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المركز المصري للدراسات الاقتصادية

The Egyptian Center for Economic Studies



# Our Economy and The World

The Weekly Report

Issue: 136 Date: 10<sup>th</sup> March 2019

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

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  - **Bloomberg: Italian Economy Shrank Less Than First Seen, Still in Recession**
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  - **CNBC: Treasury yields rise amid US-China trade developments**

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# Our Economy and The World

## The Weekly Report

### Key Global and Regional Developments over the Past Week

#### Reuters: Trump scraps trade privilege for India; Delhi plays down impact

U.S. President Donald Trump looked set to open a new front in his trade wars on Monday with a plan to end preferential trade treatment for India that allows duty-free entry for up to \$5.6 billion worth of its exports to the United States. India played down the impact, saying it was keeping retaliatory tariffs out of its talks with the United States, but the opposition could seize on the issue to embarrass Prime Minister Narendra Modi ahead of general elections this year. Trump, who has vowed to cut U.S. trade deficits, has repeatedly called out India for its high tariffs, and U.S. trade officials said scrapping the concessions would take at least 60 days after notifications to Congress and the Indian government.

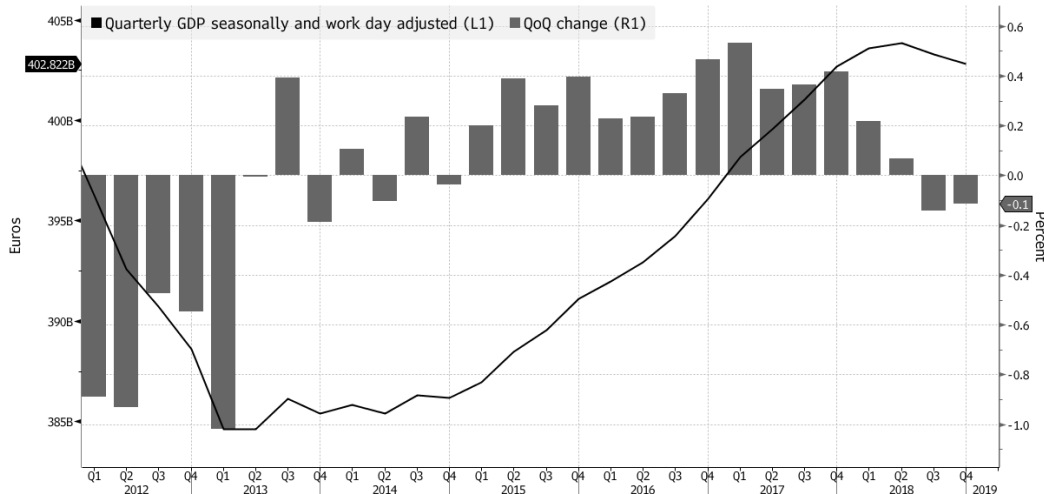
[\(Read full article\)](#)

#### Bloomberg: Italian Economy Shrank Less Than First Seen, Still in Recession

Italy's economic contraction at the end of last year was less than first estimated, but the economy still slipped into a recession that's cast doubts on the populist government's growth targets. The economy shrank 0.1 percent in the three months through December, less than the 0.2 percent drop in an initial reading. That was still the second consecutive quarterly decline, meaning Italy was the only nation in the euro region slipping into a technical recession in that period.

#### **Not as Bad**

#### **Italy's economic contraction at the end of last year was less than first estimated**



Source: Istat

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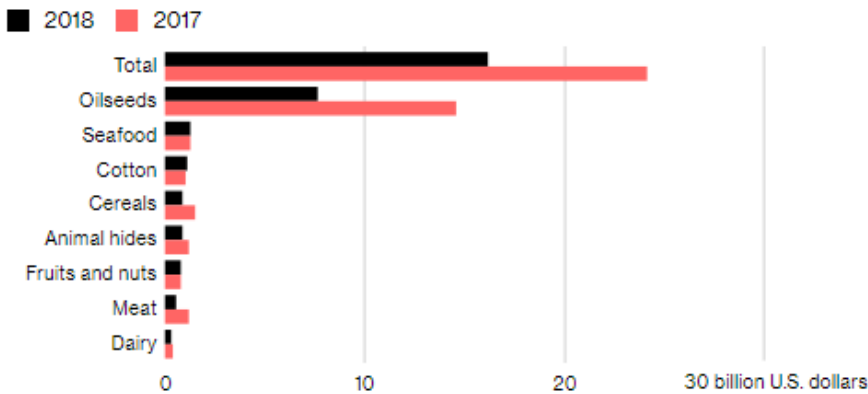
## The Weekly Report

### Bloomberg: Trump Asks China to Immediately Remove Agricultural Tariffs

President Donald Trump said he has asked China to immediately remove all tariffs on U.S. agriculture, including beef and pork, citing progress in trade talks between the two nations. In making the demand, Trump noted in a tweet Friday that he refrained from increasing U.S. tariffs on Chinese goods to 25 percent from 10 percent on March 1, as he said he would in the absence of progress toward an agreement.

#### Farmers' Loss

China's agricultural imports from the U.S. slump due to the trade spat



Sources: China Customs Administration, Bloomberg

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### BBC: Beijing unveils \$298bn tax cuts to boost growth

China's number two leader Li Keqiang has warned the country faces "a tough struggle," as he laid out plans to prop up the world's second-largest economy. Opening the annual session of China's parliament, he forecast slower growth of 6% - 6.5% this year, down from a target of around 6.5% in 2018. China has struggled with a slowing economy and a US-led trade war. It plans to boost spending, increase foreign firms' access to its markets, and cut billions of dollars in taxes.

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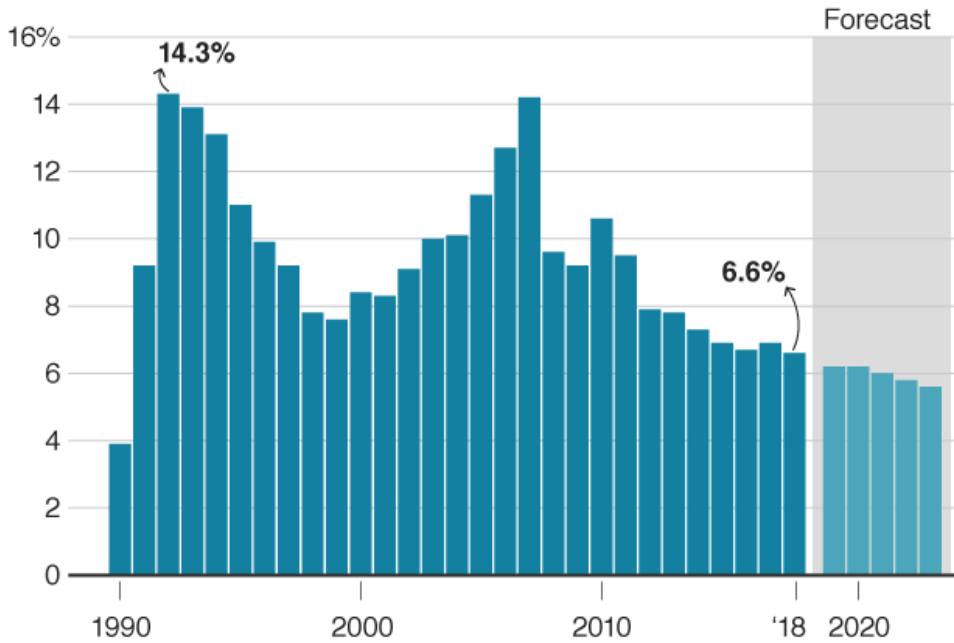
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### China's slowing economy



Source: IMF



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## Special Analysis: Fitch – Egypt Country Risk Report

Egypt has numerous inherent advantages that include its strategic geographical, political and cultural position in the region, a large and growing working-age and consumer population, a strong infrastructure project pipeline and a well-developed financial sector. Furthermore, the progress of key structural economic reforms provides greater room for market entry for foreign investors and the expansion of existing entities through value addition. However, Egypt's operating environment also bears some risks that encumber the market's short-to-medium term growth potential - the most prominent of which are the prevalence of corruption, structurally high import reliance for consumer and capital goods, the rigid labour market structure and high crime and security risks, underpinned by still-elevated terrorism risks. In addition, the utilities networks suffer from frequent disruptions and capacity limitations, particularly for water and electricity, which can disrupt business activity.

Providing comprehensive data and in-depth analysis of political, financial and economic risk.

Report includes: Fitch Solution's Core Views, 10-year Forecasts, Economic Risk Index, Political Stability and Risk Index, Long-term Political Outlook, Operational Risk Index, SWOT Analysis and Structural Economic Sections

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## Our Economy and The World

### The Weekly Report

## Recent Developments in Financial and Commodity Markets

### [Reuters: Oil drops as China cuts economic growth target, but OPEC-led cuts support](#)

U.S. West Texas Intermediate (WTI) crude oil futures were at \$56.31 per barrel at 0740 GMT, down 28 cents, or 0.5 percent, from their last settlement. Brent crude futures were at \$65.37 per barrel, down 30 cents, or 0.5 percent.

[\(Read Full Article\)](#)

### [CNBC: Dollar rises again despite Trump trying to 'jawbone' the US currency lower](#)

The U.S. dollar rose against a basket of various currencies on Monday as investors looked past comments made by President Donald Trump over the weekend regarding the greenback. The U.S. Dollar Currency Index, which tracks the U.S. currency's performance against others like the euro, was up 0.2 percent at 96.74. Against the euro, the dollar gained half a percent and traded at \$1.132.

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### [Treasury yields rise amid US-China trade developments](#)

U.S. government debt prices were lower Tuesday as traders monitored U.S.-China trade developments. The yield on the benchmark 10-year Treasury note rose to around 2.737 percent, while the yield on the 30-year Treasury bond increased to 3.101 percent. Bond yields move inversely to prices.

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