

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(10 August 2020 – 14 August 2020)

Countries	Highlights
<p>US</p> <p>US retail sales slow in July; obstacles mount for nascent economic recovery</p>	<p>US retail sales increased less than expected in July as consumers cut back on purchases of motor vehicles and could slow further in the months ahead amid spiralling new COVID-19 infections and a reduction in unemployment benefit checks. Despite the moderation in retail sales reported by the Commerce Department, sales have recouped losses suffered when businesses were shuttered to slow the spread of the coronavirus. Retail sales rose 1.2% last month after advancing 8.4% in June. Sales increased 2.7% from a year ago in July. Job growth slowed in July. About 28.3 million people are on unemployment benefits. The slowdown in retail sales in July was led by a 1.2% decline in receipts at auto dealerships. Consumers also cut back spending at hobby, musical instrument and bookstores as well as at building materials outlets.</p> <p style="text-align: right;"><i>(Source: Reuters, 14 August 2020)</i></p>
<p>UK</p> <p>UK economy faces long climb back to health after historic 20% crash</p>	<p>Britain's economy shrank by a record 20.4% in the second quarter when the coronavirus lockdown was tightest, the most severe contraction reported by any major economy so far, with a wave of job losses set to hit later in 2020. The data confirmed that the world's sixth-biggest economy had entered a recession, with the low point coming in April when output was more than 25% below its pre-pandemic level. Growth restarted in May and quickened in June, when the economy expanded by a monthly 8.7%. However, some analysts said the bounce-back was unlikely to be sustained. Last week the Bank of England forecast it would take until the final quarter of 2021 for the economy to regain its previous size, and warned unemployment was likely to rise sharply.</p> <p style="text-align: right;"><i>(Source: Reuters, 12 August 2020)</i></p>
<p>JAPAN</p> <p>Japan's current account surplus shrinks to five-year low as exports plunge</p>	<p>Japan posted its smallest current account surplus in more than five years in June, Ministry of Finance data showed, mainly due to a slump in exports, highlighting the heavy hit to external demand from the coronavirus pandemic. The current account surplus was ¥167.5 billion (USD1.58 billion), the smallest monthly surplus since January 2015. That compared with a ¥1.177 trillion surplus in May. Exports plunged 25.7% in June from a year ago, hit hard by falling shipments of cars and car parts to the US. That was slightly smaller than a 28.9% annual decline in May. Imports shed an annual 14.4%, following a 27.7% annual fall in May. As a result, the trade deficit in June widened to ¥157.7 billion. A 99.9% drop in foreign tourists due to immigration restrictions imposed over the health crisis sent the travel account to a ¥157.7 billion deficit in June.</p> <p style="text-align: right;"><i>(Source: The Japan Times, 11 August 2020)</i></p>
<p>CHINA</p> <p>China's factory deflation slows in July as recovery gains strength</p>	<p>China's factory deflation eased in July, driven by a rise in global oil prices and as industrial activity climbed back towards pre-coronavirus levels, adding to signs of recovery in the world's second-largest economy. The producer price index (PPI) fell 2.4% from a year earlier in July, the National Bureau of Statistics (NBS) said, compared with a 3.0% drop in June. Prices of petroleum and natural gas extraction led the headline gains, rising 12% month-on-month due to the continued rebound in global crude oil prices. Coal mining and automobile manufacturing prices also turned positive in July.</p> <p style="text-align: right;"><i>(Source: Reuters, 10 August 2020)</i></p>