

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(5 October 2020 – 9 October 2020)

Countries	Highlights
<p>US</p> <p>U.S. weekly jobless claims inch lower, but remain stubbornly high</p>	<p>The number of Americans filing new claims for jobless benefits drifted lower last week, signalling the US labour market is making little fresh headway in getting millions of people back on the job after being out of work due to COVID-19 disruptions. Initial claims for state unemployment benefits totalled a seasonally adjusted 840,000 for the week ended Oct. 3, compared with an upwardly revised 849,000 in the prior week, the Labor Department said. Labour market gains from the reopening of businesses are fading. Roughly half of the 22.2 million people who lost their jobs in the early days of the pandemic remain out of work. Economists are predicting a further slowdown in hiring through the rest of 2020 and into 2021, especially without another federal pandemic assistance package.</p> <p><i>(Source: Reuters, 8 October 2020)</i></p>
<p>UK</p> <p>UK economy stumbles in August, setting back recovery from COVID-19 slump</p>	<p>GDP rose by 2.1% from July the slowest increase since the economy began to recover in May from a record slump. Much of what growth there was in August was down to a one-off government restaurant subsidy programme. The increase in activity in August largely reflects a temporary boost from the economy reopening and government stimulus, including the Eat Out to Help Out Scheme, rather than proof of a sustained 'V'-shaped recovery. More than half of the economy's growth in August came from accommodation and food, where output surged by 71.4% thanks to the government's one-month meals subsidies, more people taking holidays in Britain and the easing of lockdown restrictions.</p> <p><i>(Source: Reuters, 9 October 2020)</i></p>
<p>JAPAN</p> <p>BOJ to begin experimenting with digital currency next year</p>	<p>The Bank of Japan said it would begin experimenting next year on how to operate its own digital currency, joining efforts by other central banks to catch up to rapid private-sector innovation. The move came in tandem with an announcement by a group of seven major central banks, including the BOJ, on what they see as core features of a central bank digital currency (CBDC) such as resilience and a clear legal framework. It also falls in line with new Japanese Prime Minister Yoshihide Suga's focus on promoting digitalisation and administrative reform to boost the country's competitiveness. Such CBDCs will complement, not replace, cash and focus on making payment and settlement systems more convenient.</p> <p><i>(Source: Reuters, 9 October 2020)</i></p>
<p>CHINA</p> <p>China's services sector recovery gathers pace in September</p>	<p>The recovery in China's service sector activity extended into a fifth straight month in September with hiring increasing for the second month in a row. The Caixin/Markit services Purchasing Managers' Index (PMI) rose to 54.8 from August's 54.0, the highest reading since June and staying well above the 50-mark that separates monthly growth from contraction. The services sector, which accounts for about 60% of the economy and half of urban jobs, had initially been slower to return to growth than large manufacturers, but the recovery has gathered pace in recent months as Covid-19 restrictions on public gatherings lifted. Firms hired more for the second month in a row, although at a still modest rate, indicating some recovery in a labour market that has been hit by sharp falls in demand and epidemic restrictions earlier in the year.</p> <p><i>(Source: Reuters, 9 October 2020)</i></p>