

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(11 May 2020 – 15 May 2020)

Countries	Highlights
<p>US</p> <p>In nod to grim US outlook, Fed's Powell calls for more fiscal support</p>	<p>The head of the Federal Reserve warned on an “extended period” of weak economic growth, vowed to use the US central bank’s power as needed, and called for additional fiscal spending to stem the fallout from the coronavirus pandemic. Fed Chair Jerome Powell issued his sober review of an economy slammed by a record pace of job losses and bracing for worse ahead as most US states moved toward reopening after weeks of shutdowns aimed at slowing the spread of the novel coronavirus. The US central bank has slashed interest rates to near zero and set up a broad network of programs to ensure financial markets continue to function during the pandemic. It has also established precedent-setting lending facilities for companies and the first-ever corporate bond purchases.</p> <p><i>(Source: Reuters, 13 May 2020)</i></p>
<p>UK</p> <p>UK finance ministry sees budget deficit hitting 337 billion sterling</p>	<p>Britain’s finance ministry fears government borrowing this year could hit a record 337 billion pounds (USD414 billion) due to the coronavirus, citing an internal government document. Under a worst-case scenario, where the economy does not recover, borrowing could surge to 517 billion pounds compared with a forecast of just 55 billion pounds for 2020-21 as recently as March. Officials warned ministers that Britain could face a debt crisis if measures were not taken to stabilise borrowing, which would require 25 billion-30 billion pounds of tax rises or spending cuts under the main scenario, and 90 billion pounds in the worst case. Measures could include increasing income tax or value-added tax, ending a system of pension increases known as the “triple lock,” and freezing public sector pay.</p> <p><i>(Source: Reuters, 13 May 2020)</i></p>
<p>JAPAN</p> <p>Japan's economic recovery to be modest after sharp coronavirus-led contraction</p>	<p>Japan will recover only modestly in the second half of this year from a steep contraction in the current quarter, a Reuters poll showed. As the Bank of Japan opens its money spigot to battle the fallout, its balance sheet was also expected to swell to a record level by the end of 2020. Japan’s economy is in the cusp of deep recession as a government state of emergency adopted in April requested citizens to stay home and businesses to close. Analysts polled by Reuters expected Japan’s economy to shrink an annualised 22.0% in the second quarter, which would be the biggest decline on record, after an expected decline of around 4.5% last quarter. A V-shaped recovery will be difficult because it will take time for the economy to normalise, given the government needs to lift restrictions in several stages.</p> <p><i>(Source: Reuters, 15 May 2020)</i></p>
<p>CHINA</p> <p>China property investment rebounds in April as economy reopens, sales decline eases</p>	<p>Real estate investment in China quickened in April while property sales fell at a much slower pace, Reuters calculations based on official data. The property market is a key driver of growth in the world’s second-largest economy and was among many segments of the Chinese economy hit hard by the coronavirus and tough containment measures. Property investment, which mainly comprises residential housing but also includes offices and other commercial building, rose 7% in April, picking up from meagre gain of 1.2% in March. It still fell 3.3% in the first four months of 2020 from a year earlier. Property sales also showed signs of improvement, falling 2.1% measured by floor area compared with 14.1% in March.</p> <p><i>(Source: Reuters, 15 May 2020)</i></p>