

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(11 January 2021 – 15 January 2021)

Countries	Highlights
<p>US</p> <p>US retail sales fall again in December</p>	<p>US retail sales declined further in December as renewed measures to slow the spread of COVID-19 undercut spending at restaurants and reduced traffic to shopping malls, the latest sign the economy lost considerable speed at the end of 2020. Retail sales dropped 0.7% last month. Data for November was revised down to show sales declining 1.4% instead of 1.1% as previously reported. Excluding automobiles, gasoline, building materials and food services, retail sales tumbled 1.9% last month after a downwardly revised 1.1% decline in November. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product.</p> <p><i>(Source: CNBC, 15 January 2021)</i></p>
<p>UK</p> <p>More UK companies shuttered by COVID clampdown last month</p>	<p>The proportion of businesses in Britain open during the second half of December fell sharply as COVID-19 restrictions tightened across the country. The Office for National Statistics said 71% of businesses were operating, down from 84% in the first half of the month and the lowest proportion since late June, when Britain's economy was emerging from its first COVID-19 lockdown. The proportion of workers furloughed, based on the responses of businesses, rose to 14% in the latest survey from 11% previously. The figures are likely to reinforce expectations that the economy entered a double-dip recession in late 2020. A third national lockdown at the start of 2021 is likely to result in a sharper hit. Finance minister Rishi Sunak warned on Monday that the situation would likely get worse before it gets better as COVID-19 vaccines are rolled out.</p> <p><i>(Source: The Economic Times, 15 January 2020)</i></p>
<p>JAPAN</p> <p>Japan banks' profit hit by central bank's negative rate policy</p>	<p>Japanese banks' profits have deteriorated due to a decline in interest rates under the Bank of Japan's (BOJ) negative rate policy. The comment by Kanetsugu Mike, chairman of the Japanese Bankers Association, comes as banks in Japan soak up the impact of the COVID-19 pandemic with the prolonged low-rate environment adding to long-term uncertainty. While the BOJ's policy helped the economy out of deflation, lending interest rates have drastically fallen and the loan-deposit rate margin, the difference between interest earned from loans and paid for deposits has shrunk since the central bank introduced negative rate policy in fiscal 2015. The combined net interest income of Japan's big three banks MUFG, Sumitomo Mitsui Financial Group Inc and Mizuho Financial Group Inc. dropped 14% in fiscal 2019 from fiscal 2015. The BOJ in December unveiled a plan to examine more effective ways to achieve its 2% inflation target and said it would announce the findings of the review in March.</p> <p><i>(Source: Reuters, 15 January 2021)</i></p>
<p>CHINA</p> <p>Chinese exports grow more than expected in Dec, imports quicken</p>	<p>Chinese exports grew more than expected in December, customs data showed, as coronavirus disruptions around the world fuelled demand for Chinese goods even as a stronger yuan made exports more expensive for overseas buyers. A robust domestic recovery also spurred Chinese appetite for foreign products in December, with import growth quickening from the month prior and beating expectations in a Reuters poll. Exports rose 18.1% in December from a year earlier, slowing from a 21.1% jump in November but beating expectations for a 15% rise. Imports increased 6.5% year-on-year last month and picking up pace from November's 4.5% growth. China is expected to be the only major economy to see positive growth in 2020.</p> <p><i>(Source: Reuters, 14 January 2021)</i></p>