

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(24 May 2021 – 28 May 2021)

Countries	Highlights
<p><b>US</b></p> <p><b>Pent-up demand, shortages fuel US inflation</b></p>	<p>US consumer prices surged in April, with a measure of underlying inflation blowing past the Federal Reserve's 2% target and posting its largest annual gain since 1992, because of pent-up demand and supply constraints as the economy reopens. The US central bank slashed its benchmark overnight interest rate to near zero last year and is pumping money into the economy through monthly bond purchases. It has signalled it could tolerate higher inflation for some time to offset years in which inflation was lodged below its target, a flexible average. The supply constraints largely reflect a shift in demand towards goods and away from services during the pandemic. Consumer prices as measured by the personal consumption expenditures (PCE) price index, excluding the volatile food and energy components, increased 0.7% last month amid strong gains in both goods and services.</p> <p><i>(Source: Reuters, 28 May 2021)</i></p>
<p><b>UK</b></p> <p><b>UK car output rebounds after last year's lockdown low</b></p>	<p>British automotive production rose 34,573% in April compared to the same month last year when just 197 cars were made as factories shut due to a national lockdown. Output stood at 68,306 cars last month, still slightly below April 2019 levels, according to figures from the Society of Motor Manufacturers and Traders (SMMT). Factories have operated this year with COVID-safe measures in place, although some have been hit by semiconductor shortages, whilst dealerships in England reopened to the public in mid-April. "We still need strong domestic demand and given we're export-led, confident overseas markets to drive a recovery, both for the automotive sector and for the wider economy," said SMMT Chief Executive Mike Hawes.</p> <p><i>(Source: Reuters, 27 May 2021)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan's jobless rate rises, prices fall as Covid-19 pandemic pain persists</b></p>	<p>Japan's unemployment rate crept up and job offers slid in April, underscoring the pain the country's prolonged battle with COVID-19. Separate data showed core consumer prices in Tokyo fell in May, reinforcing expectations inflation will remain well below the central bank's 2% target for the time being. Japan's jobless rate rose to 2.8% in April from 2.6% in March. The jobs-to-applicants ratio stood at 1.09, down from the previous month's 1.10. Core consumer prices in Tokyo, considered a leading indicator of nationwide figures, fell 0.2% in May from a year earlier. Weak domestic demand has stoked fears of a return to deflation even as other major economies see inflation tick up, keeping the Bank of Japan under pressure to maintain massive stimulus.</p> <p><i>(Source: Business Times, 28 May 2021)</i></p>
<p><b>CHINA</b></p> <p><b>China's industrial profits growth slows in April amid high commodity prices</b></p>	<p>Earnings at China's industrial firms grew at a slower pace in April, with high commodity prices and weaker performance in the consumer goods sector limiting overall profitability from manufacturing. Profits at China's industrial firms rose 57% year-on-year in April to 768.63 bil yuan, down from 92.3% in March. For the January-April period, industrial firms' profits grew 106% from the same period a year earlier to 2.59 trillion yuan, bolstered by a virus-related plunge in activity early last year. Chemical products and metals processing firms recorded some of the highest year-on-year profit increases over the first four months. Profits surged 484% over January-April in the non-ferrous metals smelting and pressing industry. Synthetic fibre manufacturing posted a 650.2% profit increase.</p> <p><i>(Source: Reuters, 27 May 2021)</i></p>