

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(30 March 2020 – 3 April 2020)

Countries	Highlights
<p>US</p> <p>US factory orders unchanged in February</p>	<p>New orders for US-made goods were unexpectedly flat in February, and could remain weak as a global coronavirus outbreak strains supply chains and undercuts the manufacturing sector. The Commerce Department said the unchanged reading in factory orders followed a 0.5% decline in January. Economists polled by Reuters had forecast factory orders would increase 0.2% in February. The Institute for Supply Management (ISM) reported that its index of national factory activity fell to a reading of 49.1 in March from 50.1 in February. A reading below 50 indicates contraction in the manufacturing sector, which accounts for 11% of the US economy. As well as causing disruptions in supply chains, the coronavirus pandemic has shut down demand, with the transportation industry almost crawling to a halt, and restaurants, bars and other social venues shutting.</p> <p>(Source: Reuters, 2 April 2020)</p>
<p>UK</p> <p>UK firms fall deeper into record-breaking slump - March PMIs</p>	<p>A record-breaking slump among Britain's services and manufacturing firms deepened in late March with much of the economy in a shutdown to slow the spread of coronavirus. The final composite Purchasing Managers' Index covering the two sectors fell to 36.0 from 53.0 in February. Britain's dominant services industry suffered its biggest slump since the survey began in 1996, and its index sank to 34.5 from February's 53.2. The survey data were collected March 12-27, covering the period after Prime Minister ordered the closure of bars, restaurants, gyms and other services businesses to slow the coronavirus outbreak on March 20. Technology services were the only area to signal a rise in business activity, possibly reflecting the stay-at-home order for many people but new workloads for tech firms dropped more quickly in this category than at any time since 2011.</p> <p>(Source: Reuters, 3 April 2020)</p>
<p>JAPAN</p> <p>Japan's factory output slows, plunge seen as virus grips economy</p>	<p>Japan's industrial output rose in February at a slower pace than the previous month and factories expect production to plunge in March, adding to growing signs the coronavirus pandemic is taking a toll on an economy already on the cusp of recession. While retail sales held up, job availability fell to a near three-year low in February in a sign the economy was losing momentum even before the fallout from the virus outbreak widened in March. Factory output rose 0.4% in February but slower than the 1.0% increase in January. Automakers and machinery manufacturers suffered output declines mainly due to factory shutdowns in China, which led to delays in procuring parts.</p> <p>(Source: Reuters, 31 March 2020)</p>
<p>CHINA</p> <p>China slashes reserve requirements for small banks to support virus-hit economy</p>	<p>China's central bank said it was cutting the amount of cash that mid-sized and small banks must hold as reserves, releasing around 400 billion yuan (USD56.38 billion) in liquidity to shore up the economy, which has been badly jolted by the coronavirus crisis. The People's Bank of China said on its website it will cut the reserve requirement ratio (RRR) for those banks by 100 basis points (bps), in two phases. The first cut of 50 bps will be effective as of April 15, and second cut of another 50 bps will be effective as of May 15. The central bank has been easing monetary policy since the virus outbreak escalated in January, cutting the benchmark lending rate and telling banks to offer cheap loans and payment relief to firms that have been hardest hit by the coronavirus outbreak.</p> <p>(Source: Business Insider, 3 April 2020)</p>