

# اقتصادنا والعالم

## Our Economy and the World

**Issue: 356**

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

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

- Reuters: G7 finance meeting marred by divisions over seizing Russian assets
- Reuters: US consumer confidence ebbs in February; inflation expectations fall
- Reuters: ECB on track but must hold off on rate-cut commitment, says Kazimir
- CNBC: Red Sea attack-fueled ocean freight inflation is starting to ease on key global trade routes

### **Eye on Egypt**

- OECD: Economic Surveys: Egypt 2024

### **Special Analysis**

- IMF: Moderating Inflation and Steady Growth Open Path to Soft Landing

### **Developments in Financial and Commodity Markets in the Past Week**

- Reuters: Stocks slip, dollar rises ahead of US inflation data
- CNBC: Oil prices mixed as U.S. crude inventories rise, OPEC+ considers extending production cuts

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## Our Economy and the World

### Key Global and Regional Developments over the Past Week

#### [Reuters: G7 finance meeting marred by divisions over seizing Russian assets](#)

French Finance Minister Bruno Le Maire on Wednesday publicly challenged U.S. Treasury Secretary Janet Yellen's view that it would be legal to monetize some \$300 billion in frozen Russian assets, revealing deep divisions among Group of Seven countries.

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#### [Reuters: US consumer confidence ebbs in February; inflation expectations fall](#)

U.S. economic growth in the fourth quarter was lowered slightly, but its composition was much stronger than initially thought, which bodes well for the near-term outlook even as activity got off to a weak start because of freezing temperatures. The Commerce Department's slight downward revision to gross domestic product growth on Wednesday reflected a downgrade to inventory investment.

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#### [Reuters: ECB on track but must hold off on rate-cut commitment, says Kazimir](#)

The European Central Bank will acknowledge an improved inflation outlook when it meets next week but it must avoid any commitment to an interest rate cut and should hold off on any such step until June, Peter Kazimir, Slovakia's central bank chief said. The ECB has kept rates at a record high since September but with

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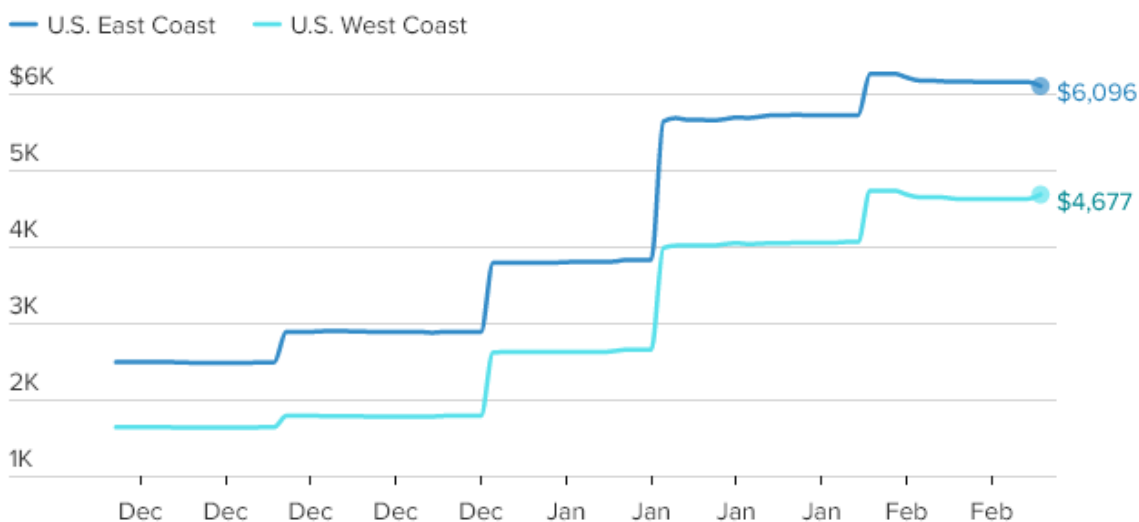
inflation now quickly retreating, policymakers are debating when to start unwinding some of the 10 hikes that took the deposit rate from deep in negative territory to 4% in just over a year.

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### **CNBC: Red Sea attack-fueled ocean freight inflation is starting to ease on key global trade routes**

The Red Sea crisis has fueled a sharp spike in ocean freight inflation over the past two months, but there are signs that upward pressure on shipping rates on key trade routes may have peaked. Shipping rates on ocean routes from Asia to the U.S. are beginning to decline, based on analysis of the latest cargo data from Xeneta, a leading ocean and air freight benchmarking platform. Europe and the Mediterranean rates had already started to decline at the end of January.

#### **Daily spot rates for 40-foot equivalent units from East Asia to the U.S.**



Source: Xeneta  
Data as of Feb. 15, 2024



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## Our Economy and the World

### Eye on Egypt

#### OECD: Economic Surveys: Egypt 2024

Growth has held up better in Egypt than in neighbouring countries until recently but inflation has reached very high levels and financing conditions have tightened along with foreign currency shortages. In this context, Egypt is stepping up economic reform efforts. The exchange rate needs to become more flexible with monetary policy geared to bring inflation down to target. High public debt makes Egypt more vulnerable to external shocks. Committing to a credible consolidation strategy is key to restore public finance health, which would improve investor confidence and thereby reduce debt servicing costs. While expanding cash transfers to the most vulnerable, broad-based energy subsidies should be phased out, which would also reduce emissions. As public investment has expanded substantially, further efforts to rationalise large-scale construction projects should be pursued, while allocating resources to green investment. To revive private sector growth, the regulatory burden and the state footprint ought to be reduced, and ongoing reforms including the divestment plan should be implemented fully and effectively.

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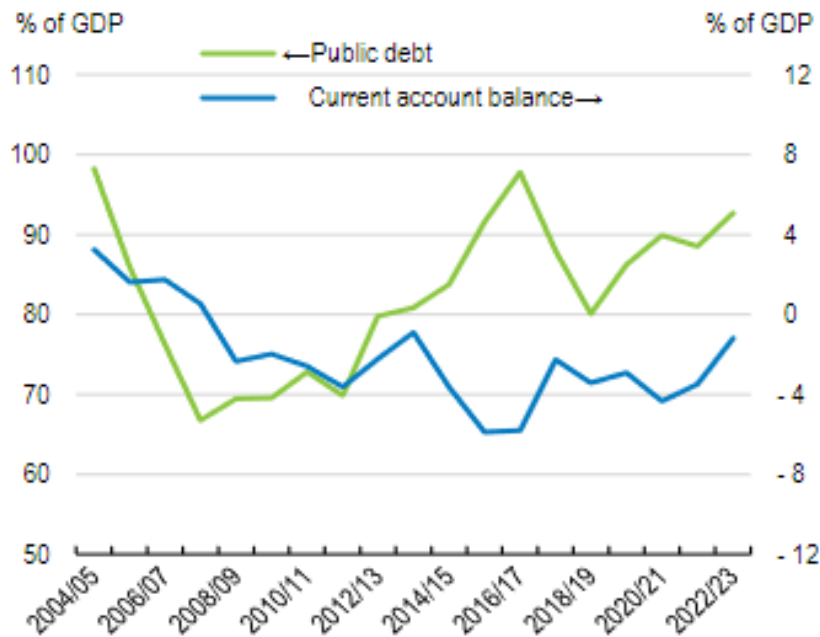
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**Figure 1. Macroeconomic imbalances are large**



Source: Central Bank of Egypt; Ministry of Planning and Economic Development; IMF World Economic Outlook October 2023 database.

StatLink <https://stat.link/46kl7q>

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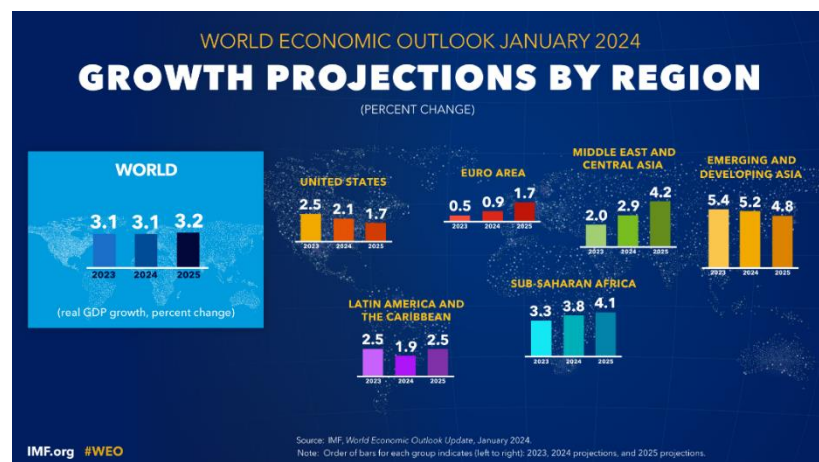
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## Our Economy and the World

### Special Analysis

#### IMF: Moderating Inflation and Steady Growth Open Path to Soft Landing

The risks to global growth are broadly balanced and a soft landing is a possibility. Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.



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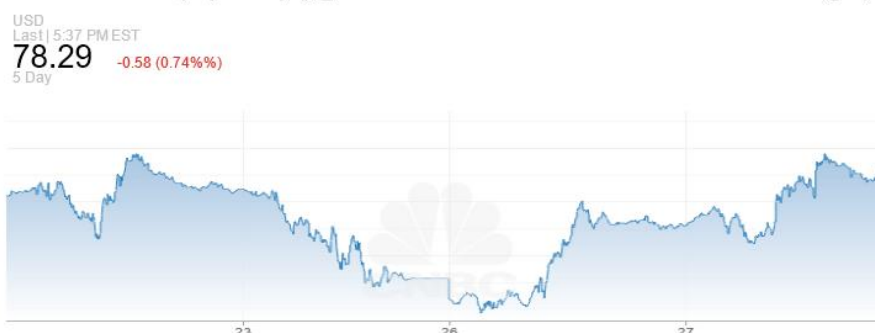
A global equities index fell slightly on Wednesday while Treasury yields edged down and the dollar rose against a basket of currencies as investors were wary the day before U.S. inflation data that could influence Federal Reserve policy.

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

#### [CNBC: Oil prices mixed as U.S. crude inventories rise, OPEC+ considers extending production cuts](#)

Crude oil futures were mixed Wednesday as U.S. crude inventories rose while OPEC+ is considering extending its production cuts into the second quarter. The West Texas Intermediate contract for April dropped 33 cents, or 0.42% to settle at \$78.54 a barrel. April Brent futures gained 3 cents, or 0.04%, to settle at \$83.68 a barrel. U.S. commercial crude stocks rose by 4.2 million barrels last week, according to the Energy Information Administration.

WTI Crude (Apr'24) (@CL.1:New York Mercantile Exchange)



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