

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(15 March 2021 – 19 March 2021)

Countries	Highlights
<p>US</p> <p>IMF economist sees only 'transitory' bump in inflation from US stimulus</p>	<p>President Joe Biden's USD1.9 trillion stimulus plan could trigger a temporary bump in consumer prices, but inflation was not likely to last long, IMF Chief Economist Gita Gopinath said. She said that the US Federal Reserve had tools to address inflation if the increase in prices endured but cautioned that a quick increase in interest rates could be "quite disorderly." Gopinath said she agreed with US Federal Reserve Board Chairman Jerome Powell that a surge in inflation to 2.4% this year, above the central bank's 2% target, would be a "one-time" bump in prices that would not change inflation going forward. IMF officials have warned that central banks needed to stay vigilant against a sudden spike in rates. She noted that any Fed move to raise interest rates quickly if inflation did go up, versus a more gradual adjustment, could result in some turbulence.</p> <p><i>(Source: Reuters, 19 March 2021)</i></p>
<p>UK</p> <p>UK consumer spending slips, fewer people work from home</p>	<p>British consumer spending fell last week and the proportion of people working solely from home dropped, weekly official figures on the impact of COVID-19 on the economy showed on Thursday. Bank of England CHAPS payment data showed debit and credit transactions at 80% of their February 2020 level in the week to March 11, down from 83% of their pre-pandemic level the week before. Some 53% of British workers travelled into their place of work at least once during the week to March 14, up from 48% in the week before.</p> <p><i>(Source: Reuters, 18 March 2021)</i></p>
<p>JAPAN</p> <p>RCEP trade pact seen boosting Japan's GDP by 2.7%</p>	<p>Trade deal among fifteen economies in the Asia Pacific would boost Japan's economy by 2.7% when its benefits fully appear, a government estimate showed on Friday. Fifteen Asia-Pacific nations signed the Regional Comprehensive Economic Partnership (RCEP) trade agreement in November last year, covering nearly a third of the global population and about 30% of its global GDP. The trade deal would lift Japan's GDP by 2.7%, which would be worth about 15 trillion yen (USD137.82 billion) based on the nation's economy in fiscal 2019. It would have the value of creating an additional 570,000 jobs, according to the estimate. In 2017, the government estimated that a free trade deal with the European Union would boost Japan's GDP by 1% and the 11-nation Trans-Pacific Partnership would lift it by about 1.5%. RCEP includes China, Japan, South Korea, Australia, New Zealand and the 10 members of the ASEAN. The trade pact focuses heavily on cutting tariffs and increasing market access but is seen as less comprehensive than the TPP-11.</p> <p><i>(Source: Reuters, 19 March 2021)</i></p>
<p>CHINA</p> <p>China's factories, consumers drive recovery into 2021</p>	<p>China's factory and retail sector activity surged in the first two months of the year, beating expectations, as the economy consolidated its brisk recovery from the coronavirus paralysis of early 2020. While the impressive set of numbers released were heavily skewed by the very low base from last year's massive slump, analysts said they nonetheless showed China's strong rebound remained intact. Industrial output rose 35.1% in the first two months from a year earlier, up from a 7.3% on-year uptick seen in December, data from the National Bureau of Statistics showed. Retail sales increased 33.8%, also faster than a forecast 32% rise and marking a significant jump from 4.6% growth in December and a 20.5% contraction for January-February of 2020.</p> <p><i>(Source: Reuters, 15 March 2021)</i></p>