

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(19 October 2020 – 23 October 2020)

Countries	Highlights
<p>US</p> <p>US business activity picks up in October: IHS Markit</p>	<p>US business activity increased to a 20-month high in October, but the pace of new business growth and new orders eased slightly amid the lingering COVID-19 pandemic and caution ahead of the Nov. 3 presidential election. Data firm IHS Markit said its flash US Composite PMI Output Index, which tracks the manufacturing and services sectors, rose to a reading of 55.5 this month. The survey found other companies said several clients were holding back on placing orders until after the fiercely contested race to the White House between Republican President Donald Trump and former Vice President and Democratic Party candidate Joe Biden. The survey's flash services sector PMI rose to 56 this month, a 20-month high, from a reading of 54.6 in September. The survey's flash manufacturing PMI inched up to a reading of 53.3 from 53.2 in September.</p> <p><i>(Source: Reuters, 23 October 2020)</i></p>
<p>Euro Zone</p> <p>Euro zone economy at risk of double-dip recession - PMIs</p>	<p>Euro zone economic activity slipped back into decline this month as a second wave of the coronavirus sweeps across the continent, heightening expectations for a double-dip recession. IHS Markit's Flash Composite Purchasing Managers' Index, seen as a good gauge of economic health, fell to 49.4 from September's final reading of 50.4. That headline PMI was dragged down by the service industry's PMI, which sank more than expected to 46.2 from 48.0. Echoing the divide between services and manufacturing, German factories powered ahead this month, while in France activity contracted as a resurgence of the virus hit the euro zone's second-biggest economy.</p> <p><i>(Source: Reuters, 23 October 2020)</i></p>
<p>JAPAN</p> <p>Japan's Oct manufacturing activity falls amid global COVID-19 resurgence</p>	<p>Japan's factory activity extended declines in October highlighting the impact a resurgence in global coronavirus infections has had on the world's third-largest economy. The contraction in manufacturing is at risk of extending further as new infections throw cold water on hopes of an export-led recovery for the trade-reliant economy. The au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) edged up to 48.0 in October from a final 47.7 in the previous month. The PMI survey pointed to some bright spots, with the headline pace of decline coming in at its slowest since January as overall output and new orders moved closer to stabilisation. But the data also showed service sector activity in October contracted at a faster pace than in the previous month, casting a shadow over private sector conditions as a whole.</p> <p><i>(Source: Reuters, 23 October 2020)</i></p>
<p>CHINA</p> <p>China revises central bank law to help risk fight</p>	<p>China on Friday issued a revised law on the central bank to formalise its expanded role in overseeing the financial sector to help ward off risks in the world's second-largest economy. In recent years, the People's Bank of China has been boosting its policy clout and regulatory reach by adopting macro-prudential and counter-cyclical policy tools, as it seeks to contain risks to the financial system. The revised law on the PBOC will help prevent and resolve financial risks and maintain financial stability. Under the revised law, the PBOC will strengthen its macro-prudential management, coordinate supervision of systemically important financial institutions and financial holding companies. The revised law will continue to ban the central bank from buying government bonds or providing loans to local governments.</p> <p><i>(Source: Reuters, 23 October 2020)</i></p>