



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: UK unemployment falls to lowest level since 1975
 - Reuters: Euro zone trade surplus jumps more than expected in October
 - BBC: Shares surge as political and trade tensions ease
 - Reuters: Foreigners sell U.S. Treasuries for third month in October -data
- **Special Analysis: Economic Research Department of BBVA - Country Risk Quarterly Report. Fourth Quarter 2019**
- **Recent Developments in Financial and Commodity Markets**
 - CNBC: Oil Holds Near \$60 as Easing U.S.-China Tension Aids Outlook
 - CNBC: Dow futures down slightly as stocks try to extend 4-day winning streak, Boeing shares slide

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Key Global and Regional Developments over the Past Week

[BBC: UK unemployment falls to lowest level since 1975](#)

UK unemployment fell to its lowest level since January 1975 in the three months to October this year. The number of people out of work fell by 13,000 to 1.281 million, Office for National Statistics (ONS) figures show. The employment rate rose to an all-time high of 76.2%, with an increase of 24,000 taking the number of people in work up to a total of 32.8 million. However, wage growth, excluding bonuses, slowed to 3.5% from 3.6% from July to September.

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[Reuters: Euro zone trade surplus jumps more than expected in October](#)

The euro zone's seasonally unadjusted trade surplus rose more than expected in October compared with a year earlier thanks to a sharp fall in energy imports, data showed on Tuesday. The European Union's statistics office Eurostat said the trade surplus of the 19 countries sharing the euro rose to 28.0 billion euros (\$30.9 billion) in October from 13.2 billion a year earlier after exports jumped 4.1% and imports fell 3.2%.

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[BBC: Shares surge as political and trade tensions ease](#)

UK shares rose again on Monday as investors welcomed more political certainty following the election and easing of global trade tensions. New York's indexes closed at record closing highs after Washington and Beijing agreed to pause their ongoing trade dispute. London's FTSE 100 rose another 2.6% on top of Friday's gains to reach its highest level in more than four months. The FTSE 250, which reflects the UK economy more closely, rose 1.8%.

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[Reuters: Foreigners sell U.S. Treasuries for third month in October -data](#)

Foreign holdings of U.S. Treasuries fell for a third consecutive month in October, data from the Treasury department showed on Monday. Foreign U.S. Treasury outflows totaled \$16.758 billion in the month, compared with an outflow of \$34.324 billion in September. The report also showed that in the midst of the U.S.-China trade conflict in October, Chinese holdings of U.S. Treasuries declined for a fourth straight month to \$1.101 trillion.

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Special Analysis: Economic Research Department of BBVA - Country Risk Quarterly Report. Fourth Quarter 2019

Further improvement of sovereign risk measures across the board, driven by a protracted search for yield, against the background of supportive central bank policies, together with better incoming cyclical data, muted inflation and some de-escalation of global uncertainties (trade war)

- Mostly positive cycle of updates from the rating agencies, with changes concentrated in Europe (Greece, Ireland, Bulgaria and Czech Rep.), in line with our analysis
- The strong narrowing of sovereign CDS continues across the board. Median spread has reached yet a new minimum level since the Global Financial Crisis (GFC).
- Financial tensions (FT) have relaxed across different regions and across different markets and assets, with the only exception of some Latam countries
- Private leverage continues growing in China, maintaining its large imbalance with respect to the estimated equilibrium level. High financial vulnerabilities such as excess private leverage and housing prices continue to be concentrated in some advanced economies

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Recent Developments in Financial and Commodity Markets

CNBC: Oil Holds Near \$60 as Easing U.S.-China Tension Aids Outlook

Oil held near \$60 a barrel on optimism the partial U.S.-China trade pact will bolster demand, while analysts estimated a pullback in American crude stockpiles. Futures in New York were steady after rising 2.5% over the previous three sessions. A limited trade agreement, to be signed and released early next month, will see some tariffs reduced and prevent an escalation in the conflict between the world's two largest economies. U.S. stockpiles are projected to have declined by 1.75 million barrels last week, a Bloomberg survey showed.

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CNBC: Dow futures down slightly as stocks try to extend 4-day winning streak, Boeing shares slide

U.S. stock index futures pointed to a mixed open on Tuesday as Wall Street tried to build on a four-day winning streak that concluded with the major averages hitting record highs. Around 7:20 a.m. ET, Dow Jones Industrial Average futures were down 33 points, indicating a slip of 13 points at the open. S&P 500 and Nasdaq 100 futures also pointed to a muted start to the session.

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