

# GLOBAL WEEKLY ECONOMIC NEWS IN THE ADVANCED ECONOMIES

(5 July 2021 – 9 July 2021)

Countries	Highlights
<p><b>US</b></p> <p><b>Fed says shortages of materials, hiring problems holding back recovery</b></p>	<p>Shortages of materials and "difficulties in hiring" are holding back the US economic recovery from the coronavirus pandemic and have driven a "transitory" bout of inflation. Prices have risen faster than expected, for example, and while the supply bottlenecks and other factors driving the price hikes are expected to ease over time, "upside risks to the inflation outlook in the near term have increased," the Fed said. Hiring has also slowed for an unexpected reason. Companies want to bring on more employees, but not enough workers are ready to take those jobs as they cope with ongoing health and family concerns and can rely on continued federal unemployment benefits to help pay the bills.</p> <p><i>(Source: Reuters, 9 July 2021)</i></p>
<p><b>UK</b></p> <p><b>UK housing boom may derail post-Brexit trade dreams</b></p>	<p>History suggests Britain's house price surge could threaten hopes of post-Brexit export-powered growth if finance minister Rishi Sunak uses the housing market to fuel the economy like his predecessors did. Stoked by his tax break on property purchases and a pandemic-driven rush for larger houses as more people work from home, house prices are rising at the fastest annual rate at 13.4% in June since 2004. The housing market holds totemic importance in Britain as a driver of wealth. Adjusted for inflation, house prices in Britain have grown since 1980 by more than in almost any other advanced economy, according to the Bank of England. While the link between the domestic property market and international trade may not seem obvious, over the last 50 years there has been a reliable inverse relationship between house prices and the contribution of trade to economic growth.</p> <p><i>(Source: The Edge Markets, 1 July 2021)</i></p>
<p><b>JAPAN</b></p> <p><b>Japan's households, firms keep saving on prolonged impact of pandemic</b></p>	<p>Japan's currency in circulation and bank deposits hit a record high for the fourth straight month in June as households and companies continued to pile up savings on uncertainty over the economic fallout from the COVID-19 pandemic. Japan's M3 money stock or currency in circulation and deposits at financial institutions rose 5.2% in June from a year earlier to a record 1.52 quadrillion yen (USD13.84 trillion). The slowdown was largely due to the base effect of sharp rises last year, when the initial hit from the pandemic forced companies to hoard cash. Bank deposits were up 9.3% in June from a year earlier, marking the slowest pace of increase since April last year, though the total balance at 863.5 trillion yen was the second highest on record.</p> <p><i>(Source: Reuters, 8 July 2021)</i></p>
<p><b>CHINA</b></p> <p><b>China's producer price growth slows but inflationary pressures persist</b></p>	<p>China's factory gate prices rose at a slightly slower pace in June, providing some reprieve for businesses though persistently high raw material costs are threatening to undermine the post-COVID economic recovery. The producer price index increased 8.8% from a year earlier, compared with a 9.0% rise in May as prices for copper and steel fell following a government crackdown on metals prices. The PPI, a benchmark gauge of a country's industrial profitability, inched up 0.3% on a monthly basis, easing from a 1.6% uptick in May. Persistently high inflationary pressures in the industrial sector are weighing on the post-COVID recovery of the world's second-biggest economy, with Chinese leaders increasingly concerned of the negative impact on many small firms who are not able to pass on the higher costs to consumers.</p> <p><i>(Source: CNBC, 8 July 2021)</i></p>