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Our Economy and the World

Issue: 418

Date: 3rd August 2025

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 despite Trump's pressure, with two governors dissenting
- Reuters: Euro zone growth holds up better than feared in Q2
- CNBC: Trump announces 25% tariff on India plus 'penalty' for trade with Russia
- Reuters: Italy's economy unexpectedly shrinks in second quarter amid trade uncertainty

Special Analysis

- IMF: Global Economy: Tenuous Resilience amid Persistent Uncertainty

Developments in Financial and Commodity Markets in the Past Week

- Bloomberg: US Copper Prices Plunge as Trump Tariffs Exclude Refined Metal
- Oil Price: Oil Prices Remain Elevated as Traders Brace for Volatile Week

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Our Economy and the World

Key Global and Regional Developments over the Past Week

Reuters: Fed leaves rates unchanged despite Trump's pressure, with two governors dissenting

The Federal Reserve held interest rates steady on Wednesday in a split decision that gave little indication of when borrowing costs might be lowered and drew dissents from two of the U.S. central bank's governors, both appointees of President Donald Trump who agree with him that monetary policy is too tight.

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Reuters: Euro zone growth holds up better than feared in Q2

Euro zone economic growth held up better than feared last quarter, suggesting that businesses are adapting to trade uncertainty, potentially reducing the need for more European Central Bank interest rate cuts to stimulate the bloc. GDP in the 20 nations sharing the euro currency expanded by 0.1% on the quarter against expectations for an unchanged reading, as Spain, France and Ireland continued to perform above expectations, offsetting weakness in Germany and Italy, data from Eurostat indicated on Wednesday.

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CNBC: Trump announces 25% tariff on India plus 'penalty' for trade with Russia

President Donald Trump said Wednesday that India will pay a tariff of 25% beginning Aug. 1, in addition to a “penalty” for what he views as unfair trade policies and for India’s purchase of military equipment and energy from Russia. The 25% tariff rate is modestly lower than what he imposed on India on “liberation day,” when he announced a 26% rate on the key trading partner.

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Reuters: Italy's economy unexpectedly shrinks in second quarter amid trade uncertainty

The Italian economy unexpectedly shrank by 0.1% in the second quarter compared to the first, preliminary data showed on Wednesday, possibly reflecting the early impact of a rise in U.S. tariffs and global trade uncertainty. Gross domestic product in the euro zone's third-largest economy grew 0.4% in the second quarter on the year, national statistics bureau ISTAT said, missing expectations of economists surveyed by Reuters for growth of 0.6%.

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Special Analysis

IMF: Global Economy: Tenuous Resilience amid Persistent Uncertainty

Global growth expected to decelerate as trade-related distortions wane

- Global growth is projected at 3.0 percent for 2025 and 3.1 percent in 2026, an upward revision from the April 2025 World Economic Outlook. This reflects front-loading ahead of tariffs, lower effective tariff rates, better financial conditions, and fiscal expansion in some major jurisdictions.
- Global inflation is expected to fall, but US inflation is predicted to stay above target. Downside risks from potentially higher tariffs, elevated uncertainty, and geopolitical tensions persist.
- Restoring confidence, predictability, and sustainability remains a key policy priority.

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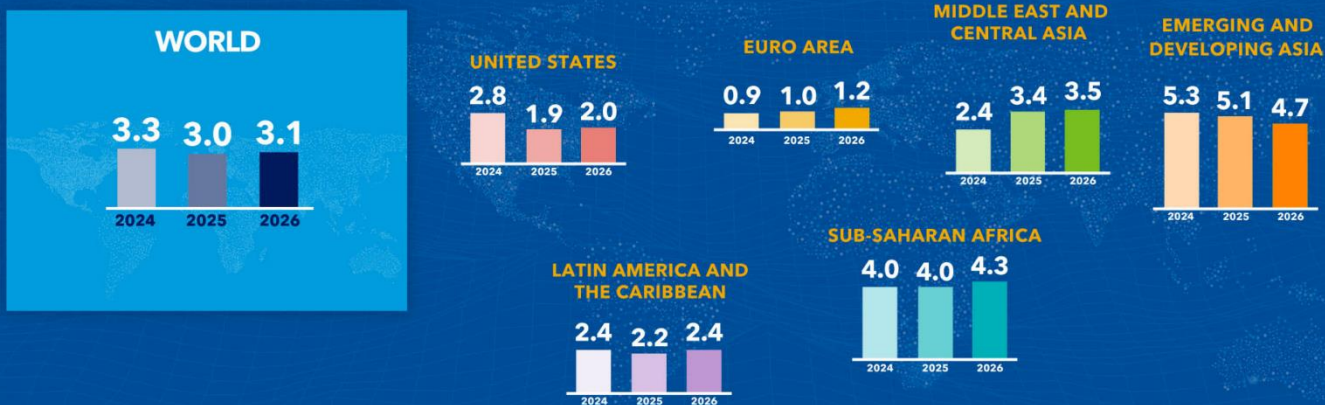
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WORLD ECONOMIC OUTLOOK UPDATE JULY 2025

GROWTH PROJECTIONS BY REGION

(REAL GDP GROWTH, PERCENT CHANGE)



IMF.org/pubs

Source: IMF, World Economic Outlook Update, July 2025.

Note: Order of bars for each group indicates (left to right): 2024, 2025 projections, and 2026 projections.

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Developments in Financial and Commodity Markets in the Past Week

Bloomberg: US Copper Prices Plunge as Trump Tariffs Exclude Refined Metal

US copper prices collapsed by more than 19% in minutes after US President Donald Trump excluded the most widely imported form of copper from his planned import tariffs. Tariffs of 50% will apply to imports of semi-finished copper products from Aug. 1, but not to imports of copper ore or cathodes, the White House said on Wednesday.



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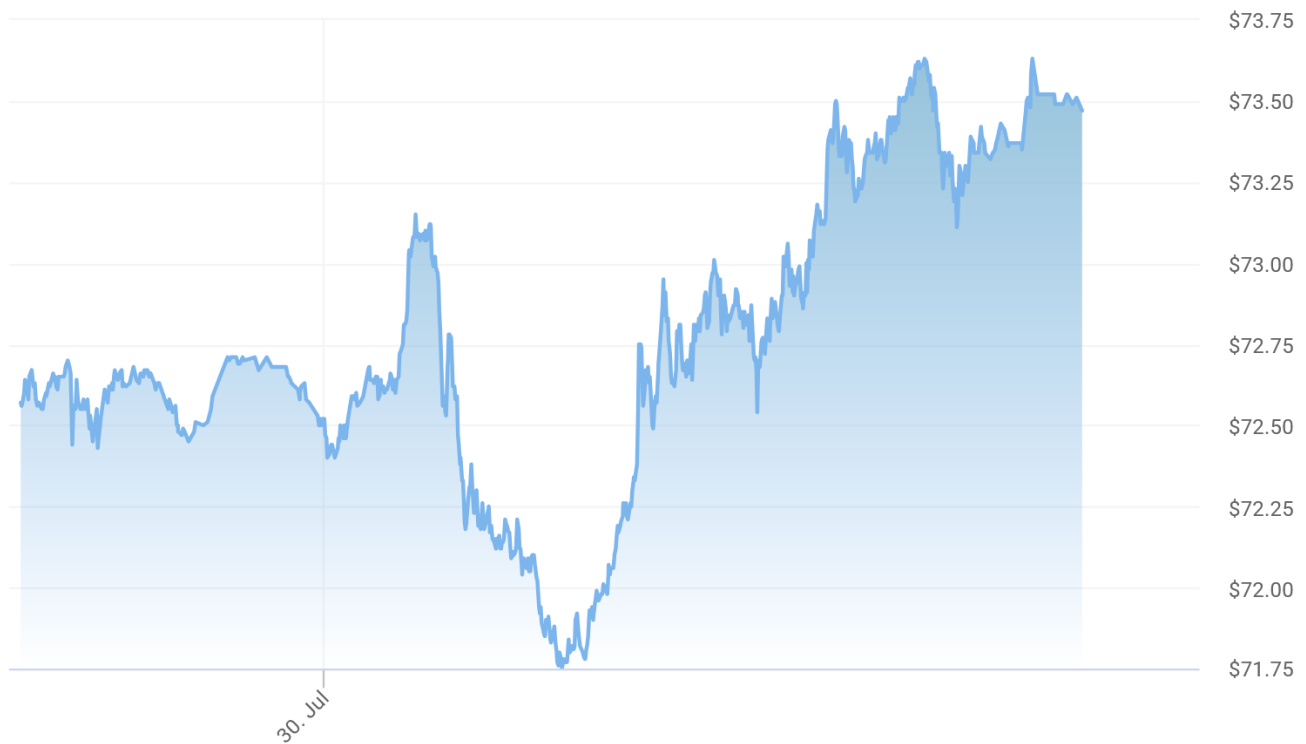
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Oil Price: Oil Prices Remain Elevated as Traders Brace for Volatile Week

Oil prices held onto recent gains in early Asian trading on Wednesday, buoyed by a complex mix of geopolitical risks, tightening trade policies, and anticipation surrounding the U.S. Federal Reserve's upcoming interest rate decision.



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