

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(7 September 2020 – 11 September 2020)

| Countries | Highlights |
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| <p>US</p> <p>US consumer prices increase solidly in August</p> | <p>US consumer prices increased solidly in August, but labour market slack is likely to keep a lid on inflation as the economy recovers from the COVID-19 recession. The Labor Department said its consumer price index rose 0.4% last month. The CPI advanced 0.6% in June and July after declining in the prior three months as business closures to slow the spread of the coronavirus depressed demand. In the 12 months through August, the CPI increased 1.3% after gaining 1.0% in July. Economists polled by Reuters had forecast the CPI rising 0.3% in August and climbing 1.2% year-on-year.</p> <p><i>(Source: Reuters, 11 September 2020)</i></p> |
| <p>UK</p> <p>ECB sees smaller pandemic recession, slow inflation recovery</p> | <p>The European Central Bank expects the euro zone to suffer a smaller recession this year than earlier feared but inflation is still likely to undershoot its target for years to come, its updated economic projections showed. In what it describes as the baseline scenario, the ECB expects GDP to shrink by 8.0% this year, an improvement on the 8.7% contraction it expected in June. But the recovery is also likely to be slower, with 2021 growth now seen at 5.0%, slightly below the 5.2% projected three months earlier. The balance of risk to the economy remains skewed to the downside following the coronavirus pandemic. The ECB left its inflation projections almost unchanged, with an increase of 0.3% seen this year, rising to 1.0% in 2021, slightly more than it foresaw in June and 1.3% in 2022.</p> <p><i>(Source: Reuters, 10 September 2020)</i></p> |
| <p>JAPAN</p> <p>Japan's households, firms keep hoarding cash at record pace as COVID-19 strains broaden</p> | <p>Japan's currency in circulation and bank deposits rose at a record annual pace in August as companies and households continued to pile up cash to guard against the coronavirus driven income slump. The data underlines the difficulty of prodding companies and households to start spending again, even as the economy gradually re-opens after lockdown measures were lifted in May. Japan's M3 money stock or currency in circulation and deposits at financial institutions rose 7.1% in August from a year earlier, marking the biggest increase since comparable data became available in 2004. Bank deposits surged a record 15.3% in August from a year earlier, as the hit to sales from COVID-19 prompted companies to continue to hoard cash as a precaution. Cash in circulation rose 5.5% in August, matching the pace of gain in July.</p> <p><i>(Source: Reuters, 9 September 2020)</i></p> |
| <p>CHINA</p> <p>China's PPI fall at slowest rate in five months amid industry recovery</p> | <p>China's factory gate prices fell at their slowest annual pace in five months in August as China and its industries continued to recover from a slump caused by the coronavirus epidemic earlier this year. Annual producer price index (PPI) fell for a seventh straight month but at a slower pace, while consumer prices saw more moderate growth due to falling pork price inflation. China's economy returned to growth in the second quarter of this year, underpinned by government stimulus and as the country managed to get the virus broadly under control. The PPI fell 2.0% from a year earlier in August. The consumer price index meanwhile rose 2.4% last month from a year earlier, as expected, but slower than a 2.7% annual increase in July, as food price inflation eased, driven by pork prices as the African swine fever decimated China's pig herd.</p> <p><i>(Source: CGTN, 10 September 2020)</i></p> |