



Our Economy and The World

The Weekly Report

Issue: 92 Date: 4th March 2018

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

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 - Reuters: Dropbox files for IPO of up to \$500 million
 - Bloomberg: Buffet warns investors that safe-looking bonds can be risky

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Key Global and Regional Developments over the Past Week

Bloomberg: Fed resists upgrading growth outlook after tax cuts

Federal Reserve officials are showing **surprise at just how much the recently-enacted tax cuts are boosting the U.S. economy. But they're still not impressed enough to lift estimates for long-term growth**, a stance that puts them at odds with the White House. Minutes from the Jan. 30-31 meeting of the Federal Open Market Committee, released this week, showed "a number" of policy makers had already upgraded their month-old outlooks for growth in 2018, citing an impact from tax changes "somewhat larger in the near term than previously thought." Missing, however, were any hints that committee members believe those tax cuts will elevate the speed at which the economy can grow in the long run without sparking faster price gains. The Trump administration, by contrast, expects a pickup in growth and no significant rise in inflation, a position taken this week by Treasury Secretary Steven Mnuchin.

[Read the full article](#)

Reuters: New NAFTA talks aim to clear pathway to toughest issues

Mexico and Canada aim to finish reworking less contentious chapters of the NAFTA trade deal with the United States in new talks beginning on Sunday, hoping to clear the path for a breakthrough on the toughest issues before upcoming elections. **In six months, negotiators have ground out progress on the technical details of a revamped North American Free Trade Agreement, but made little advance on the most radical demands made by the administration of U.S. President Donald Trump.**

[Read the full article](#)

Reuters: Saudi January inflation jumps to 3.0 percent on VAT, gasoline price hike

Saudi Arabia's annual consumer price inflation rate jumped to 3.0 percent in January after the government introduced a 5 percent value-added tax and hiked domestic gasoline prices, official data showed on Sunday. The statistics agency changed the base year for the consumer price index to 2013 from 2007 last month and adjusted the basket of goods and services, making direct comparisons with previous months difficult.

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[Reuters: Europe seeks power to seize overseas data in challenge to tech giants](#)

The European Union is preparing legislation to force companies to turn over customers' personal data when requested even if it is stored on servers outside the bloc, a position that will put Europe at loggerheads with tech giants and privacy campaigners. The EU executive has previously indicated it wanted law enforcement authorities to be able to access electronic evidence stored within the 28-nation bloc. But the scope of the planned legislation will extend to data held elsewhere, according to two sources with direct knowledge of the matter. Digital borders are a growing global issue in an era where big companies operate "cloud" networks of giant data centers which mean an individual's data can reside anywhere.

[Read the full article](#)

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Special Analysis: World Economic Forum The Global Risks Report 2018

Last year's Global Risks Report was published at a time of heightened global uncertainty and strengthening popular discontent with the existing political and economic order. The report called for "fundamental reforms to market capitalism" and a rebuilding of solidarity within and between countries. One year on, a global economic recovery is under way, offering new opportunities for progress that should not be squandered: the urgency of facing up to systemic challenges has, if anything, intensified amid proliferating indications of uncertainty, instability and fragility.

Humanity has become remarkably adept at understanding how to mitigate conventional risks that can be relatively easily isolated and managed with standard risk-management approaches. But we are much less competent when it comes to dealing with complex risks in the interconnected systems that underpin our world, such as organizations, economies, societies and the environment. There are signs of strain in many of these systems: our accelerating pace of change is testing the absorptive capacities of institutions, communities and individuals. When risk cascades through a complex system, the danger is not of incremental damage but of "runaway collapse" or an abrupt transition to a new, suboptimal status quo.

In our annual Global Risks Perception Survey, environmental risks have grown in prominence in recent years. This trend has continued this year, with all five risks in the environmental category being ranked higher than average for both likelihood and impact over a 10-year horizon. This follows a year characterized by high-impact hurricanes, extreme temperatures and the first rise in CO2 emissions for four years. We have been pushing our planet to the brink and the damage is becoming increasingly clear. Biodiversity is being lost at mass-extinction rates, agricultural systems are under strain and pollution of the air and sea has become an increasingly pressing threat to human health. A trend towards nation-state unilateralism may make it more difficult

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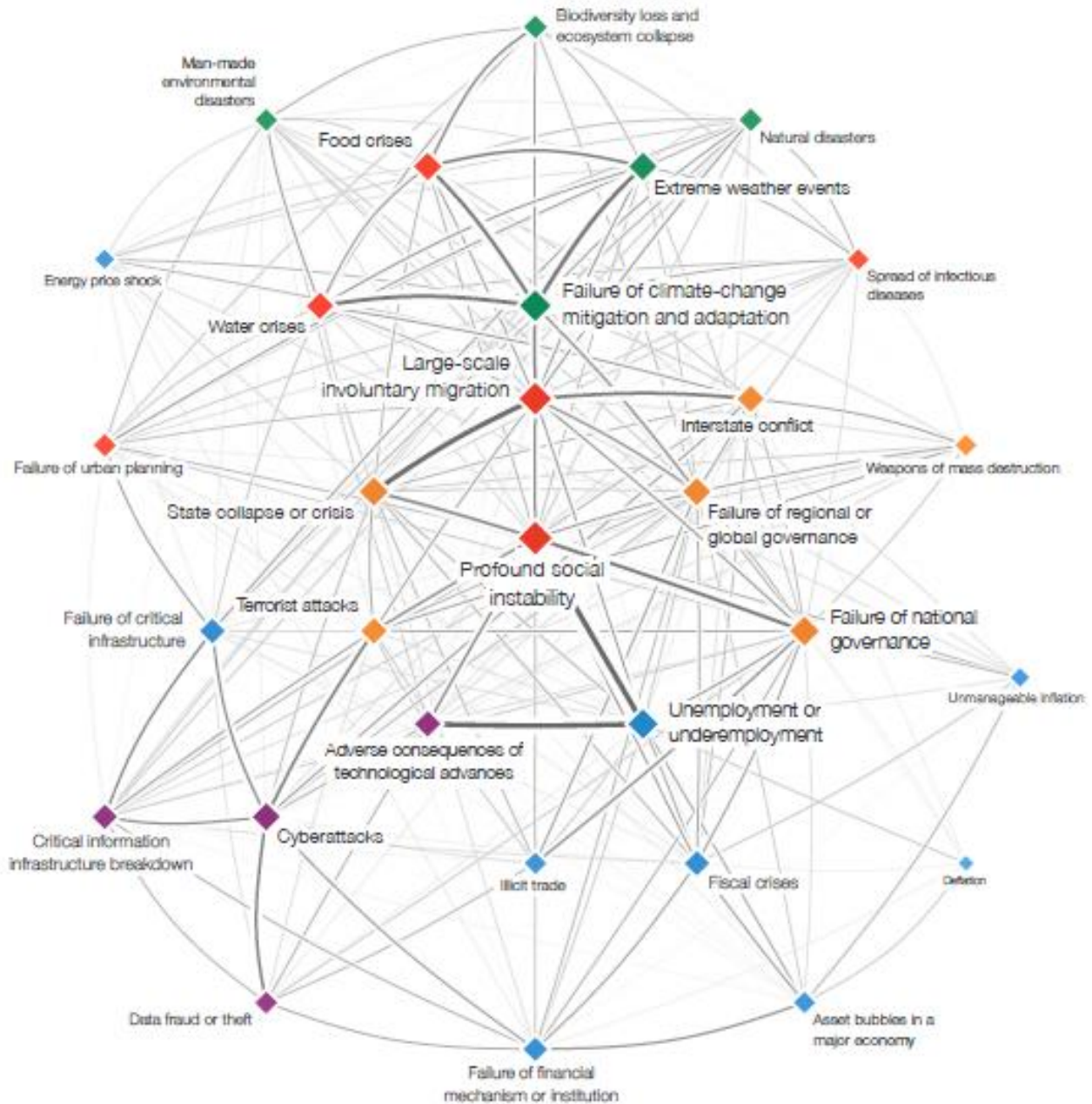
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Figure III: The Global Risks Interconnections Map 2018



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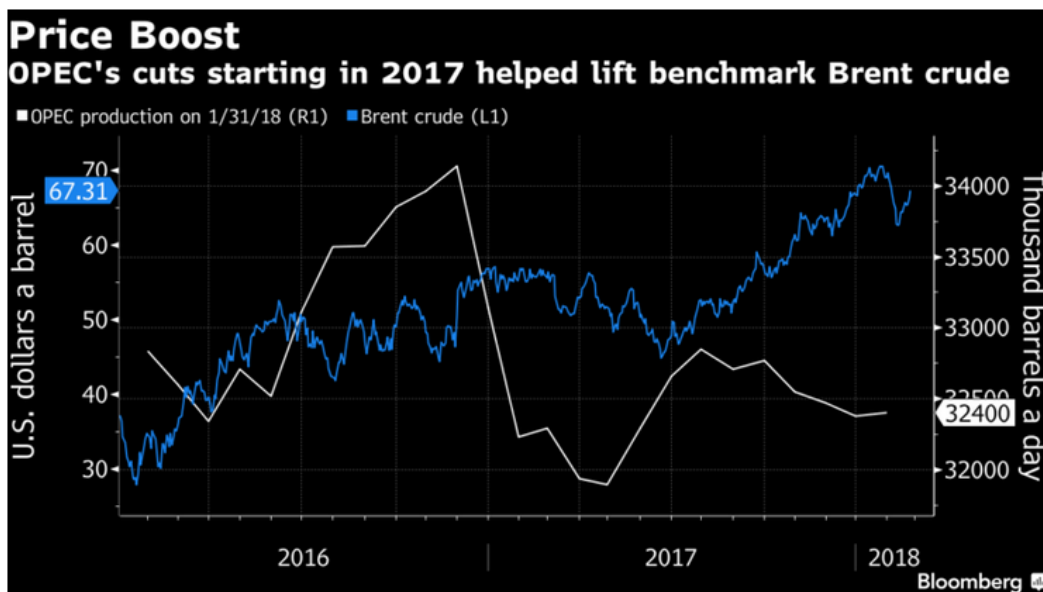
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Recent Developments in Financial and Commodity Markets

Bloomberg: Saudis see oil output cuts easing in 2019

OPEC and its allies including Russia may next year ease the crude-output curbs that have helped prices recover from the worst crash in a generation, according to Saudi Arabia's oil minister. With the market moving toward equilibrium and bloated inventories shrinking, the next step for global producers will be to phase out the reductions, Khalid Al-Falih told reporters in New Delhi on Saturday. The nations taking part in the supply curbs are currently studying what a crude re-balancing will entail, and will announce their next steps once that's analyzed, he said.



[Read the full article](#)

Reuters: Dropbox files for IPO of up to \$500 million

Data-sharing business Dropbox Inc on Friday filed for an initial public offering of up to \$500 million with the U.S. Securities and Exchange Commission. The San Francisco-based company, which started as a free service to share and store photos, music and other large files, competes with much larger technology firms such as Alphabet Inc's (GOOGL.O) Google, Microsoft Corp (MSFT.O) and Amazon.com Inc (AMZN.O) as well as cloud-storage rival Box Inc (BOX.N). It plans to have its common stock listed on Nasdaq under the ticker symbol "DBX." (bit.ly/2omUnih).

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Bloomberg: Buffet warns investors that safe-looking bonds can be risky

Billionaire investor Warren Buffett used his widely-read annual letter to Berkshire Hathaway Inc. shareholders on Saturday to again call out the wasteful fees that many money managers charge. He highlighted the risk of bonds and emphasized the importance of sticking with a simple investment strategy. **“It is a terrible mistake for investors with long-term horizons -- among them, pension funds, college endowments and savings-minded individuals -- to measure their investment ‘risk’ by their portfolio’s ratio of bonds to stocks,”** Buffett wrote. “Often, high-grade bonds in an investment portfolio increase its risk.”

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