

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(5 August 2019 – 9 August 2019)

Countries	Highlights
<p style="text-align: center;">US</p> <p>U.S. farmers suffer 'body blow' as China slams door on farm purchases</p>	<p>Chinese companies have stopped buying U.S. agricultural products, China's Commerce Ministry said on Tuesday, a blow to U.S. farmers who have already seen their exports slashed by the more than year-old trade war. China may also impose additional tariffs on U.S. farm products, the Ministry said, raising the barrier to future trade that further targets rural states that supported U.S. President Donald Trump in the 2016 election. Trump said that Beijing had not fulfilled a promise to buy large volumes of U.S. farm products and vowed to impose new tariffs on around \$300 billion of Chinese goods, abruptly dimming prospects of a trade deal.</p> <p style="text-align: right;"><i>(Source: Reuters, 5 August 2019)</i></p>
<p style="text-align: center;">UK</p> <p>UK economy contracted for the first time since 2012 in Q2 2019</p>	<p>According to the Office for National Statistics (ONS), the UK economy shrank by 0.2% between April and June of 2019. In contrast, during the first quarter of the year, the economy expanded by 0.5%. The contraction comes amid a slowdown in the global economy and heightened fears of the UK abruptly leaving the European Union without a deal. Analysts had forecast growth to be flat. The decline was partly attributed to a decline in car production (as summer shutdowns for planned maintenance were brought forward to April in anticipation of a March Brexit date) and a slowdown in stockpiling. The economy suffered from a decline in manufacturing output and weakness in the construction sector.</p> <p style="text-align: right;"><i>(Source: Market Business News, 9 August 2019)</i></p>
<p style="text-align: center;">JAPAN</p> <p>Japan GDP growth beats forecasts in second quarter</p>	<p>Japan's economy expanded by more than forecast in the second quarter of 2019, convincing analysts that it is now all but certain that Prime Minister Shinzo Abe will push ahead with a long-delayed rise in consumption tax later this year. Data released showed that Japan logged annualised growth of 1.8% in the three months to June against the previous quarter. That pace was achieved despite the continuing atmosphere of alarm surrounding US-China relations and Japan's vulnerability to forces affecting its exports. There were several reasons the market had underestimated this round of GDP numbers, but the most significant was the failure to forecast the strength of capital spending. Economists using machinery orders as a leading indicator will have seen that recent readings were not strong and thus expected capex to weaken. In reality, though, capital spending was strong as companies invest to offset the declining population.</p> <p style="text-align: right;"><i>(Source: Financial Times, 9 August 2019)</i></p>
<p style="text-align: center;">CHINA</p> <p>US designates China as currency manipulator for first time in decades</p>	<p>The US government has determined that China is manipulating its currency and will engage with the International Monetary Fund to eliminate unfair competition from Beijing. The US action follows China allowing its yuan to weaken past the key 7-per-dollar level on Monday for the first time in more than a decade. Beijing later said it would stop buying US agricultural products, inflaming a yearlong trade war with the US. The sharp 1.4% drop in the yuan comes days after US President Donald Trump stunned financial markets by vowing to impose 10% tariffs on the remaining \$300 billion of Chinese imports from Sept. 1, abruptly breaking a brief ceasefire in a bruising trade war that has disrupted global supply chains and slowed growth.</p> <p style="text-align: right;"><i>(Source: Reuters, 6 August 2019)</i></p>