

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(1 February 2021 – 5 February 2021)

Countries	Highlights
<p><b>US</b></p> <p><b>US productivity posts biggest drop since 1981 in fourth quarter</b></p>	<p>US worker productivity fell at its steepest pace since 1981 in the fourth quarter, but the trend remains solid as the COVID-19 pandemic weighs heavily on the less productive industries like leisure and hospitality. The Labor Department said nonfarm productivity, which measures hourly output per worker, dropped at a 4.8% annualised rate last quarter. That was the deepest pace of contraction since the second quarter of 1981. Data for the third quarter was revised higher to show productivity growing at a 5.1% pace instead of the previously reported 4.6% rate. Productivity rose 2.6% in 2020 compared to 1.7% in 2019. The pandemic has decimated lower-wage industries, like leisure and hospitality, which economists say tend to be less productive.</p> <p style="text-align: right;"><i>(Source: Reuters, 4 February 2021)</i></p>
<p><b>UK</b></p> <p><b>BoE says negative rates option needs more time, focuses on recovery</b></p>	<p>The Bank of England gave British lenders at least six months' breathing space before negative interest rates are a possibility, focusing instead on the prospects for a post-lockdown rebound in a quarterly update on the economy. The pound gained a cent against the US dollar and 10-year British government bond yields hit their highest since March as investors interpreted the BoE's comments as kicking negative rates into the long grass, at least for now. The BoE said it would ask lenders to get ready for the possibility of sub-zero rates but told investors not to view them as a foregone conclusion. Most British businesses are hobbled by the third national lockdown when the economy shrank by an estimated 10%. Many firms are also grappling with post-Brexit barriers to trade with the EU.</p> <p style="text-align: right;"><i>(Source: Reuters, 4 February 2021)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan's Dec household spending falls as recovery falters</b></p>	<p>Japan's household spending fell for the first time in three months in December, in a sign consumer sentiment was weakening even before the government called a state of emergency to control a new wave of the coronavirus in the country. The government extended the state of emergency in 10 areas, including Tokyo and neighbouring prefectures as well as Osaka and Kyoto in western Japan. Household spending fell 0.6% in December compared with the same month a year earlier. Spending fell 6.5% for the full year of 2020 due to the hit from the pandemic. However, household spending rose 0.9% in December from the previous month, although demand for transportation, clothing and festive goods typically bought before the year-end was hurt by the Covid-19 crisis. Lower demand for services such as travel tours also weighed, as the pandemic forced the cancellation of a domestic tourism campaign.</p> <p style="text-align: right;"><i>(Source: Business Times, 5 February 2021)</i></p>
<p><b>CHINA</b></p> <p><b>China seen using 6-7% more power in 2021, adding 140 GW renewable capacity</b></p>	<p>China is expected to use 6-7% more electricity in 2021 than last year, the China Electricity Council (CEC) forecasted, despite concerns over a new coronavirus outbreak disrupting industrial activity. China used 7.51 trillion kilowatt hours (kWh) of power last year, up 3.1% from 2019. The CEC also expects China to add 180 gigawatts (GW) of new power generation capacity in 2021 to push the country's total capacity to 2,370 GW, up 7.7% from a year ago. Total installed non-fossil fuel capacity is forecast to reach 1,120 GW by the end of 2021, with about 140 GW being added this year, accounting for 47.3% of China's energy mix. China is scrambling to build new renewable capacity in response to President Xi Jinping's pledge to add 1,200 GW of solar and wind capacity by 2030 and to bring China's carbon emissions to a peak within a decade.</p> <p style="text-align: right;"><i>(Source: Reuters, 5 February 2021)</i></p>