

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(17 June 2019 – 21 June 2019)

Countries	Highlights
<p>US</p> <p>Fed sees case building for interest rate cuts this year</p>	<p>The U.S. Federal Reserve on Wednesday signalled interest rate cuts beginning as early as July, saying it is ready to battle growing global and domestic economic risks as it took stock of rising trade tensions and growing concerns about weak inflation. Even as the U.S. central bank left its benchmark interest rate unchanged for now, the shift in sentiment since its last policy meeting was marked.</p> <p style="text-align: right;"><i>(Source: Reuters, 19 June 2019)</i></p>
<p>UK</p> <p>UK inflation falls to Bank of England target, underlying pressure weak</p>	<p>Britain's inflation rate cooled in May and cost pressures in factories fell to a three-year low, according to data that might reassure the Bank of England there is no urgency to pursue its stated policy of gradually raising interest rates. Unlike in the euro zone and US, where waning inflation has spurred expectations for interest rate cuts, the British central bank has stuck to its view that rate hikes will be required at some point to prevent the economy overheating. Britain's Office for National Statistics said consumer prices rose at an annual rate of 2.0% in May after a 2.1% rise in April, matching the BoE's target as well as the consensus in a Reuter's poll of economists.</p> <p style="text-align: right;"><i>(Source: Reuters, 19 June 2019)</i></p>
<p>JAPAN</p> <p>Bank of Japan joins Fed in signalling easing if needed, keeps policy steady for now</p>	<p>The Bank of Japan (BOJ) kept monetary policy steady at -0.1% today but Governor Haruhiko Kuroda signalled readiness to ramp up stimulus as global risks cloud the economic outlook, joining U.S. and European central banks in dropping hints of additional easing. Seeking to dispel concerns the BOJ has run out of ammunition, Kuroda said the central bank could combine interest rate cuts with bigger asset buying if needed to keep the economy on track to achieve its elusive 2% inflation target. The BOJ joined central banks across the world that are shifting towards easing policy as the escalating U.S.-China trade war adds pressure on the slowing global economy.</p> <p style="text-align: right;"><i>(Source: Reuters, 20 June 2019)</i></p>
<p>CHINA</p> <p>China's home prices growth fastest in five months, raises policy challenge</p>	<p>New home prices in China rose at their fastest pace in five months in May, complicating government efforts to keep frothy housing markets under control as it rolls out more stimulus for the slowing economy. Average new home prices in China's 70 major cities rose 0.7% in May from the previous month, picking up from a 0.6% rise in April and the quickest pace since December. On an annual basis, home prices increased 10.7% in May, unchanged from April's growth rate. Beijing has repeatedly urged local governments to keep runaway prices under control, but a recent easing in credit conditions, pent-up demand for housing, and an implicit government mandate to prevent a collapse have kept the market surprisingly resilient. But further curbs on home buyers would risk adding to pressure on China's economy, which has seen sales slowing due to weaker domestic demand and an escalating trade war with the US.</p> <p style="text-align: right;"><i>(Source: Reuters, 18 June 2019)</i></p>