

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(2 August 2021 – 6 August 2021)

Countries	Highlights
<p><b>US</b></p> <p><b>July's strong jobs report could prepare the Federal Reserve to dial back its bond-buying programme</b></p>	<p>July's strong jobs report puts the Federal Reserve on track to slow its bond purchases if the spread of COVID-19 doesn't hurt the economy and hiring later in the summer. Hiring was the fastest pace in a year. The economy added 943,000 jobs in July, nearly 100,000 more than the Dow Jones consensus estimate. The unemployment rate also fell to 5.4%, beating the forecasted jobless rate of 5.7%. Employment in May and June was also revised higher by a total of 119,000 payrolls. Fed watchers expect the central bank to formally announce the wind down of its USD120 billion monthly bond-buying program which had been put in place to prop up the economy through the pandemic at one of its next few meetings. Market pros also think the central bank will start the process of cutting back its asset purchases by the end of 2021 or early 2022.</p> <p><i>(Source: CNBC, 6 August 2021)</i></p>
<p><b>UK</b></p> <p><b>Bank of England warns inflation will hit 4% this year but holds interest rates</b></p>	<p>Inflation is forecast to hit 4% this year as Britain's robust recovery from the pandemic accelerates at a blistering pace, the Bank of England (BoE) has said, hinting that a modest increase in interest rates next year might be needed to keep rising prices in check. With most of the economy open and businesses reporting strong sales, the central bank's monetary policy committee (MPC) said the economy would grow by 8% in 2021 up from a forecast in May of 7.25% to regain its pre-pandemic level of activity by the end of this year, rather than spring 2022. The BoE's message is upbeat, but there's a sting in the tail. Keeping the current base rate at 0.1%, the MPC forecast that the rise in inflation was likely to be temporary as the current surge in energy and imported goods began to wane, pushing down prices growth next year towards its 2% target.</p> <p><i>(Source: The Guardian, 5 August 2021)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan's household spending unexpectedly falls as firms cut bonuses</b></p>	<p>Japan's household spending unexpectedly fell in June as cuts to summer bonuses hit consumption, adding gloom to an economy already struggling with the hit from a resurgence in coronavirus infections. The figures underscore the challenge policymakers face as they seek to support a fragile economic recovery, while battling a spike in Delta variant cases that has forced Japan to expand state of emergency curbs during the Olympic Games. Household spending fell 5.1% in June from a year earlier, confounding market forecasts for a 0.1% and marking the first drop in four months. Compared with May, household spending fell 3.2%, reinforcing the need for export-driven growth as domestic demand remains weak due to the state of emergency curbs.</p> <p><i>(Source: Business Times, 6 August 2021)</i></p>
<p><b>CHINA</b></p> <p><b>Growth in China's July services activity speeds up, but risks loom</b></p>	<p>Growth in China's services sector accelerated in July, a private survey showed, although the spread of the COVID-19 Delta variant across the country threatens to undercut the recovery in China. The Caixin/Markit services Purchasing Managers' Index (PMI) rose to 54.9 in July, the highest since May and up from 50.3 the previous month. The better readings in the private survey, which focuses more on smaller firms in coastal regions, stood in contrast with findings in an official survey on Saturday which showed growth in the services sector retreat slightly in July. China's services sector has been slower to recover from the pandemic than manufacturing but has been helped by a gradual improvement in consumption in recent months. A rise in domestic coronavirus infections, however, is threatening to hurt the economy's steady recovery.</p> <p><i>(Source: The Star, 4 August 2021)</i></p>