

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(1 July 2019 – 5 July 2019)

Countries	Highlights
<p>US</p> <p>U.S. trade deficit surges to five-month high as imports soar</p>	<p>The U.S. trade deficit jumped to a five-month high in May as imports of goods increased, likely as businesses restocked ahead of an increase in tariffs on Chinese merchandise, eclipsing a broad rise in exports. The Commerce Department said the trade deficit surged 8.4% to USD55.5 billion. Trump and Chinese President Xi Jinping last week agreed to a trade truce and a return to talks. The US-China trade tensions have caused wild swings in the trade deficit, with exporters and importers trying to stay ahead of the tariff fight between the two economic giants. In May, goods imports increased 4.0% to USD217.0 billion. Imports of consumer goods rose USD1.4 billion, while those of motor vehicle and parts soared USD2.3 billion to a record high. There were also big increases in imports of capital goods and industrial supplies and materials.</p> <p><i>(Source: Reuters, 3 July 2019)</i></p>
<p>UK</p> <p>UK economy feels the strain of global slowdown as well as Brexit</p>	<p>Britain's economy has lost momentum and might have shrunk in the second quarter of 2019, according to data that showed the double impact of Brexit and the slowdown in the global economy. Manufacturers had their worst month in more than six years and consumers increased their borrowing at the slowest pace since 2014. The value of sterling fell against the dollar and the euro after the data was published. The Bank of England last month cut its forecast for economic growth in the second quarter to zero. Monday's manufacturing purchasing managers' index showed how hard Britain's factories were also being hit by the slowdown in the world economy caused by the trade war between the US and China. The overall PMI slumped to 48.0 in June from May's 49.4, well below the average forecast in a Reuters poll of economists and its lowest reading since February 2013. Export demand fell for a third month as manufacturers around the world lost confidence.</p> <p><i>(Source: Reuters, 1 July 2019)</i></p>
<p>JAPAN</p> <p>Japan's May household spending rises at fastest pace in four years</p>	<p>Household spending in Japan rose at the fastest pace in four years in May, in a sign improving domestic demand will offer some support for an economy facing growing external pressure. A recovery in private consumption is seen as vital in Japan's fight against deflation, which has made companies reluctant to pass on rising costs to households. Household spending grew 4.0% in May from a year earlier thanks to Japan's 10-day holiday. It rose at the fastest pace since May 2015. Some policymakers also worry a proposed tax hike could add to the pressure on growth as a previous tax increase in April 2014 dealt a blow to consumers and triggered a deep economic slump. Japanese Prime Minister has repeatedly said he will raise the sales tax to 10% this Oct. as scheduled, unless there is a big economic shock on the scale of the collapse of Lehman Brothers.</p> <p><i>(Source: Reuters, 5 July 2019)</i></p>
<p>CHINA</p> <p>China confident trade war will not mean massive factory moves</p>	<p>China is still a competitive location for investment, according to Premier Li Keqiang, even as some companies look to move production out of the country to avoid tariffs and damage from the trade war with the US. The relocation of the global industrial chain is a natural trend during globalisation and global industries will improve during the process. "You move some industries outside China, while leaving some others in China or even increase the investment to China", he said.</p> <p><i>(Source: The Edge Financial Daily, 3 July 2019)</i></p>