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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:

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 - Bloomberg: Fastest-growing African economy is even bigger than it seems
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 - Bloomberg: Treasury yields will climb to 3.5% on Fed, Goldman Sachs asset management says

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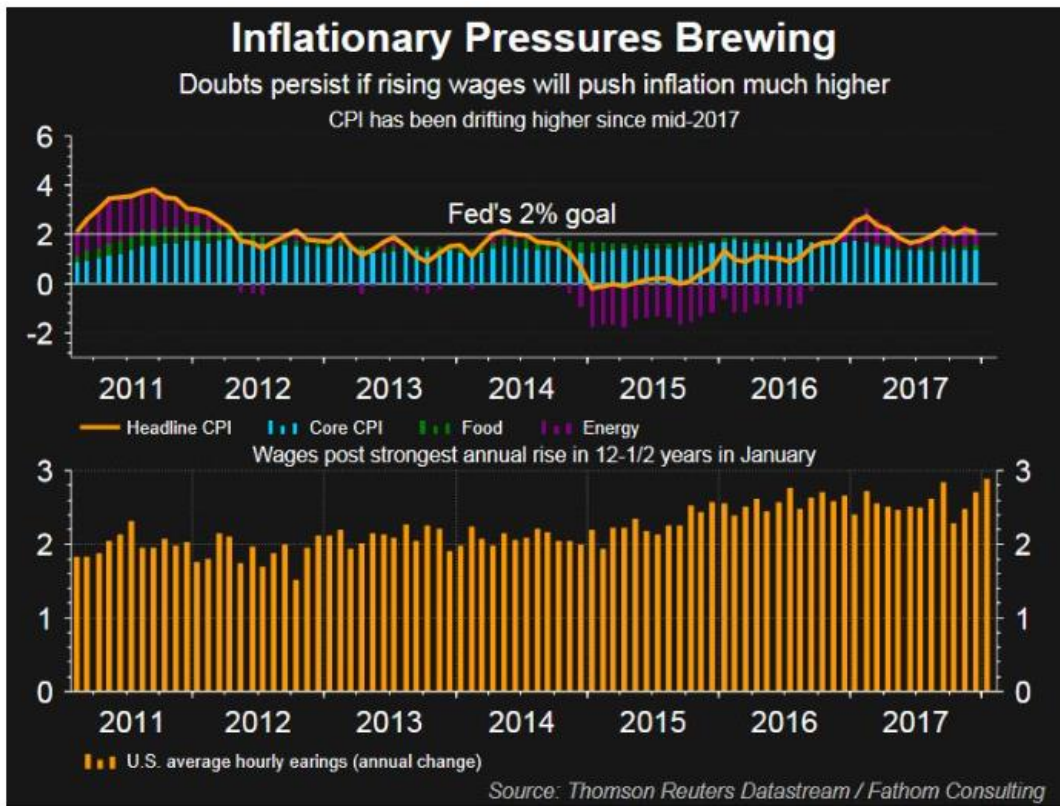
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Key Global and Regional Developments over the Past Week

Reuters: Global growth outlook seen intact as stock market rebounds

Wall Street’s solid rebound on Monday following a two-week roller-coaster ride preserved investors’ outlook that the global economy remains on a steady growth path, analysts said. Goldman Sachs and other analysts pointed to a number of factors behind their upbeat global forecast including China’s plan to generate high single-digit growth, Europe’s re-emergence from its sovereign debt woes, and U.S. tax cuts and increased spending.

A government report earlier this month showed that year-over-year wages grew 2.9 percent in January, the biggest annual increase since June 2009. The pickup in salary growth has stoked bets the Federal Reserve may raise key overnight borrowing costs faster to keep inflation in check.



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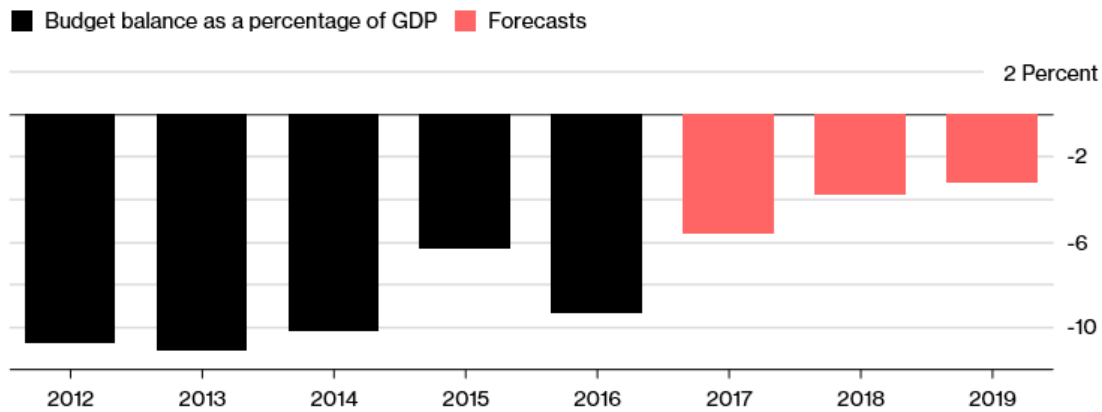
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[Bloomberg: Fastest-growing African economy is even bigger than it seems](#)

Ghana plans to publish overhauled economic data that will show its gross domestic product is bigger than currently estimated. The West African nation will re-measure economic output using 2013 prices instead of 2006 and the basket of activities used to value the economy is being expanded due to new industries that have formed since 2006, Asuo Afram, head of economic statistics at the Ghana Statistical Service, said by phone.

Narrowing Deficit

Ghana's government projects a rapid decline in its budget shortfall



Source: Ministry of Finance

[Read the full article](#)

[Reuters: China central bank lends 393 billion yuan via MLF, rates unchanged](#)

China's central bank said on Tuesday it had injected 393 billion yuan (\$62.13 billion) into the financial system via one-year medium-term lending facility (MLF) loans. Interest rates for the MLF loans were unchanged at 3.25 percent, the People's Bank of China (PBOC) said in a statement on its website. Authorities are keen to keep ample liquidity in the financial system and avoid the risk of a spike in lending rates as demand for cash surges ahead of the long Lunar New Year holidays, when Chinese splurge on gifts and celebrations.

[Read the full article](#)

[Bloomberg: Harvard names Lawrence Bacow president, succeeding Faust](#)

Harvard University appointed board member Lawrence Bacow as the school's 29th president, succeeding Drew Gilpin Faust, who's stepping down after 11 years on the job. Bacow, 66, a former president of Tufts University and chancellor at the Massachusetts Institute of Technology, will take over on July 1, Harvard said Sunday in an emailed statement.

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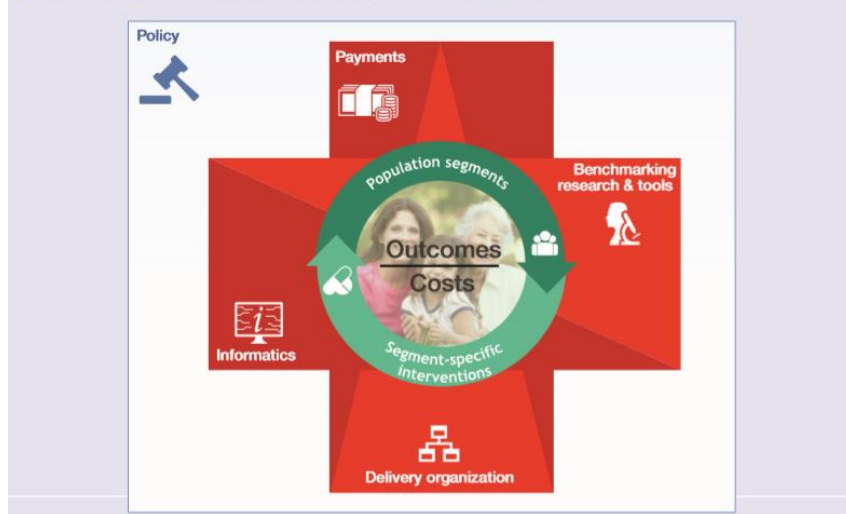
Special Analysis - World Economic Forum Value in Healthcare: Mobilizing cooperation for health system transformation

The Imperative of cooperation

The \$8 trillion global healthcare sector is at a critical juncture. Costs are growing at roughly double the rate of GDP growth, putting severe pressure on healthcare budgets. Reimbursement mechanisms based on volume rather than on value cause substantial waste in health systems and contribute to an underinvestment in prevention. Despite rapid advances in medical science and a revolution in health technology, a lack of global standards remains an obstacle to taking full advantage of the explosion in health related information. And an exponential increase in system complexity has led to increasing fragmentation that makes it easy – too easy – for health systems to lose their focus on the patient.

In response to these challenges, more and more leaders in the industry are embracing an alternative strategy for the organization and delivery of care known as value-based healthcare. According to this strategy, the delivery of improved health outcomes for the same or lower cost is – or ought to be – the primary objective of global health systems. Value-based healthcare is founded on the systematic measurement of health outcomes and on the costs required to deliver these outcomes for clearly defined population segments. Interdisciplinary teams of clinical specialists use this data to develop customized interventions or treatment pathways to improve the value delivered to each patient group over time.

Figure 1: A Comprehensive Framework for a Value-Based Health System



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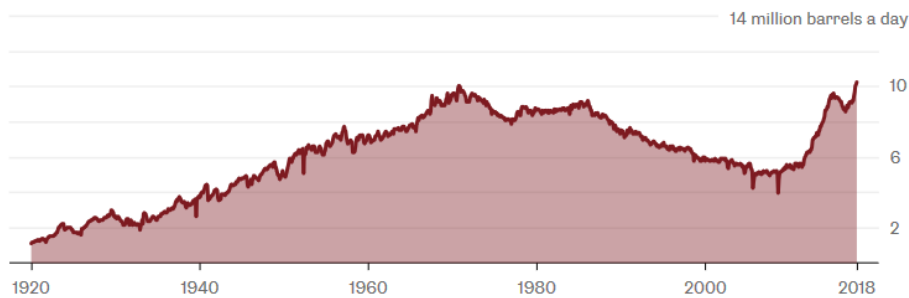
Recent Developments in Financial and Commodity Markets

Bloomberg: OPEC's oil price nightmare is coming true

The latest surge in U.S. oil output will probably hasten the country's rise to the top of the producer pile. More important, it's starting to look as though at least half of OPEC's nightmare scenario for 2018 -- a surge in shale output and slowdown in demand growth -- is coming true. Last week's avalanche of releases from the U.S. Department of Energy showed daily oil production above 10 million barrels a day for the first time since 1970.

Boom!

U.S. oil production probably hit new highs in the past two months, surpassing 1970

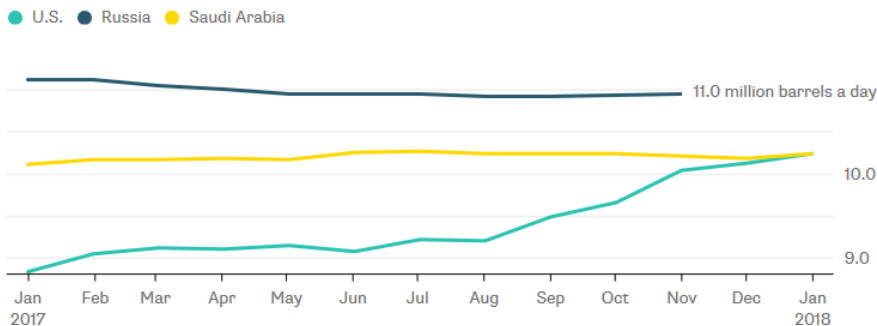


Source: EIA

Note: Figures for the two most recent months are estimated using month-on-month growth rates from weekly data.

Heading for the Top

U.S. crude and condensate production is poised to overtake Saudi Arabia's, and pass Russia's before the end of 2018



Source: Bloomberg

Note: Saudi Arabia's production figures include an estimated 230,000 barrels a day of condensates

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Bloomberg: Treasury yields will climb to 3.5% on Fed, Goldman Sachs asset management says

Treasury 10-year yields will rise to as high as 3.5 percent in the next six months as the market prices in a steeper pace of Federal Reserve tightening, according to Goldman Sachs Asset Management. The U.S. central bank will probably raise interest rates four times this year, defying the consensus for around three, said Philip Moffitt, Asia-Pacific head of fixed income in Sydney at the firm, which oversees more than \$1 trillion. Yields will also increase as the Fed trims the holdings of Treasuries it purchased through quantitative easing, he said.



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