GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(15 November 2021 – 19 November 2021)

Countries	Highlights
US **U.S. economy regaining speed as unemployment claims fall and manufacturing surges**	The number of Americans filing new claims for unemployment benefits fell close to pre-pandemic levels last week as the labor market recovery continues, though a shortage of workers remains an obstacle to faster job growth. The decrease was led by Kentucky, likely due to automobile workers returning to factories after temporary layoffs as motor vehicle manufacturers deal with a global semiconductor shortage. There were also big declines in Michigan, Tennessee and Ohio, states that also have a strong presence of auto manufacturers. The improving economic tone was matched by other data from the Philadelphia Federal Reserve on Thursday showing an acceleration in manufacturing activity in the mid-Atlantic region this month. *(Source: Reuters, 19 November 2021)*
UK **UK inflation at 10-year high sets stage for interest rate rise within weeks**	Britain looks set to become the first major economy to hike interest rates since the Covid-19 pandemic began after inflation data showed prices rising at the fastest rate in a decade. Driven by higher energy and transport costs, the UK Consumer Prices Index rose by 4.2% in the year to October, the biggest jump in the index since November 2011. The United Kingdom is feeling the fallout from Brexit, which adds to the cost of doing business with the European Union, its biggest trading partner. But the October inflation data was even higher than analysts were expecting. The pound edged up against the US dollar and hit its highest level against the euro since February 2020 as investors bet on an increase in UK interest rates. *(Source: CNN, 17 November 2021)*
JAPAN **Japan unleashes record stimulus package, bucking global tapering trend**	Japan unveiled a record $490 billion spending package on Friday to cushion the economic blow from the COVID-19 pandemic, bucking a global trend towards withdrawing crisis-mode stimulus measures and adding strains to its already tattered finances. Spending has ballooned due to an array of payouts including those criticised for being unrelated to the pandemic, such as cash handouts to households with youth aged 18 or below, and will likely lead to additional bond issuance this year. The package included 55.7 trillion yen ($490 billion) in spending for items ranging from cash payouts to households, subsidies to COVID-hit firms and reserves set aside for emergency pandemic spending. The size of spending was much bigger than the 30-40 trillion yen estimated by markets, and will be mostly funded by an extra budget of around 32 trillion yen to be compiled this year. The remainder will likely be funded by next year's budget *(Source: Reuters, 19 November 2021)*
CHINA **Property, Covid-19 challenges to remain with China's economic slowdown to continue in 2022**	China's economic growth is likely to deteriorate further next year as rising risks of a fallout from the property market and Beijing's zero tolerance approach to the coronavirus could weigh on conditions in the coming months. Recent outbreaks of the Delta variant have prompted travel restrictions and lockdowns in some cities in China, damping economic activities, while Beijing's tough stance to deleverage the property sector, which contributes 14% to China's gross domestic product (GDP), will further slow growth in the coming months. China's economy grew by 4.9% in the third quarter of 2021 compared with a year earlier, down from the 7.9% growth seen in the second quarter. Fitch has already cut its forecast for China's growth in 2021 to 8.1% from 8.4%, while the US ratings agency has also lowered its 2022 GDP growth forecast to 5.2% from 5.5%. *(Source: The Star, 18 November 2021)*

Economics and Policy Division
SME Corp. Malaysia
19 November 2021