



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

[Reuters: Argentines wait at banks to withdraw cash as currency controls kick in](#)

In the early hours of Monday morning in Buenos Aires, before banks had opened their doors, winding lines of customers waited to withdraw savings after Argentina's government imposed capital controls restricting dollar purchases and transfers.

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[Reuters: Brexit crisis spurs collapse in UK construction orders: PMI](#)

British construction companies suffered the sharpest drop in new orders since the depths of the financial crisis last month as the Brexit crisis scared away potential customers, a survey showed on Tuesday. The IHS Markit/CIPS UK Construction Purchasing Managers' Index (PMI) fell to 45.0 from 45.3 in July, confounding expectations for an improved reading of 45.9 in a Reuters poll of economists.

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[Bloomberg: U.S. Manufacturing Gauge Contracts for First Time in Three Years](#)

A key U.S. factory gauge unexpectedly contracted for the first time since 2016, sending stocks and bond yields lower and boosting expectations for interest-rate cuts as global manufacturing woes deepen. The Institute for Supply Management's purchasing managers index fell to 49.1 in August, weaker than all forecasts in a Bloomberg survey of economists, data released Tuesday showed. Figures below 50 indicate the manufacturing economy is generally shrinking. The group's gauge of new orders dropped to a more than seven-year low, while the production index hit the lowest since late 2015.

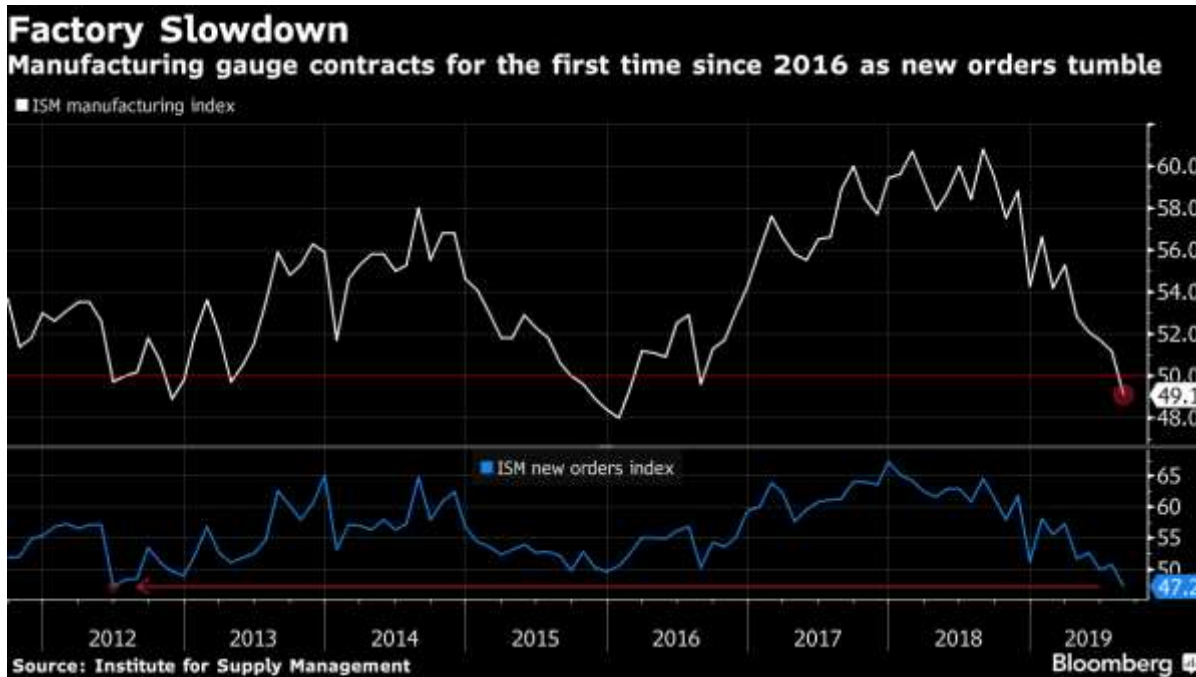
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[Reuters: Opponents of 'no-deal' Brexit defeat PM Johnson, who promises an election](#)

British lawmakers defeated Boris Johnson in parliament on Tuesday in a bid to prevent him taking Britain out of the EU without a divorce agreement, prompting the prime minister to announce that he would immediately push for a snap election. The government was defeated by 328 to 301 on a motion put forward by opposition parties and rebel lawmakers in Johnson's party - who had been warned they would be kicked out of the Conservative Party if they defied the government.

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Special Analysis: United Nations - Economic Analysis and Policy Division - World economic situation and prospects: September 2019 Briefing

Trade tensions between China and the United States re-escalated in August, following the announcement by the United States that it will impose tariffs on a further \$300 billion of Chinese imports. In retaliation, China introduced additional tariffs on \$75 billion of imports from the United States. These developments triggered sharp movements in global equity markets, a decline in global oil prices and higher capital outflows from the emerging economies. As the trade disputes threaten to become even more pervasive, the global growth outlook has darkened.

The protracted period of high trade tensions is exacerbating an ongoing cyclical slowdown in global economic activity. In tandem with slowing industrial production, world trade growth has decelerated sharply over the past year. For most developed and developing regions, trade growth has not only weakened compared to 2018, but has also fallen well below the average growth rate between 2012 to 2017. Alongside recent monetary policy shifts by major central banks, persistent uncertainty surrounding trade actions has induced heightened investor risk aversion and financial market volatility. In many countries, there are signs that the deterioration in business confidence has started to dent investment growth.

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Recent Developments in Financial and Commodity Markets

[Reuters: Oil prices nudge up, but economic worries loom](#)

Oil prices recovered some ground on Wednesday, boosted by a wider market pickup on positive news from China's services sector, after three days of losses on fears about a weakening global economy. Brent crude LCOc1 was up 15 cents, or 0.26%, at \$58.41 a barrel by 0850 GMT, while U.S. West Texas Intermediate futures CLc1 gained 24 cents, or 0.44%, at \$54.18 a barrel.

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[Reuters: FTSE jumps on optimism over Brexit, Hong Kong unrest](#)

London's main index vaulted to a one-month high on Wednesday, as Asia-exposed stocks surged after a report indicated the Hong Kong protests could end, while UK banks rose following parliament's success in taking steps to avert a no-deal Brexit.

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