



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 165 Date: 1st December 2019

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Key Global and Regional Developments over the Past Week

[BBC: New warning on global economic slowdown](#)

A leading international economic organisation has warned that risks to the global outlook have increased. The Organisation for Economic Cooperation and Development - the OECD - says in a new report that prospects have steadily deteriorated. It forecasts continued growth of around 3% but warns that the risks have increased. The report says a lack of direction on climate policy is holding back business investment.

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[Reuters: Trade optimism lifts world stock markets](#)

World stocks hit their highest in almost two years on Tuesday, keeping record highs in sight, following fresh signs that the United States and China were working to end a bitter trade war that has dealt a blow to the global economy. China's Vice Premier Liu He, U.S. Trade representative Robert Lighthizer and U.S. Treasury Secretary Steven Mnuchin held a phone call on issues related to a phase one trade agreement on Tuesday, China's commerce ministry said.

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[Bloomberg: Fed's Powell Says U.S. Economy's Glass Is 'More Than Half Full'](#)

Federal Reserve Chairman Jerome Powell struck an upbeat tone in gauging the ability of policy makers to extend the record U.S. economic expansion, while signaling interest rates would probably remain on hold. "At this point in the long expansion, I see the glass as much more than half full," Powell said Monday evening in Providence, Rhode Island. "With the right policies, we can fill it further, building on the gains so far and spreading the benefits more broadly to all Americans."

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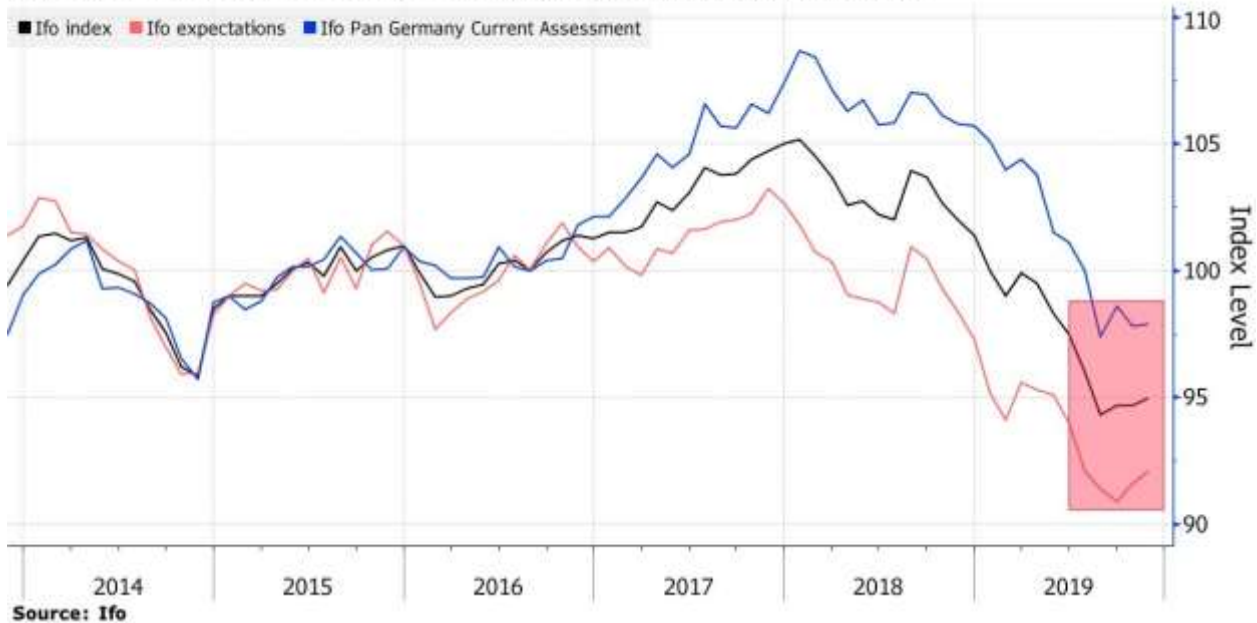
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[Bloomberg: German Business Sentiment Gain Still Leaves Economy in Slow Lane](#)

German business expectations improved in November, adding to signs the downturn in Europe’s biggest economy may be slowly bottoming out. The Ifo Institute said Monday its measure of executives’ outlook rose to a four-month high, though the reading came in below the median estimate of economists. It sees the economy growing 0.2% this quarter, an improvement from the 0.1% pace in the previous three months.

Long Road Back

German business confidence is improving, but progress is slow



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[Bloomberg: Euro-Area Inflation May Finally Start to Pick Up Again](#)

The first pickup in euro-area inflation in five months is on its way, with price growth forecast to have accelerated to 0.9% in November from 0.7%. But the headline rate is still well below the European Central Bank’s goal and highlights the big challenge facing President Christine Lagarde. In her first major speech on Friday, she noted the “relatively subdued performance of underlying inflation.”

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Special Analysis: OECD: Economic Outlook: Weak trade and investment threaten long-term growth

Trade conflict, weak business investment and persistent political uncertainty are weighing on the world economy and raising the risk of long-term stagnation, according to the OECD's latest Economic Outlook.

World GDP growth is expected to be 2.9% this year - its lowest annual rate since the financial crisis - and remain at 2.9%-3.0% in 2020 and 2021. Global GDP expanded 3.5% in 2018.

Bold action is needed to address both the high levels of uncertainty facing businesses as well as the fundamental changes taking place in the global economy. Policy-making must lead the transition to cleaner energy and to an increasingly digital world. Governments must work together urgently to boost investment and establish fair international rules on taxation and trade.

Presenting the Outlook in Paris OECD Chief Economist Laurence Boone said: "It would be a mistake to consider these changes as temporary factors that can be addressed with monetary or fiscal policy: they are structural. Without coordination for trade and global taxation, clear policy directions for the energy transition, uncertainty will continue to loom large and damage growth prospects."

The slowdown involves advanced and emerging-market economies alike although its severity varies according to the importance of trade in individual countries. Growth in the US is forecast to slow to 2% in 2020 and 2021. In the euro area and Japan, growth is expected at around 1% while the deceleration in China's expansion is set to reach 5.5% in 2021, compared with 6.6% last year.



[Read Full Report and Watch Webcast](#)

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Recent Developments in Financial and Commodity Markets

[Bloomberg: China Plans Record Sale of Dollar Bonds With Possible \\$6 Billion Offering](#)

China is planning a record sale of sovereign bonds in dollars, with a potential \$6 billion offering, according to people familiar with the discussions. The Ministry of Finance is considering tenors of three years, five years, 10 years and 20 years, according to the people, who asked not to be named as the talks aren't public. The ministry didn't immediately respond to a request for comment.

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[CNBC: Oil tops \\$58 as traders bet on a trade deal and economic rebound](#)

Oil rose on Monday after posting three straight weeks of gains, pushed higher by positive comments from the United States and China that rekindled hopes in global markets that the world's two largest economies could soon sign an interim deal to end their trade war. Brent crude futures gained 25 cents to settle at \$63.64 a barrel. West Texas Intermediate (WTI) crude gained 24 cents to settle at \$58.01 a barrel.

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