

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(7 December 2020 – 11 December 2020)

Countries	Highlights
<p>US</p> <p>US producer prices rise moderately; COVID-19 seen taming inflation</p>	<p>US producer prices barely rose in November, supporting views that inflation would remain benign in the near term as a flare-up in new COVID-19 infections restrains the labour market and demand for services. The producer price index for final demand edged up 0.1% last month after increasing 0.3% in October. That was the smallest gain since April. In the 12 months through November, the PPI advanced 0.8% after increasing 0.5% in October. A 0.4% increase in the price of goods accounted for the rise in the PPI. Goods increased 0.5% in October. Services were unchanged after rising 0.2% in October.</p> <p><i>(Source: Reuters, 11 December 2020)</i></p>
<p>UK</p> <p>Bank of England says has full armoury to deal with any Brexit disruption</p>	<p>The Bank of England took steps on Friday to keep banks lending through 2021 as Britain copes with the COVID-19 pandemic, saying it was ready to deal with any market disruption from a big change in the UK's trading relationship with the European Union. Governor Andrew Bailey said Britain had done all it can to mitigate risks from a no-deal departure from the EU on Dec. 31, and it was ready to deal with any disruptions to financial markets. Market disruptions would not threaten financial stability, but Bailey warned that some EU customers might not be able to get access to UK financial services because the EU has not taken mitigating action. The central bank said the counter-cyclical capital buffer - extra money banks must set aside during economic good times - would be held at zero until at least the last quarter of 2021. Banks would not need to implement any future change until the end of 2022 and should use this flexibility to underpin lending to the rest of the economy, the Bank of England (BoE) said.</p> <p><i>(Source: Reuters, 11 December 2020)</i></p>
<p>JAPAN</p> <p>Japan's core machinery orders jump 17.1% in Oct</p>	<p>Japan's core machinery orders rose 17.1% in October from the previous month, in a bright sign for an economy that has seen firms cut capital expenditure as the COVID-19 crisis hit demand. The increase in core orders, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months, compared with a 2.8% rise forecast by economists in a Reuters poll. Compared with a year earlier, core orders, which exclude those for ships and electricity, rose 2.8% in October, versus an 11.3% drop seen by economists.</p> <p><i>(Source: Reuters, 9 December 2020)</i></p>
<p>CHINA</p> <p>China to step up fiscal support for new economic strategy</p>	<p>China will step up fiscal policy support for a strategy to make its economy mainly rely on domestic demand, supply chains and innovation. China has unveiled a "dual circulation" strategy for the next phase of economic development in which it will rely mainly on "domestic circulation" the internal cycle of production, distribution, and consumption, supported by innovation and upgrades in the economy. The government will take steps to boost domestic consumption, including appropriately expanding public consumption, and increase imports of high-quality goods to help upgrade domestic consumption. Fiscal policy will also support tech innovation, as some key technologies are controlled by foreign countries, and the upgrading of supply chain. China's R&D spending has been the second highest in the world for seven consecutive years, but it needed to improve spending structure and efficiency.</p> <p><i>(Source: Reuters, 11 December 2020)</i></p>