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Our Economy and the World

Issue: 374

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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: Powell puts September rate cut on table after Fed leaves borrowing costs unchanged
- Reuters: Euro zone inflation edges up in 'difficult print' for ECB
- CNBC: Euro zone's economy grew 0.3% in second quarter, above expectations despite German contraction
- CNBC: U.S. economy grew at a 2.8% pace in the second quarter, much more than expected

Special Analysis

- UN: Trade and Development: World Investment Report 2024

Developments in Financial and Commodity Markets in the Past Week

- CNBC: S&P 500 posts best day since February as Powell points to possible September rate cut
- Finimize: China Stocks Climb Nearly 2% After Key Politburo Meeting

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[Reuters: Powell puts September rate cut on table after Fed leaves borrowing costs unchanged](#)

The Federal Reserve held interest rates steady on Wednesday but U.S. central bank chief Jerome Powell said policymakers may be ready to reduce borrowing costs as soon as their next meeting in September, with recent data adding to their confidence that inflation is coming into line with their 2% target.

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[Reuters: Euro zone inflation edges up in 'difficult print' for ECB](#)

Euro zone inflation unexpectedly edged up in July, data showed on Wednesday, although a widely watched gauge of price growth in the services sector eased. Wednesday's figures did not seem to derail market expectations for an interest rate cut by the European Central Bank in September, but they were likely to strengthen concerns about a difficult last mile in the ECB's efforts to bring down inflation.

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[CNBC: Euro zone's economy grew 0.3% in second quarter, above expectations despite German contraction](#)

The euro zone's economy grew by more than expected in the second quarter of 2024, flash figures from the European Union's statistics office showed Tuesday. The zone's gross domestic product rose by 0.3% in the three months to the end of June compared to the previous quarter, the data showed.

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[CNBC: U.S. economy grew at a 2.8% pace in the second quarter, much more than expected](#)

Economic activity in the U.S. was considerably stronger than expected during the second quarter, boosted by a strong consumer, government spending and a sizeable inventory build, according to an initial estimate Thursday from the Commerce Department. Real gross domestic product, a measure of all the goods and services produced during the April-through-June period, increased at a 2.8% annualized pace adjusted for seasonality and inflation.

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Special Analysis

UN Trade and Development: World Investment Report 2024

Global FDI flows fell 2% to \$1.3 trillion in 2023, as trade and geopolitical tensions weighed on a slowing global economy. The report underscores that the headline figure exceeds -10% when excluding a few European conduit economies that registered large swings in investment flows.

FDI flows to developing countries dropped 7% to \$867 billion.

Tight financing conditions led to a 26% fall in international project finance deals, critical for infrastructure investment. International project finance is crucial for the poorest countries, making them more vulnerable to the global downturn in this type of investment.

Crises, protectionist policies and regional realignments are disrupting the world economy, fragmenting trade networks, regulatory environments and global supply chains. This undermines the stability and predictability of global investment flows, creating both obstacles and isolated opportunities.

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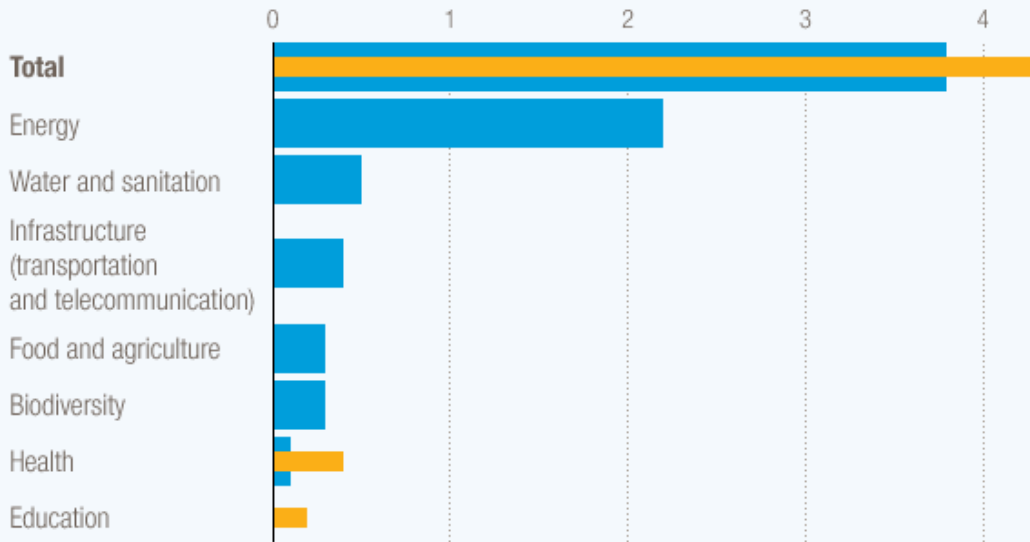
Our Economy and the World



Sustainable development goals investment gap remains wide in developing countries

Estimated annual investment gap to reach the sustainable development goals (SDGs) by 2030, total and per sector, capital expenditure, trillions of dollars

■ Estimate ■ Highest estimate



Source: UN Trade and Development (UNCTAD) SDG Investment Trends Monitor September 2023

Note: Investment refers to capital expenditure. The range for the health and education sectors reflects uncertainty about the size of the capital expenditure component in the total investment gap for the two sectors, for which the operational expenditure component is expected to be substantial.

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Developments in Financial and Commodity Markets in the Past Week

[CNBC: S&P 500 posts best day since February as Powell points to possible September rate cut](#)

Stocks rallied Wednesday after the Federal Reserve kept interest rates unchanged, as expected, while highlighting inroads against inflation. Traders also poured back into megacap tech as chip names soared. The S&P 500 jumped 1.58% to close at 5,522.30, while the Nasdaq Composite popped 2.64% to 17,599.40. It was the best session since February for both indexes.



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

[Finimize: China Stocks Climb Nearly 2% After Key Politburo Meeting](#)

China stocks jumped nearly 2%, led by consumer and tech shares, after positive news from a Politburo meeting and new leadership at the securities regulator. China's leadership is stepping up efforts to revive its slowing economy. At the recent Politburo meeting, leaders emphasized the need to boost consumption, marking the first mention of counter-cyclical adjustments since July 2023. This shift indicates the government's acknowledgment of significant economic challenges.

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