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Our Economy and the World

Issue: 406

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

Key Global and Regional Developments over the Past Week

- NBC: U.S. economy shrank as consumers went on pre-tariff buying spree
- Reuters: China creates list of US-made goods exempt from 125% tariffs, sources say
- Bloomberg: China manufacturing slumps on US levies, spurring stimulus calls
- Reuters: BOJ to keep rates steady, cut growth forecasts

Special Analysis

- World Bank: State of Social Protection Report 2025: The 2-Billion-Person Challenge

Developments in Financial and Commodity Markets in the Past Week

- Reuters: Oil settles lower, posts steepest monthly decline since 2021
- Euronews: Germany's stock markets reverse April's losses as Trump grants auto tariff relief

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Our Economy and the World

Key Global and Regional Developments over the Past Week

NBC: U.S. economy shrank as consumers went on pre-tariff buying spree

The U.S. economy contracted 0.3% in the first quarter of 2025, the first negative reading since 2022, according to an initial measurement released Wednesday by the Commerce Department. The decline in gross domestic product was fueled by a massive surge in imports, while other parts of the U.S. economy showed signs of slowing. Consumer spending climbed 1.8%, the weakest pace since mid-2023.

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Reuters: China creates list of US-made goods exempt from 125% tariffs, sources say

China has created a list of U.S.-made products that would be exempted from its 125% tariffs and is quietly notifying companies about the policy, two people familiar with the matter said, as Beijing seeks to ease the impact of its trade war with Washington. China has already granted tariff exemptions on select products including select pharmaceuticals, microchips and aircraft engines and was asking firms to identify critical goods they need levy-free, Reuters reported on Friday. However, the existence of a so-called 'whitelist' had not been previously reported.

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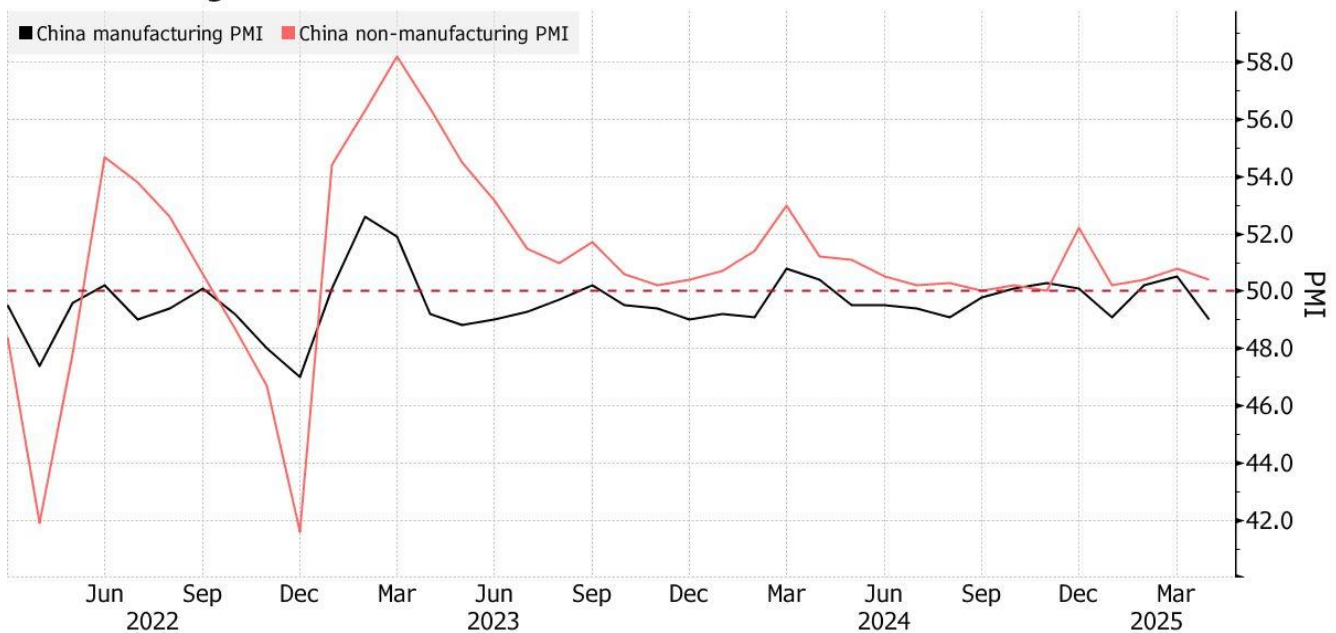
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Bloomberg: China manufacturing slumps on US levies, spurring stimulus calls

China's factory activity slipped into the worst contraction since December 2023, revealing early damage from Donald Trump's tariffs and prompting calls for a speedy policy boost. The official manufacturing purchasing managers' index fell more than expected to 49 from 50.5 in March, the National Bureau of Statistics said Wednesday. The non-manufacturing measure showed activity in construction and services grew less than forecast.

China's Factory Activity Contracts as US Tariffs Hit **Manufacturing PMI lowest since December 2023**



Source: National Bureau of Statistics

Bloomberg

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Reuters: BOJ to keep rates steady, cut growth forecasts

The Bank of Japan is likely to keep interest rates steady and cut its growth forecasts on Thursday, as uncertainty surrounding U.S. tariffs clouds the outlook for the world's fourth-largest economy. But the central bank is likely to project inflation to stay roughly on course to hit its 2% target in coming years, a sign that risks from U.S. tariffs might only delay, not derail, its rate hike plans.

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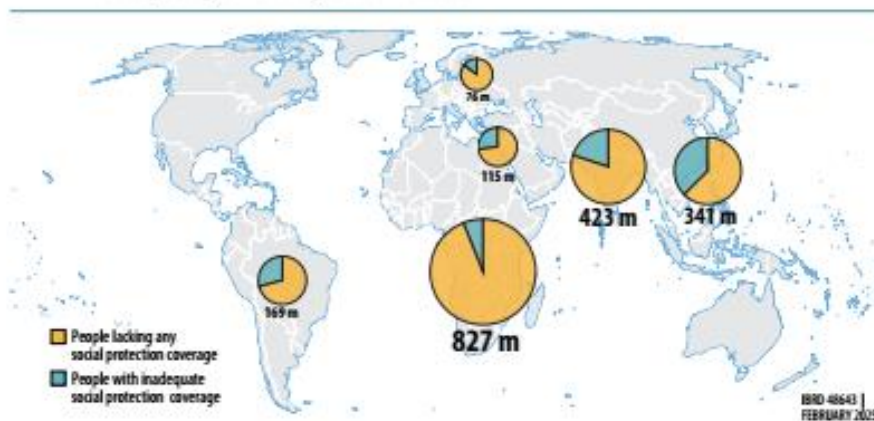
Special Analysis

World Bank: State of Social Protection Report 2025: The 2-Billion-Person Challenge

Today, more people have access to social protection now than at any point in history. Over the last decade, 4.7 billion people across low- and middle-income countries gained access to social protection. However, critical gaps remain. Two billion people in those countries remain uncovered or inadequately covered by social protection.

The State of Social Protection Report 2025: The 2-Billion-Person Challenge documents advances and challenges to strengthening social protection and labor systems across low- and middle-income countries and discusses avenues to gradually close the coverage and adequacy gap for the world's poorest.

MAP I.1 Two Billion People in Low- and Middle-Income Countries Remain Uncovered or Inadequately Covered by Social Protection



Source: Original map for this publication based on Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) household survey data (<https://www.worldbank.org/aspire>).
Note: Coverage consists of direct and indirect beneficiaries and social insurance contributors. Map is based on 130 low- and middle-income countries. For methodology, please refer to Tesliuc and Martinez Cordova (2025).
m = million.

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Developments in Financial and Commodity Markets in the Past Week

[Reuters: Oil settles lower, posts steepest monthly decline since 2021](#)

Oil prices settled down on Wednesday and recorded the largest monthly drop in almost 3-1/2 years after Saudi Arabia signaled a move toward producing more and expanding its market share, while the global trade war eroded the outlook for fuel demand. Brent crude futures settled \$1.13, or 1.76%, lower at \$63.12 a barrel. U.S. West Texas Intermediate crude futures dropped \$2.21, or 3.66%, to close at \$58.21, the lowest settlement since March 2021.

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[Euronews: Germany's stock markets reverse April's losses as Trump grants auto tariff relief](#)

Germany's stock markets have risen since President Trump announced a 90-day pause on reciprocal tariffs on 9 April, nearly reversing all of April's losses. Trump's auto tariff relief is expected to continue supporting the broader market rally, with notable surges in auto stocks. Germany's benchmark stock index, the DAX, rose for the sixth consecutive trading day on Tuesday, poised to recover all losses in early April. The rally reflected global market trends as the Trump administration introduced further amendments to its tariff policy, easing concerns over a possible recession.

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