GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(13 July 2020 – 17 July 2020)

Countries	Highlights
US **US economy is forecast to shrink by 6.6% in 2020 due to coronavirus, faces significant risks: IMF staff**	The US economy is forecast to shrink by 6.6% in 2020 due to the shock of the coronavirus pandemic, but a resurgence in coronavirus infections and a systemic increase in poverty could worsen that outlook. After concluding a regular Article IV review of the world's largest economy, IMF staff cited other risks, including a big increase in government and corporate debt levels, and the prospect of a long period of low, or even negative, inflation. The IMF staff said cited urgent warning signs that the crisis was hitting poor Americans and racial minorities the hardest and would lead to a systemic increase in poverty. That would increase risks to the overall economy and could contribute to social unrest. It said the US should reverse existing trade restrictions and tariff increases that were undermining global trade stability and warned against treating undervalued currencies as countervailable subsidies. *(Source: Reuters, 17 July 2020)*
UK **Slowing UK job losses seen as 'calm before storm'**	Fewer British workers lost their jobs in June and there were other signs that the hit to the labour market had eased off since the onset of the coronavirus crisis, but economists said unemployment remained on course to jump. The number of employees on company payrolls slumped by 649,000 between March and June, despite the government's huge job retention plan that has protected more than 9 million jobs. However, June's drop of just over 74,000 was much smaller than April's 450,000 tumble and was smaller than the fall in May too, the Office for National Statistics said. The unemployment rate unexpectedly held at 3.9% in the three months to May. It would have risen were it not for half a million people who were away from work and receiving no pay but who said they believed they still had a job, and thus count as employed according to international guidelines. *(Source: Reuters, 16 July 2020)*
JAPAN **BOJ looks to big data for clues on pandemic-driven economic changes**	The coronavirus pandemic may have caused structural changes in Japan's economy and the way it affects inflation, requiring the Bank of Japan (BOJ) to tap more deeply into big data in making policy decisions. High-frequency and other unconventional data offer crucial, real-time information on rapid changes that a big shock like Covid-19 causes in the economy. While official consumer inflation data will remain the BOJ's key price gauge, the bank will look more carefully at a broader range of high-frequency and non-traditional data as the pandemic brings unpredictable shifts in the economy. Major central banks are increasingly tapping non-traditional data, such as credit card spending, foot and vehicle traffic, smartphone usage and even air pollution levels to capture real-time changes in their economies, in contrast to government data that come with months of delay. *(Source: Reuters, 16 July 2020)*
CHINA **China's economy rebounds after steep slump, weak demand, U.S. tensions raise risks**	China's economy returned to growth in the second quarter after a deep slump at the start of the year, but unexpected weakness in domestic consumption underscored the need for more policy support to bolster the recovery after the shock of the coronavirus crisis. GDP rose 3.2% in the second quarter from a year earlier, the National Bureau of Statistics said as lockdown measures ended, and policymakers ramped up stimulus to combat the virus-led downturn. The bounce was still the weakest expansion on record and followed a steep 6.8% slump in the first quarter, the worst downturn since at least the early 1990s. *(Source: Reuters, 16 July 2020)*

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