

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(8 February 2021 – 12 February 2021)

Countries	Highlights
<p><b>US</b></p> <p><b>Cheaper airline tickets help to keep lid on US inflation in January</b></p>	<p>US consumer prices rose moderately in January as higher gasoline prices were blunted by a slump in airline fares amid a relentless pandemic, tempering expectations for a sustained acceleration in inflation this year. Inflation is under the spotlight, with economic growth expected to be juiced by fiscal stimulus and coronavirus vaccines becoming accessible to large swaths of the population, unleashing pent-up demand for services. Higher inflation is anticipated by the spring as price declines early in the coronavirus crisis wash out of the calculations, but there is no consensus among economists on whether it would stick beyond the so-called base effects. The consumer price index rose 0.3% last month after gaining 0.2% in December. In the 12 months through January the CPI increased 1.4% after climbing 1.3% in December.</p> <p><i>(Source: Reuters, 10 February 2021)</i></p>
<p><b>UK</b></p> <p><b>UK economy slumps by record 9.9% in 2020 after COVID-19 hit</b></p>	<p>UK economy suffered its biggest crash in output in more than 300 years in 2020 when it slumped by 9.9%, but it avoided heading back towards recession at the end of the year and looks on course for a recovery in 2021. Official figures showed GDP grew 1% from October through December. This makes it likely that Britain will escape two straight quarters of contraction, the standard definition of recession in Europe even though the economy is set to shrink in early 2021 due to the effects of a 3<sup>rd</sup> COVID-19 lockdown. Britain's economy grew 1.2% in December alone, after a 2.3% fall in output in November when there was a partial lockdown, pointing to greater resilience to COVID-19 restrictions than at the start of the pandemic.</p> <p><i>(Source: Reuters, 12 February 2021)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan's January service sector sentiment worsens as COVID-19 impact drags</b></p>	<p>Japan's service sector sentiment index worsened for a third straight month in January, hitting its lowest since last May after a state of emergency was reimposed in Tokyo areas and some other prefectures. The survey of workers such as taxi drivers, hotel workers and restaurant staff called "economy watchers" for their proximity to consumer and retail trends showed their confidence about current economic conditions declined 3.1 points from December to 31.2. It was the lowest level since the index hit 17.0 in May 2020, when the economy was reeling from the first wave of the pandemic and suffered its worst post-war slump. Re-assessing the economy based on the survey's findings, the government said the economy was now weakening, downgrading its view for a third straight month.</p> <p><i>(Source: Business Times, 8 February 2021)</i></p>
<p><b>CHINA</b></p> <p><b>China's factory prices rise for first time in 12 months as demand recovers</b></p>	<p>China's factory gate prices rose in annual terms in January for the first time in 12 months and at the fastest rate since May 2019, suggesting gathering growth momentum for the world's second-largest economy. The producer price index rose 0.3% from a year earlier. The Chinese economy is expected to grow 8.4% this year, following a 2.3% rise in 2020. China's factory activity grew at the slowest pace in five months in January, reflecting the outbreak's impact on production as well as services including logistics and transportation as the country sought to contain Covid-19 ahead of the Lunar New Year holidays. The slip into deflation was mainly caused by high base effects a year earlier and will likely reverse sharply in February due to Lunar New Year demand.</p> <p><i>(Source: CNBC, 9 February 2021)</i></p>