



المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

Issue: 86 Date: 21st January 2018

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

- Key Global and Regional Developments over the Past Week
- Special Analysis: OECD – Catching up? Intergenerational Mobility and Children of Immigrants
- Recent Developments in Financial and Commodity Markets

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The Weekly Report

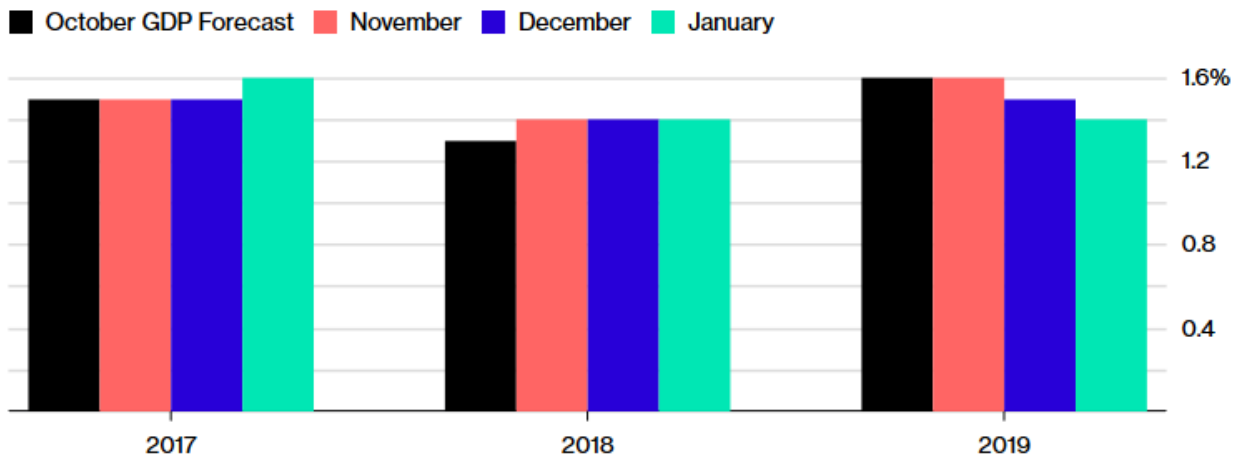
Key Global and Regional Developments over the Past Week

Bloomberg: U.K. growth outlook dims as household consumption seen weaker

The U.K. economy isn't going to pick up for at least the next two years as consumers struggle to lift spending. Respondents to Bloomberg's first U.K. survey of 2018 showed few signs of new year optimism. The median forecast for growth this year was kept at 1.4 percent, and no acceleration is seen in 2019. While gross domestic product probably gained 1.6 percent in 2017, more than previously estimated, that's still the slowest in five years.

Weaker Outlook

Economists project the U.K. economy won't pick up for at least the next two years



Source: Bloomberg surveys conducted Oct. 6-12, Nov. 3-10, Dec. 1-7 and Jan. 5-12

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Reuters: China's economy set to slow to 6.5 percent in 2018 as government turns off cheap money: Reuters Poll

China's economy is expected to cool this year as a government-led crackdown on debt risks and factory pollution drag on overall activity, a Reuters poll showed on Tuesday. Beijing is in the second year of a relentless campaign to wean China off its debt-heavy investment model, clamping down on everything from speculative property lending to shadow-bank financing activities as policy makers look to foster sustainable longer term growth.

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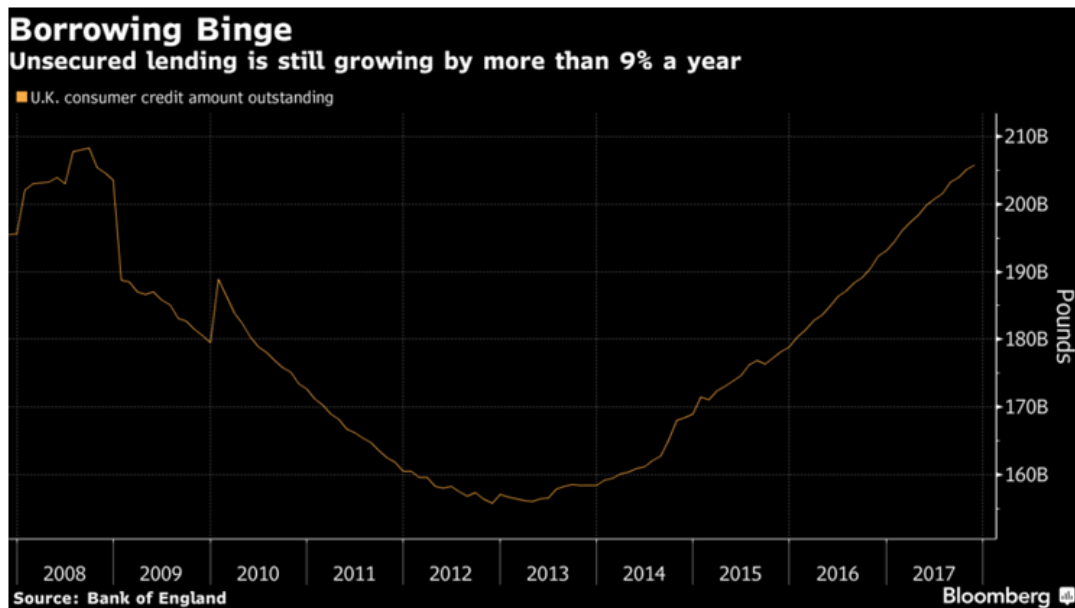


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The Weekly Report

Bloomberg: Debt is a problem for a quarter of the poorest U.K. households

One in four of the lowest-income households in the U.K. is struggling with debt, according to the Institute for Fiscal Studies. Sixteen percent are in arrears on unsecured borrowing and other bills and a further 10 percent are spending more than a quarter of their income on repayments, the London-based think tank said in a report published Tuesday.



[Read the full article](#)

Reuters: Saudi Arabia depositing \$2 billion in Yemen central bank to back currency

Saudi Arabia's King Salman ordered a deposit of \$2 billion to be paid into Yemen's central bank on Wednesday to shore up the weak Yemeni currency, the Saudi government said. The move was made a day after the Yemeni prime minister issued a public plea for funds to prop up the rial and help stave off hunger in the war-torn country. "It's not a loan, it's a deposit and the legitimate Yemeni government will not have to pay it back," a source close to the Saudi government said.

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The Weekly Report

Special Analysis

OECD: Catching up? Intergenerational Mobility and Children of Immigrants

- Natives with immigrant parents have lower educational attainment and weaker learning outcomes than their peers with native-born parents in most European OECD countries, especially in those countries which experienced large-scale immigration of low-educated immigrants in the past.
- Native-born persons with two foreign-born parents are a growing group virtually everywhere. In the European Union, they account for 9% of all youth aged 15-34, but already for 11% of all children below the age of 15.
- The amount of years immigrant parents have spent in the host country positively, affects the educational outcomes of their children, mostly due to the parents' language skills improving over time. More generally, there is evidence that good language skills of parents positively impact their children's educational outcomes, particularly when they are young.
- Educational aspirations are generally high among migrant families. However, while educational aspirations may support educational upward mobility, by itself they are not sufficient, particularly when support structures and knowledge on how to attain these goals is lacking.
- Early childhood education – given that it is widely accessible, of good quality and non-segregated – can strongly increase educational mobility.
- Natives with parents born outside the EU are 4 percentage points less likely to choose an academic higher education stream than their peers with native-born parents and similar education levels.
- In many European countries, natives with low-educated immigrant parents have a lower probability of completing medium-level or higher education, as compared to natives with equally low-educated native-born parents.
- Nevertheless, there is a convergence of educational attainment across generations. On average 1.3 years more schooling than their parents, while their peers with native-born parents have 0.7 years. Among parents, the difference in educational attainment between native-born and immigrants is roughly 1.2 years of schooling, while among the offspring generation this difference is reduced to roughly 0.7 years of schooling.

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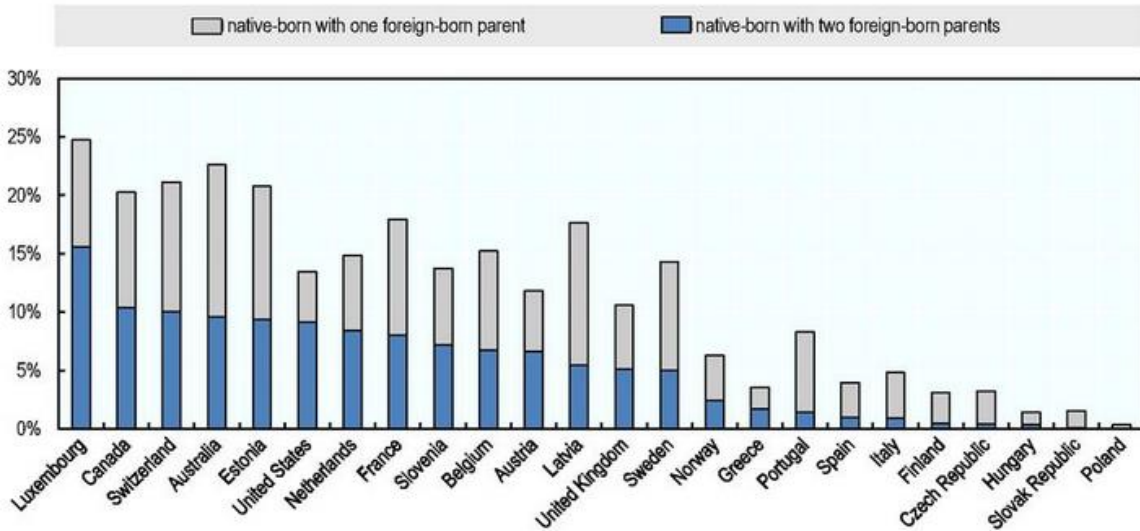
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Figure 1.1. Distribution of youth by place of birth and parents' place of birth in selected OECD countries, 15-34, 2014



Source: OECD Secretariat calculations with data from national labour force surveys. See OECD and EU (forthcoming), *Indicators of Immigrant Integration 2018: Settling In*.

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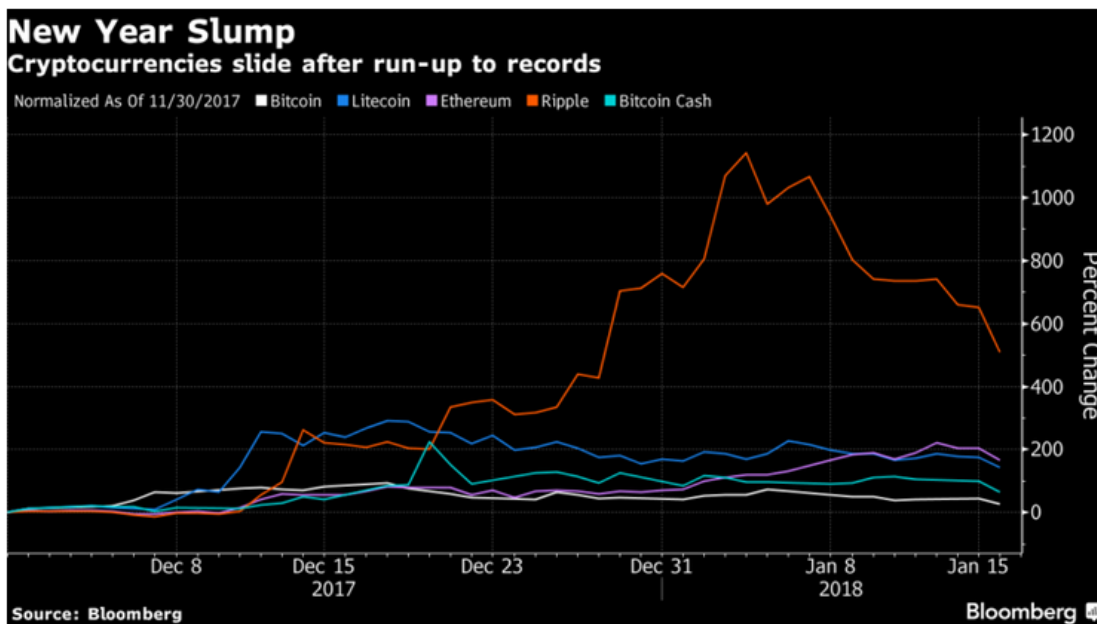
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The Weekly Report

Recent Developments in Financial and Commodity Markets

Bloomberg: Bitcoin drops most since September as digital coins resume slide

Bitcoin slumped by the most since September, giving new impetus to a January selloff in cryptocurrencies that coincides with rising scrutiny from regulators in many countries. The largest digital coin fell 12 percent to \$12,255 at 9 a.m. in London, the lowest level since Dec. 5, according to composite pricing on Bloomberg, bringing an end to its two-day rally. Bitcoin earlier was down as more than 40 percent from its record high in mid-December. Rival cryptocurrencies also tumbled, with Ripple diving as much as 28 percent.



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Bloomberg: China escalates crackdown on cryptocurrency trading

China is escalating its clampdown on cryptocurrency trading, targeting online platforms and mobile apps that offer exchange-like services, according to people familiar with the matter. While authorities banned cryptocurrency exchanges last year, they've recently noted an uptick in activity on alternative venues. The government plans to block domestic access to homegrown and offshore platforms that enable centralized trading, the people said, without being more specific about how policy makers define such platforms.

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Bloomberg: Oil trades near three-year high as hedge funds increase bullish bets

As oil rallies and hedge funds increase their bullish bets on crude to the highest in more than a decade, some indicators signal futures may face hurdles to advance further. While futures in New York were up 0.2 percent, their 14-day Relative Strength Index shows they have been in overbought territory since the beginning of last week. West Texas Intermediate as well as London's Brent crude are approaching the 50 percent Fibonacci retracement of a drop from 2014, another line of resistance. Meanwhile, money managers boosted their net-long positions in WTI to the highest level in data going back to 2006.



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