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Our Economy and the World

Issue: 360

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

Key Global and Regional Developments over the Past Week

- Bloomberg: ECB's Cipollone sees scope to cut swiftly despite wage gains
- FT: Janet Yellen warns China against clean energy dumping
- Reuters: BOJ board divided on economy's strength upon stimulus exit, March summary shows
- FT: Economic experts slash growth forecasts for Germany

Special Analysis

- World Bank: Digital Progress and Trends Report 2023

Developments in Financial and Commodity Markets in the Past Week

- Bloomberg: Asian Stocks and Treasuries Decline, Yen Steadies
- Reuters: Oil prices fall on stronger dollar, weak US gasoline demand

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Our Economy and the World

Key Global and Regional Developments over the Past Week

Bloomberg: ECB's Cipollone sees scope to cut swiftly despite wage gains

The European Central Bank may be able to lower interest rates “swiftly” even as workers receive large wage increases to catch up with two years of elevated inflation, according to Executive Board member Piero Cipollone. A recovery in salaries is needed for Europe’s struggling economy to regain some momentum, the Italian official said Wednesday, stressing that pay rises should moderate with time. Inflation, meanwhile, is retreating, meaning the point at which monetary settings can be loosened is nearing, he said.

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FT: Janet Yellen warns China against clean energy dumping

Yellen delivered her message to Beijing from a solar energy manufacturer in Georgia on Wednesday, just days before her second trip to China as Treasury secretary. The comments reflect continued concern in the Biden administration about China’s trade practices, which are likely to be a source of friction during Yellen’s visit despite recent efforts by both countries to stabilise relations.

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[Reuters: BOJ board divided on economy's strength upon stimulus exit, March summary shows](#)

Bank of Japan policymakers were divided on whether the economy was strong enough to weather an exit from ultra-loose monetary policy, a summary of opinions at the bank's March meeting showed, suggesting the next interest rate hike may take time. The BOJ ended eight years of negative interest rates and other remnants of its unorthodox policy last week, making a historic shift away from its focus on reflating growth with decades of massive monetary stimulus.

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[FT: Economic experts slash growth forecasts for Germany](#)

Five of Germany's top economic research institutes have slashed their growth forecasts for Europe's largest economy as exports fall and domestic demand fails to pick up. The five institutes forecast that growth in German gross domestic product this year would be 0.1 percent, down from their earlier expectation of 1.3 percent six months ago. They warned that domestic demand had picked up less than expected, while a loss of competitiveness for energy-intensive goods as a result of high gas and electricity prices was hitting exports.

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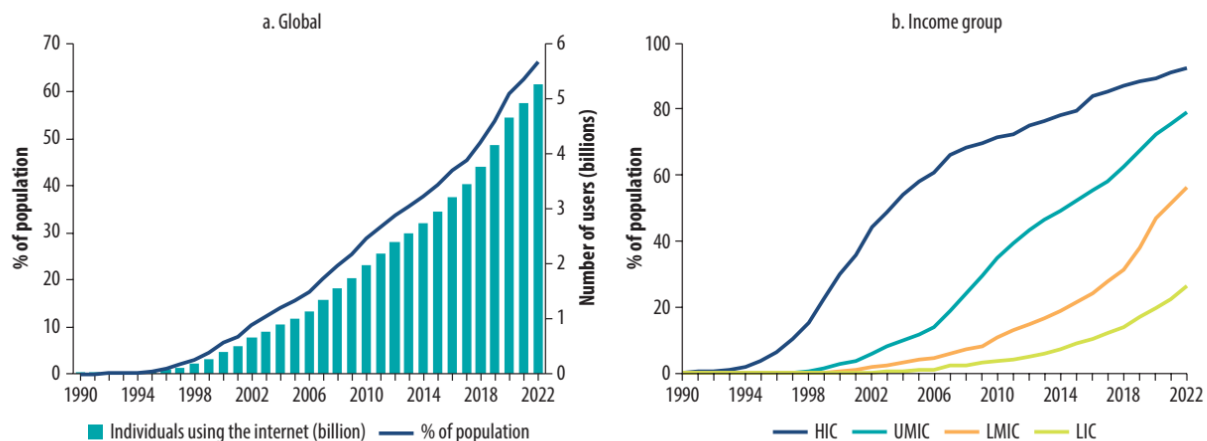
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Special Analysis

World Bank: Digital Progress and Trends Report 2023

Digitalization is the transformational opportunity of our time. The digital sector has become a powerhouse of innovation, economic growth, and job creation. Value added in the IT services sector grew at 8 percent annually during 2000–22, nearly twice as fast as the global economy. Employment growth in IT services reached 7 percent annually, six times higher than total employment growth. The diffusion and adoption of digital technologies are just as critical as their invention. Digital uptake has accelerated since the COVID-19 pandemic, with 1.5 billion new internet users added from 2018 to 2022. The share of firms investing in digital solutions around the world has more than doubled from 2020 to 2022.

FIGURE 1.1 Internet users as a share of population, global and by country income group, 1990–2022



Sources: World Development Indicators and International Telecommunication Union data (<https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>).
 Note: HIC = high-income countries; LIC = low-income countries; LMIC = lower-middle-income countries; UMIC = upper-middle-income countries.

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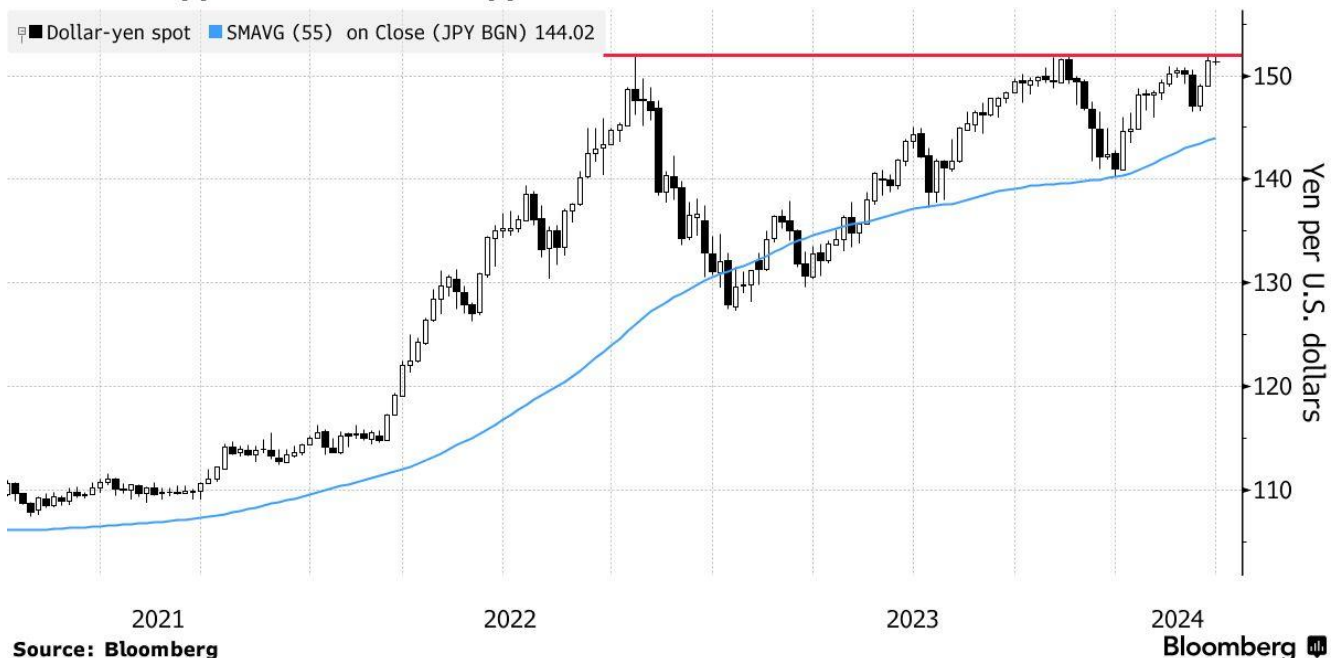
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Developments in Financial and Commodity Markets in the Past Week

Bloomberg: Asian Stocks and Treasuries Decline, Yen Steadies

Equity markets in Asia fell with Treasuries as a Federal Reserve official emphasized that recent US economic data could delay the number of cuts seen this year. Shares in Japan slipped at the open following gains for the Nikkei 225 index Wednesday that pushed it within a whisker of setting a new high. Meanwhile, Australian stocks climbed to a fresh record, while futures for benchmarks in Hong Kong also pointed to gains.

Traders Say 152 Is a Level Authorities Would Defend Yen met support each time it approached it since 2022



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[Reuters: Oil prices fall on stronger dollar, weak US gasoline demand](#)

Oil prices fell for the second consecutive session on Wednesday as the dollar strengthened and government data showed a surprise jump in U.S. crude and gasoline stocks. Brent crude futures for May shed 16 cents, or 0.2%, to settle at \$86.09 a barrel while the more actively traded June contract was down 22 cents to \$85.41. The May contract expires on Thursday.

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