

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(10 February 2020 – 14 February 2020)

Countries	Highlights
<p><b>US</b></p> <p><b>US consumer spending slowing; industrial production weak</b></p>	<p>US consumer spending slowed further in January, with sales at clothing stores declining by the most since 2009, a trend that could raise concerns about the economy's ability to continue expanding at a moderate pace. Retail sales excluding automobiles, gasoline, building materials and food services were unchanged last month. Data for December was revised down to show the so-called core retail sales rising 0.2% instead of jumping 0.5% as previously reported. Core retail sales correspond most closely with the consumer spending component of GDP. Consumer spending accounts for more than two-thirds of US economic activity.</p> <p>(Source: Reuters, 14 February 2020)</p>
<p><b>EU</b></p> <p><b>German economy 'flirts with recession' as fourth-quarter output stagnates</b></p>	<p>The German economy stagnated in the fourth quarter due to weaker private consumption and state spending, renewing fears of a recession just as Chancellor Angela Merkel's conservatives are preoccupied with a search for a new leader. Europe's biggest economy has been losing momentum as its manufacturers linger in a recession prompted by a reduction in exports while its automotive sector faces disruption from an expensive shift to electric cars. Private consumption and state spending have been providing growth impetus and, if those two sectors continue to weaken this year, the risk of recession will rise. The Federal Statistics Office said investments in the construction sector grew in the fourth quarter, while spending on machinery and equipment declined considerably compared with the July-to-September period. Exports also weakened in the final three months of last year.</p> <p>(Source: Reuters, 14 February 2020)</p>
<p><b>JAPAN</b></p> <p><b>Japan's exports, machinery orders seen falling as virus risks grow: Reuters poll</b></p>	<p>Japan's exports likely fell for a 14<sup>th</sup> straight month while machinery orders are expected to have dropped at the fastest pace in over a year, a Reuters poll showed, as activity in the world's third-largest economy slows. While both trade and machinery order data due next week likely predate the significant worsening of the coronavirus seen in January, the outbreak is expected to add to existing challenges for the country's export and factory sectors. Exports are expected to have fallen 6.9% in January from a year earlier, after a 6.3% decline in December, the poll of 17 economists found. Analysts say the expected drops in exports last month were partly due to China's Lunar New Year holidays and that the hit from the coronavirus outbreak will likely appear in February exports data.</p> <p>(Source: Reuters, 14 February 2020)</p>
<p><b>CHINA</b></p> <p><b>China's GDP to slump to 4.5% in Q1 2020 on coronavirus risks - Reuters poll</b></p>	<p>According to a Reuters poll of 40 economists, the Chinese economy is likely to expand at the slowest pace since the global financial crisis (GFC) in the first quarter of 2020, in the wake of negative economic fallout from the coronavirus outbreak. That drop was expected to drag down the full-year growth rate in 2020 to 5.5% from 6.1% in 2019, its weakest since at least 1990 when comparable records began. However, economists were optimistic the economy would bounce back as soon as the second quarter, with growth then forecast to recover to a median of 5.7%. If Chinese authorities failed to contain the virus from spreading rapidly, growth was expected to slow to 3.5% in the first quarter in a worst-case scenario, according to a median from 15 economists in response to a separate question, with forecasts ranging between zero and 5.5%.</p> <p>(Source: FXStreet, 14 February 2020)</p>