

Issue: 383

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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: German economy expected to contract again in 2024, economy minister says
- AP: China announces more support for economy but holds back on major spending package
- AP: US economy grew at a solid 3% rate last quarter, government says in final estimate
- Bloomberg: PBOC launches \$71 billion liquidity tool for stock investors

Special Analysis

- World Bank: Finance and Prosperity 2024

Developments in Financial and Commodity Markets in the Past Week

- Yahoo Finance: The S&P 500 and Dow Jones surged to new highs, fueled by "Magnificent 7" Stocks
- CNBC: European stocks close higher as investors eye lower oil prices, China stimulus

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Key Global and Regional Developments over the Past Week

[Reuters: German economy expected to contract again in 2024, economy minister says](#)

Germany's economy is expected to contract by 0.2% in 2024, the economy ministry said on Wednesday, which is likely to make it for the second year running the only member of the Group of Seven major industrial democracies to post shrinking output. The government is cutting its forecast from a previous projection of 0.3% growth for this year, as the expected recovery in the second half of the year failed to materialize.

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[AP: China announces more support for economy but holds back on major spending package](#)

China's economic planning agency outlined details of measures aimed at boosting the economy on Tuesday but refrained from major spending initiatives. The piecemeal nature of the plans announced Tuesday appeared to disappoint investors who were hoping for bolder moves, and Shanghai's benchmark gave up a 10% initial gain as markets reopened after a weeklong holiday to trade just 3% higher.

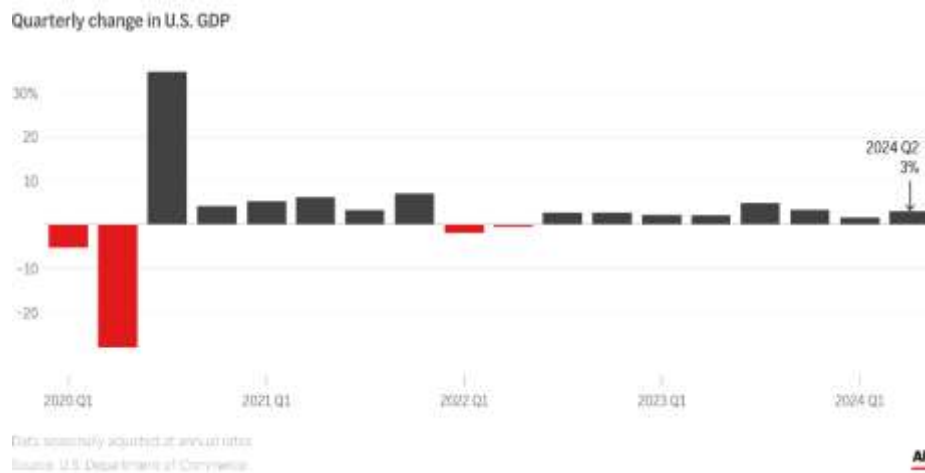
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[AP: US economy grew at a solid 3% rate last quarter, government says in final estimate](#)

The American economy expanded at a healthy 3% annual pace from April through June, boosted by strong consumer spending and business investment, the government said Thursday, leaving its previous estimate unchanged. The Commerce Department reported that the nation's gross domestic product – the nation's total output of goods and services – picked up sharply in the second quarter from the tepid 1.6% annual rate in the first three months of the year.



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[Bloomberg: PBOC launches \\$71 billion liquidity tool for stock investors](#)

China's central bank has set up a swap facility to provide liquidity to institutional investors to buy stocks, part of a broad stimulus package announced earlier that ignited a rally in stocks. The People's Bank of China will accept applications from eligible securities firms, funds and insurers starting Thursday to obtain highly liquid assets such as government bonds and central bank bills if they provide certain collaterals, according to the bank's statement. The size of the tool is 500 billion yuan (\$70.6 billion) and can be expanded in the future, the monetary authority said.

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Special Analysis

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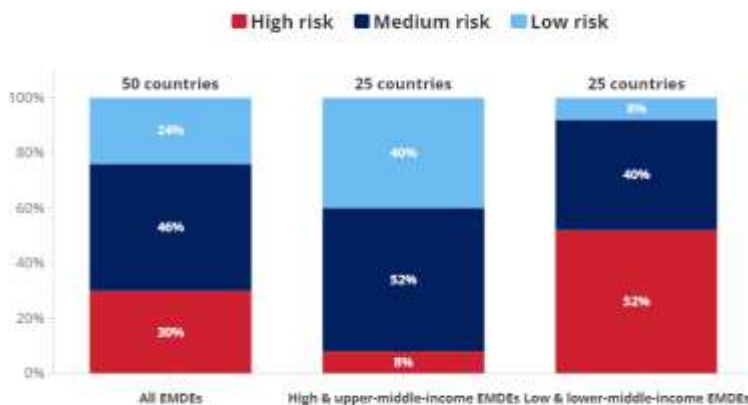
This inaugural edition analyzes new data and highlights a growing divergence in financial sector resilience and stability among emerging market and developing economies (EMDEs) and critical trends in climate finance.

While financial sector risks in the larger and higher per capita countries are moderate, half of lower-income countries face significant risks over the next 12 months. Nearly 70 percent of countries facing high financial sector risks are currently not adequately prepared to handle financial stress. The report also identifies a particular risk facing financial sectors in several countries: a large and growing exposure to sovereign debt. This exposure surged to its highest level in the past decade. Finally, the report looks at how countries can enable more climate finance through the banking sector without compromising on the important goals of financial sector stability and inclusion for underserved people.



Financial Sector Risks in EMDEs

Financial sector risk outlook in the next 12 months by income group (% of countries in sample)



Source: Finance and Prosperity Report 2024, Panel a, c. World Bank staff assessment.
Note: Panel a. Assessment of domestic financial sector risks over the next 12 months as identified by World Bank regional staff. Sample includes 50 EMDEs. See report's appendix B for specific countries.



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Developments in Financial and Commodity Markets in the Past

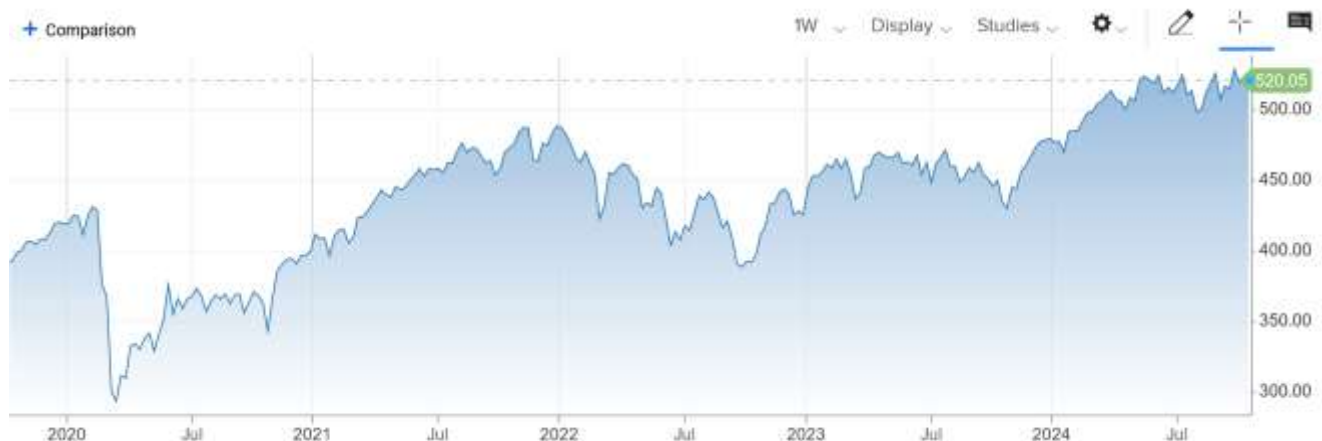
[Yahoo Finance: The S&P 500 and Dow Jones surged to new highs, fueled by "Magnificent 7" stocks](#)

The US Stock market rallied for a second consecutive day on Wednesday, with the S&P 500 reaching new heights, up by 41.9 points, or 0.70%. Meanwhile, the Dow Jones Industrial Average experienced a significant surge, jumping 430 points, a 1% increase.

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[CNBC: European stocks close higher as investors eye lower oil prices, China stimulus](#)

European markets closed higher Wednesday as positive sentiment returned to the region with several key releases ahead. After a shaky start to the session in which defensives led, the pan-European Stoxx 600 index closed 0.66% higher – its best performance in two weeks – with all sectors in the green.



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