

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(18 October 2021 – 22 October 2021)

Countries	Highlights
<p>US</p> <p>Vaccines are helping the economy return to normal. Supply chain problems are holding it back</p>	<p>Covid continues to loom over the US economy, but economic activity is nonetheless inching closer to its pre-pandemic strength, helped in large part by people returning to their offices. The biggest problem putting a damper on early celebrations are the ongoing supply chain crisis. The Back-to-Normal Index created by CNN Business and Moody's Analytics, stood at 94% on Friday, down one percentage point from the week before. Business sentiment was the biggest negative weight on the index this week, likely the result of ongoing supply chain issues as well as continued hiring struggles. Even so, some states, such as Idaho, Rhode Island and South Dakota, have already exceeded their pre-pandemic levels, surpassing the 100% mark.</p> <p><i>(Source: CNN, 22 October 2021)</i></p>
<p>UK</p> <p>Bank of England official warns inflation could top 5% as UK economy slows</p>	<p>Inflation could surge above 5% early next year in the United Kingdom, according to the Bank of England's top economist, as product and labor shortages continue to hamper the country's economic recovery. Inflation has been running near 3% in the United Kingdom as the country's economy bounces back from a steep contraction in 2020 caused by the coronavirus pandemic. But there are signs the recovery is faltering, even as inflation remains stubbornly high. The latest worrying signal came Friday, when the Office for National Statistics said that retail sales volumes fell for a fifth consecutive month in September. That's the longest streak of consecutive declines since records began in 1996. Economists worry that the United Kingdom may be entering a period of "stagflation" characterized by weak economic growth and rising prices.</p> <p><i>(Source: CNN, 22 October 2021)</i></p>
<p>JAPAN</p> <p>Japan's export growth slows; import costs weigh on recovery hopes</p>	<p>Japan's export growth weakened to its slowest in seven months in September, while a surge in imports added to worries that pandemic-led global supply chain snags could derail the country's fragile economic recovery. Exports are losing steam at a time when a weaker yen and a spike in oil prices have pushed up import costs. Exports rose 13.0% in September from a year earlier compared with a median market forecast for an 11.0% rise, as car shipments tumbled 40.3%, the first drop in seven months. While ahead of forecasts, export growth weakened from 26.2% in the previous month and was the slowest since February. Imports, meanwhile, jumped 38.6% in the year to September, following the prior month's 44.7% gain, driven by increased costs for oil, coal and medicines.</p> <p><i>(Source: Reuters, 20 October 2021)</i></p>
<p>CHINA</p> <p>China's economy faces a triple shock</p>	<p>China's economy grew at a record 18.3% year-on-year in the first quarter of the year but has slowed sharply. GDP rose by an annual 4.9% in the third quarter, the slowest pace in a year and down from the 7.9% rate recorded between April and June. Soaring commodity prices have seen many provinces impose electricity rationing, which is weighing on industries such as cement, steel and aluminium smelting. China's benchmark CSI 300 stock index is down by 6.5% since the start of the year. A crackdown on debt in the property sector highlighted by the woes of developer Evergrande has also hit construction activity. China's slowdown has been "more pronounced than anticipated". China has been contending with a "triple shock" from power cuts, the pandemic and the property slowdown.</p> <p><i>(Source: Money Week, 22 October 2021)</i></p>