

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(18 January 2021 – 22 January 2021)

Countries	Highlights
<p>US</p> <p>US labour market recovery fading; housing, factories underpin economy</p>	<p>The number of Americans filing new applications for unemployment benefits decreased modestly last week as the COVID-19 pandemic tears through the nation. Despite the labour market woes, the economy remains anchored by strong manufacturing and housing sectors. Other data showed homebuilding and permits for future residential construction surged in December to levels last seen in 2006. Factory activity in the mid-Atlantic region accelerated this month, with manufacturers reporting a boom in new orders. The services sector has borne the brunt of the coronavirus crisis, disproportionately impacting lower-wage earners, who tend to be women and minorities. Addressing the so-called K-shaped recovery, where better-paid workers are doing well while lower-paid workers are losing out, is one of the key challenges confronting President Joe Biden and his new administration.</p> <p><i>(Source: Reuters, 21 January 2021)</i></p>
<p>UK</p> <p>Muted recovery for UK retailers in December ends worst year on record</p>	<p>British retailers struggled to recover in December from a partial coronavirus lockdown the previous month, marking a weak end to their worst year on record, while public debt has climbed to its highest since 1962. The figures suggest Britain's economy had little momentum going into 2021. Britain's Office for National Statistics said retail sales volumes rose 0.3% in December, far less than economists' forecasts in a Reuters poll for a 1.2% increase, leaving them just 2.9% higher than a year earlier. For 2020 as a whole, retail sales were down 1.9%, the biggest calendar-year fall since these records began in 1996. Clothing sales slumped by more than a quarter and spending on fuel dropped by more than a fifth. Department store Debenhams is among well-known names to have collapsed.</p> <p><i>(Source: Reuters, 22 January 2020)</i></p>
<p>JAPAN</p> <p>BOJ revises up next year's growth forecast, holds fire on policy</p>	<p>The Bank of Japan (BOJ) kept monetary policy steady and revised up its economic forecast for next fiscal year, signalling that it has delivered sufficient stimulus for now to cushion the blow from the COVID-19 pandemic. As widely expected, the central bank kept unchanged its target for short-term interest rates at -0.1% and that for 10-year government bond yields around 0% in a two-day rate review. In a quarterly review of its projections, the BOJ trimmed its economic forecast for the current year ending in March to a 5.6% contraction from the previous forecast for a 5.5% decline. But it revised up its growth projection for next fiscal year to a 3.9% expansion from a 3.6% increase forecast in October.</p> <p><i>(Source: Reuters, 21 January 2021)</i></p>
<p>CHINA</p> <p>China's 2020 US soybean imports surged though likely missed trade target</p>	<p>China's soybean imports from the US in 2020 rose by 52.8% from a year earlier, though the stepped up buying likely fell short of what was needed to fulfil last year's trade deal between the countries. The world's top soybean buyer last year brought in 25.89 million tonnes of the oilseed from the US, its second-largest supplier, up from 16.94 million tonnes in 2019. Chinese buyers stepped up US farm produce purchases to meet China's pledge to buy \$36.5 million in farm goods in 2020 under the Phase 1 trade deal signed with Washington last January. Besides the push to meet the trade deal, soybean imports also rose as China rapidly replenished its pig herd after it was decimated by the deadly African swine fever during the last two years. Chinese crushers mostly buy soybeans to crush into soymeal to feed livestock, mainly pigs, and soy oil.</p> <p><i>(Source: Reuters, 20 January 2021)</i></p>