



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 131 Date: 3rd February 2019

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

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 - [Reuters: Fed likely to hold rates steady as it navigates data blind spots](#)
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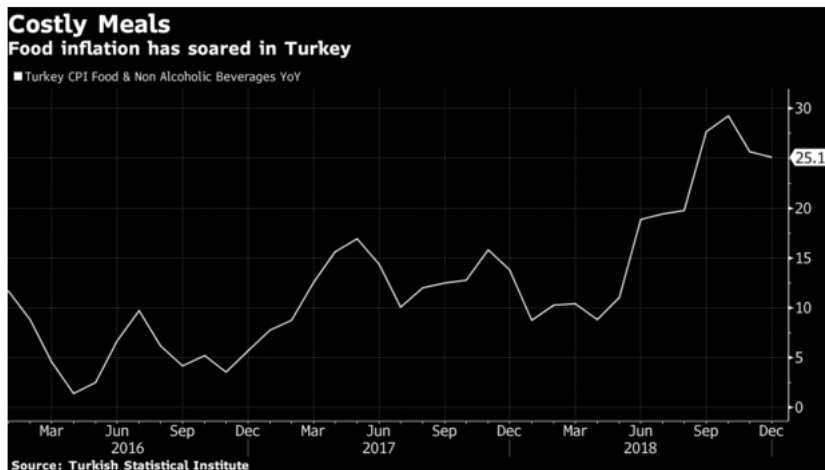
Our Economy and The World

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Key Global and Regional Developments over the Past Week

Bloomberg: Erdogan Hunt for Treason in Price Hikes Depletes Veggie Shelves

Shamed by President Recep Tayyip Erdogan for failing to keep prices lower, Turkish retailers are emptying shelves of some items altogether. Some supermarkets won't sell green peppers and aubergines, two of the ingredients used widely in Turkish cuisine and whose wholesale prices have soared as high as 10 liras (\$1.9) per kilogram, Hurriyet reported Tuesday. Since they'd fetch 20 liras at a supermarket, "no one wants to take this risk," Mustafa Altunbilek, head of the Turkish Retailers Federation, was cited as saying by the newspaper.



[Read the full article](#)

Reuters: Fed likely to hold rates steady as it navigates data blind spots

In the six weeks since a confident U.S. Federal Reserve raised interest rates in response to a "strong" U.S. economy, consumer confidence dropped, wholesale prices weakened, financial markets wobbled and home sales fell. Further afield, China tried to boost lending for its slowing economy, the European Central Bank acknowledged ebbing growth in the euro zone, and the International Monetary Fund cut its world economic growth forecast and warned that global trade had nosedived as major nations squabbled about tariffs.

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[Bloomberg: Fed's Big Balance Sheet Wind-Down May Be Halfway Complete](#)

The Federal Reserve has been winding down its balance sheet, draining reserves from the banking system in the process, for a little over a year. At the same time, Wall Street has been revising up its estimates for the ultimate amount of reserves that will be left in the system, according to results of the New York Fed's surveys of primary dealers and investment firms.



[Read the full article](#)

[Bloomberg: Reggae. Puppies. Whatever It Takes, Central Banks Want Attention](#)

Central banks face an inherent challenge in a world where nuance is out of fashion and policy conversations happen in 280 characters or less. What they do ranges from the mildly specialist to the mind-bendingly complex, and it's risky for central bankers if the public has no idea what they're up to -- or why. Policies to stabilize inflation work best when people believe in them, because they depend on expectations of where prices will go. And a popular backlash against higher interest rates can bring political heat.



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Special Analysis: IMF

Unlimited Opportunities: Creating More Jobs for Young People in Emerging Market and Developing Economies

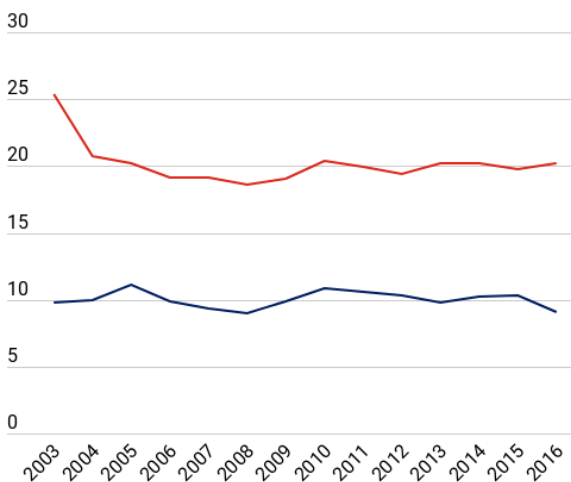
“To define is to limit,” Oscar Wilde once said. But sometimes economists need to use definitions to see the scope of a problem and find ways to lift the limits to success. This is especially true for young people in emerging markets and developing economies. We know that young people are essential to economic development and growth. They make up approximately one-third of the working-age population in the average emerging market and developing economy.

We also know that global youth face tough labor markets and job shortages in countries all over the world. Approximately 20 percent of 15- to 24-year-olds in the average emerging market and developing economy are neither in work nor in school. Compare that to advanced economies where the average rate is 10 percent.

Falling behind

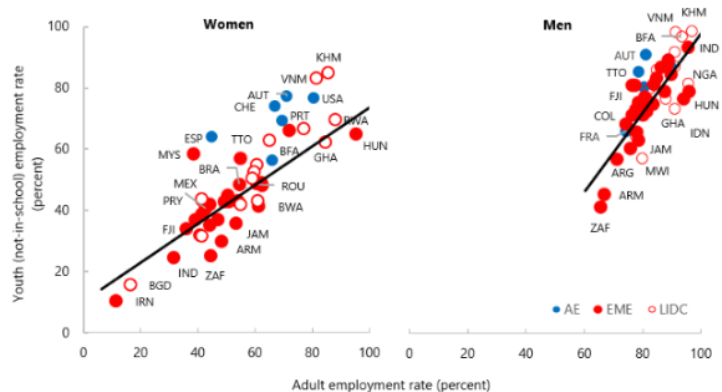
The share of young people not in school or work remains stubbornly high in emerging market and developing economies.

(median, percent of youth not employed or in school)



Moving together

Policies that encourage more open and flexible markets help both younger and older workers.



Sources: IPUMS International and IMF staff calculations.

Note: Calculations based on 90 million individual-level, cross-country observations from IPUMS. Youth are 15–29 years old, and adults are 30–64 years old. Solid black line is line of best fit. AE = advanced economies; EME = emerging market and developing economies, non-LIDC; LIDC = low-income developing countries. International Organization for Standardization (ISO) three-letter country codes are indicated for some data points.

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Recent Developments in Financial and Commodity Markets

[Bloomberg: Iron Ore Rockets as Vale Supply Disruption Convulses Market](#)

The global iron ore market was pitched into turmoil after Brazil's Vale SA, the world's largest producer, outlined plans to cut output after a deadly dam breach, buoying shares of rivals as investors weighed the impact of the disruption. Prices soared, with futures rallying more than 9 percent. Vale will decommission some tailings dams, curbing production by 40 million tons a year, Chief Executive Officer Fabio Schvartsman said at a press conference, citing a plan presented to the Energy and Environment Ministries. The impact will be offset by an increase in production from other systems, Vale said. The company had planned to mine 400 million tons this year.



[Read the full article](#)

[Reuters: Gold hits eight-month high, stocks mixed amid trade caution, results](#)

Gold hit an eight-month high while world stock markets were mixed ahead of further U.S.-Sino trade talks, a raft of technology company results, including Apple's, and a Federal Reserve decision on U.S. interest rates. The U.S. dollar traded little changed and oil prices rose after Washington slapped sanctions on Venezuela's state-owned oil firm in a bid to curb its crude exports as traders prepared for major events, including a key Brexit vote late in the day.

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