

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(19 July 2021 – 23 July 2021)

Countries	Highlights
<p>US</p> <p>The rapid growth the US economy has seen is about to hit a wall</p>	<p>The US economy is expected to post another roaring growth spurt in the second quarter, before a slow and steady dose of reality starts to sink in. GDP is projected to accelerate 9.2% for the April-to-June period, according to a FactSet survey. In a pre-pandemic world, that would have put annualised growth at its fastest level since the second quarter of 1983. However, the current circumstances and the outsized policy response they generated make this merely the third straight quarter of GDP that sits well above the post-Great Recession trend. Things are about to change, however. The economy is creeping back toward normal, the open checkbook from Congress is about to get tighter, and millions of side-lined American workers will be returning to their jobs.</p> <p><i>(Source: CNBC, 23 July 2021)</i></p>
<p>UK</p> <p>UK growth slows sharply in July as COVID 'pingdemic' hits</p>	<p>Britain's rapid economic bounce-back from the COVID-19 pandemic slowed sharply in July as a new wave of cases forced hundreds of thousands of workers to self-isolate under government rules to limit the spread of the disease. Supermarkets and hauliers say staff shortages are making it hard to restock shelves and deliver goods, and Friday's monthly purchasing managers' index (PMI) data gave the first clear evidence of the scale of the impact. The IHS Markit/CIPS flash composite PMI dropped to 57.7 in July from 62.2 in June. A reading above 50 indicates growth in the economy but the reading was the lowest since March and a sharper fall than most economists had forecast in a Reuters poll. The economy was still on course to expand in the third quarter, but at a slower pace than before.</p> <p><i>(Source: Reuters, 24 July 2021)</i></p>
<p>JAPAN</p> <p>Olympics begin as Japan's hopes for economic revival fade</p>	<p>Back in September 2013, when Japan won the right to host the Games, it was hoped it would form the crowning achievement in then-prime minister Shinzo Abe's audacious plan to revive the economy. The world's most aggressive monetary experiment has failed to turn around a deflationary mindset that's still suppressing prices. And while structural reforms like bringing more women into the workforce have shown some success, it hasn't been enough to overcome the drag caused by a rapidly aging workforce. The official cost has more than doubled to USD15.4 billion from its original estimate, including an extra USD3 billion needed for the delay and COVID-related safety measures. And the decision to bar spectators could lead to more than a million cancelled reservations or plans to stay in hotels. It's all a far cry from the last time Tokyo hosted the Games, back in 1964, when the event marked Japan's return to the international stage.</p> <p><i>(Source: Bloomberg, 23 July 2021)</i></p>
<p>CHINA</p> <p>China rushes to set up bailout funds for indebted state-run firms</p>	<p>Local governments in China are racing to launch rescue funds worth billions of dollars to bail out state-owned groups after a flurry of high-profile bond defaults that shook international investors. Public records showed that six Chinese provinces have committed at least RMB110 billion (USD17 billion) to the funds since the end of last year, as a cash crunch among indebted state-owned enterprises hit local economies. The wave of defaults included companies such as Yongcheng Coal and Electricity Holding Group, which threw the local economy of central province of Henan into crisis when it missed an Rmb1bn debt payment last year and stopped paying some of its 180,000 workers.</p> <p><i>(Source: Financial Times, 22 July 2021)</i></p>