

# اقتصادنا والعالم

## Our Economy and the World

**Issue: 395**

**Date: 19<sup>th</sup> January 2025**

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

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

Reuters: U.S. posts record \$711 bln deficit for first three months of fiscal year 2025

Reuters: Japan manufacturers' mood rebounds in Jan, outlook stays flat

AP: Germany's economy shrank for the second consecutive year in 2024

Reuters: UK inflation drop gives relief to Reeves after market selloff

### **Special Analysis**

World Bank: 2024 Key Development Challenges in Nine Charts

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

Reuters: Oil rallies, settles at multi-month high on US crude draw, Russia sanctions

Yahoo Finance: European Stocks Rally on Slower US Inflation; UK Midcaps Jump

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## Our Economy and the World

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

#### [Reuters: U.S. posts record \\$711 bln deficit for first three months of fiscal year 2025](#)

The U.S. government posted an \$87 billion budget deficit in December, reduced partly by a shift of benefit payments into November but capping a record \$711 billion deficit for the first three months of the 2025 fiscal year, the U.S. Treasury Department said on Tuesday. The Treasury, releasing its final budget report before President-elect Donald Trump takes office next week, said that the \$711 billion October-December deficit was \$201 billion, or 39% higher, than the \$510 billion deficit in the same period a year earlier as outlays grew sharply and revenues declined slightly.

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#### [Reuters: Japan manufacturers' mood rebounds in Jan, outlook stays flat](#)

Japanese manufacturers' sentiment recovered in January after a dip last month thanks to better conditions for materials industries, but their outlook remains flat due to uncertainty over proposed Trump policies, the Reuters Tankan poll found. The improving business confidence is positive for the Bank of Japan's (BOJ) view that wage-driven economic growth will lead to stable inflation around its 2% target and justify a further rate hike as early as its next policy meeting on Jan. 23-24.

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### [AP: Germany's economy shrank for the second consecutive year in 2024](#)

Germany's economy shrank for the second straight year in 2024 as worried consumers held back on spending and Chinese competition ate into the country's traditional exports of cars and industrial machinery. The year's weak performance underlines Germany's status as Europe's worst performing major economy and shows the country as having no meaningful growth in the past four years as it has struggled to deal with major shifts in the global economy.

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### [Reuters: UK inflation drop gives relief to Reeves after market selloff](#)

British inflation slowed unexpectedly last month and core measures of price growth - tracked by the Bank of England - fell more sharply, according to official data that will be welcomed by Finance Minister Rachel Reeves after a market selloff. The annual rate of inflation edged down to 2.5% in December from 2.6% in November, the Office for National Statistics said, in contrast to economists' expectations in a Reuters poll for it to remain unchanged.

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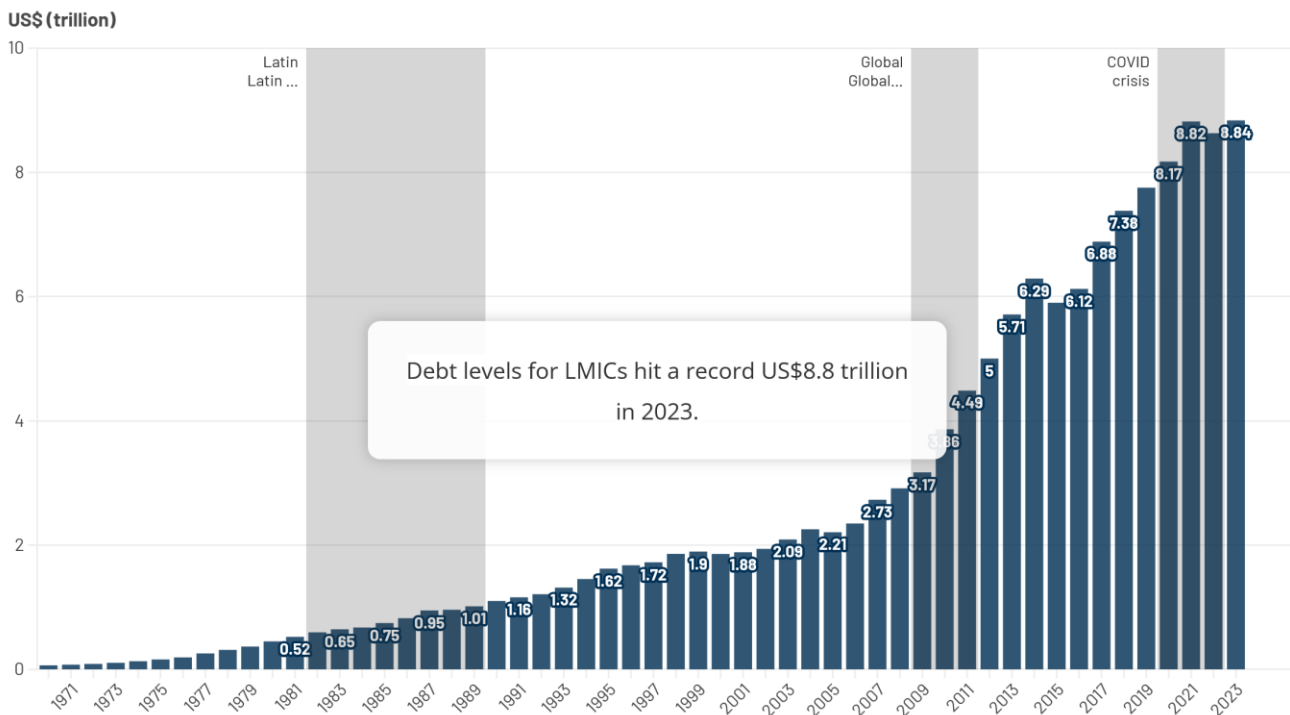
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### Special Analysis

#### World Bank: 2024 Key Development Challenges in Nine Charts

After several years of multiple, continuous shocks, the global economy is finally showing signs of stabilizing. Despite the grimmest predictions, the world managed to avoid a global recession this year. However, while advanced economies have largely recovered, developing countries have yet to catch up. Low-income countries risk being left even further behind.

**External Debt Stock of Low- and Middle-Income Countries, 1970–2023**



Source: World Bank International Debt Statistics database

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

#### [Reuters: Oil rallies, settles at multi-month high on US crude draw, Russia sanctions](#)

Oil prices rose more than 2% on Wednesday, supported by a large draw in U.S. crude stockpiles and potential supply disruptions caused by new U.S. sanctions on Russia, while a Gaza ceasefire deal limited gains. Brent crude futures settled \$2.11, or 2.64%, higher at \$82.03 a barrel, the highest since August 2024. U.S. West Texas Intermediate crude (WTI) settled up \$2.54, or 3.28%, at \$80.04 a barrel, the highest since July.

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

#### [Yahoo Finance: European Stocks Rally on Slower US Inflation; UK Midcaps Jump](#)

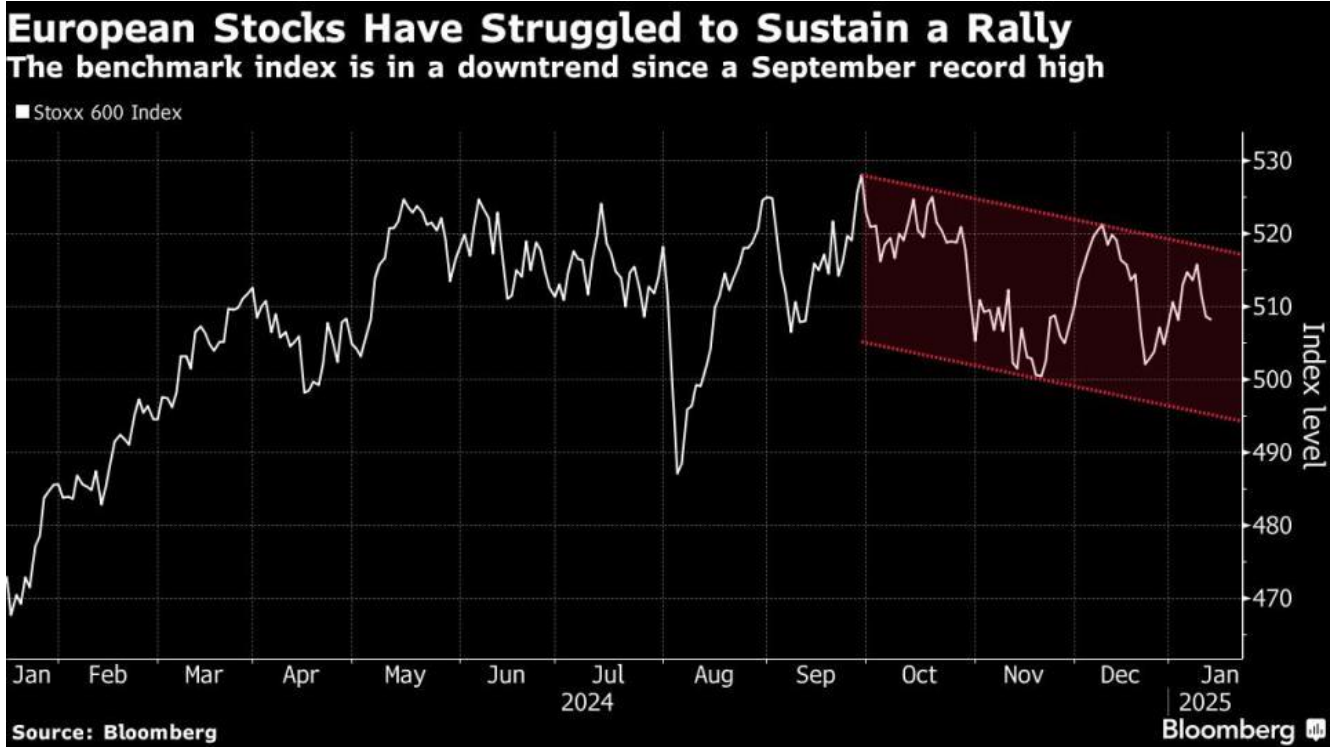
European stocks jumped as a slowdown in US inflation fueled wagers of interest rate-cuts by the Federal Reserve. The UK's domestically focused index outperformed as the country's price pressures also cooled. The Stoxx Europe 600 Index rallied 1.3% by the close, the most since September, as data showed US consumer prices rose in December by less than forecast after months of faster underlying inflation.

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