

# اقتصادنا والعالم

## Our Economy and the World

**Issue: 412**

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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: Fed leaves rates unchanged, sees two cuts in 2025 but less easing in later years
- Bloomberg: US industrial output declines for second time in three months
- Reuters: UK inflation slows but oil price jump creates new problem for Bank of England
- Reuters: Japan's exports post first drop in 8 months as US tariffs hit auto firms

### **Special Analysis**

- UN Department of Economic and Social Affairs: World Economic Situation and Prospects as of mid-2025

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

- Reuters: Oil settles higher as Iran-Israel conflict enters sixth day
- Reuters: European shares fall as Middle East tensions weigh; eyes on Fed decision

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## Our Economy and the World

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

#### [Reuters: Fed leaves rates unchanged, sees two cuts in 2025 but less easing in later years](#)

The Federal Reserve held interest rates steady on Wednesday and policymakers signaled borrowing costs are still likely to fall this year, but slowed the overall pace of expected future rate cuts in the face of estimated higher inflation flowing from the Trump administration's tariff plans. In new economic projections, policymakers sketched a modestly stagflationary picture of the U.S. economy, with economic growth slowing to 1.4% this year, unemployment rising to 4.5% by the end of this year, and inflation finishing 2025 at 3%, well above the current level.

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

#### [Bloomberg: US Industrial Output Declines for Second Time in Three Months](#)

US industrial production fell in May for the second time in three months as utility output declined and manufacturers struggled for traction against a backdrop of cooler demand. The 0.2% decrease in production at factories, mines and utilities followed a revised 0.1% gain a month earlier, Federal Reserve data showed Tuesday. The median estimate of Bloomberg survey of economists called for no change.

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### **Reuters: UK inflation slows but oil price jump creates new problem for Bank of England**

British inflation cooled in May as expected by the Bank of England, which is set to keep interest rates on hold this week while it assesses international energy markets rocked by escalating conflict in the Middle East. Consumer prices rose in annual terms by 3.4% in May, the Office for National Statistics said on Wednesday, in line with a Reuters poll of economists.

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### **Reuters: Japan's exports post first drop in 8 months as US tariffs hit auto firms**

Japan's exports fell in May for the first time in eight months as big automakers like Toyota were hit by sweeping U.S. tariffs, and the failure of Tokyo to clinch a trade deal this week will likely pile pressure on a fragile economy. Prime Minister Shigeru Ishiba said after the Group of Seven summit in Canada on Tuesday his country had not reached a comprehensive tariff agreement with Washington as some disagreements persisted between the two nations.

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## Our Economy and the World

### Special Analysis

#### UN Department of Economic and Social Affairs: World Economic Situation and Prospects as of mid-2025

The world economy is at a precarious moment. Heightened trade tensions, along with policy uncertainty, have significantly weakened the global economic outlook for 2025. Higher tariffs—resulting in a significant increase in the effective tariff rate in the United States of America—are likely to strain global supply chains, drive up production costs and delay critical investment decisions, while also contributing to financial market volatility. Global economic growth is now projected to slow to 2.4 per cent in 2025, down from 2.9 per cent in 2024, and 0.4 percentage points below the January forecast. The downward revisions in growth forecasts are broad-based, affecting both developed and developing economies. Weakening global trade growth and investment flows are compounding the slowdown. Many trade-reliant developing countries face mounting challenges from reduced exports, lower commodity prices, tighter financial conditions, and elevated debt burdens.

Inflation is easing globally, but short-term risks from tariff-driven cost pressures and uncertainty are adding to policy challenges. Addressing them requires a broad toolkit that combines monetary policy, fiscal measures, supply-side reforms, and industrial strategies to stabilize prices and foster resilience.

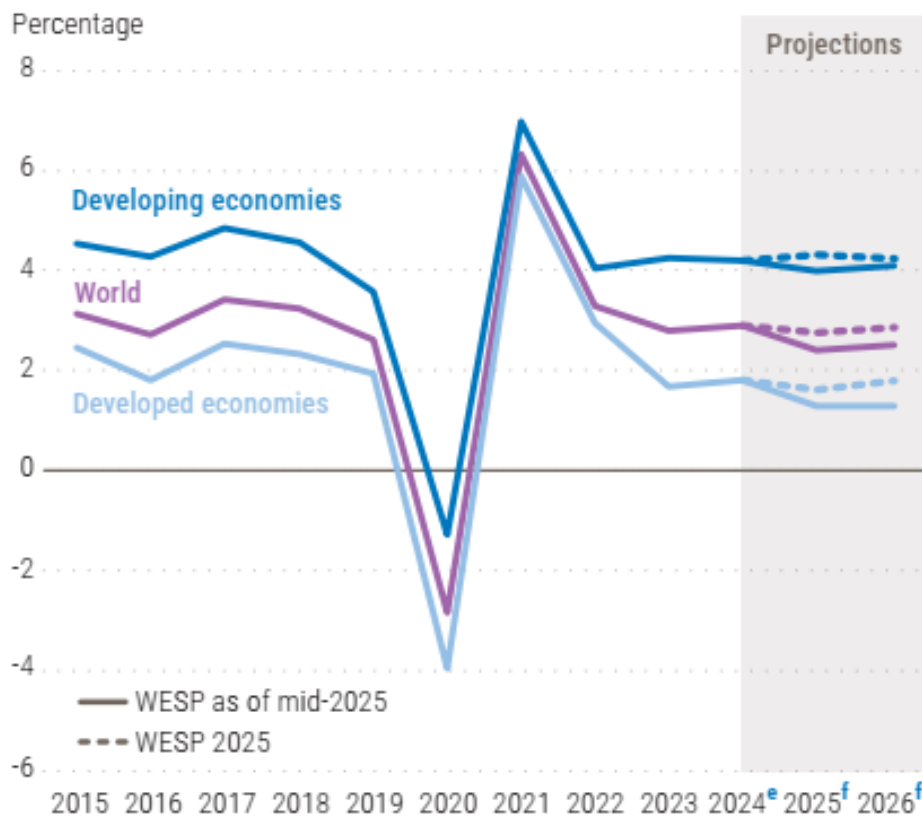
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## Our Economy and the World

**Figure 1**  
**Growth of economic output**



**Source:** UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.

**Note:** **e** = estimates; **f** = forecasts.

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## Our Economy and the World

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

#### Reuters: Oil settles higher as Iran-Israel conflict enters sixth day

Oil prices settled higher on Wednesday in a volatile session as investors weighed the chance of supply disruptions from the Iran-Israel conflict and potential direct U.S. involvement. Brent crude futures settled 25 cents higher at \$76.70 a barrel. U.S. West Texas Intermediate crude rose 30 cents at \$75.14. Earlier in the session, prices were down around 2%. On Tuesday, prices jumped over 4%.

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#### Reuters: European shares fall as Middle East tensions weigh; eyes on Fed decision

European shares declined on Wednesday as investors awaited the Federal Reserve's monetary policy decision, with ongoing tensions in the Middle East adding to market uncertainty. The pan-European STOXX 600 index closed 0.4% down, at a near one-month low.

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