

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(25 May 2020 – 29 May 2020)

Countries	Highlights
<p>US</p> <p>US manufactured goods sales plunge 17.2% in April</p>	<p>New orders for US manufactured goods cratered in April by 17.2% as the Covid-19 pandemic shut down factories nationwide, the Commerce Department reported. That decline came after a 16.6% drop in March, taking sales down to US\$170 billion in April from US\$246 billion before the virus hit the world's largest economy. Excluding transportation, sales fell just 7.4% but transportation orders collapsed by more than 47% after the 43% plunge in March. Struggling aerospace giant Boeing is a key part of the transportation sector and reported 31 orders in March and none in April. Like other manufacturers, Boeing shuttered its factories due to the pandemic but restarted them late last month. However, the company also announced it is slashing its workforce by 10% and reducing production. Meanwhile, sales of motor vehicles and parts collapsed nearly 52.8% compared to March.</p> <p><i>(Source: The Straits Times, 28 May 2020)</i></p>
<p>UK</p> <p>UK helps employers with slow phase-in of job shield costs</p>	<p>British finance minister Rishi Sunak offered fresh help to employers hammered by the coronavirus shutdown in the form of a gradual phase-in of contributions by them to the government's hugely expensive wage subsidy scheme. The government has been paying since March 80% of the wages of workers who are temporarily laid off, and who now total 8.4 million, to limit a surge in unemployment. In August the companies will have to resume pension and social security payments, building up to 10% of wage costs in September and 20% in October, a lesser requirement than reported by media before the announcement.</p> <p><i>(Source: Reuters, 30 May 2020)</i></p>
<p>JAPAN</p> <p>Japan's factory, retail sectors slump as pandemic hits auto sector</p>	<p>Japan's factory output slid faster-than-expected and retail sales tumbled the most in more than two decades in April, as the coronavirus pandemic wrecked both foreign and domestic demand for the country's autos and other manufactured goods. The bad numbers suggest the recession seen in the economy over the six months to March is likely to deepen in the current quarter as government-imposed lockdowns disrupted supply chains and kept consumers shut in at home. Official data showed factory output slipped 9.1% in April from the previous month, the biggest drop since comparable data became available in 2013 as automakers and iron and steel manufacturers suffered sharp declines. Nissan Motor Co. plans to slash production capacity and model range by about a fifth to help cut costs by 300 billion yen (USD2.79 billion), following a slide in sales.</p> <p><i>(Source: Reuters, 28 May 2020)</i></p>
<p>CHINA</p> <p>China steps in to defend the yuan, as US tensions and Hong Kong uncertainty send currency tumbling</p>	<p>The Chinese central bank moved again on Friday to support the yuan after it fell this week to its lowest level against the US dollar in eight months, amid rising tensions with the US and growing uncertainty over Hong Kong's future. The People's Bank of China set the yuan's daily central parity rate stronger than its previous closing price in the onshore spot market for the ninth consecutive trading day, in a sign the central bank is pushing back against rising volatility. The downward pressure on the yuan has grown as hostility flared over Beijing's decision to impose a new security law on Hong Kong. Hong Kong is the biggest "offshore" market for the yuan, accounting for 70% of yuan payments outside China.</p> <p><i>(Source: South China Morning Post, 29 May 2020)</i></p>