

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(25 January 2021 – 29 January 2021)

Countries	Highlights
<p>US</p> <p>US consumer spending decreases further; inflation creeping up</p>	<p>US consumer spending fell for a second straight month in December amid renewed business restrictions to slow the spread of COVID-19 and a temporary expiration of government-funded benefits for millions of unemployed Americans. The US central bank is expected to maintain its ultra-easy monetary policy stance for a while as the economy battles the pandemic. Consumer spending, which accounts for more than two-thirds of US economic activity, slipped 0.2% last month as outlays at restaurants declined. Spending at hospitals also fell, likely as patients stayed away in fear of contracting the coronavirus. Households also cut back spending on recreation. Consumer spending tumbled 0.7% in November.</p> <p><i>(Source: Reuters, 29 January 2021)</i></p>
<p>Euro Zone</p> <p>Euro zone economies' plucky fourth quarter belies troubled growth outlook</p>	<p>Growth in Germany and Spain and a smaller-than-expected contraction in France pointed to resilience in the euro zone economy in the final three months of last year, but the bright spot belies a more troubled outlook for the bloc. In Germany, robust exports helped Europe's largest economy eke out 0.1% growth in the fourth quarter, staving off contraction despite a second wave of the new coronavirus slamming the brakes on consumption. France, the euro zone's second-largest economy, shrank 1.3% in the final three months of 2020 after the country entered a second coronavirus lockdown in October to contain a second wave of infections. Spain achieved timid quarterly growth of 0.4%. But that has not stopped Spain from recording its worst-ever annual economic contraction, with output falling 11% from 2019's level, official data showed.</p> <p><i>(Source: Reuters, 29 January 2020)</i></p>
<p>JAPAN</p> <p>BOJ revises up next year's growth forecast, holds fire on policy</p>	<p>Japan's industrial output extended declines in December as factories struggled with a hit to demand from expanded COVID-19 lockdown measures globally, suggesting the economic recovery was teetering. The output slowdown may fan worries that the world's third-largest economy will see a double-dip recession as businesses are pressured by a wider, local state of emergency covering parts of the country, including Tokyo. Separate data showed the average number of available jobs per applicant for 2020 saw its biggest decline in 45 years, while the December jobless rate held steady from the previous month. Official data showed factory output declined 1.6% in December, as falling production of general machinery and cars offset strength in inorganic and organic chemicals manufacturing.</p> <p><i>(Source: Business Times, 29 January 2021)</i></p>
<p>CHINA</p> <p>Exclusive: China likely to avoid setting 2021 GDP target over debt concerns, sources say</p>	<p>China will likely avoid setting a 2021 growth target, dropping the closely watched measure for a second straight year on concerns that maintaining one could encourage provincial economies to ramp up debt. The world's second-biggest economy eked out 2.3% growth last year despite the ravages of the pandemic and will rebound a sharp 8.4% this year thanks to Beijing's aggressive COVID-19 response and global recovery. But policymakers fear that pegging official ambitions to a specific rate of growth could encourage regional governments to pursue even higher growth, in turn prompting an unhealthy rise in debt to hit the target. Government advisers who call for scrapping the GDP target again this year appear to be gaining the upper hand, while policymakers may again signal a goal implicitly by targeting employment and other indicators.</p> <p><i>(Source: Reuters, 28 January 2021)</i></p>