

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(14 June 2021 – 18 June 2021)

Countries	Highlights
<p>US</p> <p>The Fed moves up its timeline for rate hikes as inflation rises</p>	<p>The Federal Reserve on Wednesday considerably raised its expectations for inflation this year and brought forward the time frame on when it will next raise interest rates. However, the central bank gave no indication as to when it will begin cutting back on its aggressive bond-buying programme. As expected, the policymaking Federal Open Market Committee unanimously left its benchmark short-term borrowing rate anchored near zero. But officials indicated that rate hikes could come as soon as 2023, after saying in March that it saw no increases until at least 2024. Officials raised their GDP expectations for this year to 7% from 6.5% previously. The unemployment estimate remained unchanged at 4.5%.</p> <p>(Source: CNBC, 16 June 2021)</p>
<p>UK</p> <p>UK inflation jumps past Bank of England target, hits 2.1%</p>	<p>British inflation unexpectedly jumped above the Bank of England's 2.0% target in May when it hit 2.1% and looks set to rise further as the country re-opens its economy after its coronavirus lockdowns. The rise in price growth from April's 1.5% was driven in large part by the comparison with prices in May 2020 when the country was in its first tight lockdown, especially for clothing, motor fuel, games and take-away food. The BoE has said it expects inflation to hit 2.5% by the end of this year as the economy reopens after its coronavirus lockdowns and as global oil prices rise. Core inflation, which excludes the price of food, energy and other volatile items, rose to 2.0% in the 12 months to May. Governor Andrew Bailey and most colleagues say the increase in inflation will be temporary and does not require the central bank to scale back its huge stimulus programmes.</p> <p>(Source: CNBC, 16 June 2021)</p>
<p>JAPAN</p> <p>Japan manufacturers remain optimistic in June</p>	<p>Business confidence levels of Japanese manufacturers and service sector firms were little changed in June from the prior month, highlighting the fragile and uneven state of the country's coronavirus recovery, a Reuters survey showed. The Reuters Tankan sentiment index for manufacturers edged up to 22 from 21 in May, while the mood in the service sector was more dour. The service index was flat, down from 2 the prior month, the poll conducted June 3-14 showed. The Reuters Tankan index readings are calculated by subtracting the percentage of respondents who say conditions are poor from those who say they are good. A positive reading means optimists outnumber pessimists. Among manufacturers, buoyant sentiment at chemical and metal product makers offset less favourable conditions in sectors such as textiles and paper, according to the survey of 481 large- and mid-sized companies.</p> <p>(Source: The Star, 17 June 2021)</p>
<p>CHINA</p> <p>China's retail sales miss expectations again</p>	<p>Analysts said that retail sales rose 12.4% in May, missing expectations despite government efforts to boost spending and a major holiday during the month. Analysts had expected retail sales to rise 13.6% in May from a year ago. Indicators on other parts of the economy also came in below expectations. Industrial production rose 8.8% from a year ago in May, less than the 9% growth forecast by analysts. Fixed asset investment during the first five months of the year rose 15.4% from a year ago, missing the 16.9% growth forecast from analysts polled by Reuters. China is still seeing an unbalanced recovery, as employment, household income, consumption, manufacturing investment, the service sector and private companies have yet to return to pre-pandemic levels.</p> <p>(Source: CNBC, 16 June 2021)</p>