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Our Economy and the World

Issue: 380

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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: ECB to cut interest rates as growth dwindles, outlook unclear
- Bloomberg: Core US inflation picks up, damping odds of outsize Fed cut
- Reuters: Bank of England to hold Bank Rate this month but cut in Nov, economists say
- Reuters: BOJ policymaker signals readiness to raise rates if inflation on track

Special Analysis

- WEF: Annual Report 2023-2024

Developments in Financial and Commodity Markets in the Past Week

- CNBC: S&P 500 rises, Nasdaq closes 2% higher in rebound from inflation report rout
- Reuters: US crude oil climbs more than \$2 on fears of Hurricane Francine

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Our Economy and the World

Key Global and Regional Developments over the Past Week

[Reuters: ECB to cut interest rates as growth dwindles, outlook unclear](#)

The European Central Bank is almost certain to cut interest rates again on Thursday, but with inflation risks still simmering despite a stuttering euro zone economy, investors will be searching its statements for clues about further easing. The ECB lowered its deposit rate to 3.75% in June and an array of policymakers have already backed another cut, suggesting their debate is likely to focus on how quickly borrowing costs need to fall in subsequent meetings.

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[Bloomberg: Core US inflation picks up, damping odds of outsize Fed cut](#)

Underlying US inflation unexpectedly picked up in August on higher prices for housing and travel, undercutting the chances of an outsize Federal Reserve interest-rate cut next week. The so-called core consumer price index – which excludes food and energy costs – increased 0.3% from July, the most in four months, and 3.2% from a year ago, Bureau of Labor Statistics figures showed Wednesday. The three-month annualized rate advanced to 2.1%, picking up from 1.6% in July, according to Bloomberg calculations.

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[Reuters: Bank of England to hold Bank Rate this month but cut in Nov, economists say](#)

The Bank of England will keep its main interest rate at 5.00% next week but reduce it in November even though inflation is expected to stay above the central bank's 2% target, a firm majority of economists in a Reuters poll said. In August the BoE cut its Bank Rate to 5.00% from a 16-year high of 5.25% in a tight 5-4 vote. However, Governor Andrew Bailey said it would proceed cautiously to make sure inflation stayed low.

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[Reuters: BOJ policymaker signals readiness to raise rates if inflation on track](#)

The Bank of Japan will continue to raise interest rates if inflation moves in line with its forecast, policymaker Junko Nakagawa said, signalling that last month's market rout has not derailed the bank's plan to hike borrowing costs steadily. But the central bank must take into account the impact that such market moves could have on the outlook for the economy and prices when considering whether to raise rates, she added.

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Our Economy and the World

Special Analysis

[WEF: Annual Report 2023-2024](#)

The past year saw some of the most complex geopolitical and geoeconomic developments in decades, making the World Economic Forum's mission to build and strengthen multistakeholder partnerships more vital than ever.

As wars unfortunately continued to be fought and superpower relations remained fraught, global competition and conflict escalated, degrading the security landscape and deepening stress points in the multilateral system. The recession of geopolitical cooperation came as urgency continues to grow for parties to work together in solving shared challenges. The last year was the hottest on record, economic growth, though in positive territory, is projected to be historically low, and the number of people impacted by violence has risen to record levels. At the same time, frontier technologies offer the possibility of enormous gains, but this potential needs to be unlocked responsibly.

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Developments in Financial and Commodity Markets in the Past Week

[CNBC: S&P 500 rises, Nasdaq closes 2% higher in rebound from inflation report rout](#)

Stocks rose Wednesday in a bout of volatile trading, as investors weighed what the latest U.S. inflation data means for Federal Reserve policy. Tech shares led a rebound from steep session lows, gained 1.07% to close at 5,554.13. Wednesday marked the first time since October 2022 that the broad market index dropped 1% on an intraday basis and then closed higher by more than 1%.

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[Reuters: US crude oil climbs more than \\$2 on fears of Hurricane Francine](#)

Oil prices climbed more than 2% on Wednesday, driven by fears of lengthy production shutdowns in the U.S. offshore oil patch, which Hurricane Francine was barreling through on the way to landfall in Louisiana. Brent crude futures settled at \$70.61 a barrel, up \$1.42, or 2.05%, on Wednesday. U.S. crude futures finished up \$1.56 a barrel, or 2.37%, at \$67.31.



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