

Issue: 441

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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: Trump backs down on Greenland tariffs, says deal framework reached
- CNBC: Japan's December exports growth drops to 5.1%, missing expectations, as shipments to U.S. plunge
- BBC: UK inflation rises for first time in five months - but one-off factors blamed
- Reuters: Fed to hold rates through March, and possibly through Powell's tenure, on strong growth
- Reuters: South Korea economy unexpectedly contracts in Q4, but AI boom brightens outlook

Special Analysis

- IMF: Global Economy: Steady amid Divergent Forces

Developments in Financial and Commodity Markets in the Past Week

- CNBC: Gold breaks new record on Greenland tariff threats – \$7,000 level on the cards
- Reuters: Oil prices settle higher on force majeure at Kazakh field, slow Venezuela exports

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Key Global and Regional Developments over the Past Week

[Reuters: Trump backs down on Greenland tariffs, says deal framework reached](#)

U.S. President Donald Trump abruptly stepped back on Wednesday from threats to impose tariffs as leverage to seize Greenland, ruled out the use of force and suggested a deal was in sight to end a dispute over the Danish territory that risked the deepest rupture in transatlantic relations in decades.

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[CNBC: Japan's December exports growth drops to 5.1%, missing expectations, as shipments to U.S. plunge](#)

Japan's exports growth in the final month of 2025 missed analysts' estimates, rising 5.1% year on year, as shipments to the U.S. saw a double-digit decline. Reuters-polled analysts had estimated exports growth would remain unchanged from November at 6.1%.

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[BBC: UK inflation rises for first time in five months - but one-off factors blamed](#)

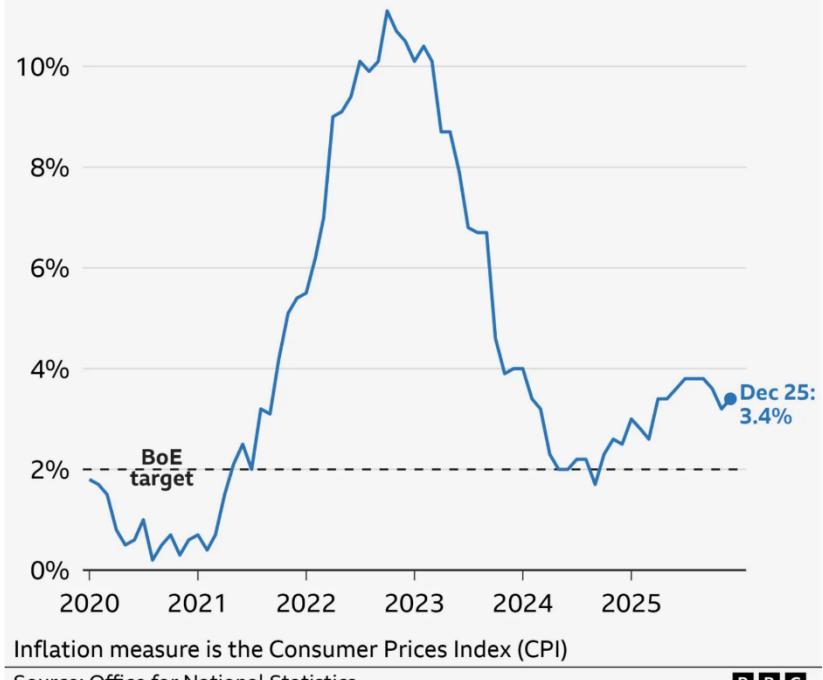
Higher tobacco prices and airfares pushed the UK rate of inflation higher for the first time in five months, official figures show. The rise to 3.4% in the year to December was higher than expected with most economists predicting only a slight uptick.

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UK inflation rose to 3.4% in December

Annual UK inflation rate



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Reuters: Fed to hold rates through March, and possibly through Powell's tenure, on strong growth

The U.S. Federal Reserve will hold its key interest rate through this quarter and possibly until Chair Jerome Powell's tenure ends in May, according to a majority of economists polled by Reuters, a shift from last month when most expected at least one cut by March.

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[Reuters: South Korea economy unexpectedly contracts in Q4, but AI boom brightens outlook](#)

South Korea's economy unexpectedly shrank in the final quarter of 2025, marking the biggest slump in three years on weaker investment and exports, but the global AI boom is set to improve the outlook and allow the central bank to retain its steady rates stance.

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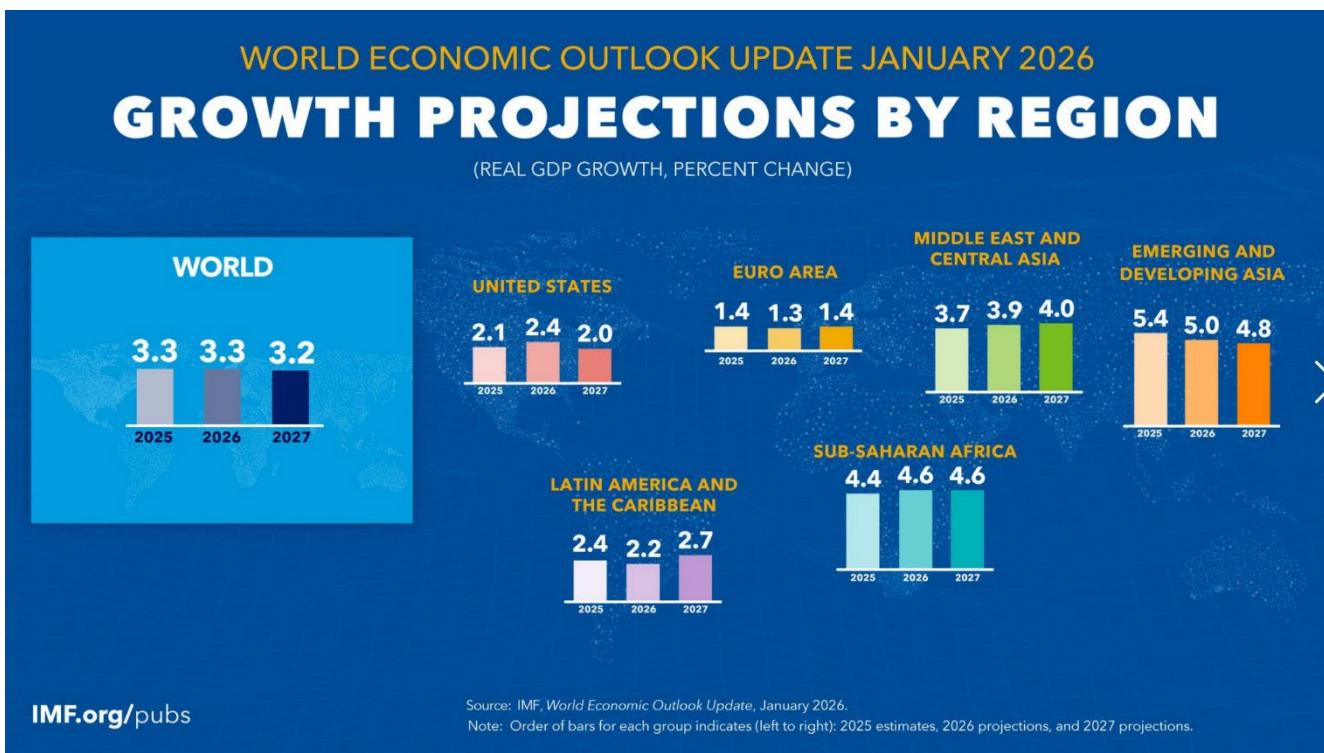
Special Analysis

IMF: Global Economy: Steady amid Divergent Forces

Global growth is projected at 3.3 percent for 2026 and 3.2 percent for 2027, revised slightly up since the October 2025 World Economic Outlook. Technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability offset trade policy shifts.

Global inflation is expected to fall, but US inflation will return to target more gradually. Key downside risks are reevaluation of technology expectations and escalation of geopolitical tensions.

Policymakers should restore fiscal buffers, preserve price and financial stability, reduce uncertainty, and implement structural reforms.



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Developments in Financial and Commodity Markets in the Past Week

[CNBC: Gold breaks new record on Greenland tariff threats – \\$7,000 level on the cards](#)

Gold prices climbed to a fresh record above \$4,800 on Wednesday, extending a sharp rally as investors sought safety amid tariff threats from the White House and renewed concerns about a global trade war. The surge has reignited debate among investors over how much prices can rise after a blockbuster year for the bullion.



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[Reuters: Oil prices settle higher on force majeure at Kazakh field, slow Venezuela exports](#)

Oil prices closed 0.5% higher on Wednesday on optimism around tighter supply after a temporary shutdown at two large fields in Kazakhstan and as low volume of Venezuelan oil exports highlighted slow progress in reversing output cuts in the South American country.

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