



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

Bloomberg: Fed Officials' Views on the Economy Have Converged: It's in a Good Place

Federal Reserve officials are getting their stories straight on the U.S. economy. Cleveland's Loretta Mester says it's in a "very good spot," while Philadelphia's Patrick Harker says it "continues to do well." Or it's in a "pretty good place," as Kansas City's Esther George has it, faithfully echoing Chairman Jerome Powell's "the economy is good." Their remarks, made Wednesday and late Tuesday, aim to reassure America that it can be confident in the economy and the central bank's commitment to keeping it on track. It's a message that has helped calm anxious investors and short-circuit a potentially self-reinforcing Wall Street sell-off that gripped markets late last year.

[Read the full article](#)

Reuters: Lower gasoline prices restrain U.S. consumer inflation

U.S. consumer prices were unchanged for a third straight month in January, leading to the smallest annual increase in inflation in more than 1-1/2 years, which could allow the Federal Reserve to hold interest rates steady for a while. The Labor Department's report on Wednesday supported the Fed's recent description of price pressures being "muted." In a policy statement last month, the U.S. central bank kept rates unchanged, pledged to be "patient" before tightening monetary policy further and discarded promises of "further gradual increases" in borrowing costs.

[Read the full article](#)

Bloomberg: Argentina Had a Communication Problem. She's Helping to Fix It

Veronica Rappoport landed in Buenos Aires in September with a mission: to help end a currency crisis brewing during months of communication missteps and erratic central bank policies. It was no easy task. The peso was in a tailspin and the International Monetary Fund had just urged the central bank to improve its communication. Argentina faced a full-blown confidence crisis that arguably had its seed planted nine months earlier, when policy makers unexpectedly eased inflation targets, fueling speculation that President Mauricio Macri was pressuring for lower interest rates to juice economic growth.

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Reuters: Fed's Powell: Bank consolidation weighing on rural communities

Decades of bank industry consolidation have weighed on the economies of rural areas as branches and local community banks disappeared and access to financial services declined, Federal Reserve Chairman Jerome Powell said on Tuesday, citing meetings of Fed staff held last year in communities where banks had closed.

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Special Analysis: IMF

Laying the Foundations of Good Fiscal Management in the Arab World

Christine Lagarde

I am delighted to be back in Dubai, this city of tomorrow, where you—its economic leaders—are dedicated to realizing the vision of a better tomorrow. This vision is predicated on prosperity that is shared by all, benefiting the poor and the middle class, citizens and immigrants alike; and opportunities that are open to all, including women. It is a vision of fairness over cronyism and partiality, and of trust that government policy is oriented toward the common good.

This is a big vision. But as Sheikh Mohammed bin Rashid Al Maktoum once said “The bigger your vision, the bigger your achievement will be...we cannot let fear keep us small. We have to be brave to be big.”

As you know so well, fiscal policy plays a vital role in creating and nurturing this vision of sustainable and inclusive growth—especially as encapsulated in the Sustainable Development Goals. This is because we need fiscal space for spending on health, education, social protection, and public investment—all key priorities in this region.

This is why I wanted to come back to the Arab Fiscal Forum—my fourth time now. In past years, I talked in detail about fiscal policy—the spending and revenue measures needed to achieve sustainable and inclusive growth. This year, I want to go one level deeper—into the foundations of fiscal policy and good fiscal management.

Because without a stable foundation, even the best policies can flounder. Without a stable foundation, fiscal policy will lack credibility.

In this vein, I will address two key pillars of good fiscal management: (i) strong fiscal frameworks; and (ii) good governance and transparency.

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Recent Developments in Financial and Commodity Markets

Reuters: EU brings industry together to tackle dollar dominance in energy trade

The European Union has convened a wide-ranging industrial group to work on promoting the euro and fighting the monopoly of the U.S. dollar in oil and commodities trading, reflecting broader tensions with Washington over trade and sanctions. The group, which involves executives from European oil firms such as OMV and Eni and gas and power firms such as Fluxys and Engie, will meet behind closed doors in Brussels under the auspices of the European Commission on Thursday.

[Read the full article](#)

Reuters: Oil gains on Saudi output cuts; rally limited by U.S. output

Oil prices rose 2 percent on Wednesday after top exporter Saudi Arabia said it would cut crude exports and deliver an even deeper cut to its production, but swelling U.S. crude inventories led the market to pare gains. U.S. crude oil inventories rose last week to the highest since November 2017 as refiners cut runs to the lowest since October 2017, the Energy Information Administration said. [EIA/S]

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