

اقتصادنا والعالم

Our Economy and the World

Issue: 392

Date: 22nd December 2024

This week's issue of "Our Economy and the World" includes:

Key Global and Regional Developments over the Past Week

- Reuters: Fed lowers rates but projects slower pace of further cuts, firmer inflation
- Reuters: UK factories report plunge in output, adding to economic slowdown signs
- Bloomberg: Brazil Central Bank calls new spot auction as currency craters
- AP: Chinese leaders pledge 'moderately loose' monetary policy, more support for slowing economy

Special Analysis

- UNDP: Human Development Report 2023-24

Developments in Financial and Commodity Markets in the Past Week

- Bloomberg: Bitcoin retreats from record high after Fed cools risk appetite
- CNN: Dow plunges more than 1,100 points and marked its longest losing streak since 1974
- Reuters: Oil settles up after US crude stocks fall, Fed's 2025 outlook curbs gains

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Key Global and Regional Developments over the Past Week

Reuters: Fed lowers rates but projects slower pace of further cuts, firmer inflation

The U.S. Federal Reserve cut interest rates on Wednesday and signaled it will slow the pace at which borrowing costs fall any further, given a relatively stable unemployment rate and little recent improvement in inflation. "Economic activity has continued to expand at a solid pace" with an unemployment rate that "remains low" and inflation that "remains somewhat elevated," the central bank's rate-setting Federal Open Market Committee said in its latest policy statement.

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Reuters: UK factories report plunge in output, adding to economic slowdown signs

British manufacturers reported the biggest fall in output since the COVID-19 pandemic in late 2024 and they are even more downbeat about the start of next year, according to a survey that adds to signs of a loss of momentum in the economy. The Confederation of British Industry said a gauge of output over the three months to December in its monthly industrial trends survey - published on Wednesday - fell to -25, its lowest since August 2020, down from -12 in the three months to November.

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[Bloomberg: Brazil Central Bank calls new spot auction as currency craters](#)

Brazil's central bank announced it would sell as much as \$3 billion in a spot auction on Thursday, its fourth such intervention this week amid a massive currency selloff. The announcement on Wednesday evening followed a 3% slump in the real, as investors rush to dump the currency on the back of growing concerns around the country's debt trajectory. Prices of the auction will be based on the so-called PTAX rate, which is the official fixing for the currency, the central bank said.

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[AP: Chinese leaders pledge 'moderately loose' monetary policy, more support for slowing economy](#)

China's top leaders have pledged to loosen monetary policy and provide more support for the slowing economy, while Premier Li Qiang swiped at threats of higher tariffs on Chinese exports, saying they hinder global growth. Shares in Hong Kong jumped Monday after state media released a report on the meeting by the ruling Communist Party's Politburo that said leaders would "implement more active fiscal policies and moderately loose monetary policies."

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Special Analysis

UNDP: Human Development Report 2023-24

The 2023/24 Human Development Report assesses the dangerous gridlock resulting from uneven development progress, intensifying inequality, and escalating political polarization, that we must urgently tackle. The report emphasizes how global interdependence is being reconfigured and proposes a path forward where multilateralism plays a pivotal role.

Why does pursuing the ambitions of the 2030 Agenda for Sustainable Development and the Paris Agreement feel like a half-hearted slog through quicksand?

Why in many places does restoring peace, even pauses or ceasefires as hopeful preludes to peace, feel so elusive?

Why are we immobilized on digital governance while artificial intelligence races ahead in a data goldrush?

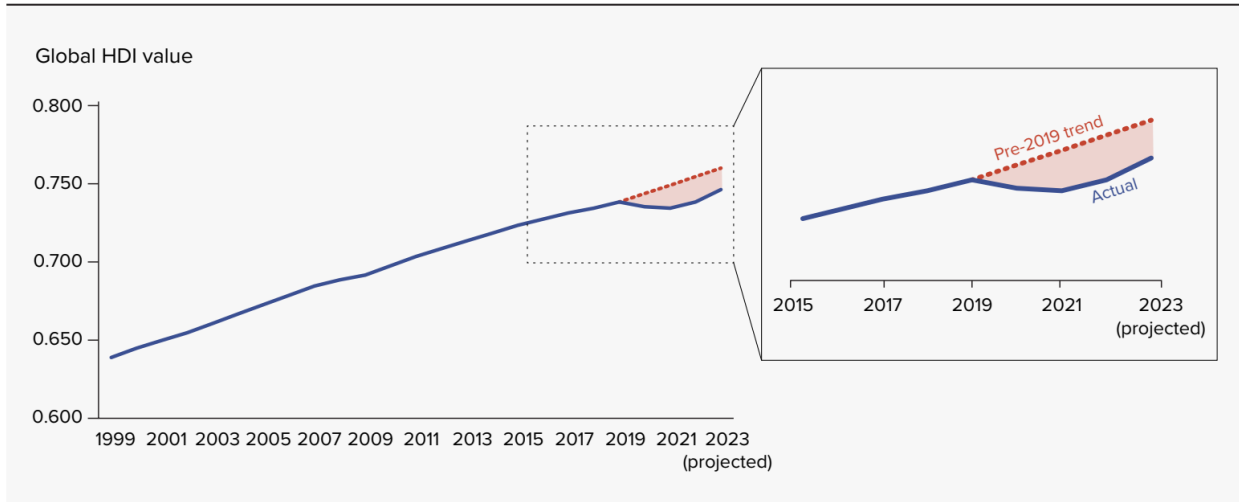
In short, why are we so stuck? And how do we get unstuck without resorting myopically to violence or isolationism? These questions motivate the 2023/2024 Human Development Report.

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Note: The global HDI value for 2023 is a projection. The pre-2019 trend is based on the evolution of the global HDI value in the previous 20 years.

Source: Human Development Report Office calculations based on data from Barro and Lee (2018), IMF (2023d), UNDESA (2022, 2023), UNESCO Institute for Statistics (2023), United Nations Statistics Division (2023) and World Bank (2023).

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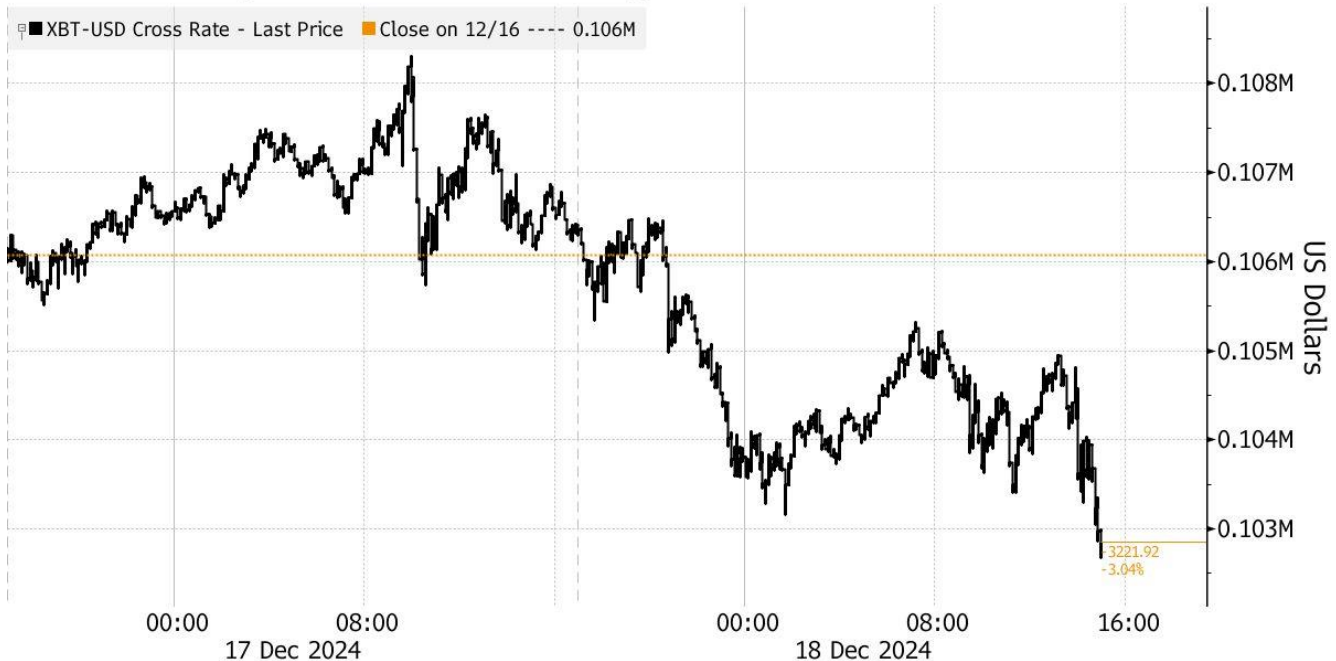
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Developments in Financial and Commodity Markets in the Past Week

[Bloomberg: Bitcoin retreats from record high after Fed cools risk appetite](#)

Bitcoin fell for the first time in four days with speculative bets being pared across financial markets after Federal Reserve officials suggested greater caution over how quickly they can continue reducing borrowing costs. The original cryptocurrency fell as much as 5.3% to \$100,752, a day after climbing above \$108,000 for the first time in what's been a record-breaking rally this year. The seven largest digital tokens as measured by market value were all lower, data compiled by Bloomberg show.

Bitcoin Drops From Record High



Source: Bloomberg

Bloomberg

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[**CNN: Dow plunges more than 1,100 points and marked its longest losing streak since 1974**](#)

The Dow plunged Wednesday on a disappointing outlook from the Federal Reserve. In the process, the blue-chip index extended its losing streak to 10 days – the longest such stretch since Gerald Ford was president. The Dow Jones Industrial Average ended the day down about 1,123 points, or 2.6%, after the Fed indicated in a policy statement that it is forecasting just two interest rate cuts in 2025, not the previously projected four.

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[**Reuters: Oil settles up after US crude stocks fall, Fed's 2025 outlook curbs gains**](#)

Oil prices settled higher on Wednesday after U.S. crude inventories fell and the U.S. Federal Reserve cut interest rates as expected, but gains were capped as the Fed signaled it would slow the pace of cuts. Brent futures settled up 20 cents, or 0.27%, to \$73.39 a barrel. U.S. West Texas Intermediate crude settled up 50 cents, or 0.71%, to \$70.58. Both benchmarks retreated from gains of more than \$1 a barrel at session highs.

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