

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(16 September 2019 – 20 September 2019)

Countries	Highlights
<p>US US Fed cuts interest rates for second time since 2008</p>	<p>The US central bank has cut interest rates for only the second time since 2008, amid concerns about slowing global growth and trade wars. As expected, the Federal Reserve lowered the target range for its key interest rate by 25 basis points to between 1.75% and 2.0%. The bank said the cut is aimed at shoring up the US economy, amid "uncertainties" about future growth. Cutting rates helps fuel economic activity, by making it cheaper to borrow money for both businesses and consumers. But with interest rates in the US already low by historic standards - and much of the economic uncertainty caused by the trade war with China - analysts have questioned how much rate cuts will help.</p> <p><i>(Source: BBC, 18 September 2019)</i></p>
<p>UK Interest rate cut more likely due to Brexit uncertainty, says Bank</p>	<p>Brexit uncertainty and the slowdown in global growth has weakened the economy and made an interest rate cut more likely, the Bank of England (BoE) said. BoE said interest rates would remain at 0.75% after a unanimous vote of the monetary policy committee (MPC) on Thursday, but it signalled that further Brexit uncertainty. Taking a tougher line on the impact of the UK's decision to leave the EU than its previous analysis of the economy, the Bank said it feared that Brexit uncertainty was in danger of becoming entrenched, leading to a weaker outlook. This trend would be made worse by the trade war between China and the US, which has lowered the economic growth rates in both countries this year.</p> <p><i>(Source: The Guardian, 19 September August 2019)</i></p>
<p>JAPAN Japan exports fall for ninth month in a row</p>	<p>Japanese exports fell for the ninth straight month in August as shipments from the world's number three economy flail amid a global slowdown and trade tensions. The exports from Japan fell by 8.2% year on year during the month, marking their worst performance since January. In July, they fell 1.2%. Exports to China, Japan's biggest trading partner, were down 12.1%, while those to the US slipped 4.4%. Exports to South Korea, with whom Japan has been embroiled in ugly trade dispute in recent months, peeled back 9.4%. Among the exported goods categories to show downturns during the period were automobiles, machinery and other manufactured goods. One reason for weakness in export growth was a stronger yen during the month, which makes Japanese goods more expensive for foreign buyers. MPC said delays to an agreement on the UK's trading relationship with the EU would harm consumer and business confidence.</p> <p><i>(Source: Financial Times, 18 September 2019)</i></p>
<p>CHINA China's growth could slip below 6per cent, analysts warn, as trade war takes toll</p>	<p>China's economic growth risks slipping below the lower-end of Beijing 2019 target of 6.0% in the third quarter or over the next year, analysts warn, but government economists are slightly more optimistic as they expect stimulus to help stave off a sharper slowdown. Economic activity worsened in August, with growth in industrial production at its weakest in 17-1/2 years, as the US - China trade war dented business confidence, investment and domestic consumption. But it is expected that September will see a jump in fixed-asset investment because many gift projects for 70th anniversary will be confirmed to be in the statistics at the quarter end. So we maintain our forecast of Q3 GDP 6.1%.</p> <p><i>(Source: CNA, 19 September 2019)</i></p>