

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(8 July 2019 – 12 July 2019)

Countries	Highlights
<p>US</p> <p>Fed's Powell signals rate cut as trade war outweighs strong job market</p>	<p>The Federal Reserve is preparing to cut interest rates for the first time in a decade because it sees a cooling global economy and no sign of overheating in the jobs market at home. Since the Fed opened the door to lower borrowing costs last month, plenty more data has arrived to back up the view that "manufacturing, trade and investment are weak all around the world. June's jobs report, which showed stronger-than-expected hiring in the U.S., was "great news" but not enough to tilt the balance, because wages aren't rising fast enough to trigger much inflation.</p> <p style="text-align: right;"><i>(Source: The Star, 11 July 2019)</i></p>
<p>EU</p> <p>Euro zone growth, inflation outlook cut as risks from U.S. trade grow</p>	<p>The European Commission lowered its estimates for euro zone growth and inflation, saying uncertainty over U.S. trade policy posed a major risk to the bloc. In its quarterly economic forecasts, the European Union's executive arm said prices would grow less than previously predicted, pushing the inflation rate further off the European Central Bank's target of close to but less than 2%. The commission confirmed its prediction that economic growth in the euro zone would slow this year to 1.2% from 1.9% in 2018. It also revised down its estimate for next year's growth, which is now seen at 1.4% instead of the 1.5% forecast in May. The commission confirmed the economic slowdown in the euro zone was mostly caused by weaker growth in Germany, the euro zone's largest economy, and Italy, its third largest.</p> <p style="text-align: right;"><i>(Source: Reuters, 10 July 2019)</i></p>
<p>JAPAN</p> <p>Japan population declines at fastest pace to 124.8 million</p>	<p>Japan's population excluding resident foreigners declined to 124.8 million as of Jan. 1, falling by the biggest number since the current survey began in 1968, affected by record-low births. With fewer than 1 million births in Japan for the third straight year in 2018, the population dropped a record 433,239 to 124,776,364 for the 10th straight year of decline. The number of registered foreign residents, meanwhile, increased to 2,667,199, up 169,543 from a year earlier, with all 47 prefectures seeing a rise in the figure as companies are turning to people from overseas to deal with a severe labour shortage amid Japan's rapidly graying population and declining birth rate.</p> <p style="text-align: right;"><i>(Source: Japan Today, 11 July 2019)</i></p>
<p>CHINA</p> <p>China factory price inflation slips as trade war pressure grows</p>	<p>Factory prices in China were unchanged in June from a year ago, reviving the prospect of deflation as the US trade war hits the crucial manufacturing sector. At the same time consumer prices managed to meet expectations but the main support came from a surge in food prices owing to the impact of African swine fever on pork supplies and severe weather hitting fresh fruits. The producer price index (PPI) is an important barometer of the industrial sector that measures the cost of goods at the factory gate came in at zero in June, down from a 0.6% rise in May. The reading is the weakest since August 2016. A slowdown in factory gate inflation reflects sluggish demand, while a turn to deflation could dent corporate profits and drag on economy, which in turn could lead to a drop in prices globally.</p> <p style="text-align: right;"><i>(Source: The Business Times, 10 July 2019)</i></p>