

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(6 May 2019 – 10 May 2019)

Countries	Highlights
<p>US</p> <p>Muted US inflation strengthens case for Fed rate cut</p>	<p>U.S. consumer prices barely rose in May 2019, pointing to moderate inflation that together with a slowing economy increased pressure on the Federal Reserve to cut interest rates this year. The consumer price index edged up 0.1% in May 2019 as a rebound in the cost of food was offset by cheaper gasoline. The CPI gained 0.3% in April. In the 12 months through May, the CPI increased 1.8%, slowing from April's 1.9% gain. May's rise in the CPI was broadly in line with economists' expectations. Excluding the volatile food and energy components, the CPI nudged up 0.1% for the fourth straight month, the longest such stretch since April 2017. The so-called core CPI was held down by a sharp decline in the prices of used cars and trucks as well as motor vehicle insurance.</p> <p><i>(Source: The Star, 13 June 2019)</i></p>
<p>UK</p> <p>Britain to become first G7 country with net zero emissions target</p>	<p>Britain will toughen its climate targets and commit to reaching net zero greenhouse gas emissions by 2050, becoming the first G7 nation to set such a goal. The country currently aims to cut greenhouse gas emissions (GHGs) by 80% from 1990 levels by 2050. However, campaigners say this does not go far enough to meet pledges made under the 2015 Paris climate agreement to try to limit a rise in global warming to 1.5 degrees Celsius. Britain's independent climate advisers, the Committee on Climate Change said that the country should move to the new target, which would require more renewable electricity generation and could require the phasing out of new petrol and diesel cars by at least 2035. Households would also need to be weaned off natural gas heating and switch to low-carbon alternatives such as hydrogen or heat pumps.</p> <p><i>(Source: Reuters, 12 June 2019)</i></p>
<p>JAPAN</p> <p>Japan's first-quarter GDP grows at faster pace, but trade war blunts outlook</p>	<p>Japan's economy grew slightly faster than initially estimated in the first quarter, thanks to stronger capital spending, but analysts say global trade tensions remain a drag on growth and raise risks to the outlook for the export-reliant nation. The economy grew an annualized 2.2% in January-March, stronger than economists' forecast for 2.1% annualised growth and the preliminary reading of the same rate of expansion. In the 4Q 2018, GDP rose an annualised 1.8%. The capital spending component of GDP rose 0.3% from the previous quarter, versus the median forecast for a 0.5% increase and the preliminary 0.3% fall. Private consumption, which accounts for 60% of GDP fell 0.1% in the first quarter from the previous three months, unchanged from the preliminary reading.</p> <p><i>(Source: Reuters, 10 June 2019)</i></p>
<p>CHINA</p> <p>China's May industrial output growth cools to 17-year low as trade war escalates</p>	<p>China's economy flashed more warning signs in May as the United States ramped up trade pressure, with industrial output growth unexpectedly slowing to a more than 17-year low and investment cooling, underlining a need for more stimulus. Data from the National Bureau of Statistics showed that the industrial output grew 5.0% in May from a year earlier, missing analysts' expectations of 5.5% and well below April's 5.4%. The reading was the weakest since early 2002 and exports were a major drag, showing only marginal growth.</p> <p><i>(Source: Reuters, 14 June 2019)</i></p>