



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 130 Date: 27th January 2019

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

- **Key Global and Regional Developments over the Past Week**
 - Bloomberg: France is trying to reinvent global capitalism
 - Bloomberg: 'Very Negative' Global Impact If No U.S.-China Deal, Heng Says
 - Bloomberg: South Asia Tops the Ranks of World's Highest Real Interest Rates
 - Bloomberg: ECB May Offer New Long-Term Loans to Prevent Tightening
- **Special Analysis: IMF - World Economic Outlook Update, January 2019**
- **Recent Developments in Financial and Commodity Markets**
 - Argaam: Saudi crude oil output drops to 10.55 mbd in December 2018: OPEC
 - Reuters: Oil prices drop as China economic slowdown threatens to spread
 - Reuters: Dollar near three-week high after IMF cuts growth forecasts

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

The Weekly Report

Key Global and Regional Developments over the Past Week

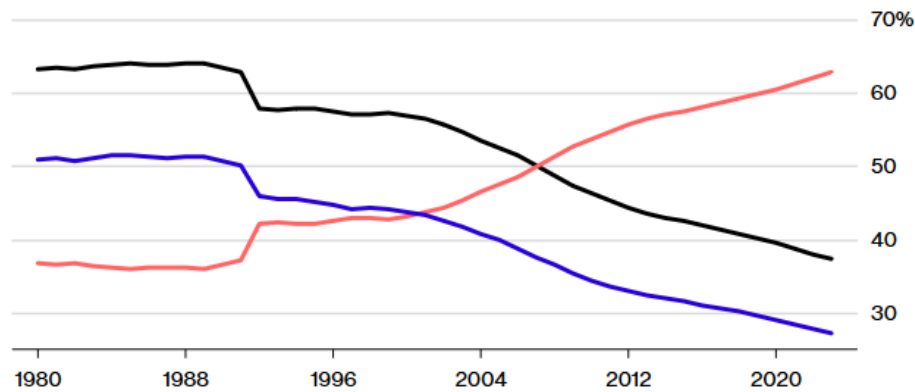
Bloomberg: France is trying to reinvent global capitalism

French Finance Minister Bruno Le Maire is heading to Davos with an ambitious mission statement for the world’s richest economies: rebuild capitalism. Le Maire’s pitch is part of France’s 2019 presidency of the Group of Seven. He’ll deliver it in Paris Tuesday before heading to Davos to meet with leaders in finance and business. He will tell chief executives their companies are too big, too powerful and pay too little tax. France’s presidency of the G-7 will be dedicated to combating inequalities that Le Maire says stem from this.

Losing Weight

The G-7’s share of global GDP will keep falling as emerging economies rise

Advanced economies / Emerging market and developing economies / G-7



Source: IMF

[Read the full article](#)

Bloomberg: ‘Very Negative’ Global Impact If No U.S.-China Deal, Heng Says

It’s vital that the U.S. and China settle their trade differences to avoid damaging economic growth elsewhere in the world, Singapore’s finance minister said. “It’s important for both sides to try and cut a deal because the impact on the global economy of any trade friction is going to be very negative,” Heng Swee Keat said in an interview with Bloomberg Television’s Haslinda Amin on the sidelines of the World Economic Forum meetings in Davos.

[Read the full article](#)

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

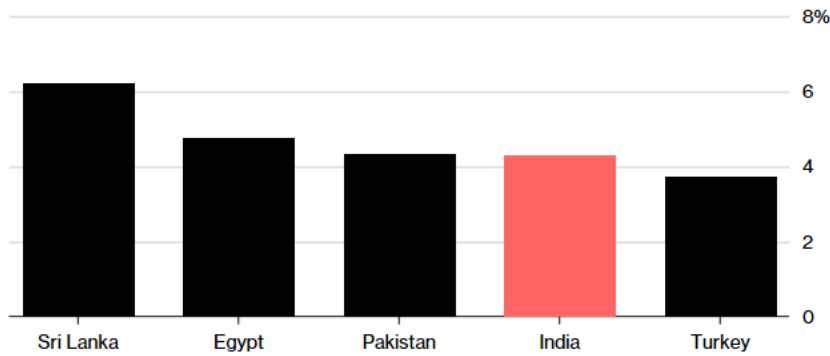
The Weekly Report

Bloomberg: South Asia Tops the Ranks of World's Highest Real Interest Rates

Real interest rates in South Asia are among the highest in the world, raising the prospect of more dovish monetary policy in the region. Sri Lanka, Pakistan and India rank in the top five of the world's major economies with the highest inflation-adjusted interest rates. While negative real rates might be considered a sign of financial instability, a high inflation-adjusted benchmark interest rate is, on balance, a reason for central bankers to consider a looser policy stance.

Real High

India has one of the highest real interest rates in the world



Sources: Government and central bank data; Bloomberg

Note: Real interest rate is central bank's benchmark interest rate minus year-on-year CPI

[Read the full article](#)

Bloomberg: ECB May Offer New Long-Term Loans to Prevent Tightening

The European Central Bank's targeted longer-term refinancing operations won't mature until 2020 but banks will already be squeezed for liquidity this year.



[Read the full article](#)

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

The Weekly Report

Special Analysis: IMF

World Economic Outlook Update, January 2019

A Weakening Global Expansion

- The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020, 0.2 and 0.1 percentage point below last October's projections.
- The global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases enacted in the United States and China earlier that year. The further downward revision since October in part reflects carry over from softer momentum in the second half of 2018—including in Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand—but also weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated.
- Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already incorporated in the forecast remains a key source of risk to the outlook. Financial conditions have already tightened since the fall. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt. These potential triggers include a “no-deal” withdrawal of the United Kingdom from the European Union and a greater-than-envisaged slowdown in China.
- The main shared policy priority is for countries to resolve cooperatively and quickly their trade disagreements and the resulting policy uncertainty, rather than raising harmful barriers further and destabilizing an already slowing global economy. Across all economies, measures to boost potential output growth, enhance inclusiveness, and strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial conditions are imperatives.

[Read the full report](#)

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.



Our Economy and The World

The Weekly Report

Recent Developments in Financial and Commodity Markets

[Argaam: Saudi crude oil output drops to 10.55 mbd in December 2018: OPEC](#)

Saudi Arabia's crude oil production in December 2018 declined by 468,000 barrels per day (bpd) from the previous month to average 10.55 million barrels per day (mbd), the Organization of Petroleum Exporting Countries (OPEC) said in its latest monthly oil market report on Thursday. Total OPEC-14 preliminary crude oil production averaged 31.58 mbd in December, a decrease of 751 thousand bpd over the previous month, the OPEC report said.

[Read the full article](#)

[Reuters: Oil prices drop as China economic slowdown threatens to spread](#)

Oil prices fell on Tuesday on signs that an economic slowdown in China, the world's second-largest economy and oil consumer, was spreading, stoking concerns over future fuel demand. The gloomy economic news has pulled down financial markets across Asia, including crude oil futures. International Brent oil futures were at \$62.26 per barrel at 0736 GMT, down 48 cents, or 0.8 percent, from their previous close.

[Read the full article](#)

[Reuters: Dollar near three-week high after IMF cuts growth forecasts](#)

The dollar held at a near three-week high on Tuesday as investors sought the relative safety of the U.S. currency after the International Monetary Fund cut its forecasts for the world economy in 2019 and 2020. The dollar has been considered a consensus short trade since the end of 2018 on concerns that the U.S. Federal Reserve will pause in its interest rate increases. But it has been boosted in recent days by lack of growth in other regions, notably Europe.

[Read the full article](#)

Disclaimer

The content of this report is directly obtained from the sources indicated without an addition from the Egyptian Center for Economic Studies (ECES). ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred are accidental and unintentional.