the state is buying into the equity market. As macro and politics have been driving the market, this will be another crucial week to determine direction with the ECB rate meeting on Thursday and U.S. third quarter GDP on Friday.

[Read the full article](#)

Reuters: Global rules on cryptocurrencies needed: Circle CEO

Major economies should launch coordinated regulation of cryptocurrencies, the head of Goldman Sachs-backed startup Circle said on Monday, underscoring growing industry support for international rules on digital money. "Ultimately there needs to be normalization at the G20 level of critical crypto-related regulatory matters," Jeremy Allaire, CEO of Boston-based Circle, told Reuters in an interview in London.

[Read the full article](#)

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