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Our Economy and the World

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

- **Key Global and Regional Developments over the Past Week**

- CNBC: Yen slumps back to fresh low for year as intervention risk rises
- Bloomberg: ECB's Lagarde says fight against inflation isn't over yet
- Reuters: US crude, gasoline stockpiles rise as refiners run less oil -EIA
- BBC: World shift to clean energy is unstoppable, IEA report says

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- IMF: Global recovery remains slow, with growing regional divergences and little margin for policy error

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- Reuters: Stocks struggle as soft earnings compound interest rate headache
- Reuters: Oil prices settle up about 2% on worries about Middle East

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[CNBC: Yen slumps back to fresh low for year as intervention risk rises](#)

The yen slumped back past 150 per dollar to its weakest level in a year, piling pressure on the Bank of Japan ahead of a policy decision next week and raising the risk of government intervention in the currency market. With another rout in US debt amplifying the yield gap to Japan, the yen ended the New York trading Wednesday at 150.23, something last seen in August 1990. That's put it within range of the 151.95 intraday nadir reached last October when Japan bought the currency to stem losses.

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[Bloomberg: ECB's Lagarde says fight against inflation isn't over yet](#)

European Central Bank President Christine Lagarde said the battle to tame consumer-price gains isn't over, but she has confidence they can be returned to 2%. "We are not done yet," Lagarde told Greece's Antenna TV in comments aired Wednesday. "And we need to really bring inflation back to 2% in the medium term because that's our target and that's the price-stability mission that we have."

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[Reuters: US crude, gasoline stockpiles rise as refiners run less oil -EIA](#)

U.S. crude oil stockpiles jumped last week as refinery utilization dropped, while gasoline inventories posted a surprise build, the Energy Information Administration said on Wednesday. Crude inventories (USOILC=ECI) rose by 1.4 million barrels in the week to Oct. 20 to 421.1 million barrels, much more than analysts' expectations in a Reuters poll for a 240,000-barrel build.

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[BBC: World shift to clean energy is unstoppable, IEA report says](#)

The world is on an "unstoppable" shift towards renewable energy but the phase down of fossil fuels is not happening quickly enough, a new report says. The International Energy Agency, the global energy watchdog, predicted renewables would provide half of the world's electricity by 2030. But it warned that emissions were still too high to prevent temperatures rising above a key threshold of 1.5C. And the report said investment in fossil fuels needed to be cut in half.

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Special Analysis

IMF: Global recovery remains slow, with growing regional divergences and little margin for policy error

The baseline forecast is for global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024, well below the historical (2000–19) average of 3.8 percent. Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases.

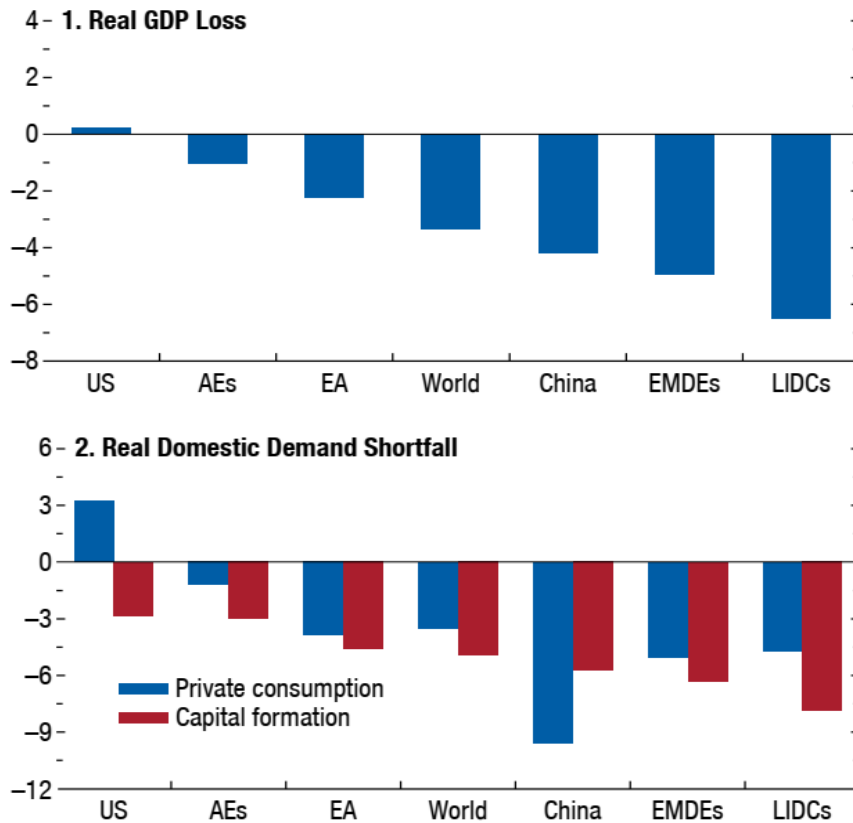
Monetary policy actions and frameworks are key at the current juncture to keep inflation expectations anchored. Chapter 2 documents recent trends in inflation expectations at near- and medium-term horizons and across agents. It emphasizes the complementary role of monetary policy frameworks, including communication strategies, in helping achieve disinflation at a lower cost to output through managing agents' inflation expectations. Given increasing concerns about geoeconomic fragmentation, Chapter 3 assesses how disruptions to global trade in commodities can affect commodity prices, economic activity, and the green energy transition.

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Figure 1.1. Incomplete Recovery: Scarring from the Shocks of 2020–22

(Percent; deviation in 2023 from pre-pandemic projections)



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Developments in Financial and Commodity Markets in the Past Week

[Reuters: Stocks struggle as soft earnings compound interest rate headache](#)

Stocks slipped on Wednesday after the latest round of earnings prompted concern among investors over the economic outlook, adding to the angst over painfully high interest rates, while benchmark U.S. Treasury yields and the dollar ticked up.

[\(Read Full Article\)](#)

[Reuters: Oil prices settle up about 2% on worries about Middle East](#)

Oil prices rose about 2% on Wednesday, buoyed by worries about conflict in the Middle East, but gains were capped by higher U.S. crude inventories and gloomy economic prospects in Europe. Brent crude futures rose \$2.06, or 2.34%, to settle at \$90.13 a barrel. U.S. West Texas Intermediate (WTI) crude futures rose \$1.65, or 1.97%, to close at \$85.39 a barrel.

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