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:

Key Global and Regional Developments over the Past Week

Reuters: Turkish economy normalizing after 'attacks' from abroad: Finance Minister

Turkey's economy began to normalize in October and markets are likely to be reassured about its prospects next year, Finance Minister Berat Albayrak was quoted as saying by broadcaster CNN Turk on Tuesday. The lira TRYTOM=D3 slumped in August and at one stage was down 47 percent since the start of the year on investor concerns over the Turkish central bank's independence and a deterioration in U.S.-Turkish ties.

Read the full article

Reuters: Bank of Canada reiterates interest rates

The Bank of Canada on Tuesday reiterated that more interest rate hikes would be needed to achieve its inflation target and said now was the ideal time to remove monetary stimulus given how well the economy was doing. The central bank raised rates last week - the fifth hike in 15 months - and said it might speed up the pace of tightening given the economy was running at almost full capacity.

Read the full article

Reuters: China factory growth weakest in over two

China's manufacturing sector in October expanded at its weakest pace in over two years, hurt by slowing domestic and external demand, in a sign of deepening cracks in the economy from an intensifying trade war with the United States. Anxiety about China's cooling growth and its likely drag on the global economy have vexed financial markets recently, and Wednesday's official Purchasing Managers' Index (PMI) indicates more stress for investors through coming months.

Read the full article

Reuters: Japan October industrial output falls as trade friction weighs

Japan's industrial output fell more than expected in September as a series of typhoons and earthquakes disrupted production and a trade war between the United States and China weighed on exports, clouding the country's economic outlook. The 1.1 percent decline in output was more than the median estimate for a 0.3 percent decline and follows a 0.2 percent increase in the previous month.

Read the full article

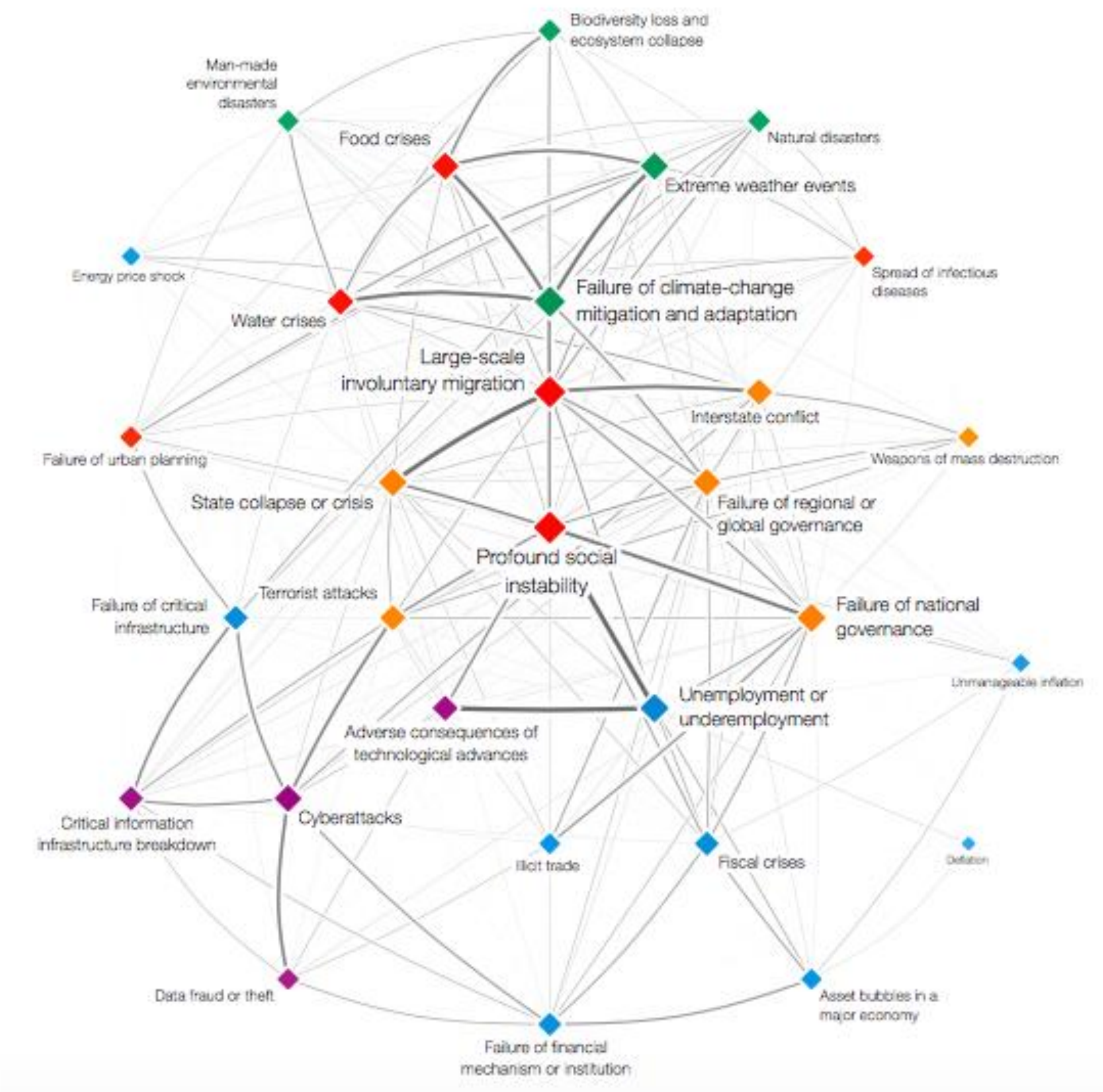
Special Analysis: WEF
The Global Risks Report 2018

Last year's *Global Risks Report* was published at a time of heightened global uncertainty and strengthening popular discontent with the existing political and economic order. The report called for "fundamental reforms to market capitalism" and a rebuilding of solidarity within and between countries. One year on, a global economic recovery is under way, offering new opportunities for progress that should not be squandered: the urgency of facing up to systemic challenges has, if anything, intensified amid proliferating indications of uncertainty, instability and fragility.

Humanity has become remarkably adept at understanding how to mitigate conventional risks that can be relatively easily isolated and managed with standard risk- management approaches. But we are much less competent when it comes to dealing with complex risks in the interconnected systems that underpin our world, such as organizations, economies, societies and the environment. There are signs of strain in many of these systems: our accelerating pace of change is testing the absorptive capacities of institutions, communities and individuals. When risk cascades through a complex system, the danger is not of incremental damage but of "runaway collapse" or an abrupt transition to a new, suboptimal status quo.

In our annual Global Risks Perception Survey, environmental risks have grown in prominence in recent years. This trend has continued this year, with all five risks in the environmental category being ranked higher than average for both likelihood and impact over a 10-year horizon. This follows a year characterized by high-impact hurricanes, extreme temperatures and the first rise in CO2 emissions for four years. We have been pushing our planet to the brink and the damage is becoming increasingly clear. Biodiversity is being lost at mass-extinction rates, agricultural systems are under strain and pollution of the air and sea has become an increasingly pressing threat to human health. A trend towards nation-state unilateralism may make it more difficult to sustain the long-term, multilateral responses that are required to counter global warming and the degradation of the global environment.

Figure III: The Global Risks Interconnections Map 2018



[Read the full report]

Recent Developments in Financial and Commodity Markets

Reuters: OPEC oil output rises to highest since 2016 despite Iran: Reuters survey

OPEC has boosted oil production in October to the highest since 2016, a Reuters survey found, as higher output led by the United Arab Emirates and Libya more than offset a cut in Iranian shipments due to U.S. sanctions. The 15-member Organization of the Petroleum Exporting Countries has pumped 33.31 million barrels per day this month, the survey on Wednesday found, up 390,000 bpd from September and the highest by OPEC as a group since December 2016.

Read the full article

Reuters: Pound extends rally on report British PM seals Brexit financial services deal

Sterling extended its gains on Thursday after the Times newspaper reported that British Prime Minister Theresa May had sealed a tentative deal with Brussels on financial services. The pound jumped 0.9 percent to as high as $1.2881 GBP=D3, sending the currency to a five-day high.

Read the full article

Reuters: Asia stocks begin new month on firmer footing after torrid Oct

Battered equity investors got Asia off to a positive start for November, as Thursday’s session benefited from another strong performance on Wall Street, while the pound jumped on a report Britain has secured a deal that would give its financial services firms continued access to European markets after Brexit. Spreadbetters expected European stocks to follow Asia’s lead and open mostly higher, with Germany’s DAX and France’s CAC each rising 0.1 percent, although Britain’s FTSE was forecast to shed 0.4 percent following the pound’s appreciation.

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