

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(17 May 2021 – 21 May 2021)

Countries	Highlights
<p><b>US</b></p> <p><b>US manufacturing activity powers ahead in early May</b></p>	<p>US factory activity gathered speed in early May amid strong domestic demand, but backlogs of uncompleted work are piling up as manufacturers struggle to find raw materials and labour, boosting costs for both businesses and consumers. Data firm IHS Markit said its flash US manufacturing PMI increased to 61.5 in the first half of this month. That was the highest reading since the survey was expanded to cover all manufacturing industries in October 2009 and followed a final reading of 60.5 in April. A reading above 50 indicates growth in manufacturing, which accounts for 11.9% of the US economy. Demand shifted to goods from services as the Covid-19 pandemic kept Americans at home, causing supply constraints. The virus also disrupted labour at manufacturers and their suppliers, leading to raw material shortages across industries.</p> <p><i>(Source: Business Times, 21 May 2021)</i></p>
<p><b>UK</b></p> <p><b>UK retail spending soars as economy reopens</b></p>	<p>British retail sales surged in April as shoppers splashed out on new clothes after shops reopened following months of lockdown closures. Sales volumes in April jumped 9.2% month on month twice the average forecast in a Reuters poll of economists after rising 5.1% in March. Clothing sales soared by almost 70%. Sterling rose slightly against the US dollar on the latest sign of a robust economic recovery in Britain. Sales volumes were 42.4% higher than a year earlier, when they collapsed during Britain's first coronavirus lockdown. British retail sales are now 10.6% above their level in February 2020, before the pandemic struck, though many retailers have suffered badly from repeated lockdowns that accelerated the shift to online commerce. Department store Debenhams closed its last store this month after more than 240 years of trading, though the brand name has been bought by online retailer Boohoo.</p> <p><i>(Source: Reuters, 21 May 2021)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan emergency curbs push private-sector activity into contraction</b></p>	<p>Japan's factory activity expanded at a slower pace in May as growth in output and new orders eased, in a sign emergency curbs to stem a rise in coronavirus infections were hampering the country's economic recovery. Activity in the service sector contracted at the fastest pace in nine months, pulling the private sector as a whole into contraction after the previous month's expansion. The au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) weakened to a seasonally adjusted 52.5 in May from a final 53.6 in April. The PMI survey showed overall output posted the weakest monthly expansion since February, in a sign a state of emergency curbs in Tokyo and other major areas were taking a toll on manufacturers. Manufacturers saw input prices rising for a 12<sup>th</sup> month, while output prices were largely unchanged, causing the widest gap between the two in nearly a decade.</p> <p><i>(Source: Business Times, 21 May 2021)</i></p>
<p><b>CHINA</b></p> <p><b>China keeps benchmark lending rate at 4.65pc</b></p>	<p>China kept its benchmark lending rate for corporate and household loans unchanged for the 13<sup>th</sup> straight month at its May fixing on Thursday, in line with market expectations. The one-year loan prime rate (LPR) was kept at 3.85%. The five-year LPR remained at 4.65%. Twenty-two traders and analysts, or 92% of all 24 participants, in a snap Reuters poll conducted this week predicted no change in either rate. Most new and outstanding loans in China are based on the one-year LPR. The five-year rate influences the pricing of mortgages.</p> <p><i>(Source: The Standard, 20 May 2021)</i></p>