



المركز المصري للدراسات الاقتصادية

The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 146 Date: 16th June 2019

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

- **Key Global and Regional Developments over the Past Week**
 - Reuters: China says will respond if U.S. escalates trade tension
 - BBC: UK signs post-Brexit free trade deal with South Korea
 - CNBC: China says its May trade surplus was \$41.65 billion, significantly more than expected
 - Bloomberg: Two Biggest Arab Economies Get in Sync With Best Pickup in Years
 - Euronews: Boris Johnson threatens to withhold EU Brexit payment
- **Special Anaylasis: Standard Chartered – Egypt: What more do you want from me?**
- **Recent Developments in Financial and Commodity Markets**
 - CNBC: Oil steady with supply tight, but U.S.-China trade war threatens demand
 - Reuters: Global stocks climb on trade, rate cut optimism; yuan falters

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Key Global and Regional Developments over the Past Week

[Reuters: China says will respond if U.S. escalates trade tension](#)

Trump has repeatedly said he is getting ready to meet Chinese President Xi Jinping at the Osaka summit at the end of June, but China has not confirmed it. Trump said last week he would decide after the meeting of the leaders of the world's largest economies whether to carry out a threat to impose tariffs on at least \$300 billion in Chinese goods. On Monday, Trump said he was ready to impose another round of punitive tariffs on Chinese imports if he cannot make progress in trade talks with Xi in Osaka. Chinese Foreign Ministry spokesman Geng Shuang again would not be drawn on confirming a Xi-Trump meeting at G20, saying information would be released once it was available to the ministry.

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[BBC: UK signs post-Brexit free trade deal with South Korea](#)

The UK and South Korea have signed an outline free trade agreement (FTA) that seeks to maintain existing trade arrangements post-Brexit. International Trade Secretary Liam Fox signed the deal with his South Korean counterpart Yoo Myung-hee in Seoul. The preliminary agreement marks the first post-Brexit trade deal the UK has secured in Asia.

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[CNBC: China says its May trade surplus was \\$41.65 billion, significantly more than expected](#)

China said on Monday its overall trade surplus was \$41.65 billion last month, significantly more than expected as the trade impasse between Washington and Beijing drags on. Economists polled by Reuters had expected China to post an overall trade surplus of \$20.5 billion in May.

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[Bloomberg: Two Biggest Arab Economies Get in Sync With Best Pickup in Years](#)

Business conditions in Saudi Arabia and the United Arab Emirates improved the most in years, signaling that recoveries may be taking hold in the Arab world's two biggest economies. In May, Saudi Arabia's Emirates NBD Purchasing Managers' Index rose to its highest since December 2017. A similar gauge for the U.A.E. posted its best reading since October 2014. Both moved further above the threshold of 50 that separates contraction from growth, reaching 59.4 in the U.A.E. and 57.3 in Saudi Arabia.

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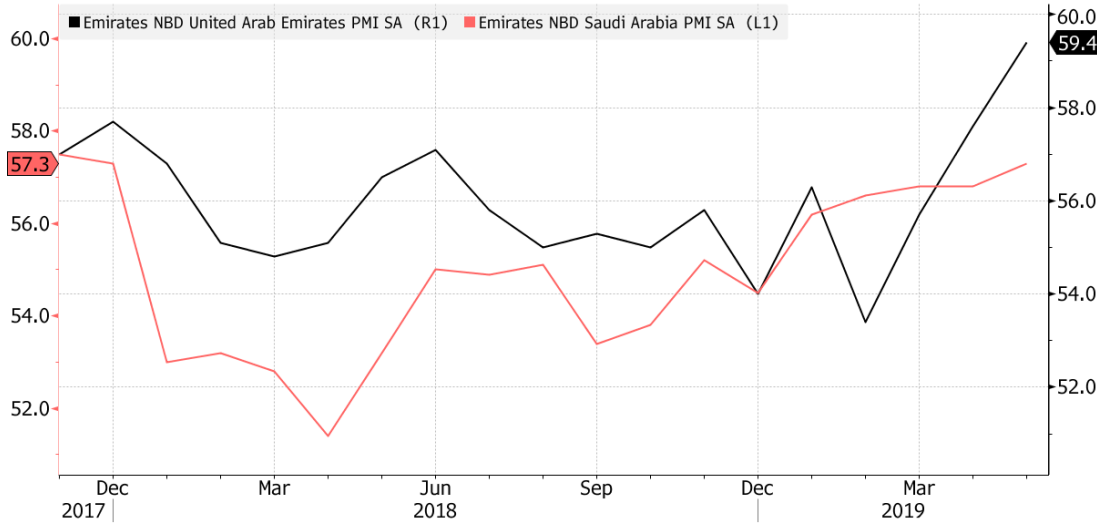


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In Tandem

PMIs for Saudi Arabia and U.A.E. climb on higher oil, regional demand



Source: Bloomberg, Emirates NBD Research, IHS Markit

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[Euronews: Boris Johnson threatens to withhold EU Brexit payment](#)

Boris Johnson has said that if he is Britain's next prime minister he will not pay the 40 billion euros Theresa May has agreed as the bill for leaving the European Union unless Brussels offer improved terms on Brexit. In an interview in the Sunday Times newspaper Johnson said the funds would be retained until Britain got more clarity, describing money as "a great lubricant" when negotiating a deal.

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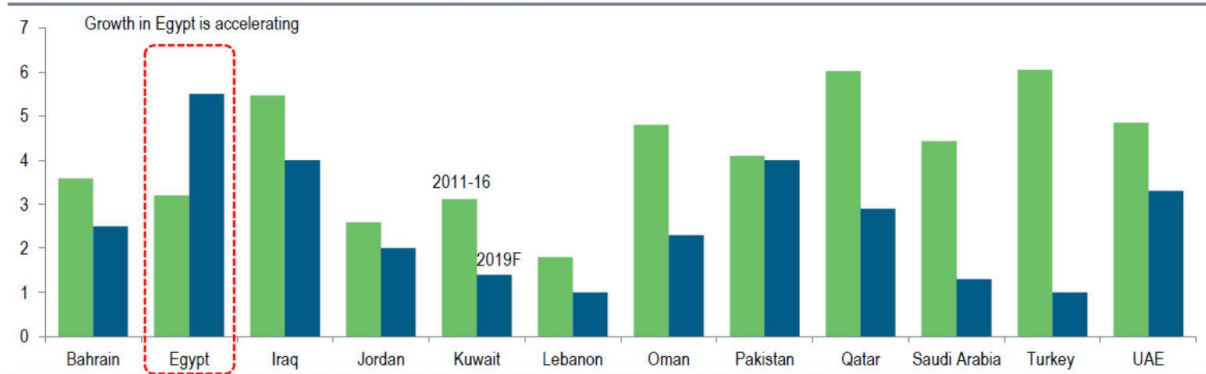
The Weekly Report

Special Analysis: Standard Chartered – Egypt: What more do you want from me?

- Strong monetary and fiscal discipline and future gas exports should help reduce twin deficits further
- We think IMF will continue to support Egypt with another programme, which is a positive
- Still-high debt levels and large refinancing requirements remain risks

Figure 1: Growth in MENAP economies is likely to remain below trend

Real GDP growth, % 2011-16 average vs 2019 forecast



Source: CEIC, Standard Chartered Research

(Read the Full Report – Paid Registration Required)

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Recent Developments in Financial and Commodity Markets

[Reuters: Global stocks climb on trade, rate cut optimism; yuan falters](#)

European shares followed Asian stocks higher on Monday after the United States shelved plans to impose tariffs on Mexico and as investors anticipated lower U.S. interest rates when the Federal Reserve meets next week on the back of poor jobs data. Investors had fretted that opening up another trade conflict, while still battling with China, could push the United States and other major economies into recession.

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

[CNBC: Oil steady with supply tight, but U.S.-China trade war threatens demand](#)

Oil prices were steady on Monday as U.S.-China trade tensions continued to threaten demand for oil, but tight crude supply and the swift end to a trade dispute between Mexico and the United States offered support. Front-month Brent crude futures, the international benchmark for oil prices, were at \$63.42 at 0850 GMT, 13 cents, or 0.21%, above Friday's close.

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