

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(28 October 2019 – 1 November 2019)

Countries	Highlights
<p><b>US</b></p> <p><b>US Fed cuts interest rates, signals it is on hold</b></p>	<p>The Federal Reserve (Fed) on Wednesday cut interest rates for the third time in 2019 to help sustain US growth despite a slowdown in other parts of the world, but signalled there would be no further reductions unless the economy takes a turn for the worse. Fed Chair Jerome Powell said that monetary policy is in a good place whereby US central bank announced its decision to cut its key overnight lending rate by a quarter of a percentage point to a target range of between 1.50% and 1.75%. Fed took this step to help keep the economy strong in the face of global developments and to provide some insurance against ongoing risks. Current stance of monetary policy is likely to remain appropriate as long as incoming information about the economy remains broadly consistent with our outlook.</p> <p style="text-align: right;"><i>(Source: The Star Online, 31 October 2019)</i></p>
<p><b>EU</b></p> <p><b>EU agrees Brexit delay to January 31, eyes formal approval on Tuesday</b></p>	<p>The European Union (EU) agreed on Monday to delay Brexit until 31 January 2020, said the bloc's chairman, Donald Tusk. The EU27 has agreed that it will accept the UK's request for a Brexit 'flexextension' until 31 January 2020. The idea of a 'flexible extension', which means Britain could go earlier if its fractious parliament ratifies the divorce bill. The third postponement of Brexit would come with conditions. They include a refusal to renegotiate their divorce agreement and giving a green light to the 27 capitals to meet without Britain to discuss the bloc's future.</p> <p style="text-align: right;"><i>(Source: Reuters, 28 October 2019)</i></p>
<p><b>JAPAN</b></p> <p><b>BOJ sends clearer signal of rate cut chance; keeps policy steady</b></p>	<p>The Bank of Japan (BOJ) kept monetary policy steady as expected but gave the strongest signal to date that it may cut interest rates in the near future, underscoring its concern that overseas risks could derail a fragile economic recovery. BOJ Governor Haruhiko Kuroda said the central bank still had room to take already negative rates even lower to prevent global uncertainties from hurting the world's third-largest economy. The BOJ, which has far less policy ammunition left than the Fed, maintained its short-term rate target at -0.1% and that for the 10-year bond yield at around 0%.</p> <p style="text-align: right;"><i>(Source: Reuters, 31 October 2019)</i></p>
<p><b>CHINA</b></p> <p><b>China's factory activity shrinks at sharper pace, services weaken as risks grow</b></p>	<p>Factory activity in China shrank for the sixth straight month in October and by more than expected, while service sector growth eased as firms grapple with the weakest economic growth in nearly 30 years. The world's second-largest economy is facing heightened risks from slowing global demand and the China-US trade war, adding pressure on policymakers to roll out more stimulus to avoid a sharper slowdown and bigger job losses. The Purchasing Managers' Index (PMI) fell to 49.3 in October, China's National Bureau of Statistics said versus 49.8 in September. The 50-point mark separates growth from contraction on a monthly basis. New export orders fell for the 17<sup>th</sup> month in a row in October, with the sub-index down to 47.0 from 48.2 in the previous month. Total new orders, which includes those for export and domestic use, fell back to contractionary territory and erased September's fleeting growth, suggesting continued weakness in demand at home.</p> <p style="text-align: right;"><i>(Source: Reuters, 31 October 2019)</i></p>