

## GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(18 May 2020 – 22 May 2020)

Countries	Highlights
<p><b>US</b></p> <p><b>US labour market struggles as layoffs spread despite businesses reopening</b></p>	<p>Millions more Americans filed for unemployment benefits last week, more than two months after a shutdown of the country to deal with the coronavirus crisis, pointing to a second wave of layoffs in industries not initially impacted by closures caused by the pandemic. The number of people on unemployment rolls surging to a record high in early May, suggesting that businesses were probably not rushing to rehire workers as they reopen. This also raises questions about the efficacy of the government's Paycheck Protection Program. A broad lockdown of the country in mid-March initially led to layoffs in mostly low-wage consumer-facing businesses such as restaurants and retailers. But economists say weak demand was causing layoffs in other industries like utilities, information, finance and insurance, and education.</p> <p><i>(Source: Reuters, 21 May 2020)</i></p>
<p><b>UK</b></p> <p><b>UK economic downturn shows signs of slowing down</b></p>	<p>UK economic activity may have begun to recover from a disastrous April but remained deeply depressed even after Boris Johnson announced the first easing of the coronavirus lockdown and urged some businesses to reopen. The latest IHS Markit purchasing managers' index for the UK showed that manufacturing and services output remained far below normal levels in May, even though sentiment had improved since the previous month. The reading of 28.9, a flash, or interim, estimate based on 85% of survey responses was up from April's all-time low of 13.8 but was still far worse than at any other point in the survey's 22-year history. This means that a large majority of businesses reported falling output and it still signalled a rate of economic contraction much faster than at the worst point of the 2008 crisis. The survey showed businesses were slightly less pessimistic than in April about the outlook for the next 12 months, but many respondents raised concerns that demand would take a long time to recover.</p> <p><i>(Source: Financial Times, 21 May 2020)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan braces for worst post-war slump as pandemic tips economy into recession</b></p>	<p>Japan's economy slipped into recession for the first time in 4-1/2 years in the last quarter, putting the nation on course for its deepest postwar slump as the coronavirus crisis ravages businesses and consumers. The world's third-largest economy contracted an annualised 3.4% in the first quarter, preliminary official GDP data showed, less than a median market forecast for a 4.6% drop. The slump came on top of an even steeper 7.3% fall in the October-December period, with the consecutive quarters of contraction meeting the technical definition of a recession. Japan last suffered recession in the second half of 2015.</p> <p><i>(Source: Reuters, 18 May 2020)</i></p>
<p><b>CHINA</b></p> <p><b>China abandons numerical GDP target on 'great uncertainty'</b></p>	<p>China has abandoned its usual practice of setting a numerical target for economic growth this year due to the turmoil caused by the coronavirus pandemic. The shifting away from a hard target for output growth breaks with decades of Communist Party planning habits and is an admission of the deep rupture that the disease has caused in the world's second-largest economy. With the growth outlook depending also on the efforts of trading partners to rein in the pandemic, the government is shifting its focus to employment and maintaining stability. The government is setting a target for urban job creation of over 9 million jobs, lower than the 2019 target of around 11 million, and a target for the urban surveyed unemployment rate of around 6%, higher than 2019's goal.</p> <p><i>(Source: The Star, 22 May 2020)</i></p>