

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(20 July 2020 – 24 July 2020)

Countries	Highlights
<p>US</p> <p>US business activity hits six-month high in July: IHS Markit</p>	<p>US business activity increased to a six-month high in July, but companies reported a drop in new orders as a resurgence in new COVID-19 cases across the country weighed on demand. IHS Markit said its flash US Composite PMI Output Index, which tracks the manufacturing and services sectors, rose to a reading of 50.0 this month from 47.9 in June. The increase ended five straight monthly contractions. The economy slipped into recession in February. IHS Markit said some service providers were struggling with the reintroduction of lockdown measures. The survey's flash composite new orders index slipped to a reading of 49.5 this month from 49.9 in June. Its services sector flash PMI increased to 49.6 from a reading of 47.9 in June. Service industry firms reported a faster pace of decline in new orders in July. In contrast, manufacturing firms signalled the strongest expansion in new orders since January.</p> <p style="text-align: right;"><i>(Source: Reuters, 17 July 2020)</i></p>
<p>UK</p> <p>Easing UK lockdown spurs big upturn for COVID-hit business-PMI</p>	<p>British businesses experienced the fastest upturn in five years during July as more of the economy reopened from the coronavirus lockdown. An early "flash" reading of the IHS Markit/CIPS UK Composite Purchasing Managers' Index (PMI) shot up to 57.1 from 47.7 in June, its highest level since June 2015 and above the 50 threshold for growth for the first time since lockdown began in March. Official data showed Britain's economy shrank by more than 25% in March and April and recovered less than expected in May. While the PMI indicated a quickening of growth, it did not signal a return to normal levels of output across businesses which some economists think could take years.</p> <p style="text-align: right;"><i>(Source: Reuters, 24 July 2020)</i></p>
<p>JAPAN</p> <p>Japan's core consumer prices flat, deflation risks remain</p>	<p>Japan's core consumer prices snapped two straight months of declines in June but risks remain for a prolonged economic slump from the coronavirus crisis, which has depressed consumption and raised concerns about a return to deflation. The core consumer price index (CPI) was flat, with slower falls in energy prices in June helping the gauge out of negative territory. The reading dashed expectations for a third straight month of decline and followed central bank comments last week that the economy would likely shake off the hit from the pandemic. Japan lifted nationwide state of emergency measures in late May but has seen a renewed spike in infections in its capital Tokyo, stoking fears of a second wave of infections that could curtail spending in an already weakened economy.</p> <p style="text-align: right;"><i>(Source: Reuters, 21 July 2020)</i></p>
<p>CHINA</p> <p>China central bank to pause easing as economy recovers, wary of over-stimulus: sources</p>	<p>China's central bank does not see an immediate need to ease monetary policy further but will keep conditions accommodative to support a recovery in the world's second-largest economy. A stronger-than-expected rebound in activity in the second quarter has reduced the urgency for the People's Bank of China (PBOC) to act, after policymakers announced unprecedented emergency measures early in the year to deal with the shock from the coronavirus crisis. The PBOC also wants to avoid the side-effects caused by excessive stimulus, such as a surge in debt and risks of bubbles in the property market.</p> <p style="text-align: right;"><i>(Source: Reuters, 22 July 2020)</i></p>