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The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

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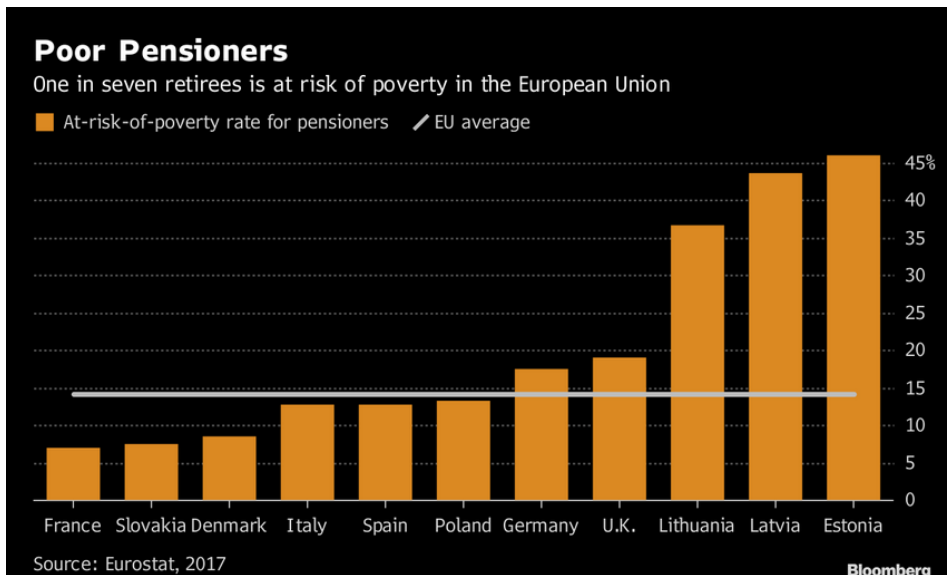
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Key Global and Regional Developments over the Past Week

[Bloomberg: Pensioners in EU Are Increasingly Facing Risk of Poverty](#)

The proportion of European Union pensioners at risk of poverty has increased every year since 2013 and stood at 14.2 percent in 2017, according to Eurostat data. While the rate was between 10 percent and 25 percent in most EU countries, more than a third of pensioners in the Baltics faced poverty risks. The rate was the lowest in France, Slovakia and Denmark.



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[Bloomberg: Bank of Japan to Cut Inflation Forecast on Cheaper Oil](#)

The Bank of Japan is almost certain to cut its inflation forecast for the fiscal year starting in April given the sharp fall in oil prices, according to people familiar with the matter. The government's decision to make pre-school education free adds to the case for the downgrade, which will be delivered at the end of the next board meeting on Jan. 23, the people said. Looming cuts to mobile phone charges darken the picture but are hard to quantify, they said. There are no indications that monetary policy will be changed at the gathering because these pressures are seen as temporary and don't change the picture of underlying inflation, according to the people.

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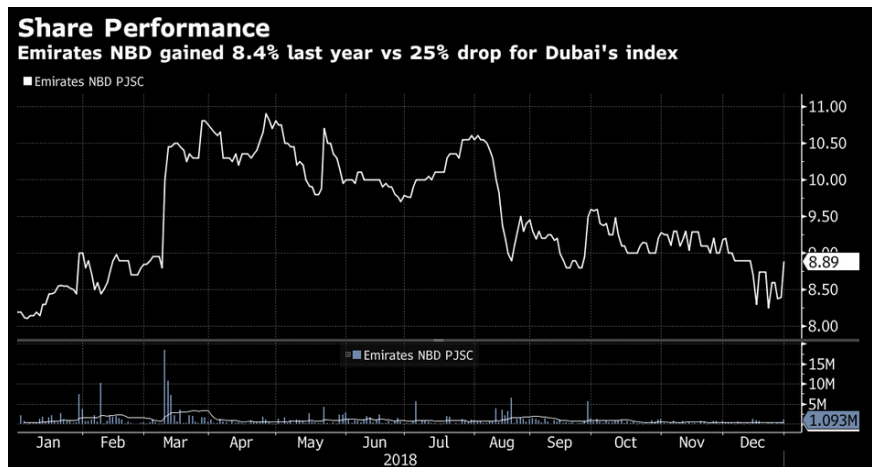


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Bloomberg: Dubai's Biggest Bank Boosts 2018 Profit 20%, Beats Estimates

Emirates NBD PJSC reported a better-than-expected increase in full-year profit as lending rose and loan loss charges fell at Dubai's biggest bank. The state-controlled lender recommended a dividend of 40 fils a share, unchanged from a year ago.



[Read the full article](#)

Reuters: Saudi Arabia plans \$2 billion solar and carbon black complex

Saudi Arabia plans to develop a \$2 billion solar and carbon black integrated complex in partnership with China's Longi and South Korea's OCI, a Saudi official said. A feasibility study for the solar and carbon project will be completed by mid-2019, said Tariq Baksh, vice president, chemicals and renewables program, at Saudi Arabia's National Industrial Clusters Program.

[Read the full article](#)

Reuters: German carmakers warn hard Brexit would be 'fatal'

German carmakers on Wednesday warned of fatal consequences if Britain left the European Union without a divorce deal, predicting job losses in Britain and Europe and urging lawmakers to redouble efforts to ensure tariff-free trade can continue. British Prime Minister Theresa May's deal to leave the EU suffered an overwhelming defeat in parliament on Tuesday, leaving the country's future in limbo and manufacturers bracing for their "worst-case scenario", a no-deal Brexit.

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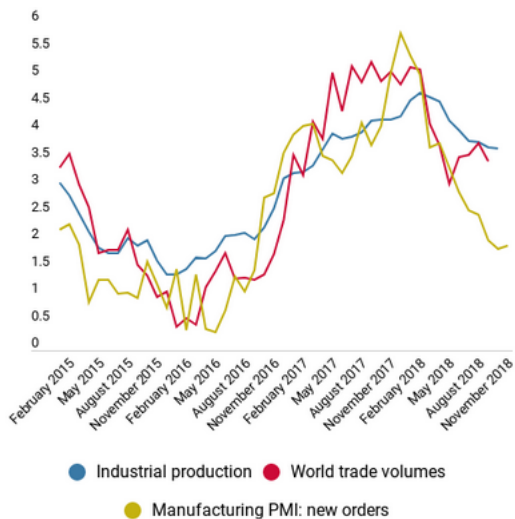
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Special Analysis: IMF – 5 Charts That Explain the Global Economy in 2018

Slowing down

After rapid growth in 2017, industrial production and trade have slowed, and business confidence has fallen.

(percent change, difference from 50 for PMI)



Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; and

Gradually increasing

US policy rates have been rising steadily, while US 10-year bond rates have also increased but less so.

(percent)

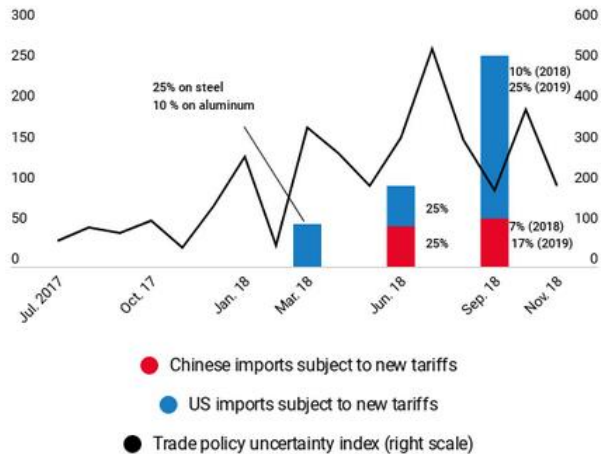


Source: Haver Analytics.

Trade tensions

Major trade actions have raised trade policy uncertainty.

(billion US dollars)



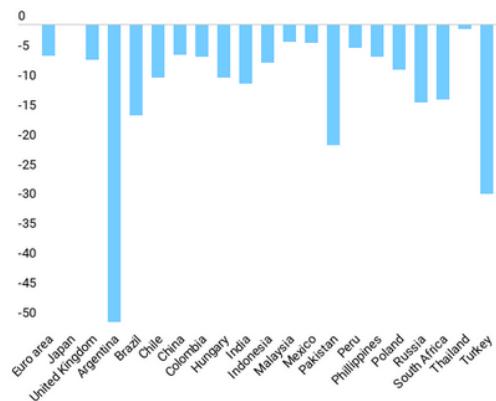
Source: Baker, Bloom, and Davis (www.PolicyUncertainty.com).

Note: Bars indicate value of imports affected by announced tariffs in billion US dollars. Labels indicate the tariff rate applied to the affected imports.

Stronger than the rest

A strong US economy and higher US interest rates have strengthened the US dollar.

(nominal exchange rate vs. US dollar, percent; December 31, 2017 to latest)



Source: IMF staff calculations.

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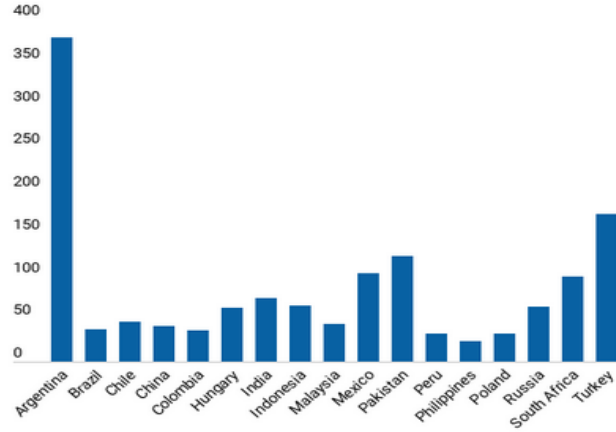
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Higher borrowing costs

Spreads have widened over the past 12 months but by different amounts.

(change in basis points; December 31, 2017 to latest)



Source: Thomson Reuters Datastream.

Note: EMBI = J.P. Morgan Emerging Markets Bond Index. The spread is the EMBI yield over the yield of US Treasuries of comparable maturity.

Source

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Recent Developments in Financial and Commodity Markets

[Argaam: OPEC+ to cut supply further if global economy stalls, says Al-Falih](#)

The Organization of the Petroleum Exporting Countries (OPEC) and its allies are monitoring the market and ready to cut output by over 1.2 million barrels per day if global economy slows down, Saudi energy minister Khalid Al-Falih told CNN on Monday. "If we see a slowdown ... it's going to be a small slowdown that oil markets can well absorb with adjustments to supply," he added.

[Read the full article](#)

[Reuters: Brexit deal defeat boosts European banks, hurts FTSE 100 as endgame still unclear](#)

British shares lagged Europe on Wednesday after Prime Minister Theresa May's resounding defeat in a parliamentary vote on her Brexit deal, but in the face of unrelenting political uncertainty investors shifted their focus to results and M&A news. A defeat had largely been priced in already, though the magnitude of the loss came as a surprise. Analysts and investors interpreted the outcome as a positive for the market, making a "softer, later" Brexit more likely, but uncertainty ahead of a no confidence vote in May's government on Wednesday evening kept trading muted.

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