

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(24 August 2020 – 28 August 2020)

Countries	Highlights
<p style="text-align: center;">US</p> <p>The Fed's new strategy could keep rates low for longer than you think</p>	<p>The Federal Reserve announced a major strategy shift that will likely keep interest rates low for longer to let prices rise and jobs flourish. After an 18-month review, the Fed announced changes to its long-term strategy that are designed to help the central bank meet long-elusive inflation goals. The new strategy, unexpectedly laid out in detail in a speech by Fed chief Jerome Powell, declares that the central bank will now seek to achieve inflation that average 2% over time. The shifts underscore the Fed's fears of tumbling into a deflationary spiral of ever-lower inflation like what Japan has experienced. Central banks have struggled to reverse such cycles because they become self-fulfilling prophesies. Once people expect prices to fall, they hold off on purchases until they do. It is especially difficult to recover from deflation when interest rates are already at zero like they are today in the US.</p> <p style="text-align: right;"><i>(Source: Reuters, 27 August 2020)</i></p>
<p style="text-align: center;">UK</p> <p>UK retailers cut jobs by most since 2009</p>	<p>British retailers have cut the most jobs since the depths of the financial crisis and expect the pace of losses to accelerate, the Confederation of British Industry (CBI) said, adding to warning signs of an expected sharp rise in unemployment. Data also showed an unexpected drop in sales this month, which contrasted with a recent pick-up in demand by consumers after the coronavirus lockdown was lifted. Well-known British retailers Marks & Spencer, Debenhams and WH Smith have announced job losses in recent weeks, reflecting a shift in demand to online sales during the pandemic. Tesco, Britain's biggest supermarket, said it would create 16,000 permanent roles to meet a surge in home deliveries.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 25 August 2020)</i></p>
<p style="text-align: center;">JAPAN</p> <p>Government retains assessment of economy 'picking up' in August report</p>	<p>The country's economy showed signs of "picking up," the Government said, maintaining its assessment for a second consecutive month. Of the 11 major components of the assessment, the Government upgraded its evaluations of exports and industrial production, which were both revised up for the second straight month. The overall assessment was unchanged despite the upgrades as an export recovery remained uncertain and there was some weakness in employment conditions. In August, the assessment of private consumption was maintained as "picking up recently," although the report showed spending had not increased during the summer vacation period as it did in the past three years.</p> <p style="text-align: right;"><i>(Source: The Japan Times, 27 August 2020)</i></p>
<p style="text-align: center;">CHINA</p> <p>China's industrial profits grow 19.6% y/y in July</p>	<p>Profits at China's industrial firms grew 19.6% on-year to 589.5 billion yuan (USD85.58 billion), the statistics bureau said, another sign that the economy's recovery from the coronavirus shock is firming. It follows an 11.5% gain in June and the third straight month of profit growth in this year. For January-July, industrial firms' profits fell 8.1% on an annual basis to 3.1 trillion yuan, improving from a 12.8% slump in the first six months. China's recovery had been gaining momentum after the pandemic paralysed huge swathes of the economy as pent-up demand, government stimulus and surprisingly resilient exports revived activity. However, some signs of slowing have emerged in July, with industrial output growing slower than expected. Some analysts said flood and torrential rains have dampened activity and demand for electricity.</p> <p style="text-align: right;"><i>(Source: Reuters, 27 August 2020)</i></p>