



Our Economy and The World

The Weekly Report

Issue: 134 Date: 24th February 2019

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Key Global and Regional Developments over the Past Week

Bloomberg: Thailand's GDP Growth Exceeds Forecasts on Domestic Demand

Thailand's economy grew at a faster pace in the fourth quarter than the previous three months, as local demand helped to offset a slide in exports. Gross domestic product rose 3.7 percent from a year ago, up from a revised 3.2 percent in the third quarter, the National Economic and Social Development Council said on Monday. The median estimate of 23 economists in a Bloomberg survey was for expansion of 3.6 percent.

External Headwinds

Exports and tourism moderated for much of last year



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BBC: Saudi Arabia signs \$20bn in deals with Pakistan

Saudi Arabia has pledged investment deals worth \$20bn (£15.5bn) with Pakistan which is seeking to bolster its fragile economy. The deals include funding for an \$8bn oil refinery in the city of Gwadar. It comes as part of a high-profile Asian tour by the kingdom's Crown Prince Mohammed bin Salman. Pakistan is suffering a financial crisis. It has only \$8bn left in foreign reserves and is looking to international backers for support.

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Reuters: President Trump receives update on China trade talks

President Donald Trump received an update on trade talks with China on Saturday at his Florida retreat after discussions in Beijing saw progress ahead of a March 1 deadline for reaching a deal.

Trump, at his Mar-a-Lago club, was briefed in person by U.S. Trade Representative Robert Lighthizer, Commerce Secretary Wilbur Ross, White House Chief of Staff Mick Mulvaney and trade expert Peter Navarro, said White House spokeswoman Sarah Sanders. Treasury Secretary Steven Mnuchin, economic adviser Larry Kudlow and other aides joined by phone.

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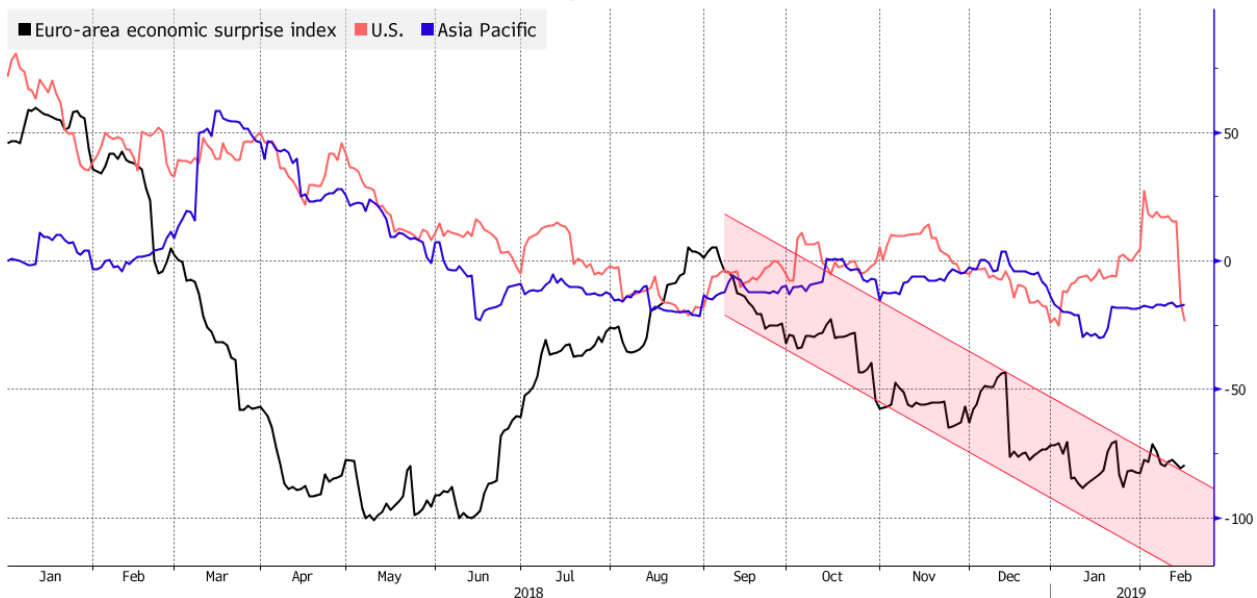
Bloomberg: ECB Eyes Data as Slowdown Proves 'Significant,' Villeroy Says

The slowdown of the European economy is “significant” and the European Central Bank could change its interest-rates guidance if it becomes clear the situation isn’t temporary, Governing Council member Francois Villeroy de Galhau said.

The extent of the weakness at the end of 2018 has taken policy makers by surprise, with Italy entering recession and Germany narrowly avoiding the same fate. The ECB has so far stuck to its guidance that it will keep borrowing costs at record lows at least through the summer, indicating hikes could come after that.

Negative News

Euro-area economic numbers have surprised to the downside



Source: Citigroup

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BBC: China markets soar as trade talks move to Washington

Mainland Chinese shares were the biggest gainers in Asia on Monday, a day which also saw the other major stock markets in the region advance, with trade talks between the U.S. and China set to continue in Washington this week after high-level meetings in Beijing concluded last week.

The Shanghai composite jumped around 2.68 percent to close at about 2,754.36 while the Shenzhen component rose 3.954 percent to finish at approximately 8,446.92. The Shenzhen composite advanced 3.705 percent to close at around 1,440.95. Hong Kong's Hang Seng index also gained about 1.5 percent, as of its final hour of trading.

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Special Analysis: Global Economy to Slow to 2.9 percent in 2019 as Trade, Investment Weaken

Global economic growth is projected to soften from a downwardly revised 3 percent in 2018 to 2.9 percent in 2019 amid rising downside risks to the outlook, the World Bank said on Tuesday. International trade and manufacturing activity have softened, trade tensions remain elevated, and some large emerging markets have experienced substantial financial market pressures.

Growth among advanced economies is forecast to drop to 2 percent this year, the January 2019 Global Economic Prospects says. Slowing external demand, rising borrowing costs, and persistent policy uncertainties are expected to weigh on the outlook for emerging market and developing economies. Growth for this group is anticipated to hold steady at a weaker-than-expected 4.2 percent this year.

“At the beginning of 2018 the global economy was firing on all cylinders, but it lost speed during the year and the ride could get even bumpier in the year ahead”, said World Bank Chief Executive Officer Kristalina Georgieva. “As economic and financial headwinds intensify for emerging and developing countries, the world’s progress in reducing extreme poverty could be jeopardized. To keep the momentum, countries need to invest in people, foster inclusive growth, and build resilient societies.”

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Recent Developments in Financial and Commodity Markets

[CNBC: Gold at two-week high on trade deal hopes; palladium peaks](#)

Gold prices rose to their strongest level in more than two weeks on Monday as the dollar weakened on hopes the United States and China are nearing a trade deal, while palladium hit a record high. Spot gold had gained 0.1 percent to \$1,322.41 per ounce as of 0747 GMT. The metal touched \$1,325.30 earlier, just below a 9-month peak of \$1,326.30 an ounce marked on Jan. 31. U.S. gold futures rose 0.3 percent to \$1,326.1 an ounce. "Alleviation of risks around the trade talks has certainly benefited the markets," said ANZ analyst Daniel Hynes, adding that signs of progress in the discussions had reduced appetite for the dollar, which has been supporting gold.

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[Reuters: Oil prices hit 2019 highs amid supply cuts, trade talk hopes](#)

Oil rose for a fifth day on Monday, on track for its strongest first quarter in eight years, thanks to a growing belief among investors that OPEC's supply cuts will prevent a build-up in unused fuel, though concern over China's economy tempered gains.

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