

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(30 September 2019 – 4 October 2019)

Countries	Highlights
<p>US</p> <p>US unemployment rate hits 3.5%; job growth moderate</p>	<p>The US unemployment rate dropped to near a 50-year low of 3.5% in September, with job growth increasing moderately, suggesting the slowing economy could avoid a recession for now despite trade tensions that are hammering manufacturing. However, contained reminders that the risks to the longest economic expansion on record remained tilted to the downside. Wage growth stagnated and manufacturing payrolls declined for the first time in six months. The retail and utilities sectors also continued to shed jobs. The report followed a string of weak economic reports, including a plunge in manufacturing activity to more than a 10-year low in September and a sharp slowdown in services industry growth to levels last seen in 2016, which heightened fears the economy was flirting with a recession. The two-tenths of a percentage point drop in the unemployment rate from 3.7% in August pushed it to its lowest level since December 1969.</p> <p style="text-align: right;"><i>(Source: Reuters, 4 October 2019)</i></p>
<p>UK</p> <p>UK economy flirting with recession after services shrink unexpectedly</p>	<p>Britain's economy appears to have slipped into recession as firms brace for the risk of a disruptive Brexit in just a few weeks' time, according to a survey which showed the dominant services sector took an unexpectedly sharp downturn last month. September's IHS Markit / CIPS services Purchasing Managers' Index (PMI) fell by more than any economist predicted in a Reuters poll, tumbling to a six-month low of 49.5, below the 50 level that divides growth from contraction. It was also the worst reading for service PMIs among major advanced economies in September. Combined with even weaker manufacturing and construction surveys this week, September's all-sector PMI sank to 48.8 from 49.7, its lowest since the month after the referendum decision to leave the EU in June 2016, and before that 2009. IHS Markit said the figures suggested Britain's economy shrank by 0.1% in the three months to September.</p> <p style="text-align: right;"><i>(Source: Reuters, 3 October 2019)</i></p>
<p>JAPAN</p> <p>Japan September factory activity shrinks most since Feb as orders slump: PMI</p>	<p>Japanese manufacturing activity contracted at the fastest pace in seven months in September, in a sign of the broadening stress on the economy as global demand and growth slackens in the face of a bitter China – US trade war. The final Jibun Bank Japan Manufacturing Purchasing Managers' Index (PMI) fell to a seasonally adjusted 48.9 from a final 49.3 in the previous month, posting the quickest pace of decline since February. The index has stayed below the 50.0 threshold that separates contraction for a fifth month, marking the longest run of shrinkage since a six-month stretch from March to August 2016.</p> <p style="text-align: right;"><i>(Source: Reuters, 1 October 2019)</i></p>
<p>CHINA</p> <p>China's September services sector growth slows slightly: official PMI</p>	<p>Growth in China's services sector activity slowed slightly in September. Official non-manufacturing Purchasing Managers' Index (PMI) fell to 53.7 from 53.8 in August, but stayed well above the 50-point mark that separates growth from contraction. The services sector accounts for over half of China's economy, providing an important buffer as trade tensions with the United States escalate. But growth has been generally cooling over the past year amid a broader slowdown, which is making businesses and consumers more cautious on spending.</p> <p style="text-align: right;"><i>(Source: The Business Times, 30 September 2019)</i></p>