



Our Economy and The World

The Weekly Report

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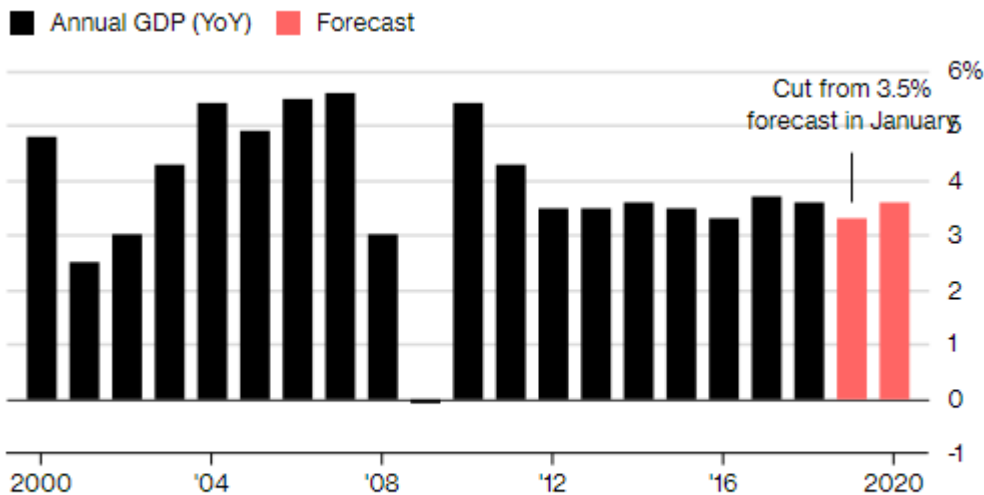
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Key Global and Regional Developments over the Past Week

Bloomberg: IMF Cuts Global Growth Outlook to Lowest Since Financial Crisis

The International Monetary Fund cut its outlook for global growth to the lowest since the financial crisis amid a bleaker outlook in most major advanced economies and signs that higher tariffs are weighing on trade. The world economy will grow 3.3 percent this year, down from the 3.5 percent the IMF had forecast for 2019 in January, the fund said Tuesday in its latest World Economic Outlook. The 2019 growth rate would be the weakest since 2009, when the world economy shrank. It's the third time the IMF has downgraded its outlook in six months.



Source: International Monetary Fund

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Bloomberg: U.K. Consumers Wary of Brexit Hold Off Big Purchases in March

The U.K. Parliament rejected all options in a set of votes on potential alternative blueprints for Brexit on Monday. The government says the legal default will be for the U.K. to leave the European Union in 11 days. Theresa May is still aiming to get her unpopular deal through Parliament and will call a Cabinet meeting on Tuesday to discuss the next steps.

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[BBC: France plans tax cuts to quell yellow vest anger](#)

The French prime minister says cutting taxes must be a priority, in response to a national debate that focused on the yellow vest protesters' grievances. Edouard Philippe said "the debate clearly shows us in which direction we need to go: we need to lower taxes and lower them faster". The "great debate" involved 10,000 meetings in French community halls and about two million online contributions.

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[BBC: US proposes tariffs on \\$11bn of EU products](#)

The US is considering imposing tariffs on about \$11bn (£8.4bn) worth of goods from the European Union in response to subsidies that support Airbus. The World Trade Organization (WTO) has found that the subsidies have an adverse impact on the US. Aircraft and cheese are among the products that could be hit by tariffs, the US Trade Representative (USTR) said. The EU said the figure of \$11bn was "greatly exaggerated".

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Special Analysis (1): IMF - Arab Republic of Egypt : Fourth Review Under the Extended Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for the Arab Republic of Egypt

Egypt's macroeconomic situation has improved markedly since the initiation of the authorities' reform program in November 2016. The liberalization of the foreign exchange market, prudent monetary policy, and ambitious fiscal consolidation have helped stabilize the macroeconomic environment. Growth has accelerated; external and fiscal deficits have narrowed; international reserves have risen; and public debt, inflation, and unemployment have declined. Fiscal savings were in part deployed to enhance social protection and ease the burden of adjustment on the poor. Furthermore, ongoing structural reforms aim at promoting private sector-led inclusive growth and job creation. The remainder of the Extended Fund Facility-supported program is focused on consolidating the gains in macroeconomic stabilization, further rebuilding fiscal buffers, and advancing reforms to ensure that lasting progress is achieved.

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Special Analysis (2): IMF - World Economic Outlook, April 2019 Growth Slowdown, Precarious Recovery

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand.

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Recent Developments in Financial and Commodity Markets

[Reuters: Share rally cools as Trump turns trade heat on Europe](#)

April's stocks rally risked running out of puff on Tuesday, as a U.S. threat to slap tariffs on hundreds of European goods and expectations of another chunky chop to the IMF's global growth forecasts tested investors' stamina. Asia had eked out a 8-month high overnight but Europe and Wall Street futures were both left flat after Donald Trump welcomed the World Trade Organisation's finding that Europe's subsidies to planemaker Airbus had hurt the United States.

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[Financial Times: Oil prices hold around five-month peaks](#)

Brent crude traded around five-month highs on Tuesday as the Libyan conflict threatened to escalate, while stocks drifted in the run-up to earnings season and the pound nudged higher ahead of a key Brexit summit.



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