

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(22 June 2020 – 26 June 2020)

Countries	Highlights
<p>US</p> <p>US consumer spending rebounds; income plunges</p>	<p>US consumer spending rebounded by the most on record in May, but the gains are not likely to be sustainable, with income dropping and expected to decline further as millions lose their unemployment checks starting next month. The Commerce Department said consumer spending, which accounts for more than two-thirds of US economic activity, jumped 8.2% last month. That was the largest increase since the government started tracking the series in 1959. Consumer spending tumbled by a historic 12.6% in April. Consumers stepped up purchases of motor vehicles and recreational goods. They also boosted spending on healthcare, and at restaurants, hotels and motels. But personal income dropped 4.2%, the most since January 2013, after surging by a record 10.8% in April when the government handed out one-time USD1,200 checks to millions of people and boosted unemployment benefits to cushion against the COVID-19 hardship.</p> <p>(Source: Reuters, 26 June 2020)</p>
<p>UK</p> <p>UK retailers gloomy before lockdown eased in June – CBI</p>	<p>British retailers remained gloomy in the run-up to non-essential stores being allowed to reopen to the public on June 15, a survey from the Confederation of British Industry showed. The CBI said 62% of the retail chains it surveyed between May 27 and June 12 feared that weak consumer demand would hamper recovery from the slump in sales that occurred for most items other than food and drink after the lockdown began in late March. The CBI's headline retail sales barometer rose to -37 in June from -50 in May, slightly short of economists' average expectation in a Reuters poll and far below its level at the start of the year.</p> <p>(Source: Reuters, 25 June 2020)</p>
<p>JAPAN</p> <p>Japan's economy reopening cautiously</p>	<p>Restaurants are offering more take-out and outdoor seating. Major retailer Uniqlo's new "cool and dry" mask, three for 990 yen (USD9), sold out Friday shortly after it was put on the shelves. Japan's economy is opening cautiously, with social-distancing restrictions amid the COVID-19 pandemic. The delicate "new normal" balancing act playing out around the world is precarious but imperative for Japan, whose long stagnant economy sorely needs tourism, exports and thriving small businesses to avoid sliding deeper into recession. A return to pre-pandemic levels of economic activity is not expected for Japan until 2023, a year after a likely recovery in the US.</p> <p>(Source: The Manila Times, 22 June 2020)</p>
<p>CHINA</p> <p>IMF further downgrades forecast for china's economy</p>	<p>The International Monetary Fund cut its world economic outlook (WEO) growth projections for major economies once again after its April report, due to the uncertain recovery amid the COVID-19 outbreak. China's economy is projected to grow 1% in 2020, only to come back roaring in 2021 with 8.2% in 2021. The nation's robust stimulus was cited as the main driver for the expected growth next year. China is the only economy seeing positive growth projections in 2020 among the over 20 major economies listed in the WEO report. To compare, the fund projected a 1.2% growth for the Chinese 2020 output and a 9.2% growth in 2021 in its April WEO forecast. IMF reported that the global output is projected to contract sharply by 4.9% in 2020, 1.9 points lower than its April forecast of a negative 3% growth. Before the Covid-19 crisis, the organization guided a 3.3 % growth in 2020 and 3.4% for 2021.</p> <p>(Source: Reuters, 25 June 2020)</p>