

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(4 November 2019 – 8 November 2019)

Countries	Highlights
<p>US</p> <p>Fed's Barkin: Conflicting signals make U.S. economy hard to read</p>	<p>Conflicting signals make it difficult to get a handle on the true health of the US economy and reducing uncertainty for businesses would provide a shot in the arm to growth, Richmond Fed Reserve Bank President Thomas Barkin said. The strength of consumption and the labour market might be saying 'hold' or even 'raise rates,' while the softness of investment, inflation and the bond market might be saying 'lower rates'. The US central bank last week cut interest rates for the third time in 2019 but made plain that it does not expect to lower borrowing costs further unless the US economic outlook materially deteriorates. Fed Chair Jerome Powell had characterised the cuts as insurance against ongoing risks from slowing global growth and the impact of the 16-month US-China trade war.</p> <p><i>(Source: Reuters, 5 November 2019)</i></p>
<p>EU</p> <p>UK economy starts fourth quarter on weak note as Brexit hits orders</p>	<p>Britain's economy got off to a weak start to the final quarter of 2019, according to surveys which showed the giant services sector stagnated last month, with concerns about Brexit depressing new orders, while consumers stayed cautious. Britain had been due to leave the European Union on 31 October 2019 which prompted limited stockpiling by businesses and households. But Brexit has now been delayed until 31 January 2020, with an election on 12 December 2019 raising further uncertainty. The IHS Markit services Purchasing Managers' Index (PMI) edged up to 50.0 which represents zero growth from 49.5 in September, which was one of the lowest readings since Britain was last in recession in 2009. In the euro zone, the manufacturing PMI contracted even more sharply than in Britain, reflecting the bloc's greater reliance on exports to China.</p> <p><i>(Source: Reuters, 5 November 2019)</i></p>
<p>JAPAN</p> <p>Japan's Sept. household spending rises at fastest pace on record</p>	<p>Japan's household spending jumped 9.5% in September from a year earlier, the fastest pace of increase since 2001 and stronger than the median forecast for a 7.8% gain as consumers rushed to buy goods before a sales tax hike, though the test for the economy is whether the higher levy will squeeze domestic demand in coming months. Household spending. Dai-ichi Life Research Institute expected the consumer spending will turn severe in October – December 2019 after pre-tax hike gains and the economy is also expected to contract. Japan rolled out a twice-delayed increase in the sales tax to 10% from 8% on 1 October 2019, a move that is seen as critical for fixing the country's tattered finances but that could tip the economy into recession by dampening consumer sentiment. The Government has taken steps to ease the burden on consumers by offering vouchers and tax breaks, mindful of the lessons of the 2014 tax hike.</p> <p><i>(Source: Reuters, 8 November 2019)</i></p>
<p>CHINA</p> <p>China's exports and imports fell less than expected in October</p>	<p>China's exports and imports declined in October 2019. In dollar terms, exports fell 0.9% while imports fell 6.4% from a year ago in October, but beat analysts' forecasts. Trade balance for October was \$42.81 billion, compared to analyst forecasts of \$40.83 billion. Despite the better-than-expected trade data for October, the outlook in the coming months is not positive. China is growing at a slower pace amid the protracted trade battle between China and US. The world's two largest economies have imposed tariffs on billions of dollars' worth of one another's goods since the start of 2018, battering financial markets and souring business and consumer sentiment.</p> <p><i>(Source: Reuters, 7 November 2019)</i></p>