

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(1 November 2021 – 5 November 2021)

Countries	Highlights
<p>US</p> <p>Strong U.S. payrolls brighten economic outlook; millions still missing from workforce</p>	<p>U.S. employment increased more than expected in October as the headwind from the surge in COVID-19 infections over the summer subsided, offering more evidence that economic activity was regaining momentum early in the fourth quarter. But the brightening outlook was somewhat clouded by millions of unemployed Americans who remained at home even as companies are boosting wages, generous government-funded jobless benefits have ended and schools have reopened for in-person learning. The labor force is down 3 million from its pre-pandemic level. The Labor Department's closely watched employment report's showed nonfarm payrolls increased by 531,000 jobs last month. Data for September was revised higher to show 312,000 jobs created instead of the previously reported 194,000.</p> <p><i>(Source: Reuters, 5 November 2021)</i></p>
<p>UK</p> <p>Strongest cost pressures in a generation as UK economy picks up</p>	<p>British businesses reported faster growth in October, helped by fewer curbs on foreign travel, but the Bank of England is likely to be worried about record rises in the costs faced by businesses, which are being passed on to consumers. A day before the BoE is due to announce whether it is raising interest rates, the IHS Markit Composite Purchasing Managers' Index (PMI) rose to 57.8 in October from 54.9 in September, its highest since July and well above an initial flash estimate of 56.8. The narrower services PMI rose to a three-month high of 59.1, up sharply from 55.4 in September and above the initial flash reading, as reduced COVID-19 testing and quarantine requirements led to greater foreign travel bookings.</p> <p><i>(Source: Reuters, 3 November 2021)</i></p>
<p>JAPAN</p> <p>Japan's economy likely shrank in Q3 on weak consumption, output</p>	<p>Japan's economy likely contracted in the third quarter as curbs to contain COVID-19 infections and supply constraints hit consumption and output, a Reuters poll showed, underscoring the slow pace of recovery from the pandemic's damage. The world's third-largest economy likely shrank an annualised 0.8% in July-September after expanding 1.9% in the previous quarter, due largely to an expected 0.5% slump in consumption, according to analysts polled by Reuters. External demand neither contributed nor shaved off gross domestic product (GDP) and capital expenditure shrank 0.6% from the previous quarter, the poll showed, a sign corporate activity may be losing momentum after having served as a driver of growth.</p> <p><i>(Source: Reuters, 5 November 2021)</i></p>
<p>CHINA</p> <p>China's economy is showing signs of stagflation, economists warn</p>	<p>There are signs of stagflation in China, as prices continue to rise while the latest manufacturing data show production slowing, economists say. China's factory activity contracted more than expected in October, shrinking for a second month, an official survey released on Sunday showed. The official manufacturing Purchasing Managers' Index for October came in at 49.2, falling below the 50 level which separates expansion from contraction. The production index has dropped to the lowest level since it was published in 2005, excluding the 2008 global financial crisis and the Covid-19 outbreak in February last year. In contrast, the output price index has risen to the highest level since it was published in 2016. These signals confirm that China's economy is likely already going through stagflation. Stagflation is when the economy is simultaneously experiencing stagnant activity and accelerating inflation.</p> <p><i>(Source: CNBC, 1 November 2021)</i></p>