

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(20 December 2021 – 24 December 2021)

Countries	Highlights
<p>US</p> <p>Omicron begins to leave mark on U.S. economy, but unlikely to derail it</p>	<p>The fast-spreading Omicron variant of COVID-19 has started leaving an imprint on slices of the U.S. economy as some events are canceled or postponed, consumers cut back on restaurant dining and understaffed businesses shut down in some of the most-afflicted areas such as New York City. But even as economists say the variant could be a drag on growth early next year, they caution it is too soon to gauge the mark that will be left by an iteration of the virus that may on balance prove less severe even if it is the most transmissible version yet in nearly two years of the pandemic. Nonetheless, Mark Zandi, chief economist for Moody's Analytics, expects the U.S. economy to take a hit in the near term from a surge that could infect more people than earlier waves but end more quickly. He now forecasts the U.S. economy will grow by 2% in the first quarter of 2022, down from 5%.</p> <p><i>(Source: Reuters, 23 December 2021)</i></p>
<p>UK</p> <p>UK firms report weakest growth since last lockdown</p>	<p>British businesses have reported their weakest growth since the country was under lockdown earlier this year and they expect a further slowdown in early 2022, the Confederation of British Industry (CBI) said. The CBI's monthly growth indicator which combines surveys of output from manufacturers, retailers and other services companies fell 11 points to 21 in the three months to December, the lowest since the three months to April. Growth was expected to slow again in the coming three months as the Omicron variant of the coronavirus weighs on the economy. Only manufacturers saw an acceleration in growth in the three months to December. Business and professional services, consumer services and distribution firms all reported slower growth.</p> <p><i>(Source: Reuters, 24 December 2021)</i></p>
<p>JAPAN</p> <p>Japan raises GDP growth estimate for 2022</p>	<p>Japan upgraded its growth projections for the next fiscal year starting in April, saying it expected gross domestic product (GDP) to hit a record even amid risks from the Omicron variant and supply constraints. The growth projection was raised to 3.2% for fiscal 2022 from a forecast 2.2% real GDP growth seen at a mid-year review in July, helped by a record extra stimulus budget approved by parliament. It would be the fastest growth since fiscal 2010 when the economy grew 3.3% in the aftermath of the global financial crisis. The stimulus spending is expected to push up GDP by 1.5% this fiscal year and 3.6% next fiscal year. But the government downgraded Japan's real GDP estimates to 2.6% in the current fiscal year ending in March from 3.7% previously, as the prolonged Covid-19 pandemic and supply constraints in chip production weigh on the recovery.</p> <p><i>(Source: Reuters, 24 December 2021)</i></p>
<p>CHINA</p> <p>China's economic growth will slow sharply in 2022, says World Bank</p>	<p>China's economic growth has been given a bleak picture by World Bank's report as the world's second-largest economy faces mounting headwinds from the new Omicron variant to a severe property sector downturn. The World Bank now expects China's GDP to expand 8% in 2021 compared with a year ago, lower than its previous forecasts. In October, the World Bank expected China to grow 8.1% this year. In June, it projected a growth of 8.5%. Earlier, it also cut its 2022 forecast from 5.4% to 5.1%, which would mark the second slowest pace of growth for China since 1990 when the country's economy increased 3.9% following international sanctions related to the 1989 Tiananmen Square massacre.</p> <p><i>(Source: Business Standard, 23 December 2021)</i></p>