



# اقتصادنا والعالم

## Our Economy and the World

**Issue: 376**

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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: US annual consumer price increase slows to below 3% as inflation ebbs
- Reuters: ECB to lower rates in Sept and Dec as inflation refuses to budge
- Reuters: UK inflation picks up less than expected, boosting rate cut bets
- Reuters: Japan's business sentiment in Aug slips on China's slowdown

### **Special Analysis**

- World Bank: World Development Report 2024 – The Middle Income Trap

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

- BBC: Stock markets plunge as weak US jobs fuel fears
- Market Watch: Oil prices end lower after rise in U.S. crude inventories

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## Our Economy and the World

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

#### [Reuters: US annual consumer price increase slows to below 3% as inflation ebbs](#)

U.S. consumer prices rose moderately in July and the annual increase in inflation slowed to below 3% for the first time in nearly 3-1/2 years, opening the door wider for the Federal Reserve to cut interest rates next month. The report from the Labor Department on Wednesday marked the third straight month of tame consumer price readings and added to a mild rise in producer prices last month in suggesting that inflation was firmly back on a downward trend. Ebbing inflation aligns with anecdotes from businesses that consumers are pushing back against high prices, through bargain hunting, cutting back on purchases and trading down to lower-priced substitutes.

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#### [Reuters: ECB to lower rates in Sept and Dec as inflation refuses to budge](#)

The European Central Bank will cut its deposit rate twice more this year, in September and December, according to an over-80% majority of economists polled by Reuters, fewer reductions than markets currently expect.

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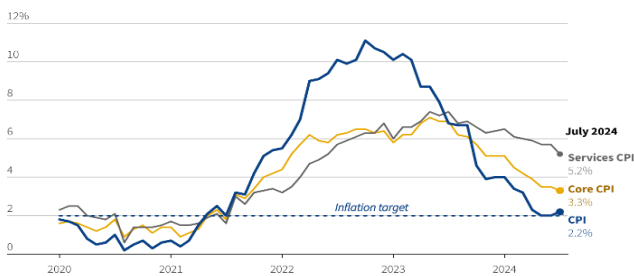
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### [Reuters: UK inflation picks up less than expected, boosting rate cut bets](#)

British consumer price inflation increased for the first time this year in July, official figures showed on Wednesday, but the rise was smaller than expected as services prices - closely watched by the Bank of England - rose less rapidly. The annual rate of consumer price inflation increased to 2.2% after two months at the Bank of England's 2% target, the Office for National Statistics said, coming in slightly below the median 2.3% forecast in a Reuters poll of economists.

#### UK inflation inches above 2% in July

British consumer price inflation rose back above the Bank of England's 2% target in July, despite a bigger-than-expected drop in the rate of services inflation.



Note: Core CPI is CPI excluding energy, food, alcohol and tobacco prices.  
Source: LSEG Datastream | Reuters, Aug. 14, 2024 | By Sumanta Sen

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### [Reuters: Japan's business sentiment in Aug slips on China's slowdown](#)

Japanese manufacturers turned slightly less confident about business conditions in August and the service sector's mood eased, the monthly Reuters Tankan survey found on Wednesday, as lacklustre demand from China weighed on corporate sentiment. The poll comes after the Bank of Japan (BOJ) last month raised interest rates to levels unseen in 15 years and released a detailed plan to slow its massive bond buying.

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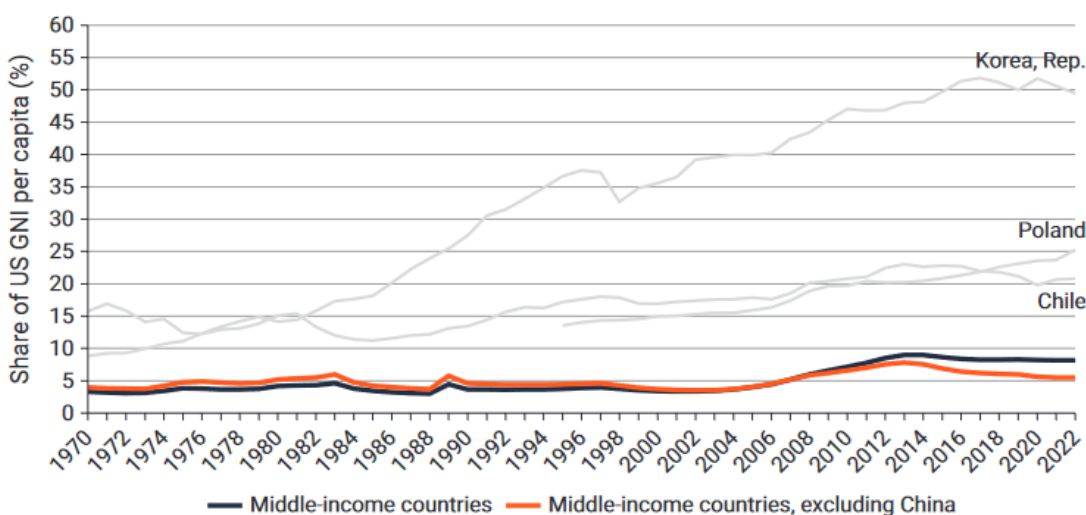
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### Special Analysis

#### World Bank: World Development Report 2024 – The Middle-Income Trap

Drawing on the development experience and advances in economic analysis since the 1950s, World Development Report 2024 identifies what developing economies can do to avoid the “middle-income trap.” Lower-middle-income countries must go beyond investment-driven strategies—they must also adopt modern technologies and successful business practices from abroad and infuse them across their economies. Upper-middle-income countries need to accelerate the shift to innovation, by pushing the global frontiers of technology. This requires reconfiguring economic structures governing enterprises, labor, and energy use—in ways that enable greater economic freedom, social mobility, and political contestability.

**Figure 0.1** Income per capita of middle-income countries relative to that of the United States has been stagnant for decades



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

#### **[BBC: Stock markets plunge as weak US jobs fuel fears](#)**

Stock markets were hit by a global sell-off on Friday as weak US jobs growth stoked fears of a sudden downturn in the world's largest economy. The tech-heavy Nasdaq index dropped by more than 2.4%.

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

#### **[Market Watch: Oil prices end lower after rise in U.S. crude inventories](#)**

Oil futures finished lower Wednesday, extending losses after government data showed a rise last week in U.S. crude inventories. Middle East tensions remain a top worry as Western diplomats attempt to head off a direct confrontation between Israel and Iran that could threaten crude flows from the region.

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