

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(8 June 2020 – 12 June 2020)

Countries	Highlights
<p>US</p> <p>US consumer confidence rises; COVID-19, unemployment shadow lingers</p>	<p>US consumer sentiment perked up in early June as households cheered the reopening of businesses and a surprise rebound in hiring, though they did not expect a significant improvement in the economy amid fears of a resurgence in COVID-19 infections. The National Bureau of Economic Research declared on Monday that the economy slipped into recession in February. "While uncertainty about the future is beginning to ease, it is still higher than it was at any time during the Great Recession. That raises questions about the willingness to purchase big-ticket items which if it does not happen, the recovery will be slower than hoped for.</p> <p><i>(Source: Reuters, 12 June 2020)</i></p>
<p>UK</p> <p>UK economy shrinks by record 20.4% in April from March 2020</p>	<p>Britain's economy shrank by a record 20.4% in April from March as the country spent the month in a tight coronavirus lockdown, official data showed on Friday in what is likely to be the bottom of the crash before a long and slow recovery. In a slump that dwarfed previous downturns in Britain's recent history, the Office for National Statistics also said the economy shrank by 24.5% compared with April last year. The Bank of England and the country's budget office have warned that Britain could be heading for its deepest recession in three centuries this year. Among the Government measures, includes a scheme to pay workers who are only temporarily laid off, alongside grants, loans and tax cuts for companies, meant Britain had "the best chance of recovering quickly as the economy reopens.</p> <p><i>(Source: Reuters, 12 June 2020)</i></p>
<p>JAPAN</p> <p>Japan wants manufacturing back from China, but breaking up supply chains is hard to do</p>	<p>Spooked by coronavirus-induced factory shutdowns in China, Abe's government has earmarked USD2 billion to help companies shift production home. The policy, part of a massive stimulus package to cope with the pandemic, has even been termed by some bureaucrats as a matter of national security. "We have become dependent on China," Economy Minister Yasutoshi Nishimura told reporters last week. "We need to make supply chains more robust and diverse, broadening our supply sources and increasing domestic production." Many other Japanese firms say shifting output back home is simply impractical and uneconomical. They need to be physically present in China because much of what they are making is ultimately for the Chinese consumer, and to meet the demands of 'just-in-time' production which prioritises short delivery times for efficient manufacturing.</p> <p><i>(Source: Reuters, 9 June 2020)</i></p>
<p>CHINA</p> <p>China factory gate deflation deepens on global demand slump</p>	<p>China's producer prices fell by the sharpest rate in more than four years, underscoring pressure on the manufacturing sector as the COVID-19 pandemic reduces trade flows and global demand. COVID-19 has disrupted trade to China's key export markets including the US and Europe, heaping further pressure on the outlook for manufacturing investment and jobs in the world's second-largest economy. The producer price index (PPI) in May fell 3.7% from a year earlier, the National Bureau of Statistics said, the sharpest decline since March 2016. The drop in producer prices were led by a 57.6% slide in prices in the oil and natural gas industry and a 24.4% drop in the oil, coal and other fuels processing sector.</p> <p><i>(Source: Reuters, 10 June 2020)</i></p>