

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(2 September 2019 – 6 September 2019)

| Countries   | Highlights  |
|---|---|
| <p><b>US</b></p> <p><b>U.S. hiring cools; wages, hours offer silver lining</b></p>                                    | <p>US job growth slowed more than expected in August, with retail hiring declining for a seventh straight month, but strong wage gains should support consumer spending and keep the economy expanding moderately amid rising threats from trade tensions. Nonfarm payrolls increased by 130,000 jobs last month, flattered by temporary hiring of 25,000 workers for the 2020 census. The economy created 20,000 fewer jobs in June and July than previously reported. Job growth slowed since mid-2018. Economists say it is unclear whether the loss of momentum in hiring was due to diminishing demand for labour or a shortage of qualified workers.</p> <p><i>(Source: Reuters, 5 September 2019)</i></p>  |
| <p><b>EU</b></p> <p><b>Euro zone's slowing growth confirmed, hit by weak trade</b></p>                                | <p>Euro zone growth halved in the second quarter of this year as Germany's economy shrank and trade slowed. The EU statistics agency Eurostat said the euro zone's GDP expanded by 0.2% in the second quarter, after a 0.4% expansion in the first three months of the year. The data matched Eurostat's earlier estimates and market expectations, confirming a gloomy outlook for the 19-nation currency bloc which is facing twin threats and uncertainty over Brexit and global trade wars. Though the EU is not directly involved in this dispute, European companies have felt the pinch, such as those producing in China or those supplying for example machinery to Chinese plants. Washington has also repeatedly threatened new trade sanctions on EU companies, after imposing tariffs on steel and aluminium last year.</p> <p><i>(Source: Express, 21 August 2019)</i></p>                    |
| <p><b>JAPAN</b></p> <p><b>Japan's July household spending up for eighth straight month, but at slower pace</b></p>    | <p>Japan's household spending rose for an eighth month in July, albeit at a slower-than-expected pace, offering a warning about consumption in an economy already struggling with weak external demand amid the bitter US - China trade war. Risks from a global slowdown and the trade standoff between the US and China are threatening economic growth and have added pressure for the Bank of Japan to expand stimulus. Household spending in July increased 0.8% from a year earlier, but the pace of growth was slower than a 2.7% rise for June and fell short of the median forecast for a 1.1% gain. Fewer purchases of air conditioners, refrigerators, food and electricity slowed the pace of spending, the data showed, which officials attributed to cooler weather.</p> <p><i>(Source: Reuters, 6 September 2019)</i></p>  |
| <p><b>CHINA</b></p> <p><b>China cuts banks' reserve ratios, frees up \$126 billion for loans as economy slows</b></p> | <p>The People's Bank of China (PBOC) said it was cutting the amount of cash that banks must hold as reserves for the third time this year, releasing 900 billion yuan (\$126.35 billion) in liquidity to shore up the flagging economy. The broad-based cut, which will release 800 billion yuan in liquidity, is effective Sept. 16. The additional targeted cut will release 100 billion yuan, in two phases effective Oct. 15 and Nov. 15. The PBOC has now slashed the ratio seven times since early 2018. Analysts had expected China to announce more policy easing measures soon as China under growing pressure from escalating US tariffs and sluggish domestic demand. The PBOC said it would cut the reserve requirement ratio by 50 basis points (bps) for all banks, with an additional 100 bps cut for qualified city commercial banks.</p> <p><i>(Source: Reuters, 6 September 2019)</i></p> |