

اقتصادنا والعالم

Our Economy and the World

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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: BOJ's Himino reiterates readiness to raise rates if economy on track
- Reuters: High-tech manufacturing spurs China's July industrial profit growth
- Bloomberg: Fed's Bostic Wants More Data to Confirm Need to Cut Next Month
- Euronews: German economy shrinks as consumers shy away from spending

Special Analysis

- World Bank: Investing in Climate Adaptation under Trade and Financing Constraints: Balanced Strategies for Food Security

Developments in Financial and Commodity Markets in the Past Week

- Reuters: Oil prices fall 1% after US crude stocks draw; Libya supply risks limit losses
- CNBC: Europe stocks close mixed as investors weigh risk of wider Middle East conflict

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[Reuters: BOJ's Himino reiterates readiness to raise rates if economy on track](#)

Bank of Japan Deputy Governor Ryozi Himino on Wednesday reiterated the central bank's stance that it would continue to raise interest rates if inflation stayed on course, while also closely monitoring financial market conditions. His comments echo those from Governor Kazuo Ueda last week, who suggested that recent market volatility would not derail its long-term rate hike plans.

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[Reuters: High-tech manufacturing spurs China's July industrial profit growth](#)

China's industrial profits grew faster in July buoyed by high-tech manufacturing, even as sluggish domestic demand weighed on the recovery in the world's second-largest economy. Profits in July jumped 4.1% from a year earlier following a 3.6% rise in June, National Bureau of Statistics (NBS) data showed on Tuesday.

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[Bloomberg: Fed's Bostic Wants More Data to Confirm Need to Cut Next Month](#)

Federal Reserve Bank of Atlanta President Raphael Bostic said it "may be time" to cut but he's still looking for additional data to support lowering interest rates next month. Bostic reiterated that his timeline for anticipated cuts had moved up after inflation fell more quickly than he expected and the unemployment rate increased more rapidly. Yet he remained cautious.

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Our Economy and the World

[Euronews: German economy shrinks as consumers shy away from spending](#)

Germany contracted by 0.1% in the second quarter of the year, raising recession fears. Consumer confidence plummeted, investments weakened, and the economy sharply underperformed compared to other major nations. Germany's economy took a step back in the second quarter of 2024, with the gross domestic product contracting by 0.1%, according to final figures released Tuesday by the Federal Statistical Office.

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Special Analysis

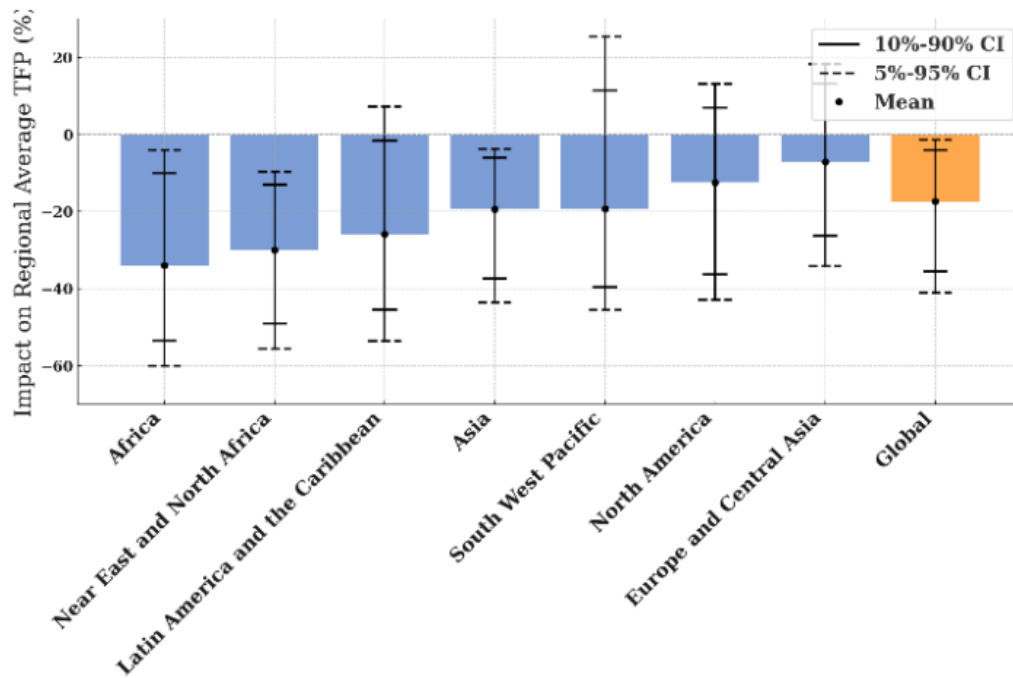
World Bank: Investing in Climate Adaptation under Trade and Financing Constraints: Balanced Strategies for Food Security

Financially constrained governments, particularly in emerging and developing economies, tend to face a fiscal trade-off between adapting to climate change impacts and pursuing broader development goals. This trade-off is especially relevant in the agriculture sector, where investing in adaptation is critical to ensure food security amidst climate change. International trade can help alleviate this challenge and reduce adaptation investment needs by offsetting agricultural production shortages. However, in the presence of trade fragmentation, the adaptive role of trade diminishes, exacerbating food insecurity and increasing investment needs for adaptation. In this paper, we present a model to guide policymakers in deciding on the cost-efficient balance between investing in adaptation in the agricultural sector versus in broader development under financing and trade constraints. We apply the model to Ghana, Egypt, and Brazil, to examine the adaptation-development trade-off and highlight factors that would potentially lower adaptation investment needs. These factors include trade openness, higher agricultural productivity and efficiency of adaptation spending, and reduced labor market distortions. The key takeaways from the model applications suggest that (i) promoting trade openness and accessing concessional finance for adaptation help tackle climate challenges and ensure food security in lower-income countries; and (ii) domestic structural reforms are necessary to facilitate adaptation investments and reduce investment needs, by improving labor market flexibility, adaptation efficiency, and agriculture productivity.

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Figure 1. Impact of Anthropogenic Climate Change on Agriculture TFP, 1961-2020



Data source: Ortiz-Bobea, 2021

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Developments in Financial and Commodity Markets in the Past Week

[Reuters: Oil prices fall 1% after US crude stocks draw; Libya supply risks limit losses](#)

Oil prices settled 1% lower on Wednesday after a smaller-than-expected draw in U.S. crude stockpiles and as concerns over Chinese demand persisted, though losses were capped by supply risks in the Middle East and Libya. Brent crude futures settled down 90 cents, or 1.13%, at \$78.65 a barrel. U.S. West Texas Intermediate crude futures fell \$1.01, or 1.34%, to \$74.52.

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[CNBC: Europe stocks close mixed as investors weigh risk of wider Middle East conflict](#)

European stocks closed in mixed territory Monday, as traders digested rising tensions in the Middle East following strikes by both Israel and Hezbollah over the weekend. The German DAX ended 0.06% lower, while Italy's FTSE MIB finished down 0.09%. Spain's IBEX 35 was down just 0.03% and France's CAC 40 bucked the trend to close up 0.23%.



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