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Our Economy and the World

Issue: 373

Date: 28th July 2024

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

Key Global and Regional Developments over the Past Week

- Reuters: Euro zone business growth stalls in July, PMIs show
- CNBC: UK inflation holds steady at Bank of England's 2% target, above expectations
- Bloomberg: Euro-area private-sector activity barely grew this month as its top economy unexpectedly slumped
- Reuters: Record house prices depress US home sales in June

Special Analysis

- IMF: External Rebalancing in Turbulent Times

Developments in Financial and Commodity Markets in the Past Week

- CNBC: U.S. crude oil falls nearly 2% to lowest levels in six weeks
- Reuters: Gold prices climb as investors focus on US economic data

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[Reuters: Euro zone business growth stalls in July, PMIs show](#)

Growth in euro zone business activity stalled this month as a tepid expansion in the bloc's dominant services industry failed to offset a deeper downturn among manufacturers, a survey showed on Wednesday. HCOB's preliminary composite Purchasing Managers' Index, compiled by S&P Global, dropped to 50.1 this month from June's 50.9.

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[CNBC: UK inflation holds steady at Bank of England's 2% target, above expectations](#)

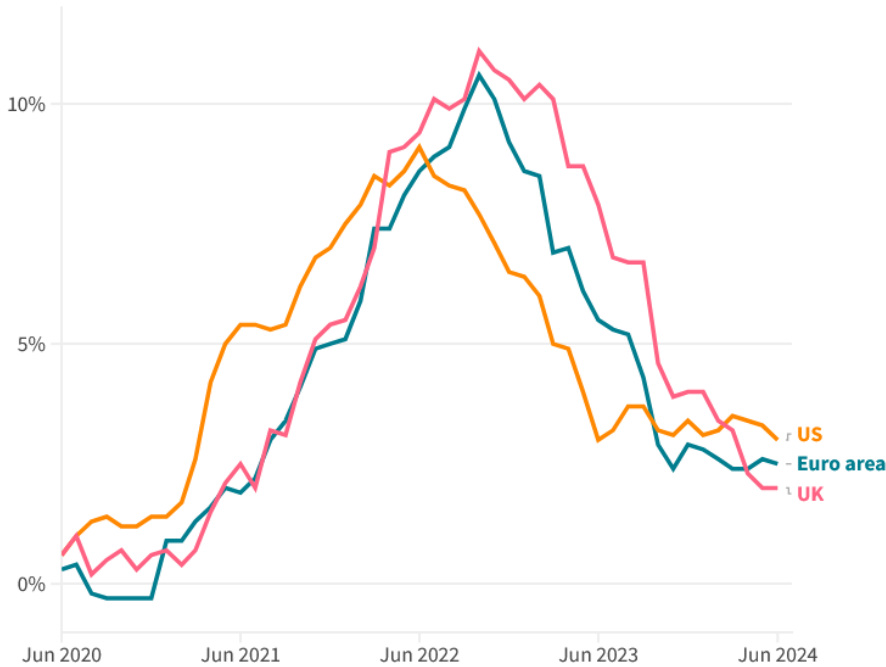
U.K. inflation held steady at the Bank of England's 2% target in June, Official National Statistics data showed Wednesday. The headline reading came in above analyst expectations at 1.9%, according to economists polled by Reuters, and was in line with the previous 2% reading in May.

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Inflation in the UK, U.S. and euro zone

% change vs. a year ago



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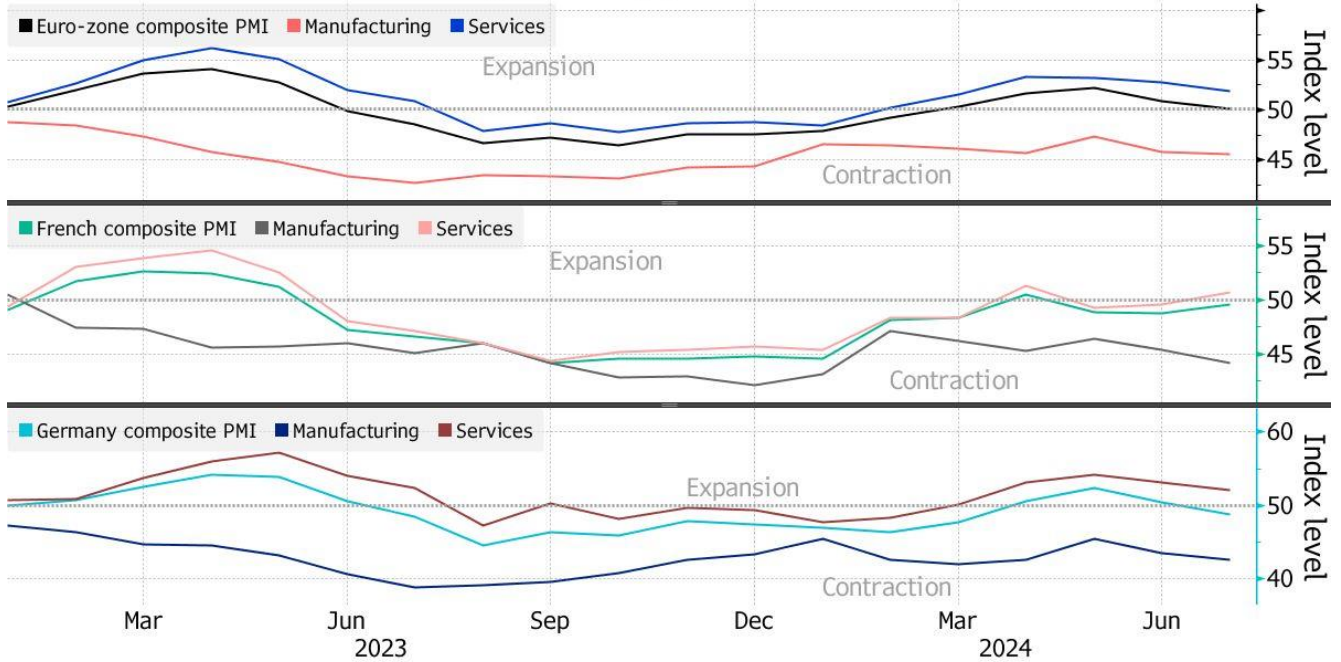
[Bloomberg: Euro-area private-sector activity barely grew this month as its top economy unexpectedly slumped.](#)

S&P Global's composite Purchasing Managers' Index fell to 50.1 in July, according to data published Wednesday. While that's above the 50 level that signals growth, it's the worst reading since February and worse than economists had predicted in a Bloomberg survey, which saw the measure holding steady at last month's 50.9.

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Euro-Zone PMI Readings Disappoint



Source: S&P Global

Bloomberg

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Reuters: Record house prices depress US home sales in June

U.S. existing home sales fell more than expected in June as the median house price set another record high, but improving supply and declining mortgage rates offered hope that activity could rebound in the months ahead.

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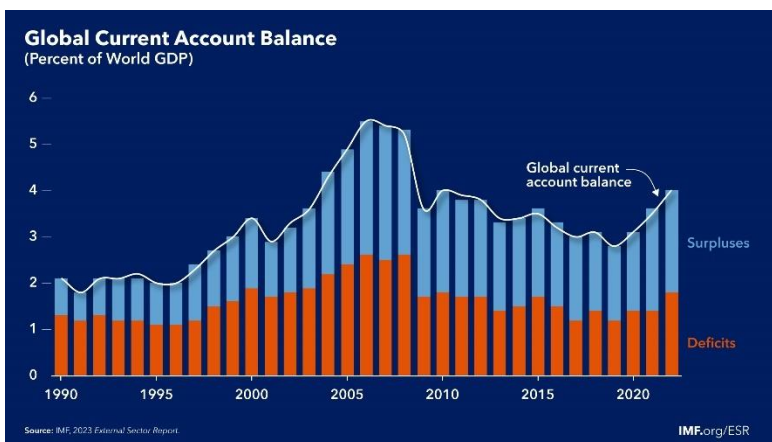
Special Analysis

IMF: External Rebalancing in Turbulent Times

Global current account balances—the overall size of headline current account deficits and surpluses—widened for a third consecutive year in 2022. The main drivers were Russia’s invasion of Ukraine, the uneven recovery from the pandemic, and the rapid tightening of US monetary policy. Concurrently, the US dollar appreciated substantially, and the uphill capital flow reappeared.

IMF’s external sector assessments suggest that the overall size of excess current account deficits and surpluses has remained unchanged since 2021, after declining for several years. This highlights the importance of efforts in both excess surplus and deficit economies to promote external rebalancing.

The US dollar appreciation under the “global dollar cycle,” which is driven primarily by global financial risks, has negative spillovers, especially for economic activity and imports, that fall hardest on emerging market economies. More flexible exchange rates and better anchored inflation expectations can mitigate these negative spillovers.



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Developments in Financial and Commodity Markets in the Past Week

[CNBC: U.S. crude oil falls nearly 2% to lowest levels in six weeks](#)

Crude oil futures Tuesday sold off to the lowest level in more than a month, with renewed cease-fire negotiations in the Israel-Hamas war and demand worries weighing on the market.



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[Reuters: Gold prices climb as investors focus on US economic data](#)

Gold prices inched higher on Wednesday, with investors awaiting U.S. economic data that could influence the Federal Reserve's rate-cut timeline. Spot gold was up 0.3% at \$2,416.39 per ounce, as of 0650 GMT. U.S. gold futures gained 0.4% to \$2,416.10.

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Spot gold price in USD per oz



Published July 24, 2024 at 6:21 AM GMT

Source: LSEG

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