المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

# Our Economy and The World

## The Weekly Report

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

# Key Global and Regional Developments over the Past Week

## BBC: Australia and others ask for Brexit trade compensation

Countries including Australia have asked for trade compensation from the UK and the EU over Brexit disruption. Fifteen countries, including the US, India and New Zealand, have been setting out Brexit concerns at a World Trade Organization (WTO) meeting in Geneva. Australian officials said their beef and lamb exporters had already been hit after several Brexit delays.

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## Reuters: Japan lower house passes U.S. trade deal; auto tariffs still in question

Japan's lower house of parliament approved on Tuesday a limited trade deal Prime Minister Shinzo Abe agreed with the United States, clearing the way for tariff cuts next year on items including U.S. farm goods and Japanese machine tools. But there is uncertainty over how much progress Japan can make in negotiating the elimination of U.S. tariffs on its cars and car parts, casting doubt on Abe's assurances the deal he signed with U.S. President Donald Trump was "win-win".

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## CNBC: US productivity drops by most since the fourth quarter of 2015

American workers were unexpectedly less productive during the third quarter, with growth in their output failing to keep up with hours worked. The Labor Department said on Wednesday nonfarm productivity, which measures hourly output per worker, fell at a 0.3% annualized rate between July and September, the biggest decline in almost four years. The last drop that was sharper was in the fourth quarter of 2015.

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## CNBC: US weekly jobless claims fall more than expected

The number of Americans filing applications for unemployment benefits fell more than expected last week, consistent with strong labor market conditions and continued job growth. Initial claims for state unemployment benefits decreased 8,000 to a seasonally adjusted 211,000 for the week ended Nov. 2, the Labor Department said on Thursday. Data for the prior week was revised to show 1,000 more applications received than previously reported.

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# Special Analysis: Bank Regulation and Supervision a Decade after the Global Financial Crisis

It has been more than 10 years since the global financial crisis. As happens after every crisis, this crisis also triggered extensive regulatory reforms, since strong regulation and supervision is essential for the stability and inclusiveness of the banking sector and the crisis revealed many shortcomings. A decade after the crisis is a good time for us to take stock of what reforms have been happening, whether or not they were adopted in developing countries, and what their impact has been. As I have been mentioning for a while now, today we are releasing the Global Financial Development Report 2019/2020, which focuses on these questions. Along with the report, we are also releasing the fifth round of the Bank Regulation and Supervision Survey, which now provides twenty years of data covering 160 countries and hundreds of questions across many aspects of bank regulation and supervision.

What do we see? The database is very comprehensive, but in the report we focus on two of the core areas of bank regulation and supervision: market discipline and capital regulations. Market discipline is a key area we focus on, because providing the right incentives to owners and investors is the first step in ensuring a stable banking system. With good market discipline, participants in the financial sector ensure that banks do not take on excessive risks. However, for market discipline to work effectively, everyone needs to feel that they have their money credibly at risk. In other words, that they will experience losses if they take excessive risks, instead of being bailed out at the expense of the taxpayers. Of course, market participants also need to have good information to be able to monitor how the banks are being run.

(Read Full Report)

# Recent Developments in Financial and Commodity Markets

## Bloomberg: U.S. Futures Advance With Stocks; Treasuries Drift: Markets Wrap

U.S. equity futures advanced with stocks in Europe as investors kept an eye out for fresh signs of progress in America-China trade negotiations. Treasuries were steady. Contracts on the S&P 500 Index rose, signaling the benchmark will head toward a fifth straight record on Tuesday. In earnings news, Kohl's Corp. tumbled in pre-market trading along with Home Depot after both retailers cut guidance. Mining and automaker shares led the Stoxx Europe 600 Index higher, boosted by data showing the region's car sales jumped in October. In Asia, equities fell in Tokyo and climbed in Shanghai. Government bonds slipped in Europe, while oil futures declined in New York.

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## Reuters: Aramco IPO banks face pared payday of $90 million or less: sources

The army of banks working on Saudi Aramco's listing will earn combined fees of $90 million or less, according to three sources involved in the process, after the oil giant scaled back a deal initially viewed as a golden opportunity for high finance.

The fee pool for the flotation of the world's most profitable company contrasts with other blockbuster listings in recent years. China's Alibaba (BABA.N), for example, paid out an estimated $300 million for its 2014 listing in New York. The 25 banks hired by Aramco as bookrunners for its domestic initial public offering (IPO) have seen their projected payouts dwindle despite spending years working on the much-delayed marquee listing. Saudi Arabia originally put the state company's value at $2 trillion, but this was revised down to a maximum of $1.7 trillion. Aramco decided on Sunday that it would offer only 1.5% of the company - below the expected 2%.

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