

GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(26 July 2021 – 30 July 2021)

Countries	Highlights
<p>US</p> <p>Supply chain woes trip solid US economic growth</p>	<p>US economy growing at a healthy pace could be even more robust. GDP jumped at a 6.5% annualised rate in the second quarter, according to an initial estimate from the Commerce Department, compared with an 8.5% projection from economists surveyed by Reuters. Supply chain constraints weighed on the expansion. The bump spurred output to above pre-pandemic levels. Still, the economy isn't meeting its full potential. The US trade deficit grew by 3.5% from May to June to USD91.2 billion, with imports of food and industrial products leading the way. Supply bottlenecks had caused lumber and other goods prices to skyrocket. The boost from USD1,400 individual government stimulus checks in March also largely disappeared. Disposable personal income fell 26% in the second quarter while savings fell by half. Economists expect 7% growth this year, which would be the strongest pace since 1984. But shortages in certain goods could keep it from roaring even louder.</p> <p><i>(Source: Reuters, 27 July 2021)</i></p>
<p>UK</p> <p>Think tank urges UK government to handle BoE debt sales</p>	<p>UK government set to take back hundreds of billions of pounds of hard-to-sell bonds held by the Bank England (BoE) to reduce the risk of BoE independence being called into question when the time comes to raise interest rates, a group said. The BoE is coming to the end of its £875 billion (USD1.21 trillion), the centrepiece of its COVID-19 stimulus package. With rock-bottom borrowing costs, the BoE earns profits from its portfolio of government securities that go to the government. But those profits will turn into losses when borrowing costs rise, something The British Treasury has promised to do right to the BoE.</p> <p><i>(Source: Reuters, 29 July 2021)</i></p>
<p>JAPAN</p> <p>BOJ's 2% inflation target has resulted in Japan's economy no longer in deflation, Kuroda says</p>	<p>The Bank of Japan's 2% inflation target has pulled Japan's economy out of deflation, Governor Haruhiko Kuroda said, adding that this was not a mistaken policy. "As a result of the Bank of Japan's policy of seeking to achieve its 2% price target, we are no longer in a deflationary situation," Kuroda said, answering questions after a speech on climate change policy. Despite having failed to meet its 2% inflation target for nearly a decade, Kuroda said the central bank's policy has been in a right course.</p> <p><i>(Source: Reuters, 27 July 2021)</i></p>
<p>CHINA</p> <p>China's industrial profit growth slows in June on high raw material prices</p>	<p>Data from the National Bureau of Statistics showed that profit growth at China's industrial firms slowed for the fourth straight month in June, as high raw material prices weighed on factories' margins. Industrial firms' profits rose 20% year-on-year in June to 791.8 billion yuan (USD122.27 billion), after a 36.4% increase in May. The Chinese economy has largely recovered from disruptions caused by the coronavirus pandemic, but it has faced new challenges in recent months such as higher raw material costs and global supply chain crunches. China's factory activity slowed in June on a resurgence of COVID-19 cases in the export province of Guangdong, with epidemic prevention and control efforts curbing port processing capacity. Metals processing, as well as chemicals and pharmaceuticals industries, drove profit growth in June, according to NBS data.</p> <p><i>(Source: Reuters, 27 July 2021)</i></p>