

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(12 August 2019 – 16 August 2019)

Countries	Highlights
<p>US</p> <p>US housing market mired in weakness; consumer sentiment ebbs</p>	<p>US homebuilding fell for a third straight month in July amid a steep decline in the construction of multi-family housing units, but a jump in permits to a seven-month high offered hope for the struggling housing market. Declining mortgage rates have done little to stimulate the housing market as land and labour shortages constrain builders' ability to construct sought-after lower-priced homes. Housing and manufacturing are the weakest spots in the economy, which this week has seen a heightened risk of recession. Homebuilders say lower borrowing costs have not boosted the housing market because mortgage rates have declined due to economic uncertainty. The Federal Reserve cut interest rates last month for the first time since 2008, citing growing risks to the economy from the Trump administration's bitter trade war with China, as well as slowing global growth.</p> <p><i>(Source: Reuters, 16 August 2019)</i></p>
<p>UK</p> <p>UK inflation unexpectedly overshoots BoE target in July</p>	<p>Britain's inflation rate unexpectedly overshoot the Bank of England's 2% target on Wednesday, raising the cost of living even before sterling's slide has had much chance to feed into consumer prices. Annual consumer price inflation rose to a three-month high of 2.1% in July from 2.0% in June, the Office for National Statistics said, bucking the average expectation in a Reuters poll of economists for a fall to 1.9%. Businesses fear a no-deal Brexit will create major disruption at ports, further pushing up the cost of imports.</p> <p><i>(Source: Reuters, 14 August 2019)</i></p>
<p>JAPAN</p> <p>Japan exports seen shrinking for eighth month in July, core inflation weak - Reuters poll</p>	<p>Japan's exports likely fell for an eight straight month in July, a Reuters poll showed Friday, as a protracted U.S.-China trade war and weak global demand hurt shipments from the world's third-largest economy. Adding to the growing challenge for policymakers, the nation's core consumer inflation is also expected to stay at 2-year lows for the month, weighed down by softer prices of energy-related items, the poll showed. Exports in July were forecast to have shrunk 2.2% from a year earlier, which would extend a slump that began in December last year, but not as bad as a revised 6.6% decline in June. Many export-reliant economies such as Japan have been hit hard by the Sino-U.S. tariff row, which has already upended supply chains and undermined global trade, investment and corporate earnings.</p> <p><i>(Source: Reuters, 15 August 2019)</i></p>
<p>CHINA</p> <p>China's economy worsens in July, industrial growth hits 17-year low</p>	<p>China reported a raft of unexpectedly weak July data on Wednesday, including a surprise drop in industrial output growth to a more than 17-year low, underlining widening economic cracks as the trade war with the United States intensifies. Industrial output grew 4.8% in July from a year earlier, data from the National Bureau of Statistics showed, lower than the most bearish forecast in a Reuters poll. Analysts had forecast industrial output growth would slow to 5.8%, from June's 6.3% growth, amid weakened demand at home and abroad. The United States had sharply raised tariffs on a large share of its Chinese imports in May. Retail sales growth was also weaker than the most pessimistic forecast, after a jump in July that many analysts had predicted would be temporary.</p> <p><i>(Source: Business Standard, 14 August 2019)</i></p>