



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
- Special Analysis: World Bank – Global Economic Prospects, January 2018
- Recent Developments in Financial and Commodity Markets

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## Our Economy and The World

### The Weekly Report

# Key Global and Regional Developments over the Past Week

### [Bloomberg: Pimco, Citigroup sound complacency alarm for global economy](#)

Two of the biggest hitters in financial markets are sounding warnings against complacency in the global economic outlook. After the first week of 2018 saw strong data and multiple stock-market records, Citigroup Inc. and Pacific Investment Management Co. told clients in the last few days that there are still reasons to be worried.

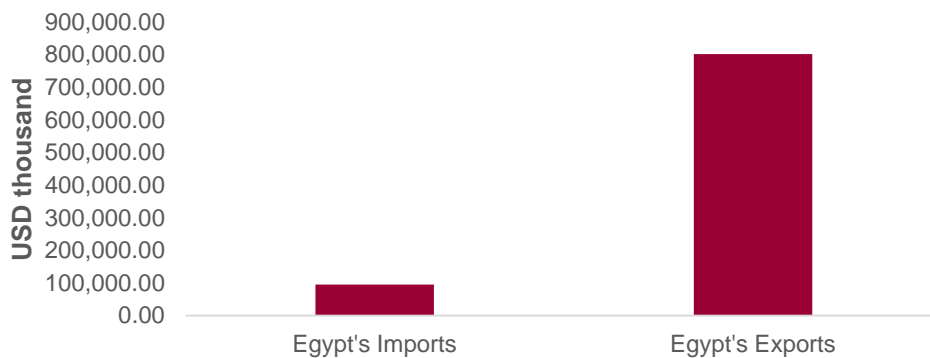
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### [Bloomberg: Lebanon hires McKinsey to help revamp the economy](#)

Lebanon is hiring management consulting firm McKinsey & Co. to help restructure an economy that's overly reliant on remittances and banking, and grappling with high unemployment, Economy and Trade Minister Raed Houry said. The six-month agreement with McKinsey will be signed by the end of this week and the company will start work next week with various ministries and economic bodies to formulate a new economic vision for the Arab world's most indebted nation, Houry said in an interview at his office in Beirut on Monday.

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Trade between Egypt and Lebanon in 2016



Source: Trademap

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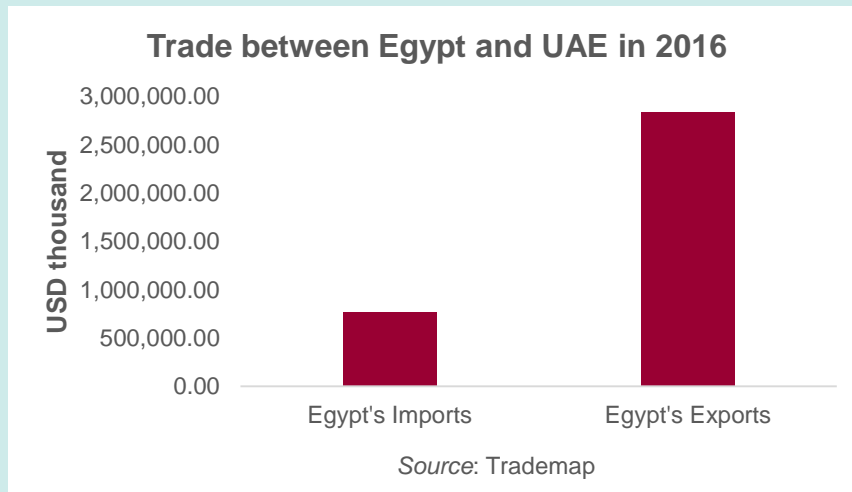
## Our Economy and The World

### The Weekly Report

#### [Reuters: UAE economic growth expected to rise to 3.9 pct in 2018 –official](#)

Growth of the United Arab Emirates' gross domestic product is expected to accelerate to 3.9 percent in 2018, a senior official of the Ministry of Economy said on Tuesday, citing a forecast by the central bank. Abdullah al-Saleh, the ministry's undersecretary for foreign trade, was speaking at a business conference. Last month, the central bank estimated GDP growth in 2017 at only 1.6 percent, partly because of cuts in oil output under a global deal among producers.

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#### [Reuters: China's new 'Silk Road' cannot be one-way, France's Macron says](#)

French President Emmanuel Macron said on Monday China and Europe should work together on Beijing's "Belt and Road" initiative, a project aiming to build a modern-day "Silk Road" he said could not be "one-way". Macron began his first state visit to China with a stop in Xian, an eastern departure point of the ancient Silk Road, hoping to relaunch EU-China relations often strained by Beijing's restrictions on foreign investment and trade. "After all, the ancient Silk Roads were never only Chinese," Macron told an audience of academics, students and business people at the Daming Palace, the royal residence for the Tang dynasty for more than 220 years.

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## Our Economy and The World

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## Special Analysis

# World Bank: Global Economic Prospects, January 2018

A broad-based cyclical global recovery is underway, aided by a rebound in investment and trade, against the backdrop of benign financing conditions, generally accommodative policies, improved confidence, and the dissipating impact of the earlier commodity price collapse. Global growth is expected to be sustained over the next couple of years—and even accelerate somewhat in emerging market and developing economies (EMDEs) thanks to a rebound in commodity exporters. Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions. Particularly worrying are longer-term risks and challenges associated with subdued productivity and potential growth. With output gaps closing or already closed in many countries, supporting aggregate demand with the use of cyclical policies is becoming less of a priority. Focus should now turn to the structural policies needed to boost potential growth and living standards.

### Regional Perspectives

Growth in most EMDE regions with large numbers of commodity exporters recovered in 2017, with the notable exception of the Middle East and North Africa, mainly due to oil production cuts. These regions are generally expected to see faster growth during the forecast horizon, as commodity prices rise and the impact of the earlier terms of trade shock diminishes. The robust pace of expansion in EMDE regions with a substantial number of commodity importers is expected to continue. Risks to the outlook have become more balanced in some regions, but continue to tilt down in all of them.

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## The Weekly Report

**TABLE 1.1 Real GDP<sup>1</sup>**

(Percent change from previous year)

Percentage point differences  
from June 2017 projections

	2015	2016	2017e	2018f	2019f	2020f	2017e	2018f	2019f
<b>World</b>	<b>2.8</b>	<b>2.4</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>
<b>Advanced economies</b>	<b>2.2</b>	<b>1.6</b>	<b>2.3</b>	<b>2.2</b>	<b>1.9</b>	<b>1.7</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>
United States	2.9	1.5	2.3	2.5	2.2	2.0	0.2	0.3	0.3
Euro Area	2.1	1.8	2.4	2.1	1.7	1.5	0.7	0.6	0.2
Japan	1.4	0.9	1.7	1.3	0.8	0.5	0.2	0.3	0.2
<b>Emerging market and developing economies (EMDEs)</b>	<b>3.6</b>	<b>3.7</b>	<b>4.3</b>	<b>4.5</b>	<b>4.7</b>	<b>4.7</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>
Commodity-exporting EMDEs	0.4	0.8	1.8	2.7	3.1	3.1	0.0	0.0	0.2
Other EMDEs	6.1	5.9	6.0	5.7	5.7	5.7	0.3	0.0	-0.1
Other EMDEs excluding China	5.2	4.9	5.1	4.8	5.1	5.1	0.5	-0.1	0.0
East Asia and Pacific	6.5	6.3	6.4	6.2	6.1	6.0	0.2	0.1	0.0
China	6.9	6.7	6.8	6.4	6.3	6.2	0.3	0.1	0.0
Indonesia	4.9	5.0	5.1	5.3	5.3	5.3	-0.1	0.0	-0.1
Thailand	2.9	3.2	3.5	3.6	3.5	3.4	0.3	0.3	0.1
Europe and Central Asia	1.0	1.7	3.8	2.9	3.0	3.0	1.3	0.2	0.2
Russia	-2.8	-0.2	1.7	1.7	1.8	1.8	0.4	0.3	0.4
Turkey	6.1	3.2	6.7	3.5	4.0	4.0	3.2	-0.4	-0.1
Poland	3.8	2.9	4.5	4.0	3.5	3.1	1.2	0.8	0.3
Latin America and the Caribbean	-0.6	-1.5	0.9	2.0	2.6	2.7	0.1	-0.1	0.1
Brazil	-3.5	-3.5	1.0	2.0	2.3	2.5	0.7	0.2	0.2
Mexico	3.3	2.9	1.9	2.1	2.6	2.6	0.1	-0.1	0.1
Argentina	2.6	-2.2	2.7	3.0	3.0	3.2	0.0	-0.2	-0.2
Middle East and North Africa	2.8	5.0	1.8	3.0	3.2	3.2	-0.3	0.1	0.1
Saudi Arabia	4.1	1.7	0.3	1.2	2.1	2.2	-0.3	-0.8	0.0
Iran, Islamic Rep.	-1.3	13.4	3.6	4.0	4.3	4.3	-0.4	-0.1	0.1
Egypt, Arab Rep. <sup>2</sup>	4.4	4.3	4.2	4.5	5.3	5.8	0.3	-0.1	0.0
South Asia	7.1	7.5	6.5	6.9	7.2	7.2	-0.3	-0.2	-0.1
India <sup>3</sup>	8.0	7.1	6.7	7.3	7.5	7.5	-0.5	-0.2	-0.2
Pakistan <sup>2</sup>	4.1	4.5	5.3	5.5	5.8	6.0	0.1	0.0	0.0
Bangladesh <sup>2</sup>	6.6	7.1	7.2	6.4	6.7	6.7	0.4	0.0	0.0
Sub-Saharan Africa	3.1	1.3	2.4	3.2	3.5	3.6	-0.2	0.0	0.0
South Africa	1.3	0.3	0.8	1.1	1.7	1.7	0.2	0.0	-0.3
Nigeria	2.7	-1.6	1.0	2.5	2.8	2.8	-0.2	0.1	0.3
Angola	3.0	0.0	1.2	1.6	1.5	1.5	0.0	0.7	0.0

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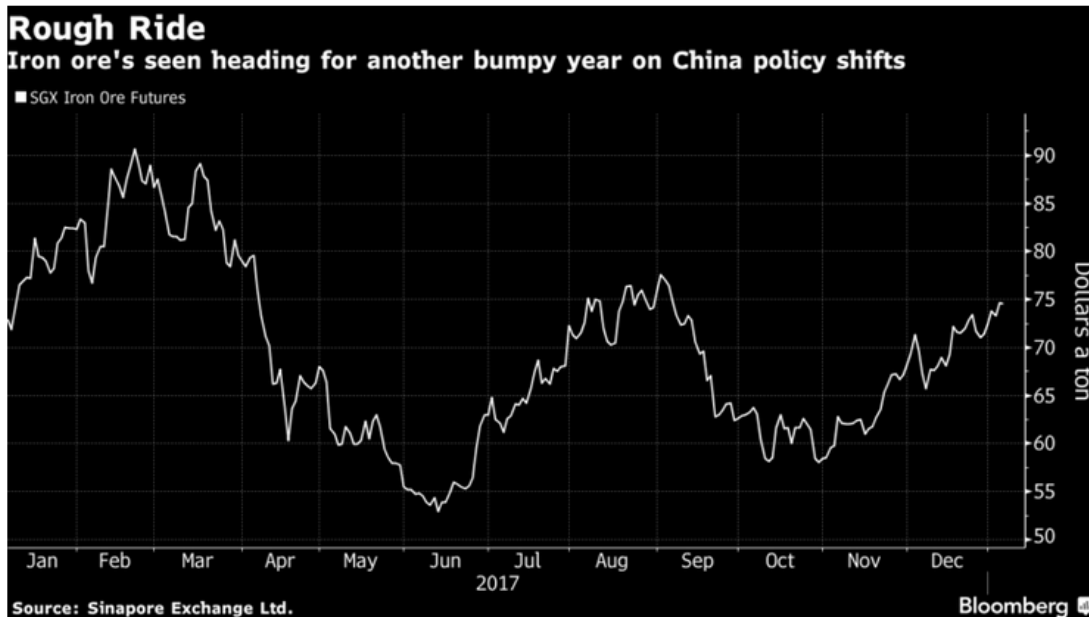
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### The Weekly Report

# Recent Developments in Financial and Commodity Markets

### Bloomberg: Iron ore is in for a bumpy ride this year

Iron ore is in for a bumpy ride in 2018, according to the world's largest exporter, which warns that the commodity may be whipsawed as investors and users navigate the cross-currents thrown up by China's efforts to manage steel production and rising global mine production. While prices will average \$52.60 a metric ton over the full year, they may be higher in the first half as China relaxes curbs on steel output, aiding demand, before easing in the second, Australia's Department of Industry, Innovation and Science said in a quarterly report on Monday. Last year, benchmark spot prices averaged \$71.36 after trading between almost \$95 and just above \$50.



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#### Bloomberg: Cryptocurrencies are selling off

Bitcoin slumped, dragging down smaller rivals such as ether and litecoin, as concerns that regulators will tighten their grip on the market weigh on the world's largest cryptocurrency. Regulators in China and South Korea are increasing oversight on cryptocurrency trading and mining, while the U.S. Securities and Exchange Commission late last year started cracking down on some digital token sales, known as ICOs. Coinmarketcap.com's decision to exclude Korean pricing data for coins helped create the appearance of a large drop in prices, which some traders attributed as playing a part in the selloff.



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"In light of the Central Bank of Egypt's follow-up of recent news about encrypted virtual currencies, such as Bitcoin and others, the Central Bank reiterates its warnings about dealing in all types of these currencies, including Bitcoin. Dealing in those currencies involves high risks due to their price instability and volatility as a result of (unmonitored) global speculations, rendering investment in these currencies risky and warns of the possibility of a sudden loss of their full value"

Press release, Central Bank of Egypt, January 2018

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#### [Reuters: U.S. crude hits three-year high as prices climb in tight market](#)

Oil prices edged higher on Tuesday, with U.S. crude touching its highest since December 2014, supported by OPEC-led production cuts and expectations that U.S. crude inventories have dropped for an eighth week in a row. The Organization of the Petroleum Exporting Countries and allies including Russia are keeping supply limits in place in 2018, a second year of restraint, to reduce a price-denting glut of oil held in inventories.

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