

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(3 February 2020 – 7 February 2020)

Countries	Highlights
<p>US</p> <p>US manufacturing rebounds; Boeing, coronavirus loom</p>	<p>US factory activity unexpectedly rebounded in January after contracting for five straight months amid a surge in new orders, offering hope that a prolonged slump in business investment has probably bottomed out. A rebound in business investment is critical to keeping the longest economic expansion in history, now in its 11th year, on track amid signs of fatigue in consumer spending. The improvement in manufacturing reported by the Institute for Supply Management (ISM) likely reflected an ebb in trade tensions between the US and China. But manufacturing, which accounts for 11% of the U.S. economy, is not out of the woods. Boeing last month suspended production of its troubled 737 MAX jetliner. The coronavirus, which has killed hundreds in China and infected thousands globally, could disrupt supply chains, especially for electronics producers.</p> <p>(Source: Reuters, 3 February 2020)</p>
<p>UK</p> <p>UK shopping, house prices and hiring rise in post-election pick-up</p>	<p>British shoppers, home-buyers and employers grew more upbeat last month, as reports of the biggest rise in high-street sales since 2014 and the largest increase in house prices in nearly two years added to signs of a post-election bounce. However, there were warnings that the upturn might not last and instead reflected a temporary blip after political uncertainty around Brexit and December's election weighed on activity for much of the final quarter of 2019. BDO warned that the January sales surge might not last, as retailers were sitting on high levels of stock and purchase orders had fallen again, suggesting discounting was driving sales.</p> <p>(Source: Reuters, 7 February 2020)</p>
<p>JAPAN</p> <p>Japan services sector returns to growth in January as sales tax hike impact fades</p>	<p>Japan's services sector returned to growth in January, as new business expanded at the fastest pace in seven months in a sign consumers may be gradually adjusting to a sales tax hike that had chilled spending. While it is early days, the uptick will be welcome news for the Bank of Japan as it pins its hopes on a domestic demand-led economic recovery even as global policymakers fret over a new threat to world growth from China's coronavirus epidemic. The final seasonally adjusted Jibun Bank Japan Services Purchasing Managers' Index (PMI) rose to 51.0 in January from a more than three-year low of 49.4 in December, but below a preliminary reading of 52.1. The PMI data showed a jump in new business to its highest since June last year, and stronger service sector employment and higher selling prices.</p> <p>(Source: Reuters, 5 February 2020)</p>
<p>CHINA</p> <p>China's central bank vows to step up support for virus-hit economy</p>	<p>China's central bank will step up support for the economy to cushion the blow from a coronavirus outbreak, but activity is expected to recover once the virus is brought under control. In terms of monetary policy, the next step is to strengthen counter-cyclical adjustments, maintain reasonable and ample liquidity and provide a sound monetary and financial environment for the real economy. Analysts believe growth could decelerate sharply by 2 percentage points or more from 6% in the last quarter, with business disruptions increasingly spilling over into the global economy. But they say business and consumer activity could rebound sharply if the outbreak peaks soon, much like the pattern during the SARS epidemic in 2003.</p> <p>(Source: Reuters, 7 February 2020)</p>