

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(25 November 2019 – 29 November 2019)

Countries	Highlights
<p>US</p> <p>U.S. consumer spending increases steadily; inflation muted</p>	<p>US consumer spending rose steadily in October, suggesting the economy will probably maintain its moderate pace of growth in the 4Q 2019. Consumer spending which accounts for more than two-thirds of US economic activity, increased 0.3% last month as households spent more on electricity and gas, offsetting a drop in new motor vehicle purchases (Sept'19: 0.2%). The gain in consumer spending together with signs of stabilisation in business investment supports economists' expectations that the economy will continue to grow around its potential. The economy grew at a 2.1% annualised pace in the 3Q 2019. Though growth has slowed from a 3.1% rate in 1Q 2019, the risks of a recession in the near term have subsided as trade tensions between the US and China have eased and the housing market has rebounded from last year's soft patch, driven by lower mortgage rates.</p> <p style="text-align: right;"><i>(Source: Reuters, 19 November 2019)</i></p>
<p>UK</p> <p>UK consumers pick up pace of borrowing for first time since mid-2018 - BoE</p>	<p>British consumers, whose spending has helped drive the economy since the Brexit referendum shock of 2016, picked up the pace of their borrowing for the first time in 16 months in October. The growth rate in unsecured consumer lending increased to 6.1% in the 12 months to October from 5.9% in September, the first increase in the annual growth rate since June 2018. There have been signs recently that households were turning more cautious as the prospect of a potentially chaotic Brexit grew, and after Prime Minister Boris Johnson called an early election for Dec. 12. The BoE said consumer lending increased by 1.326 billion pounds in October, compared with a median forecast for a rise of 0.9 billion pounds in a Reuters poll of economists.</p> <p style="text-align: right;"><i>(Source: Reuters, 29 November 2019)</i></p>
<p>JAPAN</p> <p>Japan Government mulls over US\$92b stimulus package to spur growth</p>	<p>Japan's government is considering putting together a large-scale economic stimulus package with fiscal spending exceeding US\$92 billion as soft global demand and the US-China trade war dampen the country's fragile recovery. Adding strain to Japan's tattered finances, the government will issue more bonds to fund public works spending of up to 4 trillion yen (US\$36.82 billion) and make up for tax revenue shortfalls as firms feel the pinch from the trade tensions. Prime Minister Shinzo Abe's administration will finalise the package early next week after consultations with the ruling coalition. Aside from the fiscal spending, Japan will also provide financing to companies for overseas investment to help them diversify production.</p> <p style="text-align: right;"><i>(Source: The Business Times, 29 November 2019)</i></p>
<p>CHINA</p> <p>China's factory activity unexpectedly returns to growth in November</p>	<p>Factory activity in China unexpectedly returned to growth in November for the first time in seven months, as domestic demand picked up on Beijing's accelerated stimulus measures to steady growth. But gains were slight, and export demand remained sluggish. The Purchasing Managers' Index (PMI) bounced back to 50.2 in November, its highest since March (Oct'19: 49.3). Total new orders bounced back to expansionary territory with the sub-index rising to 51.3. Factory output also rose to 52.6 in November due to Government push on infrastructure investment, less property market control, and a de-escalation in US-China trade tension in October, when both sides said they had substantially reached a "Phase 1" agreement and the US delayed a tariff increase scheduled to take place on October 15.</p> <p style="text-align: right;"><i>(Source: Nasdaq, 29 November 2019)</i></p>