

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(1 June 2020 – 5 June 2020)

Countries	Highlights
<p>US</p> <p>Surprise US unemployment rate drop leaves out blacks, Asians</p>	<p>The US unemployment rate dropped unexpectedly in May, but not all workers benefited equally as joblessness among African Americans and Asians rose, signalling some minorities face a longer recovery as the economy slowly rebounds from the coronavirus shutdowns. US unemployment dropped to 13.3% in May from 14.7% in April as restaurants, bars and other businesses began to reopen and hire back workers let go because of shutdowns meant to slow the spread of the coronavirus. Construction, healthcare and retail also added jobs in what proved to be a record monthly employment gain of 2.5 million jobs on the heels of April's record loss of 20.7 million positions. The unemployment rate for black workers edged up to 16.8% in May from 16.7% in April and for Asian workers it rose to 15% from 14.5%. In contrast, unemployment for white workers fell to 12.4% in May from 14.2% in April, a record drop.</p> <p><i>(Source: Reuters, 6 June 2020)</i></p>
<p>UK</p> <p>Sterling to take a pasting if UK seeks no extension for EU trade talks - Reuters poll</p>	<p>Sterling will lose recent gains against the dollar and weaken further if Britain does not ask for an extension to its Brexit transition period by a June 30 deadline to allow more time for talks on a trade deal with the EU. The currency GBP has strengthened this week, trading at a one-month high of around USD1.26 on Wednesday, as Britain indicated that it might be willing to compromise on some sticking points to reach a final Brexit deal. Talks between the two sides, aimed at setting out a new future with Britain outside the European Union for the first time in 47 years, have all but stalled, but there are hopes for a compromise.</p> <p><i>(Source: Reuters, 4 June 2020)</i></p>
<p>JAPAN</p> <p>Rise in Japan's first-quarter capex undercut by pandemic-driven profit slump</p>	<p>Japanese firms raised spending on plant and equipment in the first quarter, though a sharp drop in profits highlighted the economic pain inflicted by the coronavirus pandemic. Capital spending rose 4.3% in the first quarter year-on-year, lifted by demand for electrical machinery and big-ticket items, a preliminary survey by the Ministry of Finance. However, corporate recurring profits decreased sharply at their fastest pace in over a decade. The damage from the virus is likely to have worsened due to a wider hit to the domestic economy from March. 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 post-war slump. The government last week lifted an April-imposed state of emergency and approved a second USD1.1 trillion stimulus package to combat the blow from the pandemic, which has ravaged the global economy and upended supply chains.</p> <p><i>(Source: Reuters, 1 June 2020)</i></p>
<p>CHINA</p> <p>China May exports slip back into contraction, imports worst in 4 years</p>	<p>China's exports contracted in May as global coronavirus lockdowns continued to devastate demand, while a sharper-than-expected fall in imports pointed to mounting pressure on manufacturers as global growth stalls. Overseas shipments in May fell 3.3% from a year earlier, after a surprising 3.5% gain in April, customs data showed. While exports fared slightly better than expected, imports tumbled 16.7% compared with a year earlier, worsening from a 14.2% decline the previous month and marking the sharpest decline since January 2016. Many Chinese exporters, stuck with unsold stock and cancelled orders from abroad, are cutting staff and moving into e-commerce to target the domestic market.</p> <p><i>(Source: Reuters, 6 June 2020)</i></p>