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Our Economy and the World

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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: US economic growth slows as firms cut investment
- CNBC: Euro zone economy ekes out 0.1% growth in first quarter, misses expectations as Germany stagnates
- CNBC: IMF raises 2023 economic outlook for Asia, sees China and India making up half of global growth
- Reuters: Japan, S.Korea revive stalled economic talks as global risks rise
- **Special Analysis**
- Think7: Think7 Japan Communiqué

- **Developments in Financial and Commodity Markets in the Past Week**

- Reuters: Wheat hits 2-year low on bumper northern hemisphere supply hopes
- Reuters: Gold hovers above \$2,000 ahead of U.S. Fed rate verdict
- Bloomberg: European Stocks Rise with US Futures Ahead of Fed

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Key Global and Regional Developments over the Past Week

[BBC: US economic growth slows as firms cut investment](#)

The US economy slowed in the first three months of the year, as businesses reduced investments in the face of higher borrowing costs. The economy grew 1.1% on an annualised basis, the Commerce Department said. That was down from a rate of 2.6% in the prior quarter, despite strong consumer spending.

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[CNBC: Euro zone economy ekes out 0.1% growth in first quarter, misses expectations as Germany stagnates](#)

The euro zone economy grew by a marginal 0.1% in the first quarter of the year, preliminary figures showed Friday, even as Germany's GDP flatlined over the period. The print came in below analyst expectations, with a Reuters poll of economists previously forecasting quarterly growth of 0.2%. The economy expanded by 1.3% on an annual basis, just missing an outlook of 1.4%.

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

[CNBC: IMF raises 2023 economic outlook for Asia, sees China and India making up half of global growth](#)

The International Monetary Fund raised its forecast for Asia-Pacific, saying the region's growth will be primarily driven by China's recovery and "resilient" growth in India. This comes as the rest of the world braces for slower growth from tightened monetary policy and Russia's invasion of Ukraine. The organization predicts Asia-Pacific's gross domestic product to expand 4.6% this year, which is 0.3 percentage points higher than its forecast in October, according to its May regional economic outlook released Tuesday.

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Our Economy and the World

[Reuters: Japan, S. Korea revive stalled economic talks as global risks rise](#)

Japan and South Korea held their first finance leaders' meeting in seven years on Tuesday and agreed to resume regular dialogue as tensions in the wider region and slowing growth prod them to increase co-operation and mend strained relations. The resumption of bilateral financial discussions comes ahead of Japanese Prime Minister Fumio Kishida's planned visit to South Korea on Sunday and Monday for talks with President Yoon Suk Yeol.

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Special Analysis

[Think7: Think7 Japan Communiqué](#)

Under Japan's 2023 Group of Seven (G7) presidency, Think7 (T7), the think tank engagement group of the G7, has developed research-based policy recommendations for the G7 and partners guided by the T7 Japan theme, Addressing Crises, Reigniting Sustainable Development, Bridging the G7 and G20. The T7 Japan Communiqué outlines these recommendations formulated by global experts to support discussions at the G7 Hiroshima Summit and beyond. They draw upon the G7's knowledge infrastructure enhanced by the strengthening of the T7 under Germany's 2022 G7 presidency.

Current systemic environmental, geopolitical, and socioeconomic changes bear obvious risks. At their spring meeting in April 2023, the International Monetary Fund and the World Bank released sluggish global growth forecasts. They noted that both the G7 and BRICS could hamper growth if they favored competition over cooperation in areas such as inflation and debt, climate finance, just energy, agriculture transition, and sustainable infrastructure investments.

Prosperity and peace also hinge on ensuring a rules-based policy environment. By contrast, the increasing weaponization of food, trade, and reserve currencies and the lack of multilateral agreement on international financial institution reform pose huge short- and long-term risks. Rising geopolitical tension and unilateral approaches to national security could further undermine global supply chains and their socioeconomic benefits, while challenges to rules-based trade could weaken economic growth through the end of the decade.

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Our Economy and the World

Developments in Financial and Commodity Markets in the Past Week

[Reuters: Wheat hits 2-year low on bumper northern hemisphere supply hopes](#)

Chicago wheat slid for a third consecutive session on Wednesday to its lowest in 25 months as the recent rain in U.S. winter wheat-growing areas and favourable weather in other northern hemisphere suppliers boosted expectations of abundant supplies. Corn and soybeans slid as rapidly progressing U.S. planting weighed on prices.

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[Reuters: Gold hovers above \\$2,000 ahead of U.S. Fed rate verdict](#)

Gold prices held steady above the key \$2,000 level on Wednesday, while investors turned their attention to the U.S. Federal Reserve's interest rate-hike verdict due later in the day. Spot gold held its ground at \$2,016.29 per ounce by 0140 GMT after rising more than 1% in the previous session, as yields dropped on renewed fears of contagion in the U.S. banking sector.

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[Bloomberg: European Stocks Rise With US Futures Ahead of Fed](#)

European stocks and US futures advanced, bouncing from Tuesday's losses, ahead of a Federal Reserve meeting at which policymakers are expected to extend their rate-hike cycle. The Stoxx Europe 600 Index rose, with energy shares rebounding and UniCredit SpA climbing after boosting its profit and payout targets. Contracts on the S&P 500 and the Dow were higher, after

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underlying stocks slid on Tuesday on renewed concerns about the health of the banking sector.

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