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Our Economy and the World

Issue: 330

Date: 20th August 2023

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- Key Global and Regional Developments over the Past Week

- CNBC: China surprises with rate cuts as economy grapples with 'confidence crisis'
- Reuters: Euro zone yields fall as investors pause bond selloff, inflation concerns remain
- CNBC: UK headline inflation rate drops sharply to 6.8% in July, in line with expectations
- CNBC: Russian ruble slumps to near 17-month low, briefly moves past 100 against dollar
- Reuters: India makes first crude oil payment to UAE in Indian rupees

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- World Bank: Catalyzing Private Investments and Climate Finance to Turn Energy Transition Ambitions to Reality

- Developments in Financial and Commodity Markets in the Past Week

- Reuters: Oil settles lower as China fears, rate hikes counter tight US supply
- Bloomberg: Asia shares face pressure as US stocks, bonds drop

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[CNBC: China surprises with rate cuts as economy grapples with 'confidence crisis'](#)

China's central bank unexpectedly cut rates on Tuesday, as policymakers continued to ramp up support for its struggling economy. Early Tuesday, the People's Bank of China trimmed the interest rate on 401 billion yuan (\$55.25 billion) worth of one-year medium-term lending facility (MLF) loans from 2.65% to 2.50%. It was the second rate cut in three months. The move came just before China posted largely disappointing July data. Industrial output rose by 3.7% in July from a year ago, below the 4.4% increase analysts had expected, while retail sales also rose at a slower pace by 2.5% last month.

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[Reuters: Euro zone yields fall as investors pause bond selloff, inflation concerns remain](#)

Euro zone borrowing costs edged lower on Wednesday as investors paused a bond selloff after the benchmark Bund yield hit levels close to its 12-year high on fears that central banks might tighten more than expected to tame sticky inflation. Chinese economic data and the absence of meaningful stimulus from Beijing continued to weigh on investor sentiment, triggering some bids into safe-haven government bonds.

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CNBC: UK headline inflation rate drops sharply to 6.8% in July, in line with expectations

U.K. headline inflation cooled sharply in July to an annual 6.8%, but the core consumer price index remained unchanged, posing a potential headache for the Bank of England. The headline CPI reading was in line with a consensus forecast among economists polled by Reuters, and follows the cooler-than-expected 7.9% figure of June. On a monthly basis, the headline CPI decreased by 0.4% versus a consensus forecast of -0.5%. However, core inflation—which excludes volatile energy, food, alcohol and tobacco prices—stayed 6.9%, unchanged from June and slightly above a consensus forecast of 6.8%.

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CNBC: Russian ruble slumps to near 17-month low, briefly moves past 100 against dollar

The Russian ruble briefly notched 100 to the U.S. dollar on Monday, nearing a 17-month low as President Vladimir Putin's economic advisor blamed loose monetary policy for the rapid depreciation. The ruble has lost around 30% against the greenback since the turn of the year. The Bank of Russia has blamed the country's shrinking balance of trade, as Russia's current account surplus fell 85% year on year from January to July.

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[Reuters: India makes first crude oil payment to UAE in Indian rupees](#)

India and the United Arab Emirates have started settling bilateral trade in their local currencies with India's top refiner making payment in rupees for purchase of a million barrels of oil from the Middle Eastern nation, the Indian government said on Monday. Indian Oil Corp (IOC.NS) made payment to Abu Dhabi National Oil Company (ADNOC), according to a statement issued the Indian embassy in UAE.

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Special Analysis

[World Bank: Catalyzing Private Investments and Climate Finance to Turn Energy Transition Ambitions to Reality](#)

According to the Intergovernmental Panel on Climate Change (IPCC), the energy sector is the largest contributor to global greenhouse gas emissions. Accelerating the deployment of renewables and decarbonizing the energy sector can lead to significant emissions reduction. However, to scale up deployment for expanding access, bolstering energy security, and keeping global temperature rise below 1.5 °C, as set out in the Paris Agreement, investments in renewables must triple to \$ 1.3 trillion annually by 2030, according to the International Energy Agency (IEA). In addition, increasing the share of renewable energy sources in global electricity production is currently hindered by inadequate public funding and significant disparities among countries and regions. Therefore, mobilizing private investments in renewable energy is essential for achieving energy transition and meeting global climate objectives.

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Developments in Financial and Commodity Markets in the Past Week

[Reuters: Oil settles lower as China fears, rate hikes counter tight US supply](#)

Oil prices settled lower on Wednesday despite a large drawdown in U.S. crude stocks as investors weighed worries about China's embattled economy against expectations of tighter supply in the United States. Brent crude futures fell \$1.44, or 1.7%, to settle at \$83.45 a barrel while U.S. West Texas Intermediate crude (WTI) fell \$1.61, or 2%, to \$79.38.

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[Bloomberg: Asia shares face pressure as US stocks, bonds drop](#)

Shares in Asia are primed for declines Thursday after a selloff in US stocks and bonds following hawkish comments in minutes of the Federal Reserve's last meeting. Equity futures for benchmarks in Japan, Australia and Hong Kong all declined.

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US Stocks Slump Below Key Level

S&P 500 stuck below 50-day moving average as momentum cools



Source: Bloomberg

Bloomberg 

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