

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(23 September 2019 – 27 September 2019)

Countries	Highlights
<p>US</p> <p>US business investment downturn could pressure slowing economy</p>	<p>US business investment contracted more sharply than previously estimated in the second quarter and corporate profit growth was tepid, casting a shadow on an economy that is being stalked by financial market fears of a recession. The downturn in business spending has been blamed on the Trump administration's nearly 15-month trade war with China. The soft investment and sluggish profit gains could raise doubts on consumers' ability to continue driving the economy. Business investment declined at a 1.0% annualised rate last quarter, based on 2Q GDP. That was the steepest decline since the fourth quarter of 2015.</p> <p><i>(Source: Reuters, 26 September 2019)</i></p>
<p>UK</p> <p>EU ready to act alone on digital tax if no global deal in 2020</p>	<p>European Union commissioners-designate said the bloc should agree on a digital tax if no deal on the matter was reached at a global level by the end of next year, ramping up pressure on multinationals accused of paying too little. Efforts to overhaul corporate taxation to reflect profits made by digital multinationals have failed to produce results as individual countries have different approaches to taxes. If no effective agreement can be reached by the end of 2020, the EU should be willing to act alone on a digital tax.</p> <p><i>(Source: Reuters, 27 September 2019)</i></p>
<p>JAPAN</p> <p>Japan September factory activity shrinks most in seven months, new orders contract: PMI</p>	<p>Japanese manufacturing activity shrank at the fastest pace in seven months in September, underscoring the broadening economic impact of the Sino-U.S. trade dispute and keeping policymakers under pressure to step up stimulus. The Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) slipped to a seasonally adjusted 48.9 from a final 49.3 in the previous month, marking the quickest pace of deterioration since February. The index stayed below the 50.0 threshold that separates contraction from expansion for the fifth straight month, pressured by a combination of trade frictions, Brexit uncertainty and political upheaval in Hong Kong. The key activity gauges in the PMI survey painted a bleak picture of the manufacturing sector, and no doubt will bolster expectations for the Bank of Japan to add to its massive stimulus. The PMI showed factory output and total new orders both contracted for the ninth straight month, while the backlog of work dropped to a level not seen since late 2012.</p> <p><i>(Source: Reuters, 24 September 2019)</i></p>
<p>CHINA</p> <p>Industrial profits dip as China's economy slows</p>	<p>China's creaking economy is showing further signs of stress as the trade war with the United States drags on. Data released by the National Bureau of Statistics on Friday revealed that profits at industrial companies dropped by 2% in August. Triggered by weak domestic demand and fallout from the row between Beijing and Washington, industrial profits came in at 517.8 billion yuan (US\$72.59 billion). That was 2% down compared to the same period last year and reversed the 2.6% gain in July. In August, growth dipped again across a broad range of sectors, from retail sales to industrial output, which plunged to a 17-year low. Big-ticket items such as new car sales have stalled while residential property prices have also suffered as consumer debt increases.</p> <p><i>(Source: Asia Times, 27 September 2019)</i></p>