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Our Economy and the World

Issue: 408

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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: French economy to grow only 'slightly' in second quarter: central bank
- CNBC: White House announces U.S.-China trade deal, offers few details
- Reuters: Trump says US to lift Syria sanctions, secures \$600 billion Saudi deal
- Reuters: German inflation confirmed at 2.2% in April

Special Analysis

- World Bank: Publication: Financing Firm Growth: The Role of Capital Markets in Low- and Middle-Income Countries

Developments in Financial and Commodity Markets in the Past Week

- Reuters: Global shares rise, as US dollar steadies following steep plunge
- Reuters: Gold prices fall to over one-month low as trade optimism rises

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Key Global and Regional Developments over the Past Week

Reuters: French economy to grow only 'slightly' in second quarter: central bank

France's economy will grow only "slightly" in the second quarter although the outlook is clouded by a string of public holidays in May and by international trade tensions, the central bank said on Tuesday. Business activity will be buoyed by a moderate pickup in the services and industrial sectors while the construction and energy sectors are losing momentum, the Bank of France said in its monthly outlook, based on a survey of 8,500 firms.

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CNBC: White House announces U.S.-China trade deal, offers few details

The White House on Sunday announced a "trade deal" with China without providing specifics, after Trump administration officials spent the weekend negotiating with their Chinese counterparts. While details of the deal are still unclear, any de-escalation in the ongoing trade war could bring much-needed relief to a global economy that has been roiled since President Donald Trump's April 2 tariff announcement.

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[Reuters: Trump says US to lift Syria sanctions, secures \\$600 billion Saudi deal](#)

President Donald Trump kicked off his trip to the Gulf on Tuesday with a surprise announcement that the United States will lift long-standing sanctions on Syria, and a \$600 billion commitment from Saudi Arabia to invest in the U.S. The U.S. agreed to sell Saudi Arabia an arms package worth nearly \$142 billion, according to the White House which called it the largest "defense cooperation agreement" Washington has ever done.

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[Reuters: German inflation confirmed at 2.2% in April](#)

German inflation eased further to 2.2% in April, the federal statistics office said on Wednesday, confirming preliminary data. German consumer prices, harmonised to compare with other European Union countries, had risen by 2.3% year-on-year in March.

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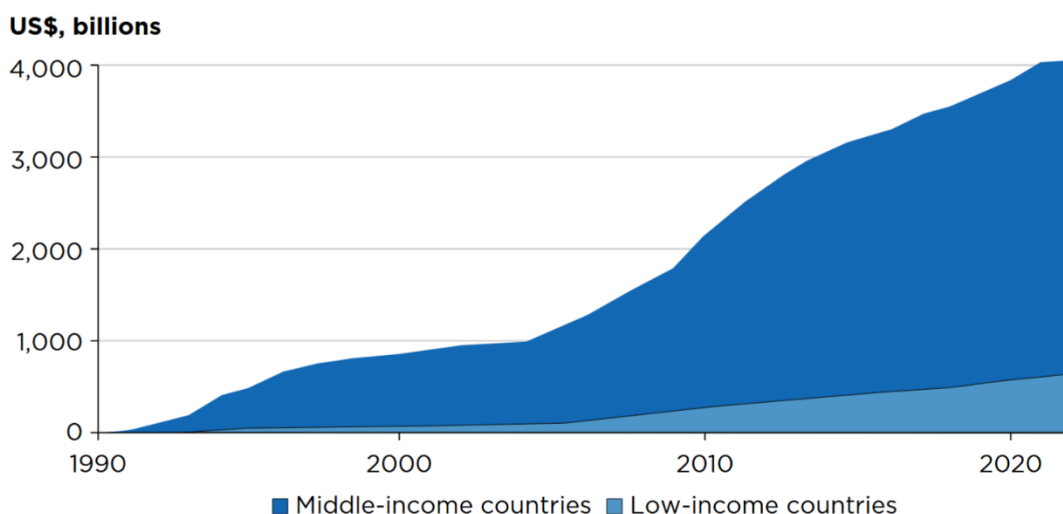
Special Analysis

World Bank: Publication: Financing Firm Growth: The Role of Capital Markets in Low- and Middle-Income Countries

Well-functioning capital markets can foster economic growth and allocate resources efficiently. Firms can tap into a broader funding base by issuing debt and equity in capital markets, often at cheaper rates and longer tenors than through other sources of external finance, such as banks. However, capital markets in low- and middle-income countries have lagged those in high-income countries. Accordingly, the firms in those countries have more often relied on bank financing or retained earnings to fund investment and expansion, and they have experienced greater financial constraints than their counterparts in high-income countries.

FIGURE O.1

Firms Significantly Expanded Their Capital Market Financing in Low- and Middle-Income Countries



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Developments in Financial and Commodity Markets in the Past Week

Reuters: Global shares rise, as US dollar steadies following steep plunge

Global shares and major Wall Street indexes were higher on Wednesday as trade tensions eased between the world's two largest economies, while the U.S. dollar steadied from recent losses. Gold prices sank to a more than one-month low as the U.S.-China trade truce dimmed bullion's safe-haven appeal.

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Reuters: Gold prices fall to over one-month low as trade optimism rises

Gold prices dropped more than 2% on Wednesday, hitting an over one-month low, as rising trade optimism boosted risk appetite, leading investors to shift away from bullion. Spot gold slipped to its lowest since April 11, shedding 2% to \$3,181.62 an ounce.

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