

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(31 August 2020 – 4 September 2020)

Countries	Highlights
<p>US</p> <p>US job growth loses speed as fiscal stimulus ebbs</p>	<p>US employment growth slowed further in August and permanent job losses increase as money from the government started running out, rising doubts on the sustainability of the economy's recovery from the deep COVID-19 recession. Nearly a fifth of the job gains reported by the Labor Department were from the government's temporary hiring for the 2020 Census. While the unemployment rate fell below 10%, it was biased down by a continuing misclassification problem. Nonfarm payrolls increase by 1.371 million jobs last month for advancing 1.734 million in July. Excluding government, payrolls rose 1.027 million. Private sector employment gains were led by the retail sector, with 249,000 jobs created. Though professional and business services added 197,000 jobs, more than half of the gain was in temporary help services, reflecting the uncertain economic environment.</p> <p>(Source: Reuters, 4 September 2020)</p>
<p>UK</p> <p>Sterling to weaken on damaged UK economy — Reuters Poll</p>	<p>The pound GBP hit an eight-month high against the greenback on Tuesday of over USD1.34 but has since drifted lower after Bank of England (BoE) policymakers warned that Britain's economy could suffer more damage than anticipated. Sterling will lose some of its recent gains against a weaker dollar as year-end approaches, hurt by Brexit uncertainty and fears surrounding the coronavirus pandemic, a Reuters poll showed. The level of Britain's economic output would permanently be about 1.5 percentage points lower than it would have been without the pandemic, BoE Deputy Governor Dave Ramsden said. To support the economy, like many its global peers, the central bank has slashed borrowing costs to a record low and ramped up its bond purchases.</p> <p>(Source: Reuters, 4 September 2020)</p>
<p>JAPAN</p> <p>Taking a leaf from Fed, BOJ may need to focus more on jobs, deputy governor says</p>	<p>The Bank of Japan (BOJ) may need to pay more attention to job and household income in guiding monetary policy, Deputy Governor Masazumi Wakatabe said. There were many lessons to learn from the US Federal Reserve's new policy strategy that focuses more on creating jobs and boosting household income. The BOJ is mandated by law to achieve price and financial system stability but does not have a target on jobs growth. A few academics have called on the BOJ to target jobs or nominal GDP to strengthen its commitment to maintain ultra-easy policy longer.</p> <p>(Source: Reuters, 2 September 2020)</p>
<p>CHINA</p> <p>China's August export orders shake off COVID gloom, fuelling factory expansion: Caixin PMI</p>	<p>China's factory activity expanded at the fastest clip in nearly a decade in August, bolstered by the first increase in new export orders this year as manufacturers ramped up production to meet rebounding demand. The Caixin / Markit Manufacturing Purchasing Managers' Index (PMI) rose to 53.1 last month from July's 52.8, marking the sector's fourth consecutive month of growth and the biggest rate of expansion since January 2011. Chinese factories reported the first increase in new export orders this year in August as overseas countries eased COVID-19 restrictions to kick start their economies. The labour market also saw signs of improvement, with some companies increasing recruitment to meet production needs, although the gauge of employment continued to stay in negative territory for the eight-straight month.</p> <p>(Source: Reuters, 1 September 2020)</p>