

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(17 August 2020 – 21 August 2020)

Countries	Highlights
<p>US</p> <p>Signs of recovery? U.S. business activity and home sales surge</p>	<p>In signs an economic recovery may be picking up speed, US home sales rose at a record rate for a second straight month in July and purchasing managers in both the manufacturing and services sectors report business activity has accelerated at a brisker-than-expected pace this month. With mortgage rates holding near record lows and a work-from-home trend apparently enticing many Americans to move further from city centers, the National Association of Realtors said the sales of existing homes rose 24.7% to a seasonally adjusted annual rate of 5.86 million units last month from 4.7 million in June. Home prices also shot to a record USD304,100, and a shortage of inventory is making competition for houses fierce.</p> <p style="text-align: right;"><i>(Source: Reuters, 21 August 2020)</i></p>
<p>UK</p> <p>British public debt tops two trillion pounds for first time</p>	<p>Britain's public debt has surpassed 2 trillion pounds for the first time, underscoring the challenge for finance minister Rishi Sunak, who is under pressure to give even more emergency support for the pandemic-hit economy. Net debt in July, excluding public banks, rose to 2.004 trillion pounds. That's equivalent to 100.5% of Britain's economic output, the highest since 1961 when the country was still struggling with the costs of fighting World War Two. The debt surge reflects a huge increase in government spending, ranging from its massive coronavirus job subsidy scheme and tax cuts to discounts for restaurant diners, as well the hit to tax revenues from a nationwide lockdown.</p> <p style="text-align: right;"><i>(Source: Reuters, 21 August 2020)</i></p>
<p>JAPAN</p> <p>Japan's economy shrinks at record 27.8% as Covid-19 pandemic hits spending</p>	<p>Japan was hit by its biggest economic contraction on record in the second quarter as the coronavirus pandemic crushed business and consumer spending, keeping policymakers under pressure for bolder action to prevent the recession from deepening. GDP shrank an annualised 27.8% in April-June, marking the biggest decline since comparable data became available in 1980. It was the third straight quarter of contraction and slightly bigger than the median market forecast for a 27.2% drop. The big decline can be explained by the decrease in consumption and exports.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 17 August 2020)</i></p>
<p>CHINA</p> <p>China central bank injects 700 billion yuan of MLF loans, rates steady for fourth month</p>	<p>China's central bank rolled over maturing medium-term loans while keeping borrowing costs unchanged for the fourth straight month. The People's Bank of China (PBOC) said it was keeping the rate on 700 billion yuan (USD100.74 billion) worth of one-year medium-term lending facility (MLF) loans to financial institutions steady at 2.95% from previous operations. Analysts also expect no change for the country's benchmark loan prime rate (LPR) on Thursday. The fresh fund injection well exceeds two batches of MLF loans that are set to expire in August, with a total volume of 550 billion yuan. It also said it injected another 50 billion yuan through seven-day reverse repos while also keeping the borrowing cost steady. The MLF, one of the PBOC's main tools in managing longer-term liquidity in the banking system, serves as a guide for the LPR, which is set monthly using assessments from 18 banks.</p> <p style="text-align: right;"><i>(Source: Reuters, 17 August 2020)</i></p>