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Our Economy and the World

The Egyptian Center for Economic Studies

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

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- Reuters: Shutdown is costing US economy $15 billion a day, Bessent says
- Reuters: German economy expected to grow in Q4, economic indicator shows
- Reuters: IMF sounds alarm about high global public debt, urges countries to build buffers
- Bloomberg: IMF urges UK to keep two forecasts a year in split with Reeves

Special Analysis

- IMF: Spending Smarter: How Efficient and Well-Allocated Public Spending Can Boost Economic Growth

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- Reuters: Oil prices dip, stay near 5-month low on US-China trade tensions, looming supply surplus
- Reuters: Gold extends record run past $4,200 on rate-cut hopes, safe-haven fervor

Key Global and Regional Developments over the Past Week

Reuters: Shutdown is costing US economy $15 billion a day, Bessent says

The two-week-old federal government shutdown is costing the U.S. economy about $15 billion a day in lost output, Treasury Secretary Scott Bessent said on Wednesday, putting an estimate on its economic toll and urging Democrats to "be heroes" and side with Republicans to end it. Bessent told a news conference that the shutdown was starting to "cut into muscle" of the U.S. economy.

(Read Full Article)

Reuters: German economy expected to grow in Q4, economic indicator shows

The German economy will grow slightly in the final quarter of 2025, according to an indicator of the Macroeconomic Policy Institute (IMK) at the Hans Boeckler Foundation seen by Reuters on Wednesday. The indicator - which aggregates the latest available data on key economic variables - shows a recession probability of 34.8% and therefore does not point to acute contraction risks.

(Read Full Article)

Reuters: IMF sounds alarm about high global public debt, urges countries to build buffers

Global public debt is projected to rise above 100% of gross domestic product by 2029, reaching its highest level since 1948 and continuing to climb, the IMF said on Wednesday, urging countries to build up buffers to guard against economic risks. Vitor Gaspar, head of the International Monetary Fund's fiscal affairs department, said global public debt levels could soar as high as 123% of GDP by the end of the decade under an "adverse, but plausible scenario," just under the all-time high of 132% reached just after World War Two.

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Bloomberg: IMF urges UK to keep two forecasts a year in split with Reeves

The International Monetary Fund has urged UK Chancellor of the Exchequer Rachel Reeves not to scrap one of the two official forecasts made each year, despite concerns in the Treasury that the current arrangement has become destabilizing.

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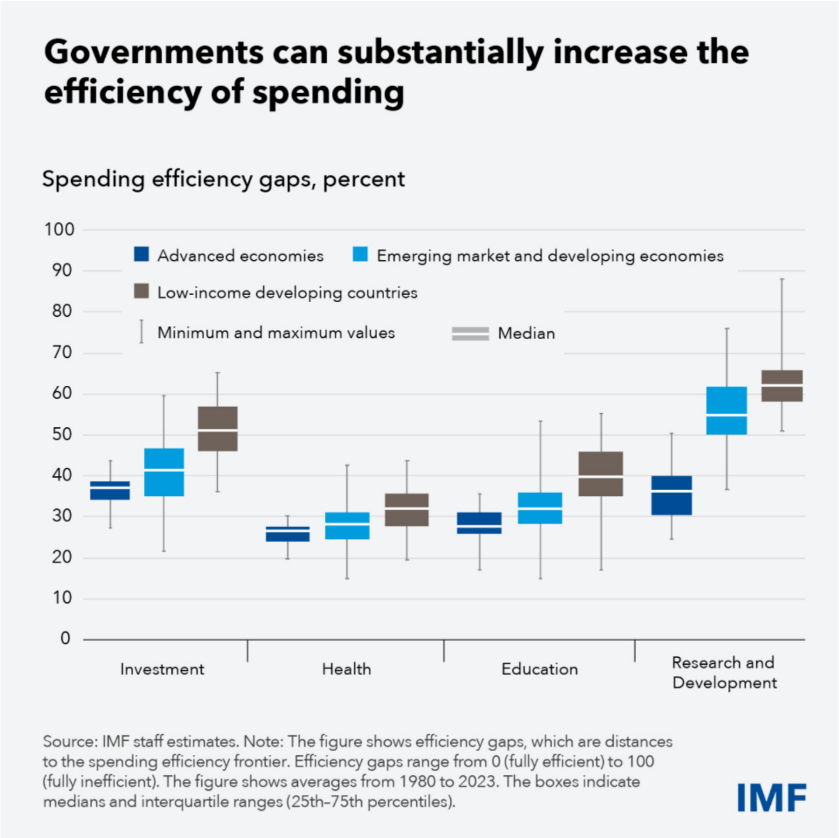
Special Analysis

IMF: Spending Smarter: How Efficient and Well-Allocated Public Spending Can Boost Economic Growth

This Fiscal Monitor explores how governments can improve economic growth prospects by enhancing the efficiency and composition of public spending. Redirecting public spending toward infrastructure, education, health, and research and development, without increasing overall spending, can deliver significant long-term gains in output. Closing gaps in efficiency can further magnify these gains, with institution-building being the most effective strategy. The analysis provides new global and time-varying datasets of public spending efficiency and rigidity.



(Read Full Report)

Developments in Financial and Commodity Markets in the Past Week

Reuters: Oil prices dip, stay near 5-month low on US-China trade tensions, looming supply surplus

Oil prices dipped on Wednesday, holding near a five-month low for a second day, pressured by escalating U.S.-China trade tensions and the International Energy Agency's prediction of a supply surplus in 2026.

(Read Full Article)

Reuters: Gold extends record run past $4,200 on rate-cut hopes, safe-haven fervor

Gold prices breached $4,200 per ounce for the first time on Wednesday, extending a record rally as rising interest rate cut bets and geopolitical jitters send investors flocking to the safe-haven metal.

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