



# THE WORLD ECONOMY THIS WEEK

2<sup>ND</sup> MAY 2022

**SAUL ESLAKE**

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CORINNA ECONOMIC ADVISORY  
INDEPENDENT ECONOMICS

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# What's new?

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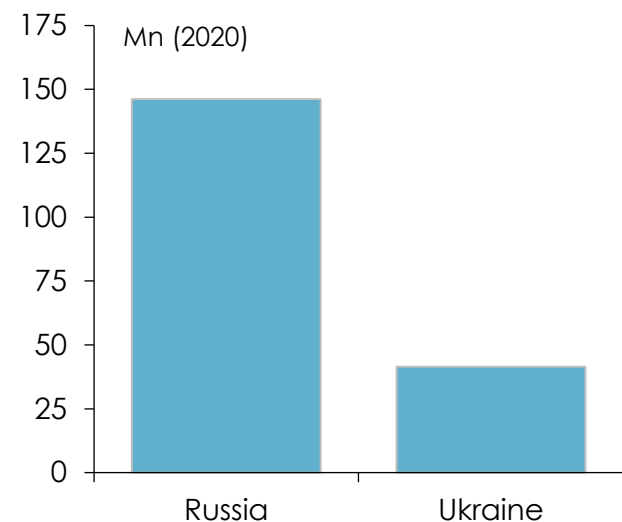
- ❑ Russian forces have thus far made little headway (from their perspective) in Ukraine, and appear according to some reports to be seeking to extend the conflict to a separatist region of Moldova (on Ukraine's south-western border) ([slide 6](#)); meanwhile energy and food commodity prices remain elevated compared to pre-conflict levels ([slide 8](#))
- ❑ The worldwide total of new Covid-19 infections has continued to decline, as has (even more so) the official Covid-related death toll ([slide 14](#)), but the number of new cases in China remains high by Chinese standards ([slide 15](#)) which given China's on-going adherence to its 'zero Covid' strategy means that mobility restrictions are having a significant impact on economic activity
- ❑ Further evidence of the slowing in China's economy was provided by the April PMIs released on Saturday, with both the official and unofficial manufacturing PMIs, and the official services PMI falling to their lowest level since February 2020 ([slide 83](#)): in response to the ongoing slowdown in the Chinese economy, the Politburo on Friday signalled an apparent easing in the regulatory crackdown on 'big tech' and property development companies ([slide 87](#))
- ❑ US real GDP contracted at a 1.4% annual rate in Q1, partly unwinding the outsized 6.4% growth rate registered in Q4, despite strong growth in both household consumption and business investment: but government spending fell for the second quarter in a row, while a partial reversal of Q4's large inventory build-up and a significant widening of the trade deficit detracted 0.7 and 3.8 pc pts respectively from the Q1 growth rate ([slide 51](#))
- ❑ The US goods trade deficit widened by US\$19bn to a new record \$125.3bn in March, with an 11.5% increase in imports swamping an otherwise strong 7.2% increase in exports ([slide 65](#))
- ❑ The US personal consumption expenditure deflator rose 0.9% in March, pushing the annual 'headline' inflation rate by this measure to 6.6%, the highest since January 1982; the deflator excluding food and energy (which is the measure which the Fed targets) rose by 0.3% in March, resulting in a slight fall in the thus measured 'core' inflation rate to 5.2%, from 5.3% in February ([slide 60](#))
- ❑ The euro zone's real GDP grew 0.2% in Q1, to be (finally) 0.4% ahead of its pre-pandemic peak ([slide 70](#)), with Germany and Spain recording 0.2% and 0.3% growth, but France's GDP was flat and Italy's shrank by 0.2% ([slide 70](#)); meanwhile the euro area's annual 'headline' inflation rate ticked up another 0.1 pc pt to 7.5% in April, although the annual 'core' inflation rate remained unchanged at 2.9% ([slide 74](#))
- ❑ Employment in Japan rose 0.3% in March, cutting the unemployment rate another 0.1 pc pt to 2.6% ([slide 95](#)); while the BoJ left its monetary policy settings unchanged, making only a passing reference to the weakening in the yen ([slide 97](#))
- ❑ A much higher-than-expected 2.1% increase in Australia's CPI in Q1, pushing the annual inflation rate to 5.1% (and the RBA's preferred measure of 'underlying' inflation to 3.7%) makes a pre-election rate increase at Tuesday's RBA Board meeting more likely ([slides 121 and 124](#))
- ❑ Russia's central bank cut its policy rate another 300bp last week, but Hungary's and Colombia's each raised rates by 100 bp ([slides 127 and 131](#))
- ❑ The Fed is likely to raise its funds rate target by 50bp on Wednesday, while central banks in the UK, Norway and Iceland are also meeting ([slide 134](#))

# Russia's invasion of Ukraine

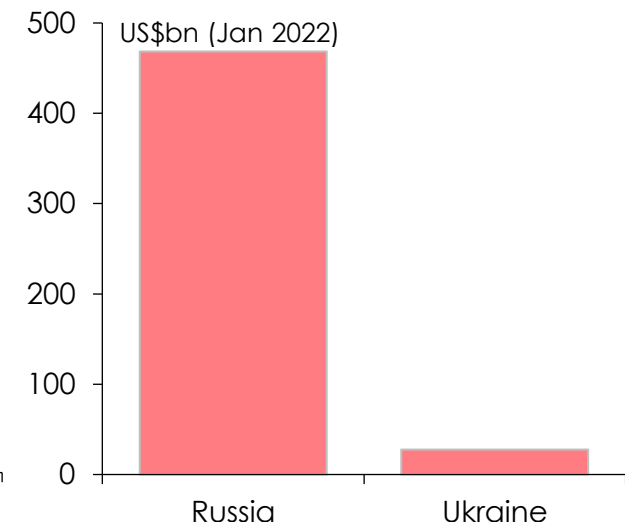
# Russia outnumbered Ukraine in just about everything – except courage and ‘moral capital’ – but that hasn’t given it the ‘easy victory’ it expected

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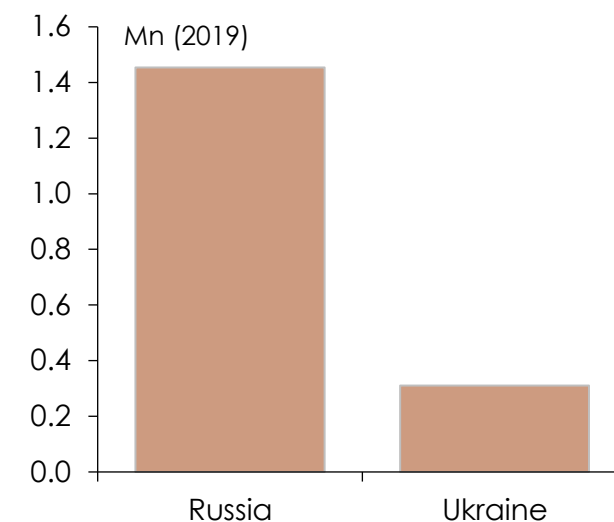
## Population



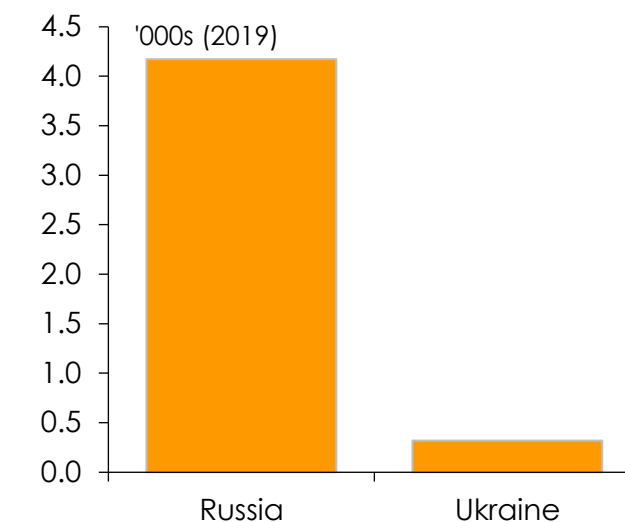
## FX reserves



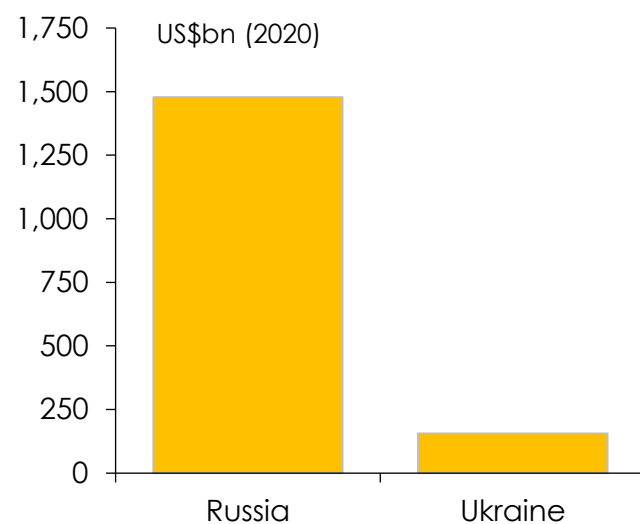
## Armed forces



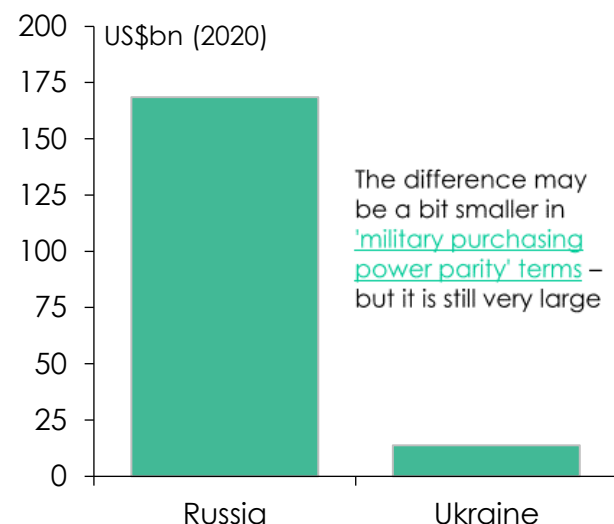
## Military aircraft



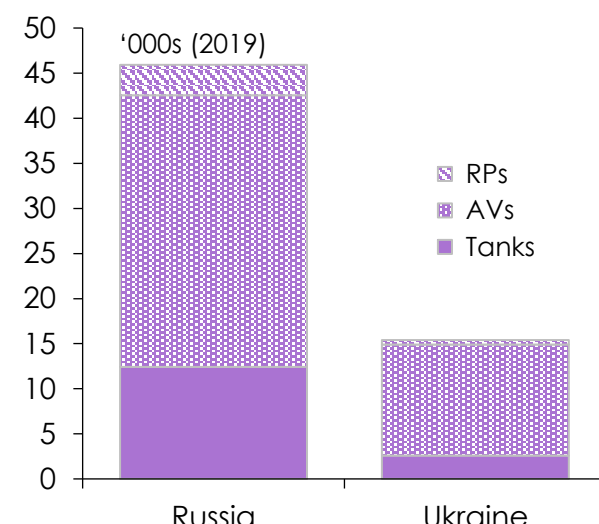
## GDP



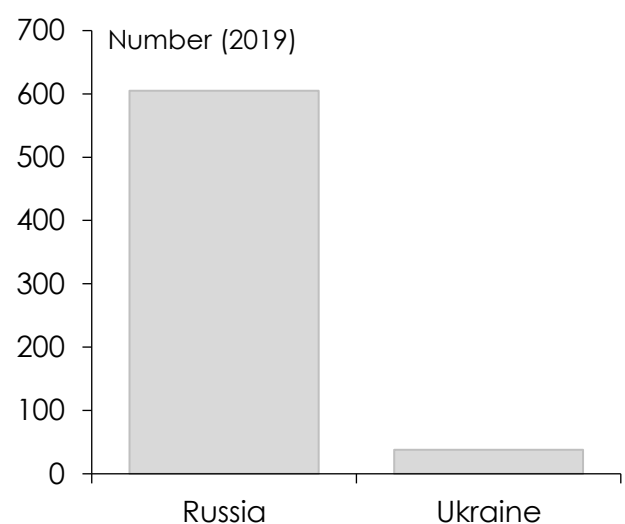
## Military spending



## Military hardware



## Naval assets



Note: GDP is in US\$ at market exchange rates; 'AVs' are armoured vehicles; 'RPs' are rocket projectors; 'military aircraft' include airplanes, helicopters, transports and tankers; 'naval assets' include aircraft & helicopter carriers, destroyers, frigates, corvettes, submarines and other vessels. Sources: IMF, [World Economic Outlook database](#); October 2021; Stockholm International Peace Research Institute, [Military Expenditure Database](#); Global Firepower, [2022 Military Strength Ranking](#). [Return to "What's New"](#).

# Russia's new offensive in Donbas is yet to make much headway, while there have been suggestions it is trying to extend the conflict to Moldova

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- ❑ Having failed to achieve its initial objective of capturing Ukraine's capital Kyiv, and installing a 'puppet' regime there, Russia last month launched an intense assault on those parts of Donbas (Eastern Ukraine) which it didn't occupy in 2014, as well as consolidating its control of much of southern Ukraine, especially along the Sea of Azov coast (the so-called 'land bridge' to Crimea, which Russia also seized in 2014)
- ❑ Russian President Vladimir Putin is **reportedly** expecting 'victory' by 9<sup>th</sup> May, the official anniversary of the Soviet Union's defeat of Nazi Germany in World War II – but thus far Russian forces have (despite several changes in leadership, with Chief of the Russian General Staff Valery Gerasimov **apparently** taking personal command of operations) failed to make a great deal of headway beyond the territory they previously controlled
- ❑ There have also been **reports** of Russian 'false flag' operations in Transnistria, a Russia-linked 'breakaway' region in western Moldova, seeking to widen the conflict
- ❑ Ongoing **revelations of atrocities** against civilians in areas of Ukraine previously occupied by Russian forces make it less likely that Ukraine will agree to any kind of 'ceasefire'
- ❑ NATO allies remain determined to avoid any direct military confrontation with Russian forces (including through declaration of 'no-fly' zones) for fear of Russian recourse to nuclear weapons, but have stepped up the provision of other military assistance (including missiles and military vehicles) to Ukraine
- ❑ The IMF last month **estimated** that Ukraine's economy would shrink by 35% this year – similar to the **National Bank of Ukraine's estimate** of a decline of about one-third – and that Russia's economy would contract by 8½% this year and by 2¼% in 2023 (**slide 26**)
- ❑ Russia's central bank last month **acknowledged** that its economy had "started to decline due to large-scale sanctions and restrictions in foreign trade and finance", and that "the persistence of sanctions and foreign companies' self-imposed restrictions after the economic decline ... will cause a structural transformation in the economy ... [which] will lose a part of its potential, and its recovery will be gradual and long-lasting"
- ❑ CBR Governor Elvira Nabiullina **told the State Duma** last month that "the period when the economy can get along with stocks is limited" and that sanctions which so far have mainly affected financial markets "now will start to impact the real economy more significantly"

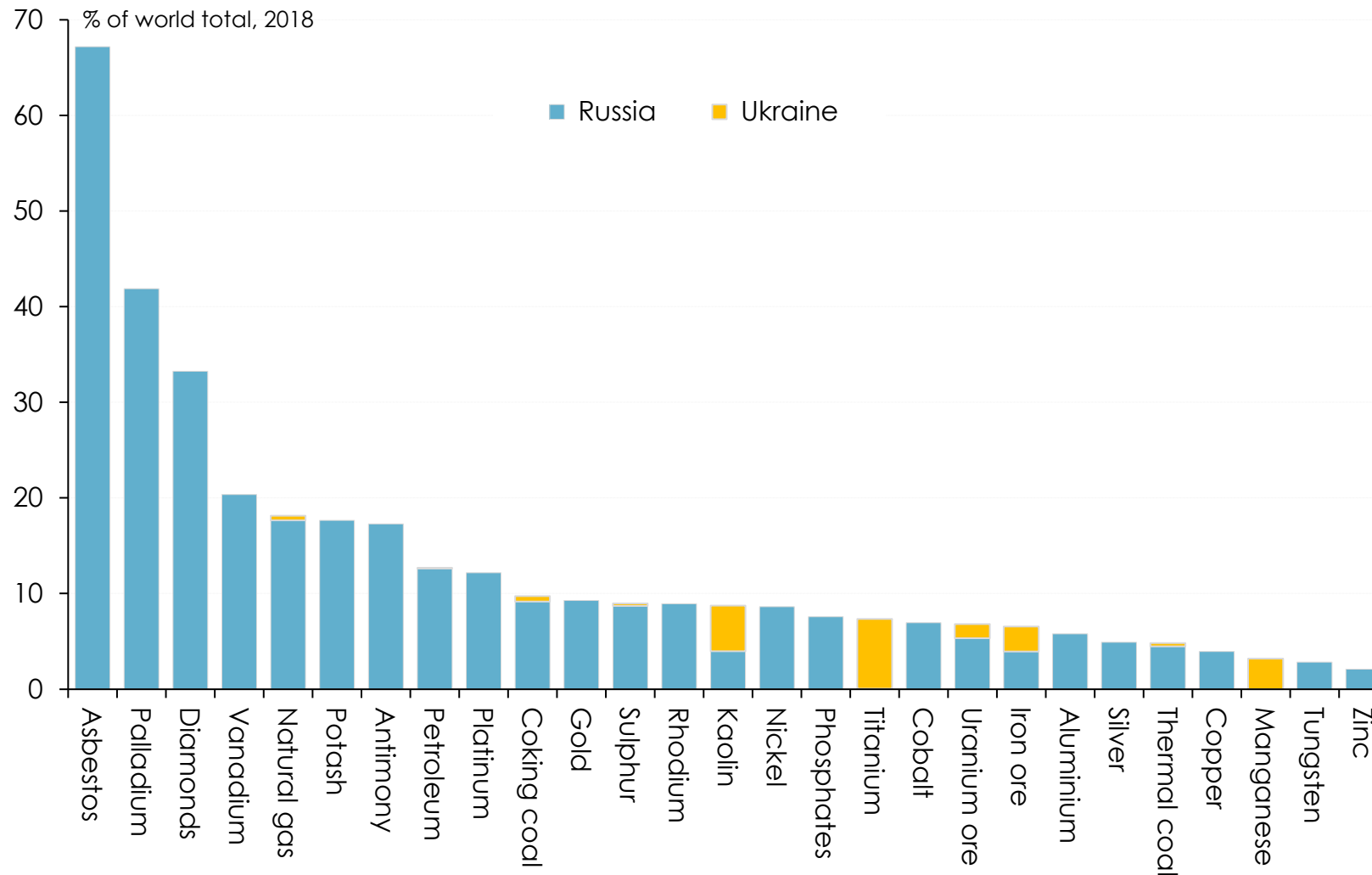


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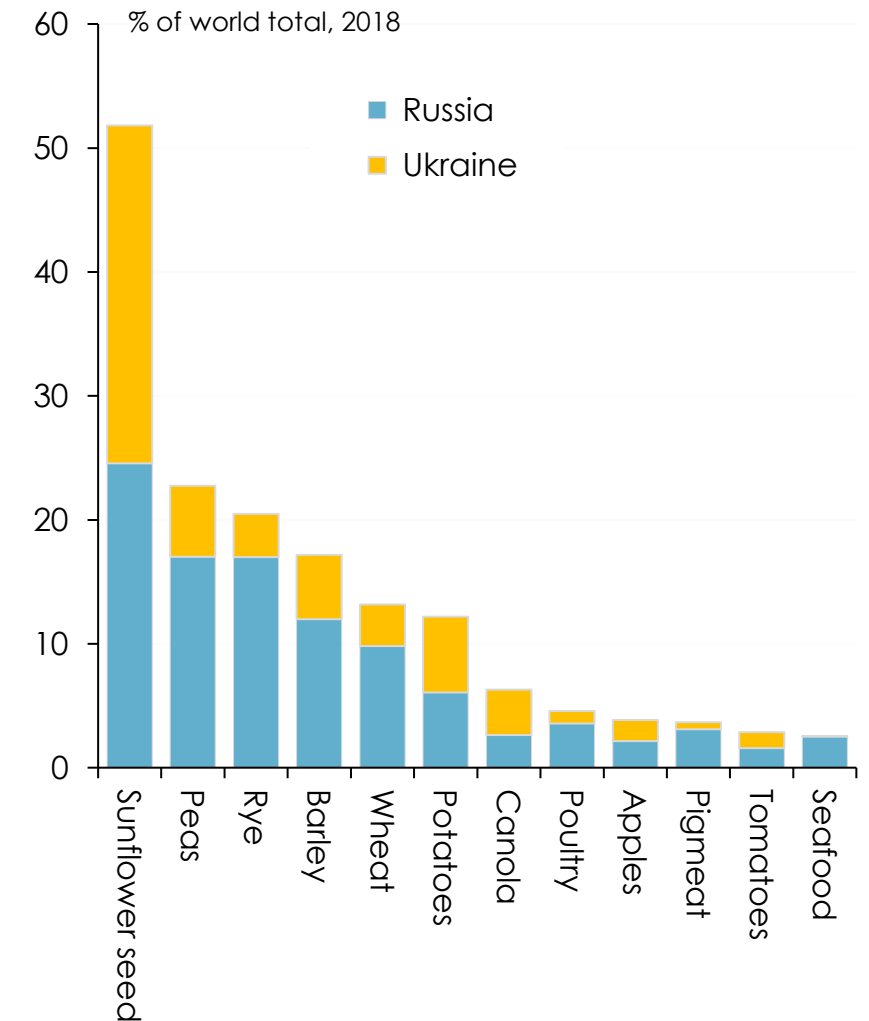
# Russia and Ukraine are major producers of a range of mineral, energy and food commodities whose prices will go up because of the conflict

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## Russian and Ukrainian shares of global commodity production Minerals and energy, 2019



## Food, 2018

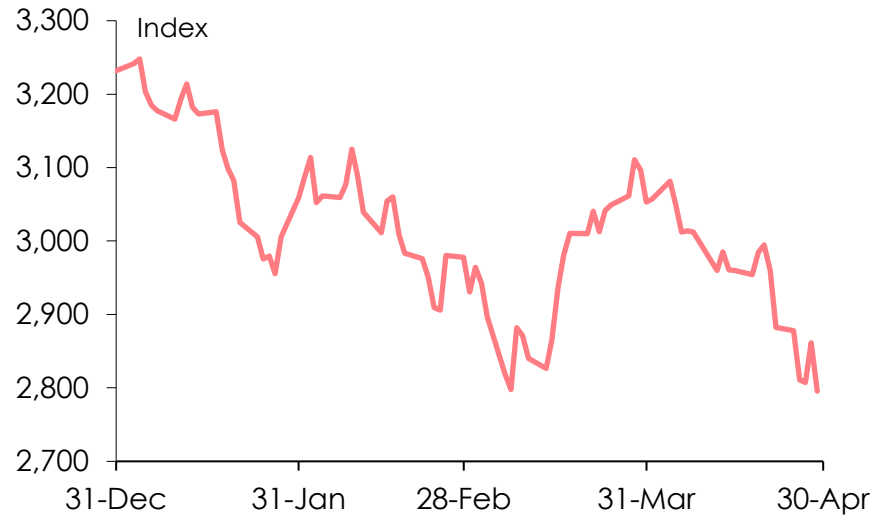


Note: Data for shares of seafood production is 2017. Sources: Austrian Federal Ministry of Agriculture, Regions and Tourism (BMLRT), [World Mining Data](#); Hannah Ritchie and Max Roser, Our World in Data, [Agricultural Production](#). [Return to "What's New"](#).

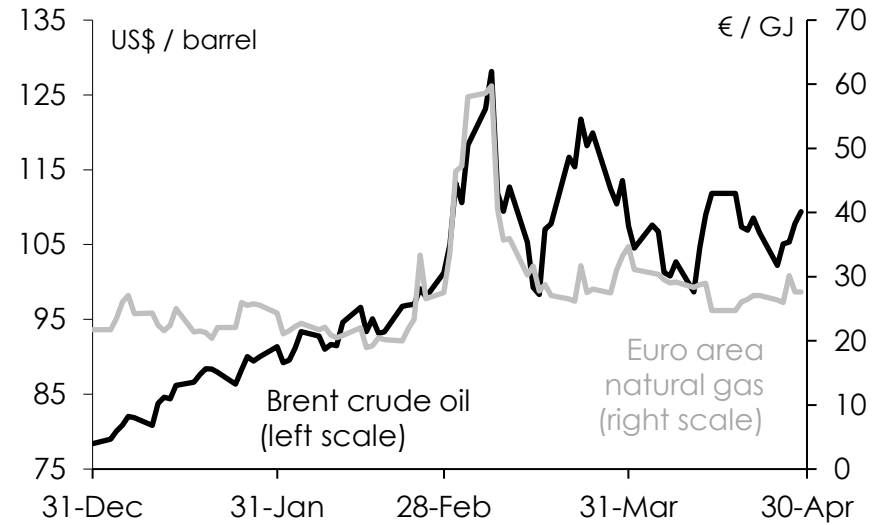
# Energy, base metal & grain prices, bond yields and the US\$ have risen as a result of the Ukraine conflict, while stockmarkets & the euro have fallen

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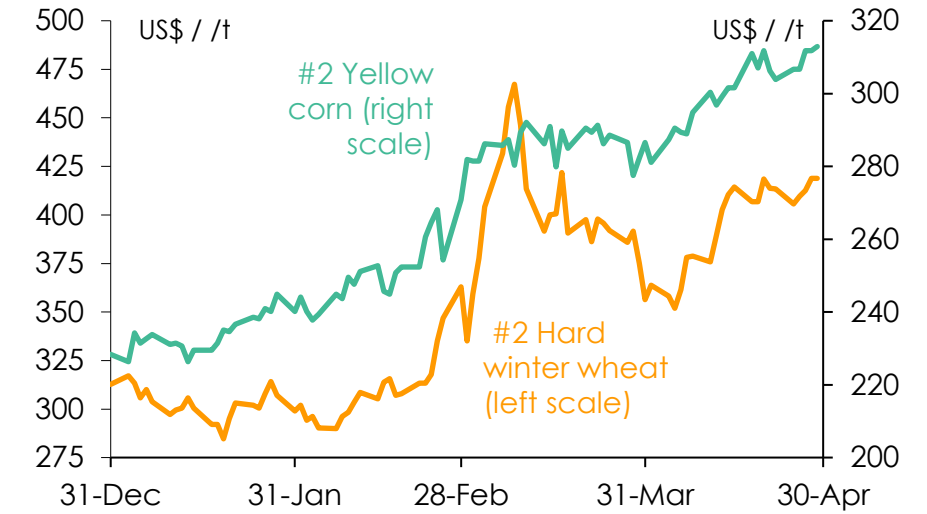
## Stockmarkets



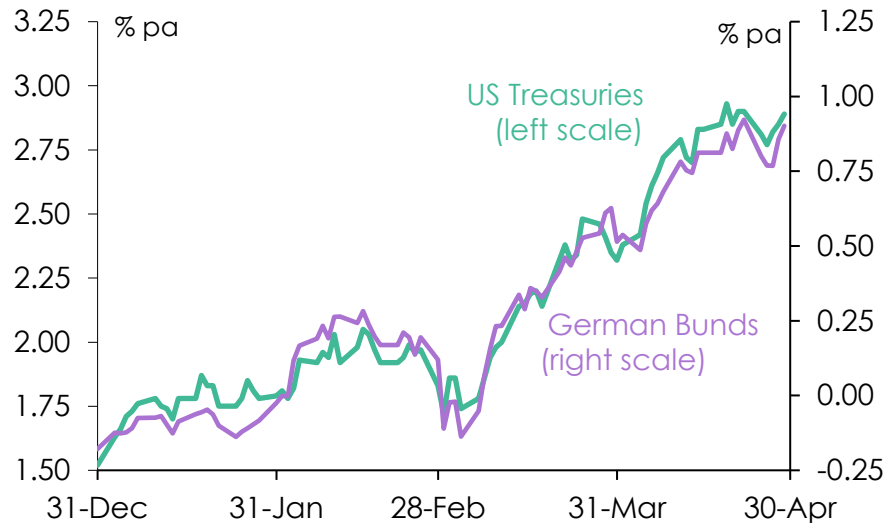
## Energy prices



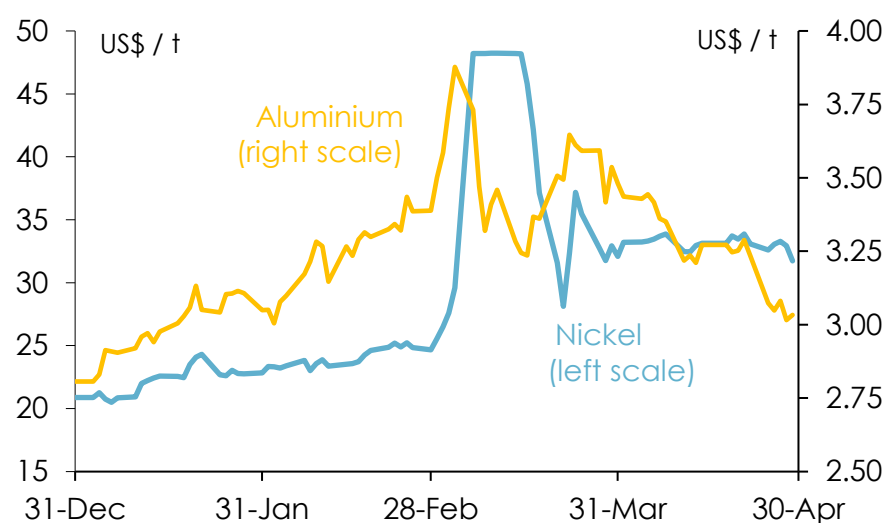
## Grain prices



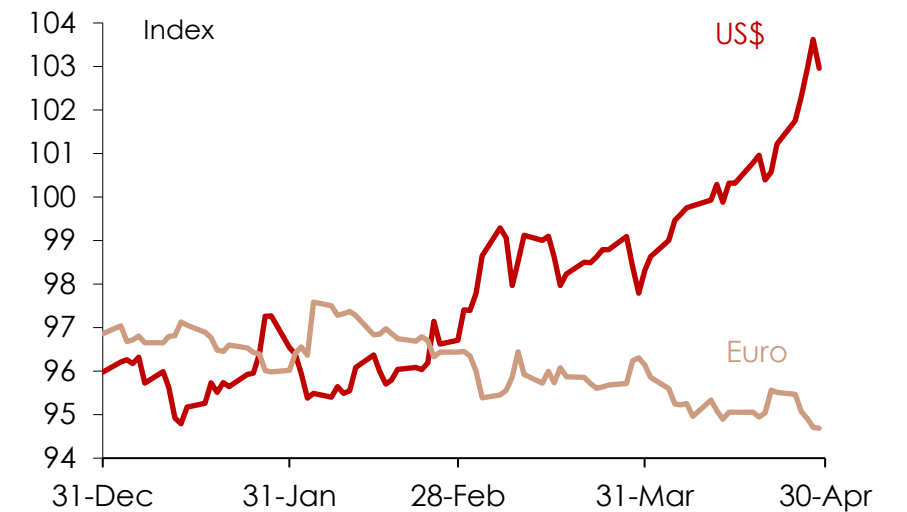
## 10-year government bond yields



## Base metal prices



## Currencies



Note: Data up to 29<sup>th</sup> April. Source: Refinitiv Datastream. [Return to "What's New"](#).

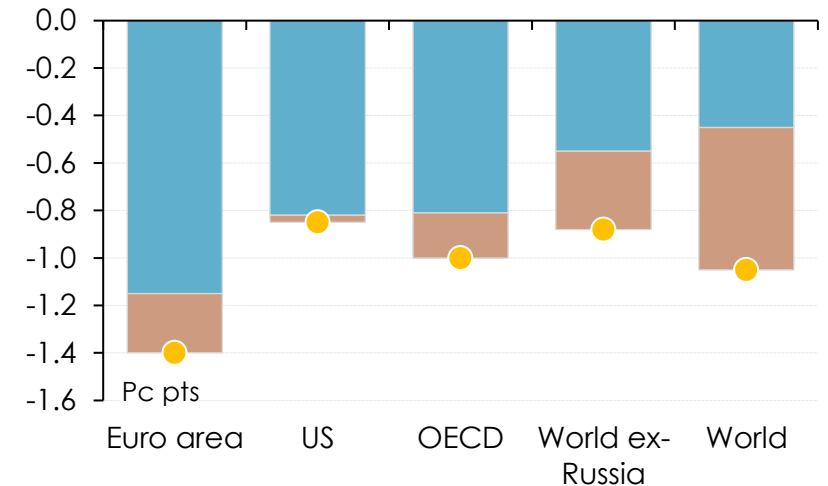


# The conflict in Ukraine (and its broader ramifications) will detract from global economic growth and add to global inflationary pressure

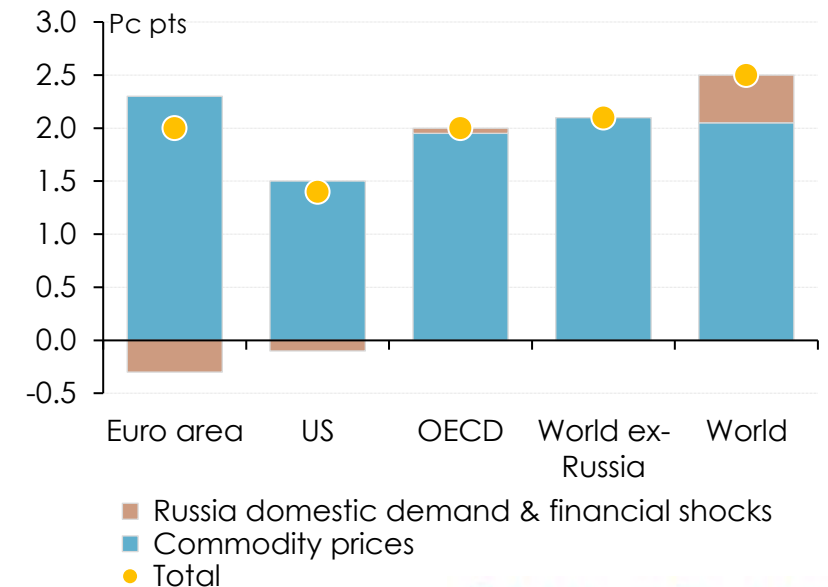
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- ❑ The **OECD** characterizes the war in Ukraine as “a new negative supply shock for the world economy”
  - although Russia & Ukraine together account for 2% of global GDP, they account for 30% of global wheat exports, 20% of global exports of corn, mineral fertilizers and natural gas, and 11% of world oil exports – and “supply chains around the world are dependent” on exports of metals (such as nickel, palladium and titanium) and inert gases (argon and neon) from Russia and Ukraine
  - in addition to the consequences of shortages of, and higher prices for, these commodities, the OECD also identifies “some possible longer-term consequences” including pressures for higher defence spending, changes to the structure of energy markets, potential fragmentation of international payments systems, and changes in the currency composition of FX reserves
- ❑ The OECD estimates that if the commodity and financial market shocks seen in the first two weeks of the conflict persist for at least one year, global growth would be reduced by over 1 pc pt from what it would have been otherwise, and global inflation raised by closed to 2½ pc pts
- ❑ The **IMF** also characterizes the war as a yet another “supply shock” which will “severely set back the global recovery [from Covid-19], slowing growth and increasing inflation even further”
  - last month the IMF cut its forecasts for global economic growth in 2022 and 2023 by ¾ and ¼ pc pt respectively, and raised its forecasts for global inflation by 2¼ and 1 pc pt respectively ([slides 25-26](#))
- ❑ The IMF also notes that the war has “increased the risk of a more permanent fragmentation of the world economy into geopolitical blocks with distinct technology standards, cross-border payment systems, and reserve currencies”
  - a “tectonic shift” which, it says, “would entail high adjustment costs and long-run efficiency losses as supply chains and production networks are reconfigured” and “a major challenge to the rules-based framework that has governed international and economic relations for the past 70 years”

## Impact on GDP



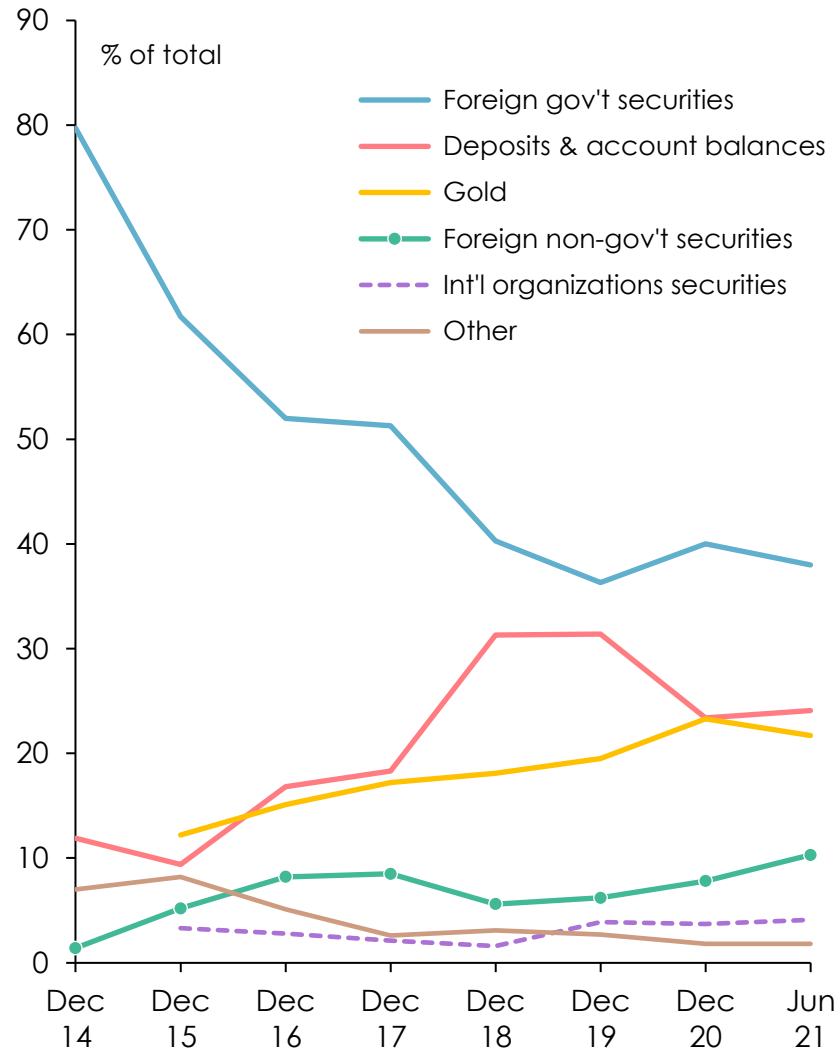
## Impact on inflation



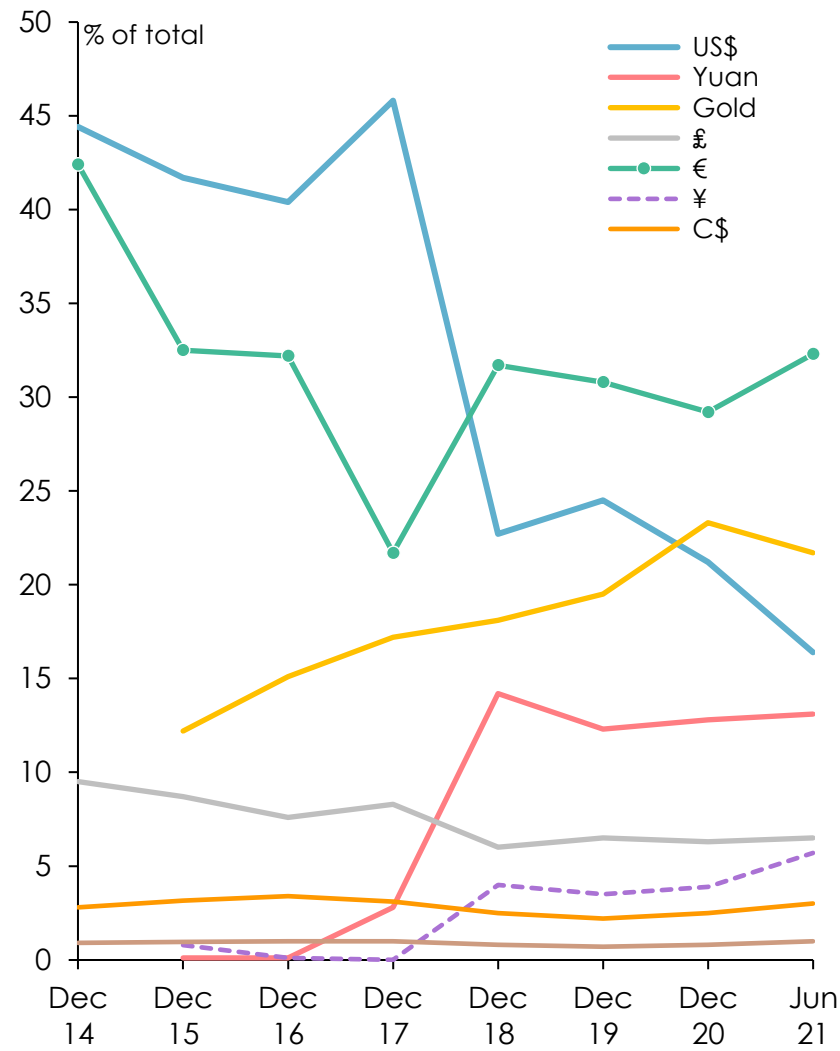
# Russia's central bank had been re-arranging its portfolio over the past seven years to reduce its exposure to sanctions, but they will still 'bite'

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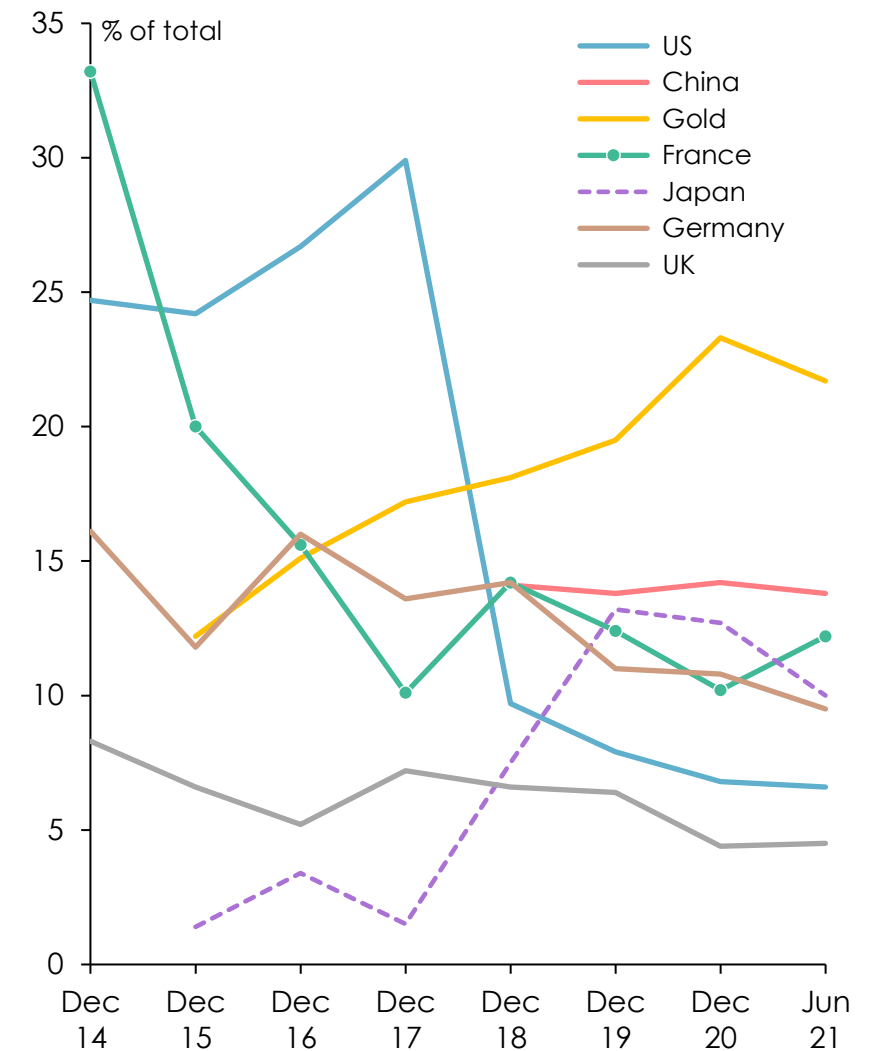
## Russian FX reserves by instrument



## Russian FX reserves by currency



## Russian FX reserves by location

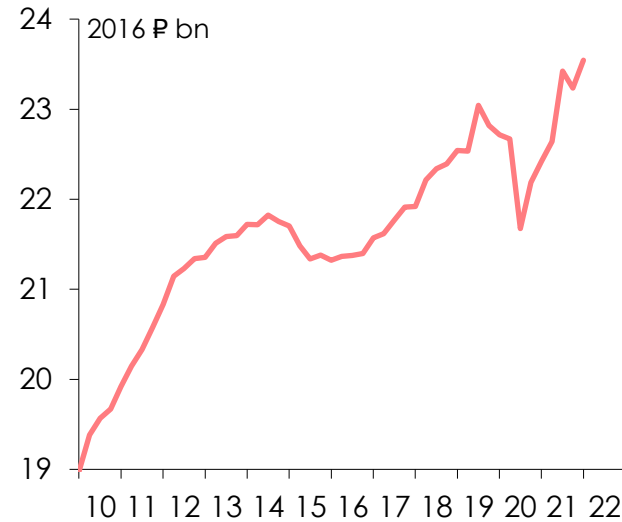


Source: Central Bank of Russia, [Foreign Exchange and Gold Asset Management Report](#), No. 1, 2022 and previous issues. [Return to "What's New"](#).

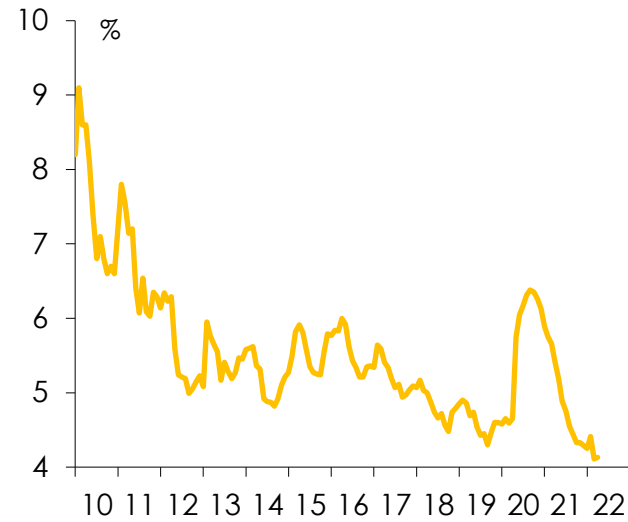
# Russia's central bank cut its policy rate by 300 bp, to 17%, on Friday, after the ruble's recovery, and despite inflation rising to 16.7% in March

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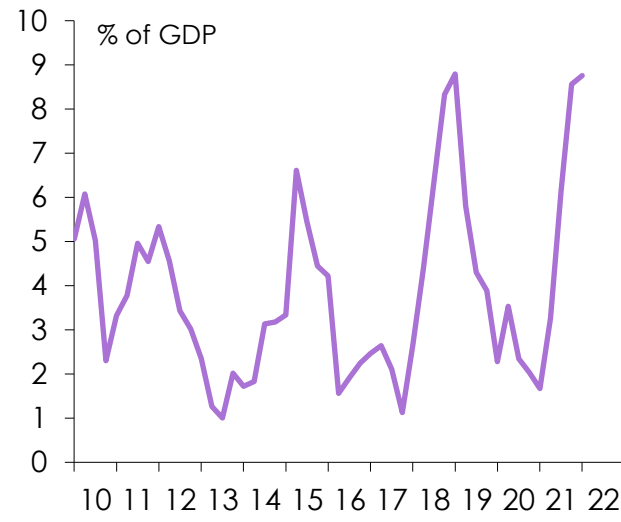
## Real GDP



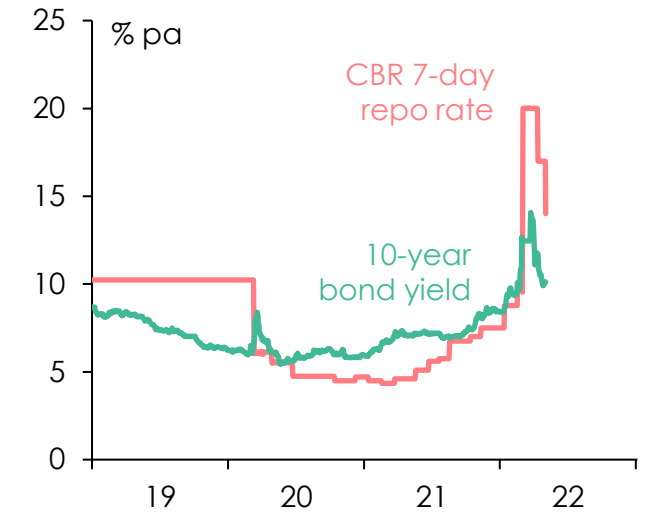
## Unemployment



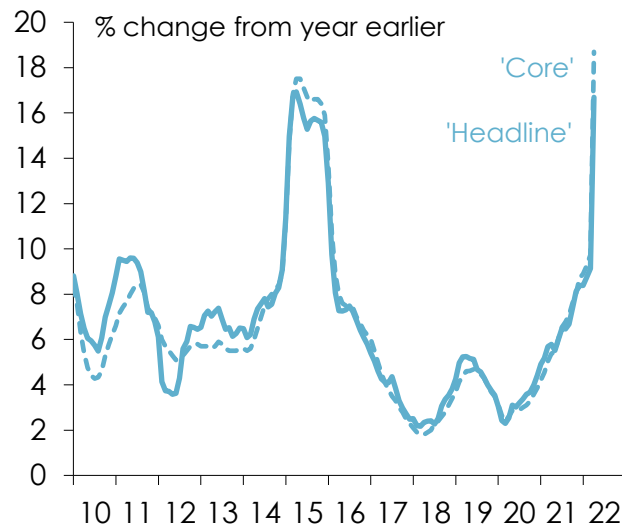
## Current account balance



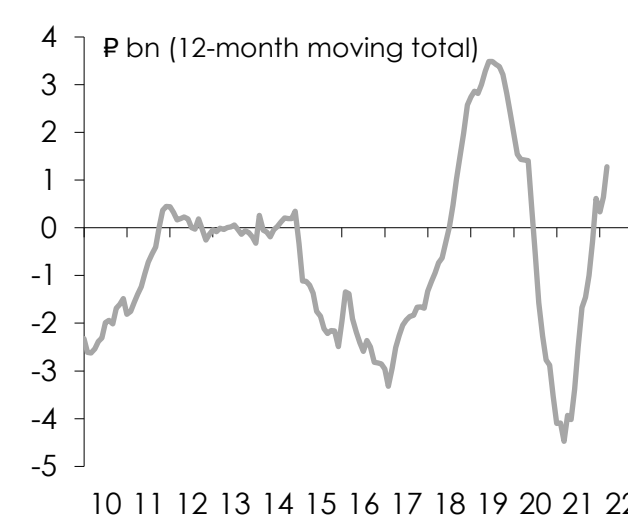
## Interest rates



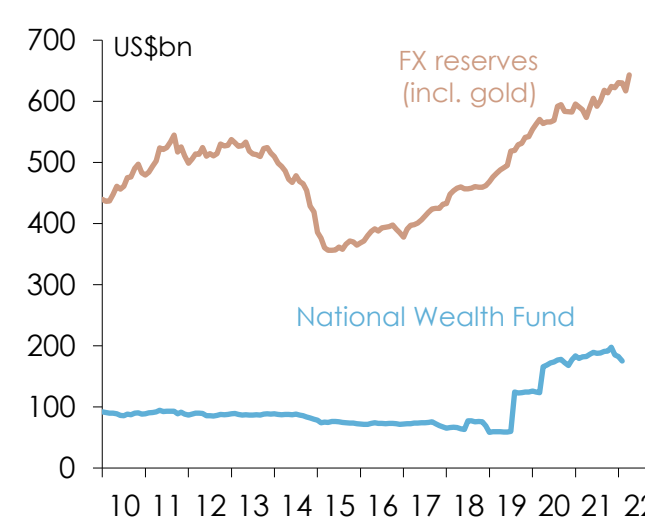
## Inflation



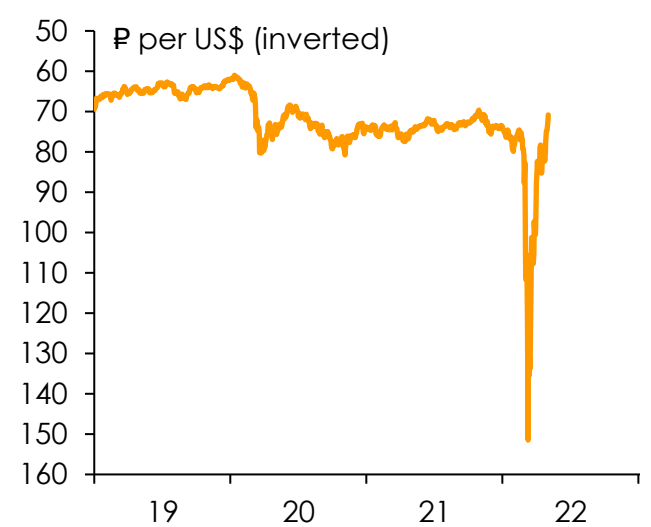
## Federal budget balance



## State financial assets



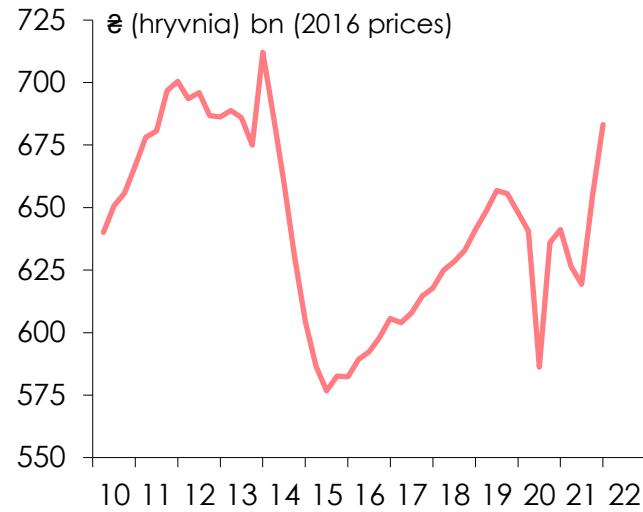
## Russian ruble vs US\$



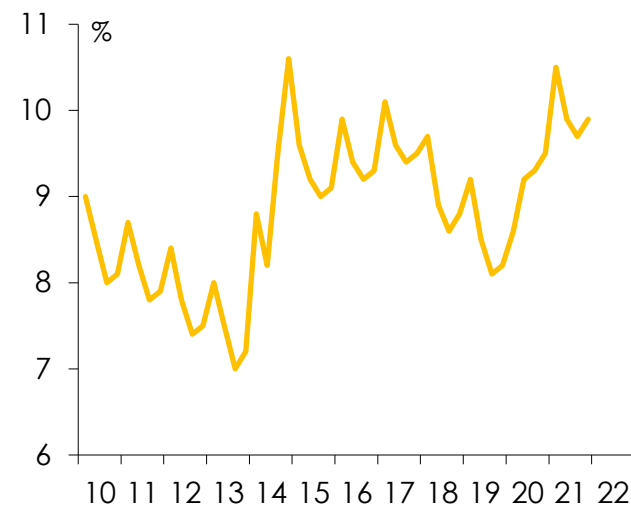
# Ukraine's economy was severely harmed by Russia's invasion in 2014, and is in a weaker condition than Russia's as the latter invades again

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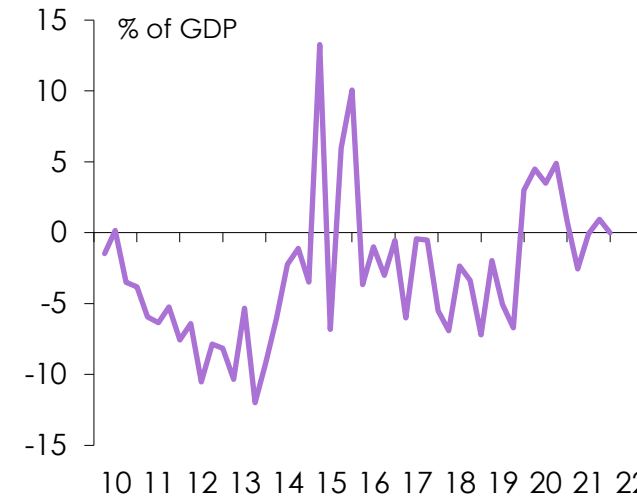
## Real GDP



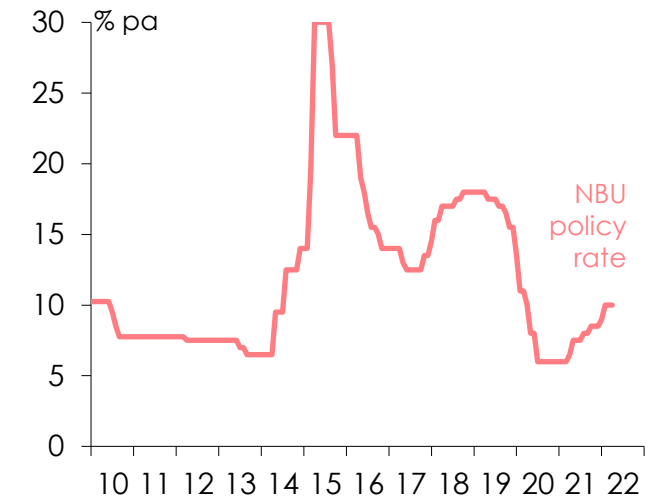
## Unemployment



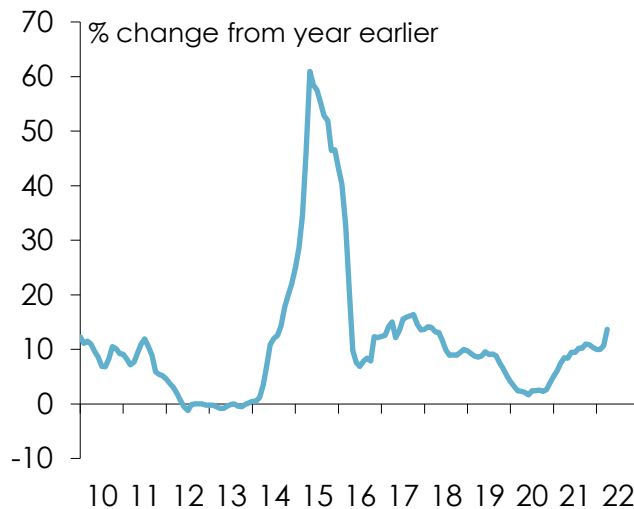
## Current account balance



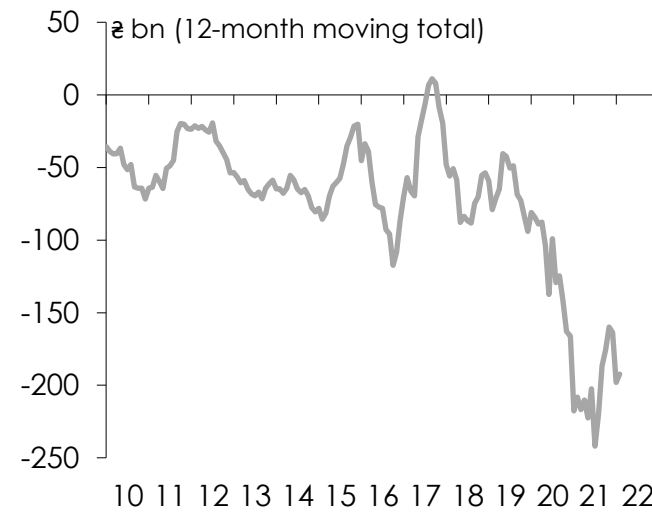
## Interest rates



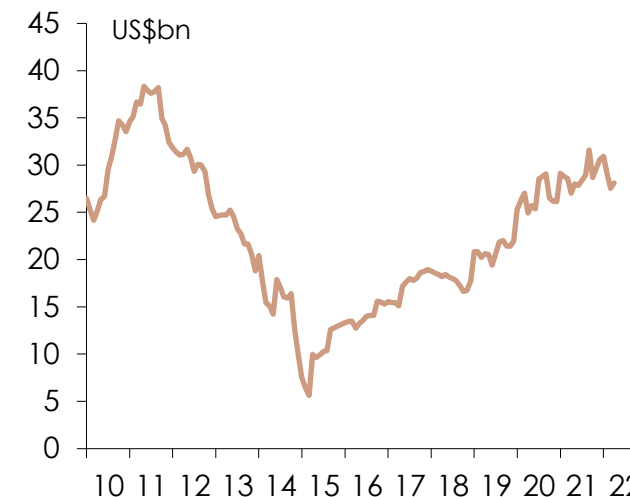
## Inflation



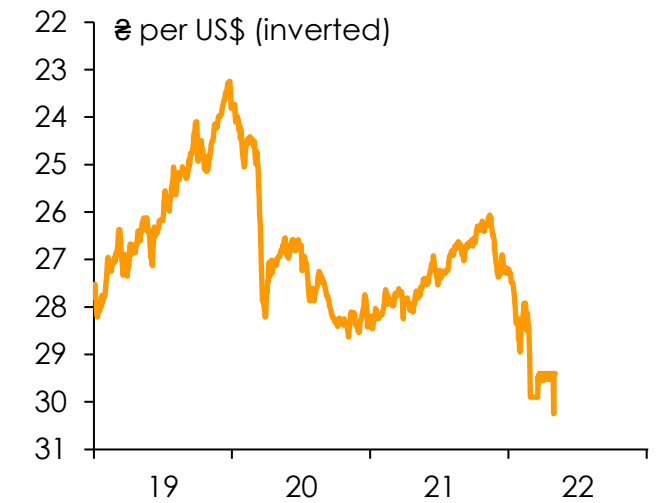
## Budget deficit



## FX reserves



## Ukrainian hryvnia vs US\$



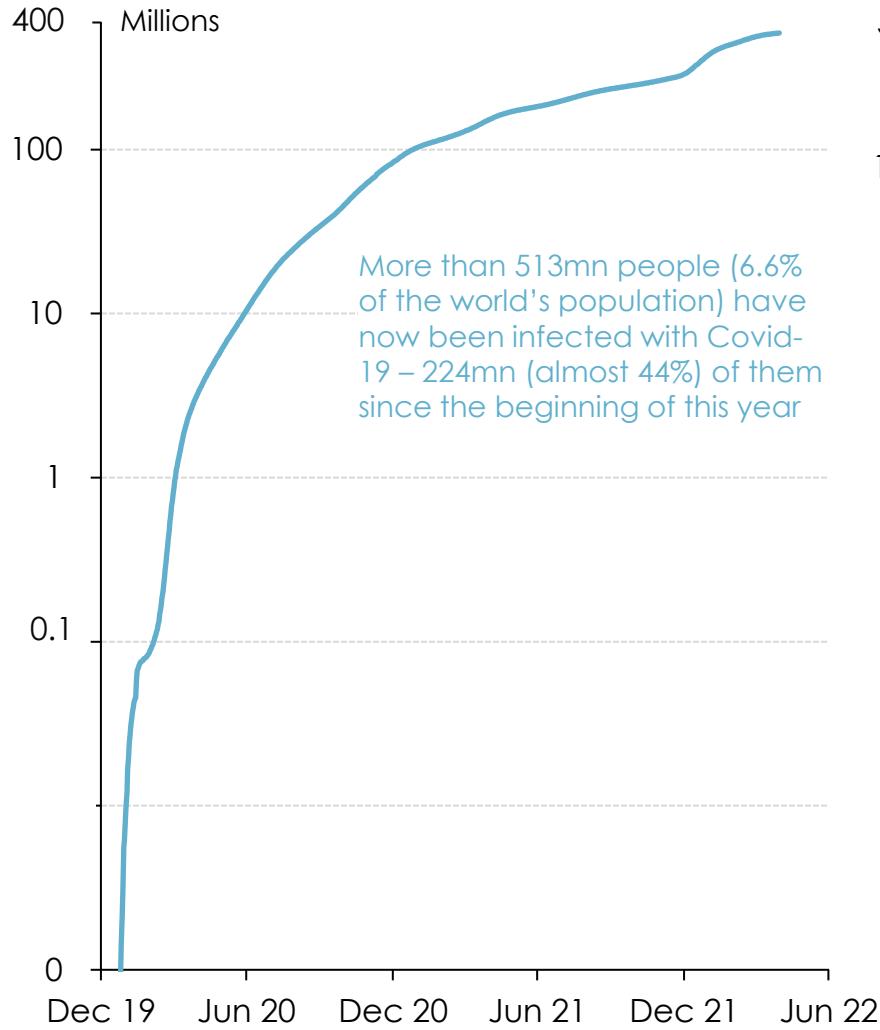
Sources: [State Statistics Service of Ukraine](#); [National Bank of Ukraine](#); Refinitiv Datastream. [Return to "What's New"](#).

**The virus**

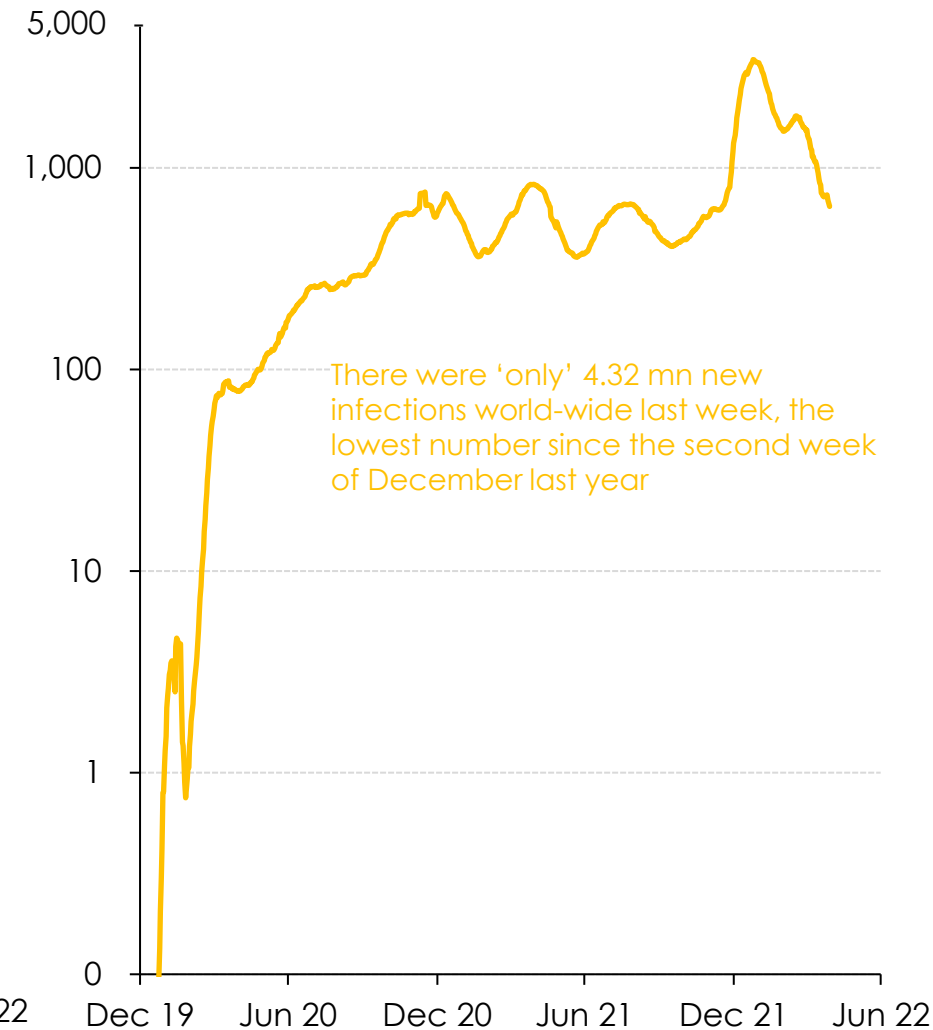
# The number of new infections fell again last week – although it remains relatively high – and the fatality rate continues to decline sharply

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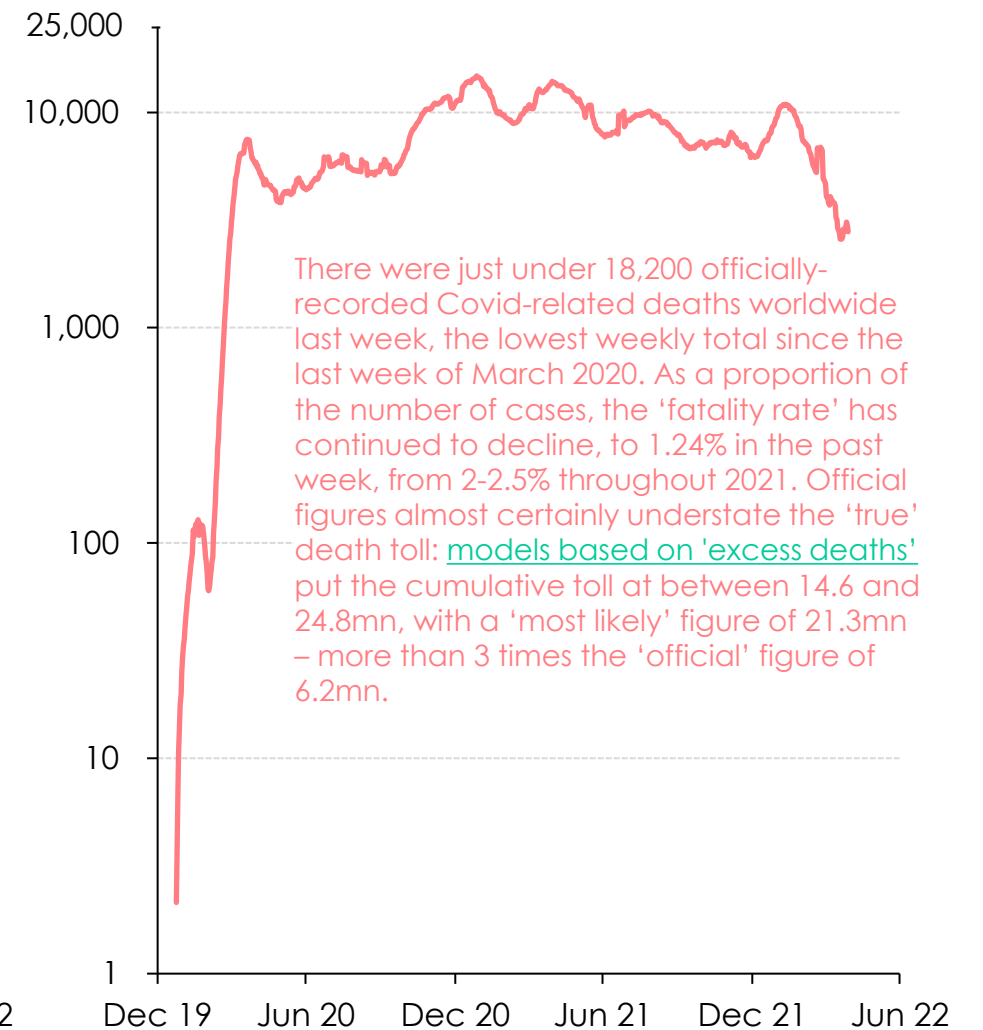
## Cumulative confirmed cases – global total



## New confirmed cases – global total



## New deaths – global total

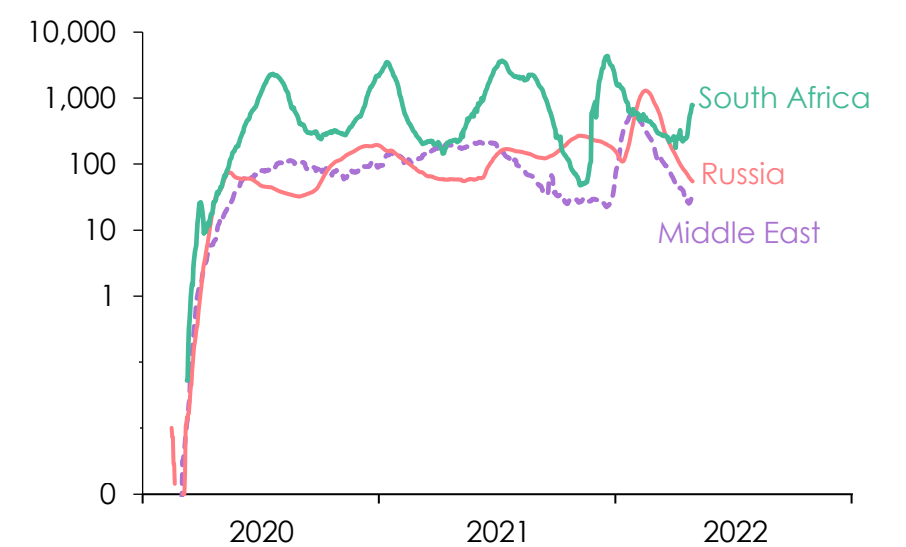
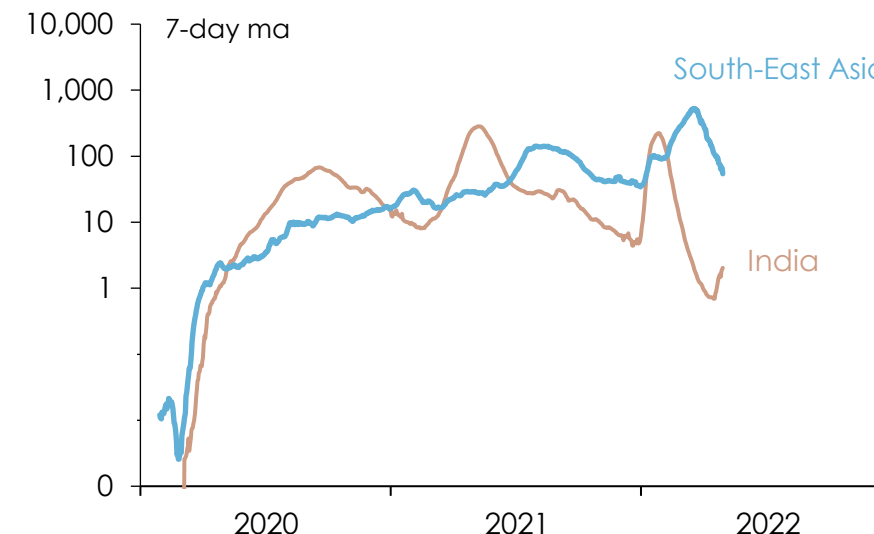
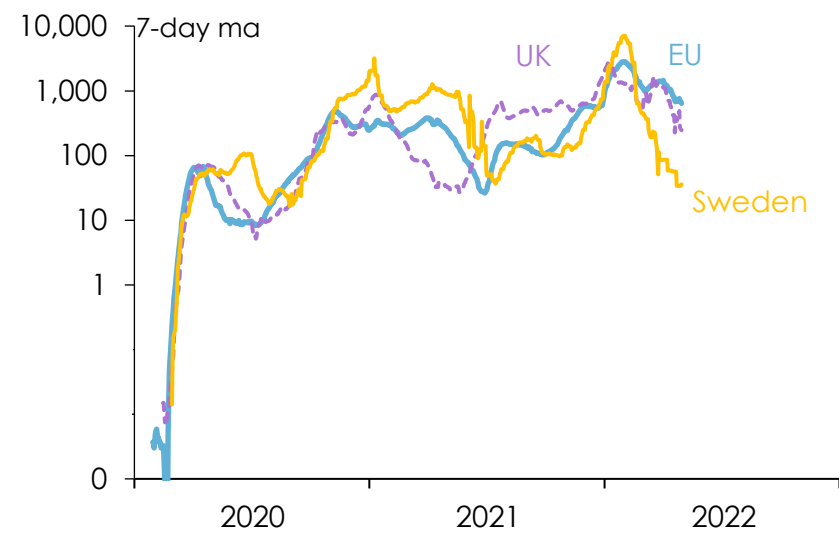
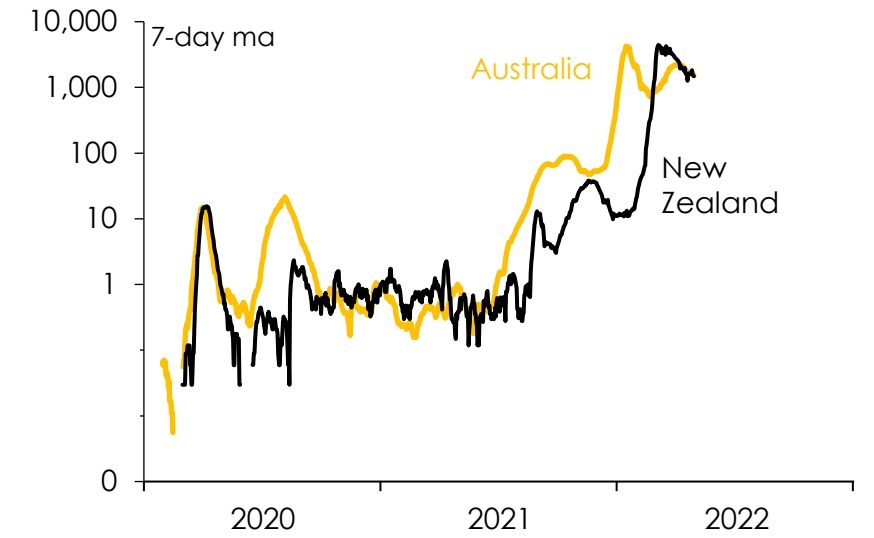
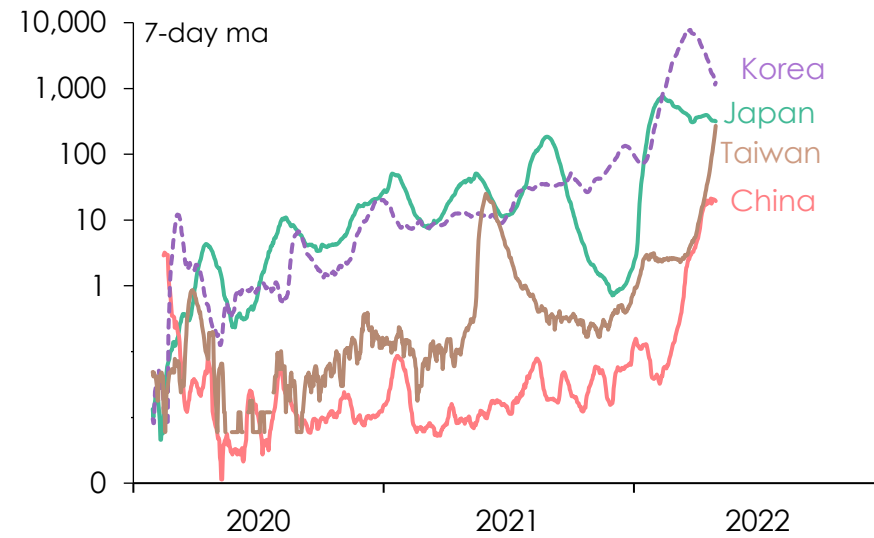
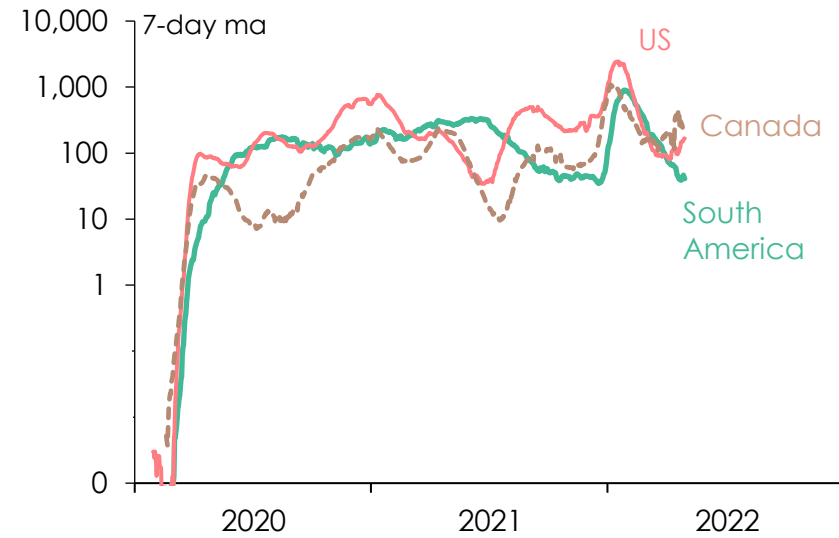


Note: All charts are on logarithmic scales. Data up to 29<sup>th</sup> April. Source: University of Oxford, [Our World in Data](#). [Return to "What's New"](#).

# Europe continues to account for nearly half the world's new case numbers, but it's the rise in cases in China that's of greatest economic concern

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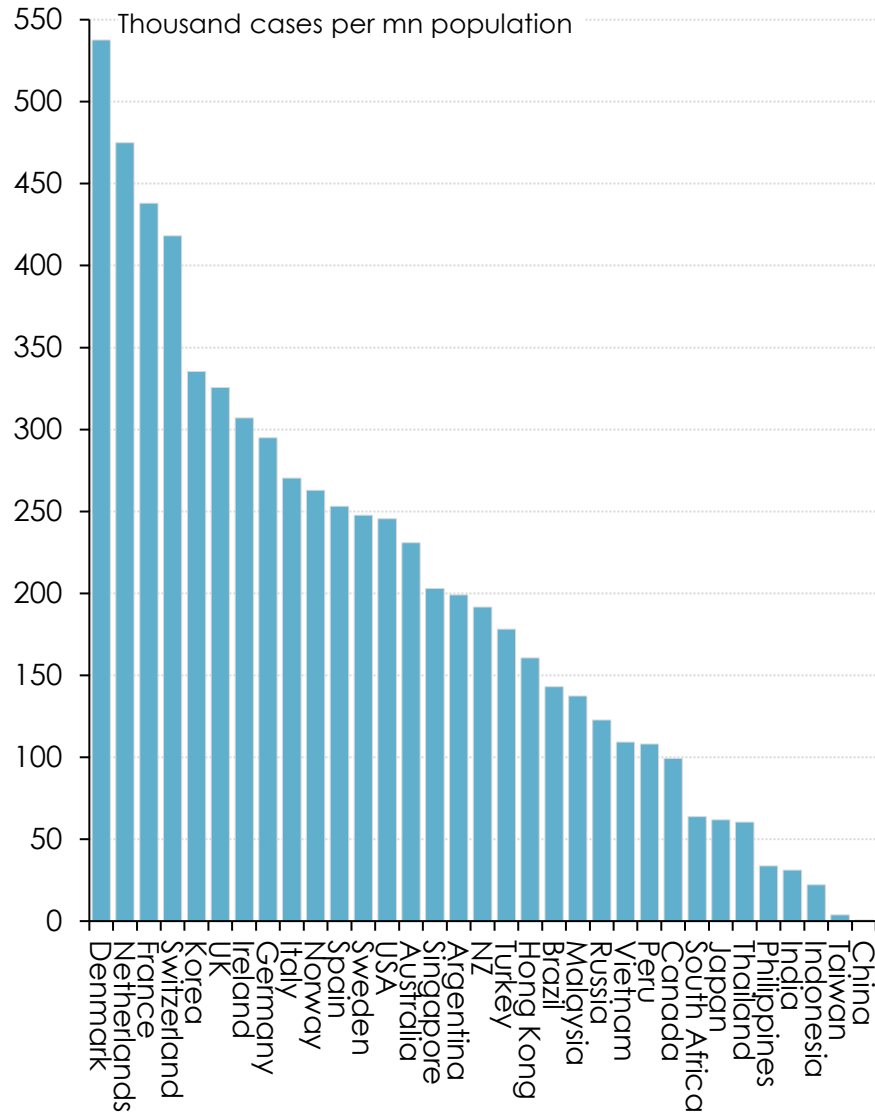
## Daily new cases per million population – major countries and regions



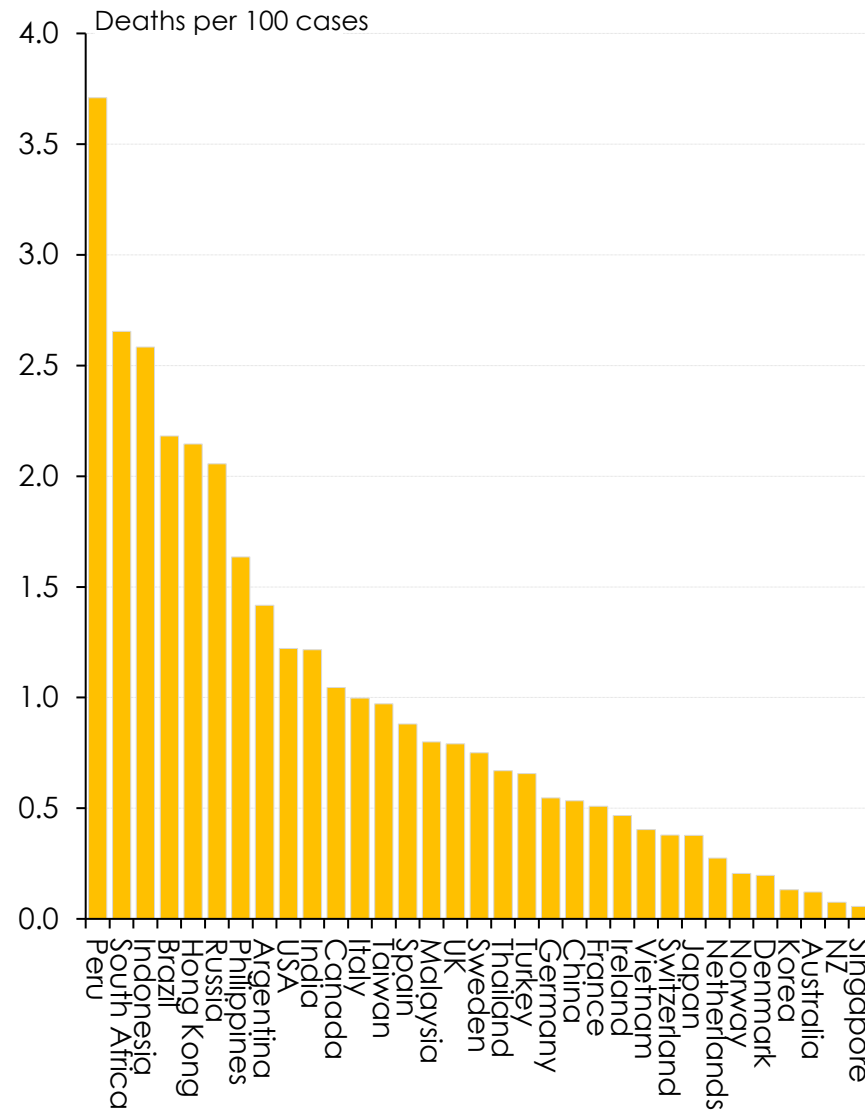
# The highest cumulative infection and death rates (since the onset of the pandemic) have been in Europe, South and North America

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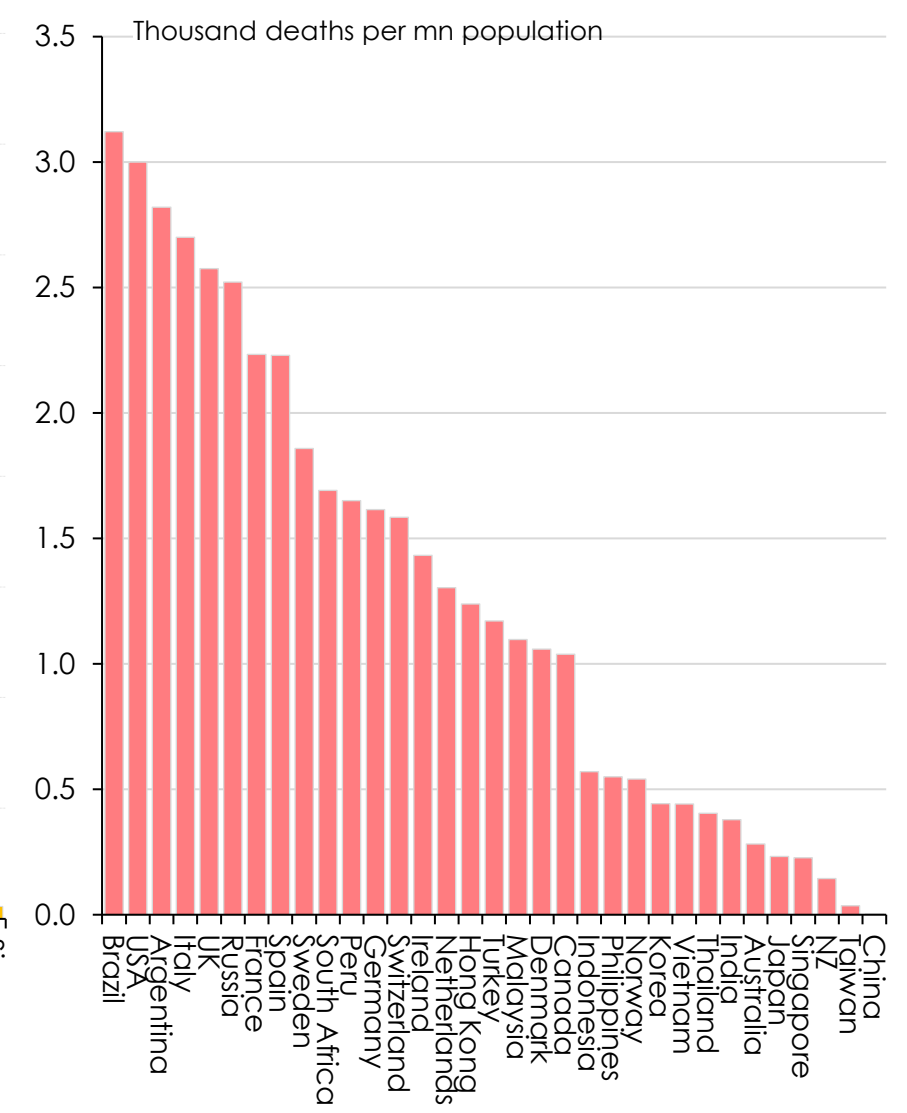
## Apparent infection rate



## Apparent fatality rate



## Apparent death rate



Note: Data shown in these charts are cumulative since the beginning of the pandemic, up to 29<sup>th</sup> April. Sources: University of Oxford, [Our World in Data](#); Corinna.

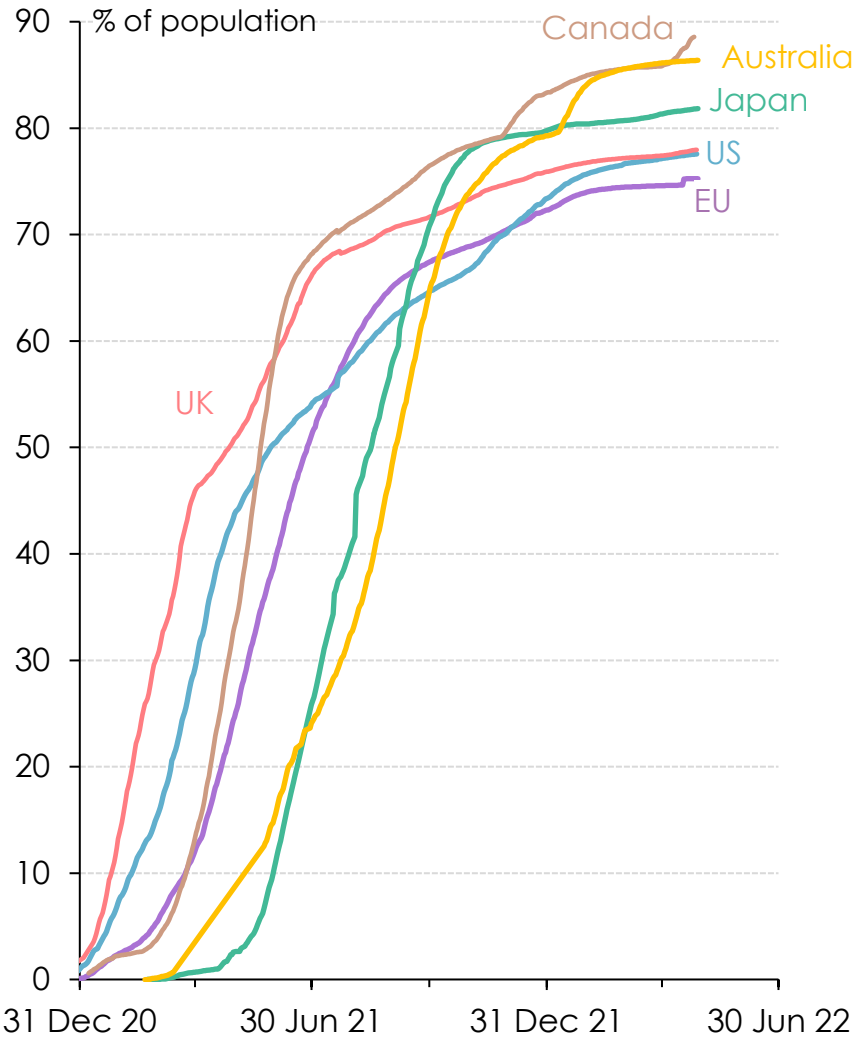
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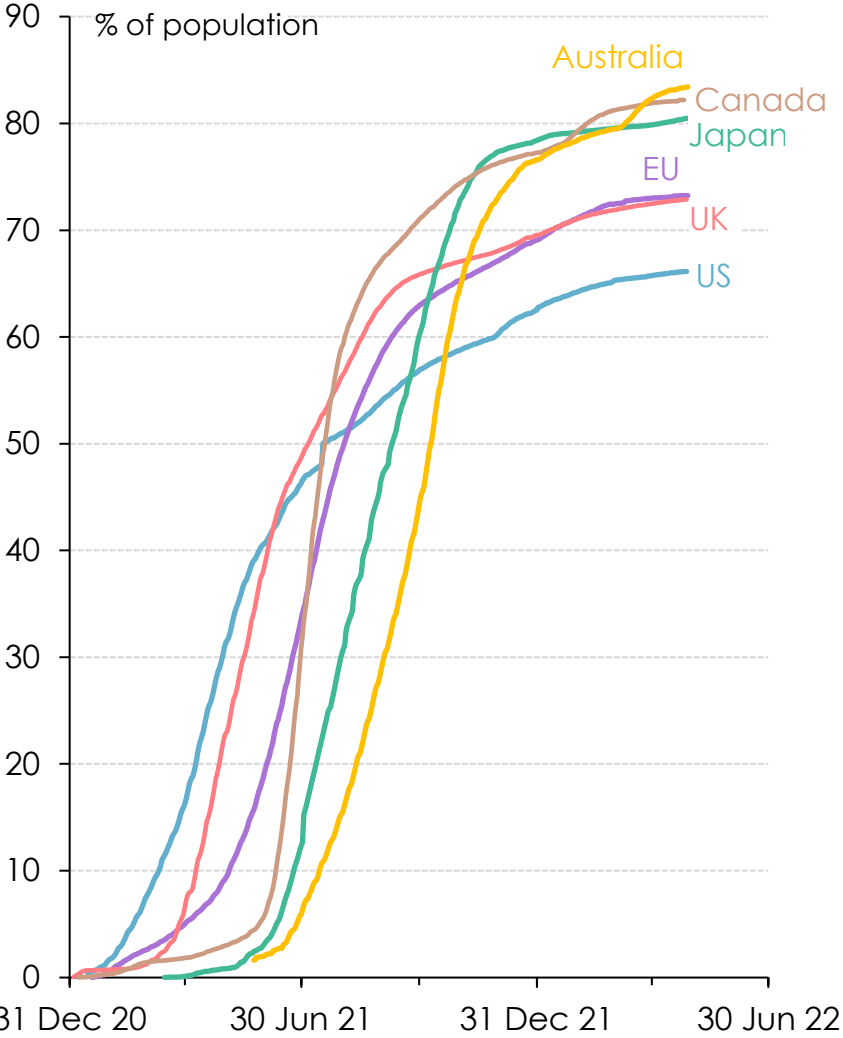
# The US lags behind most other 'advanced' economies in fully vaccinating its population and also now with regard to 'boosters'

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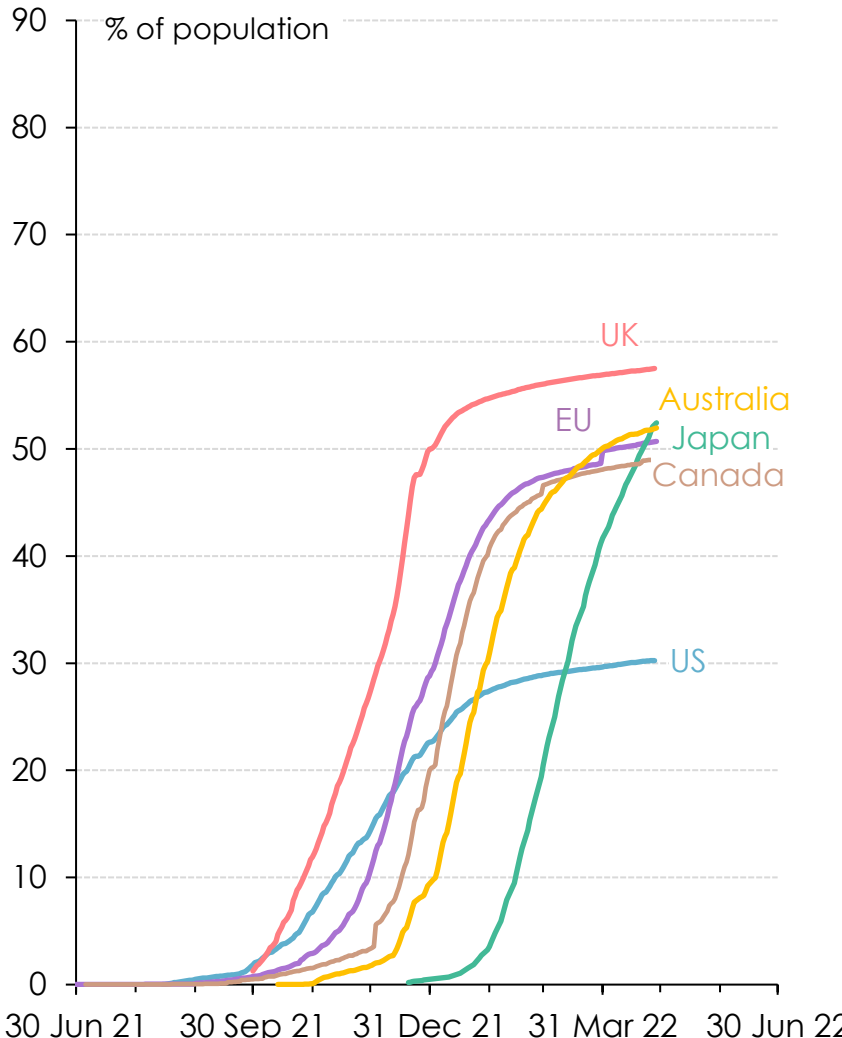
Percentage of populations who have had at least one shot



Percentage of populations who have had two shots



Percentage of populations who have had a 'booster' shot

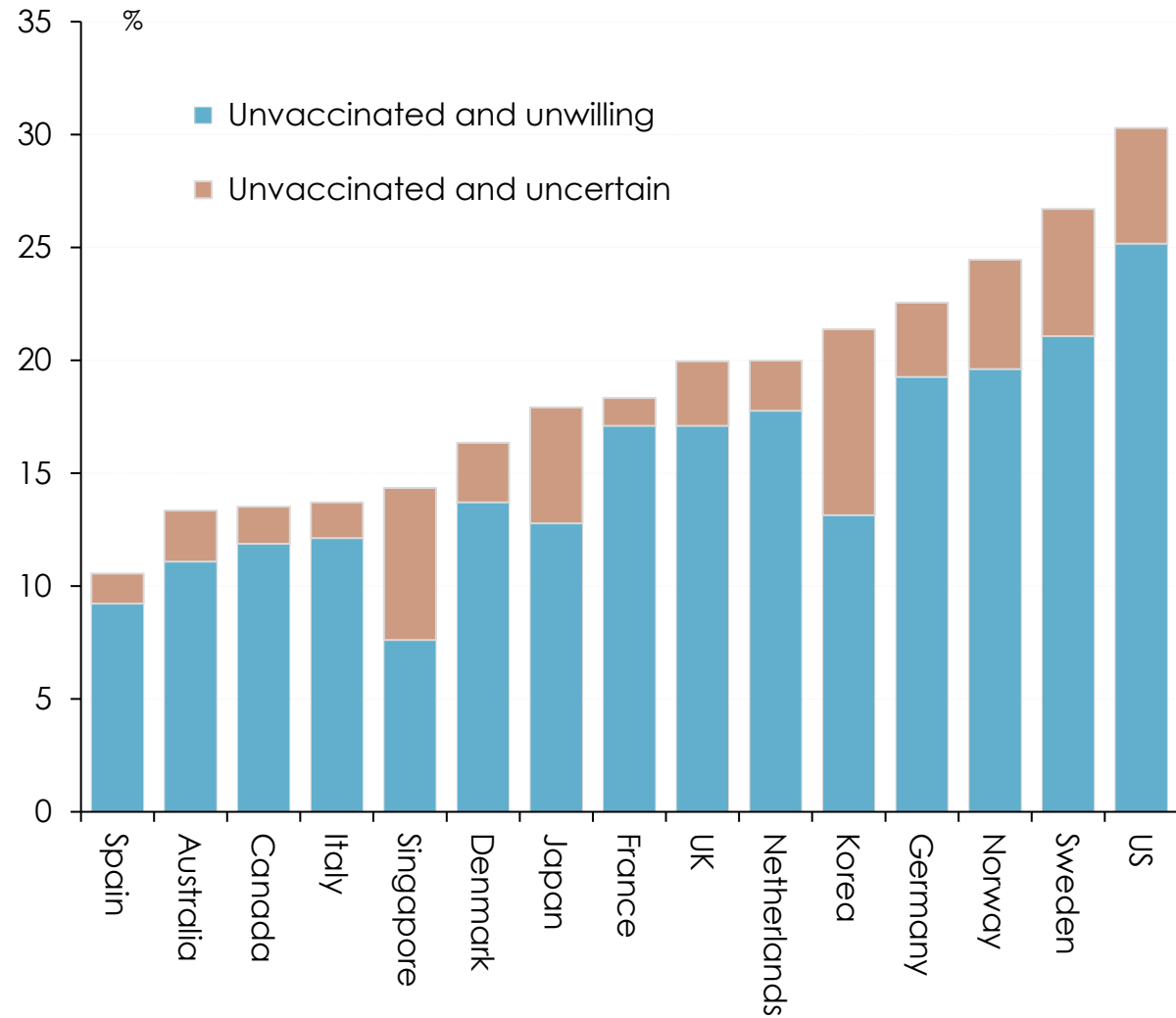


Note: Data up to 28<sup>th</sup> April. Source: [Our World in Data](#); [Coronavirus \(COVID-19\) Vaccinations](#). [Return to "What's New"](#).

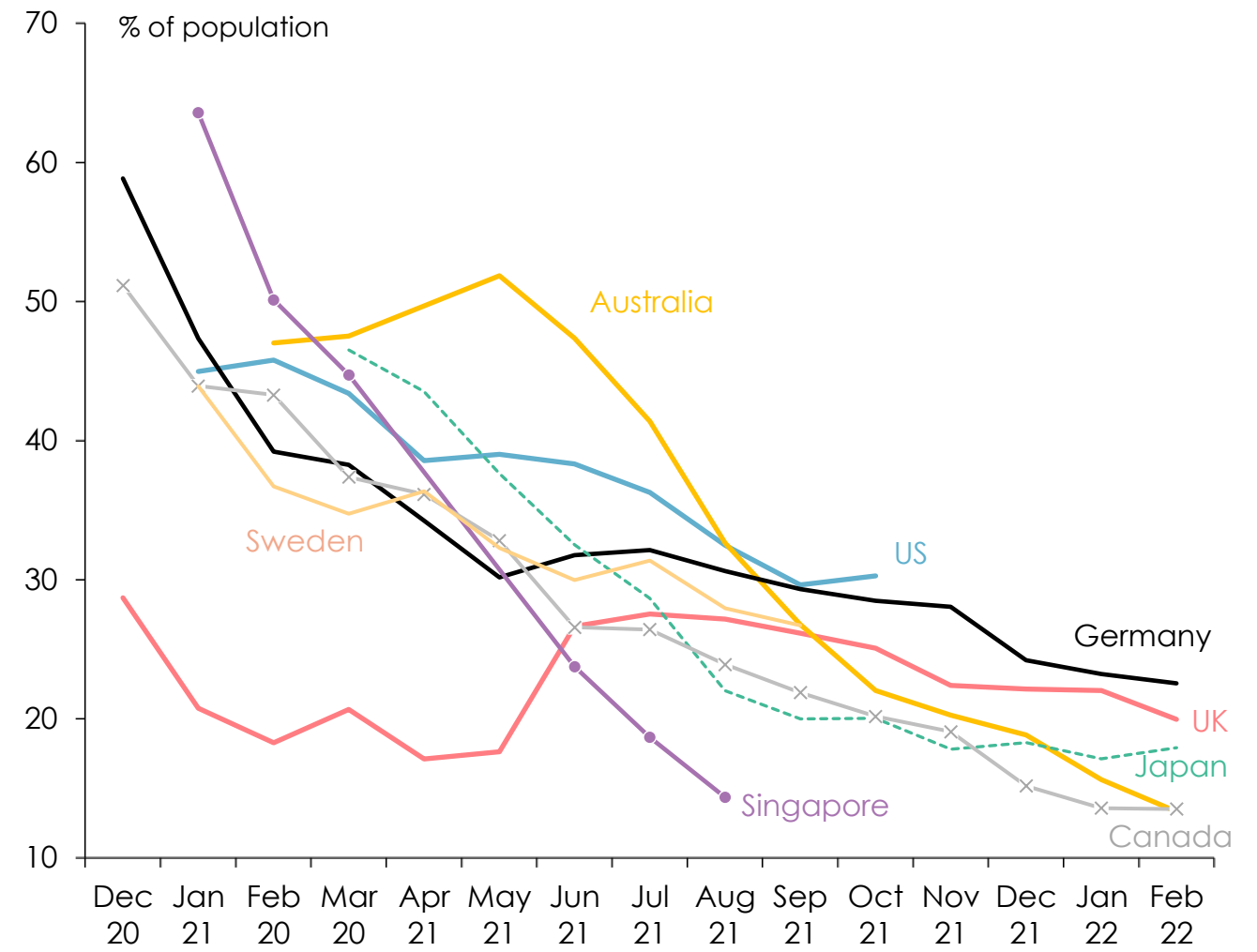
# Vaccine hesitancy is now higher in the US and (perhaps more surprisingly) in Germany than in other 'advanced' economies

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

Covid-19 vaccine hesitancy, selected 'advanced' economies, February 2022 or latest available



Percentage of populations unvaccinated and unwilling or uncertain about getting vaccinated



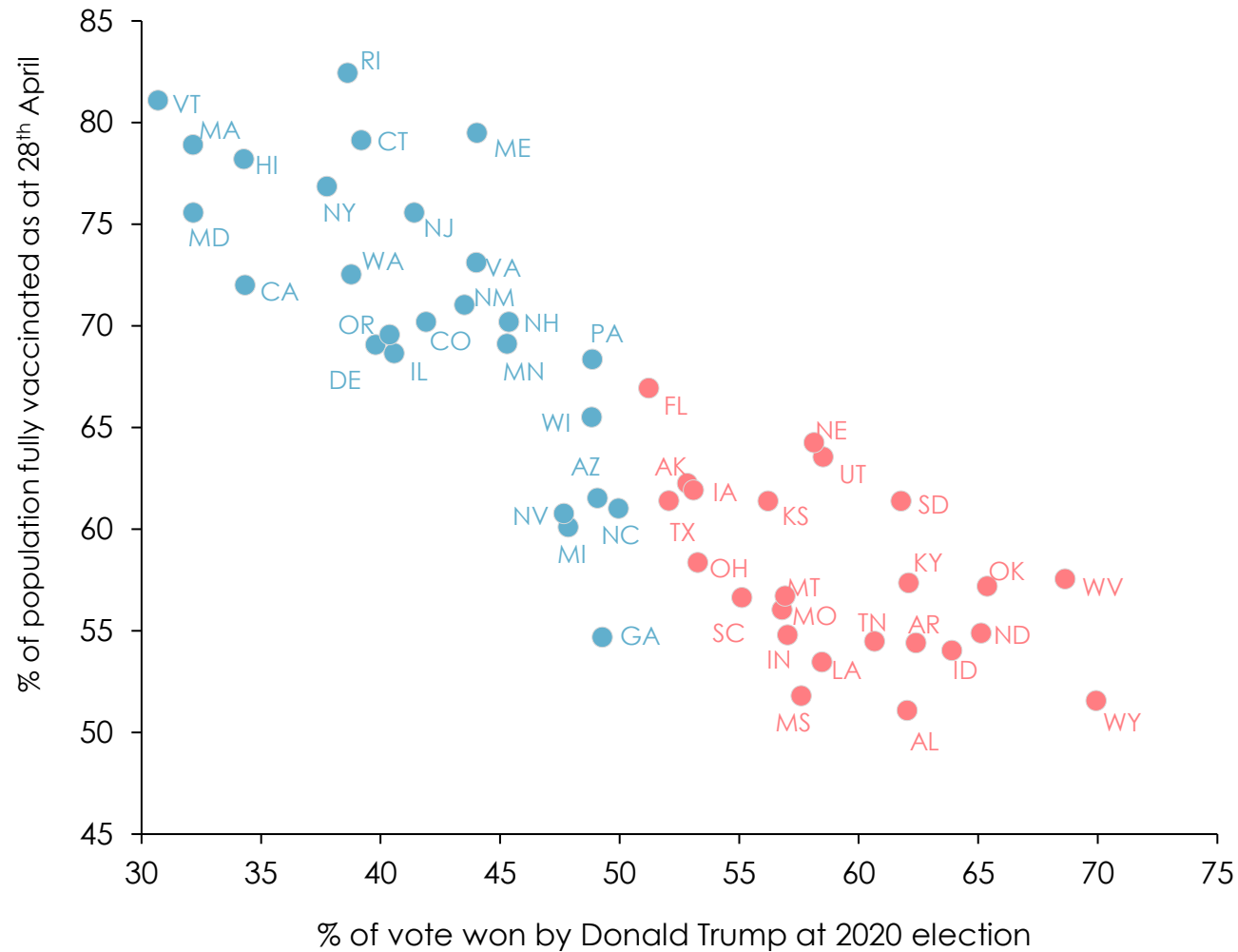
Note: data for Singapore and Norway are for August; data for Korea and Sweden are for September; data for the US are for October; data for Denmark are for January.

Source: Imperial College London and YouGov, [Covid 19 Behaviour Tracker Data Hub](#). [Return to "What's New"](#).

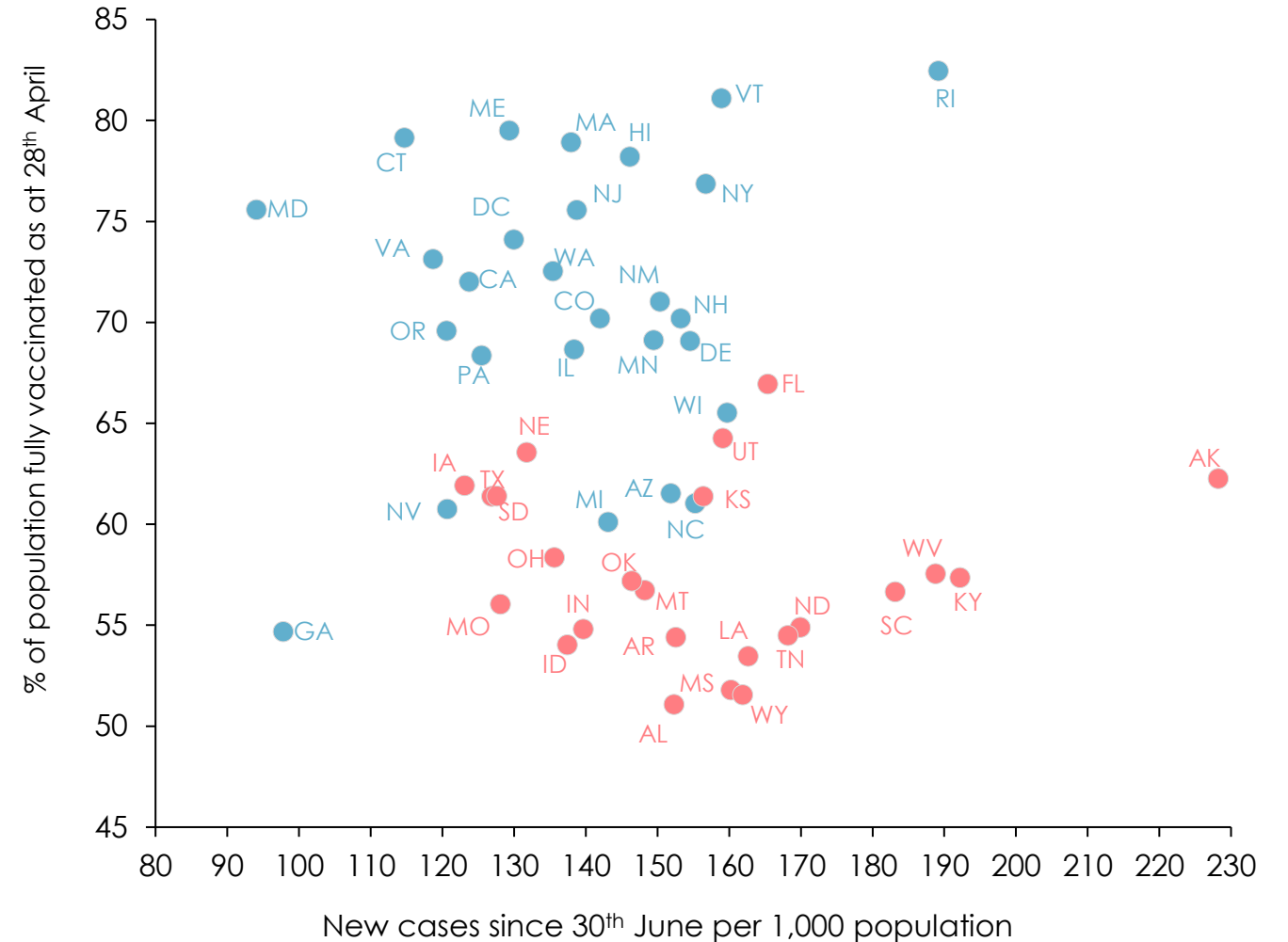
# In the US there's a strong correlation between voting patterns and vaccine hesitancy, and (inversely) between vaccination rates and infection rates

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Vaccination rates vs Trump vote at 2020 elections, by state



## Vaccination rates vs infection rates since 30<sup>th</sup> June 2021, by state

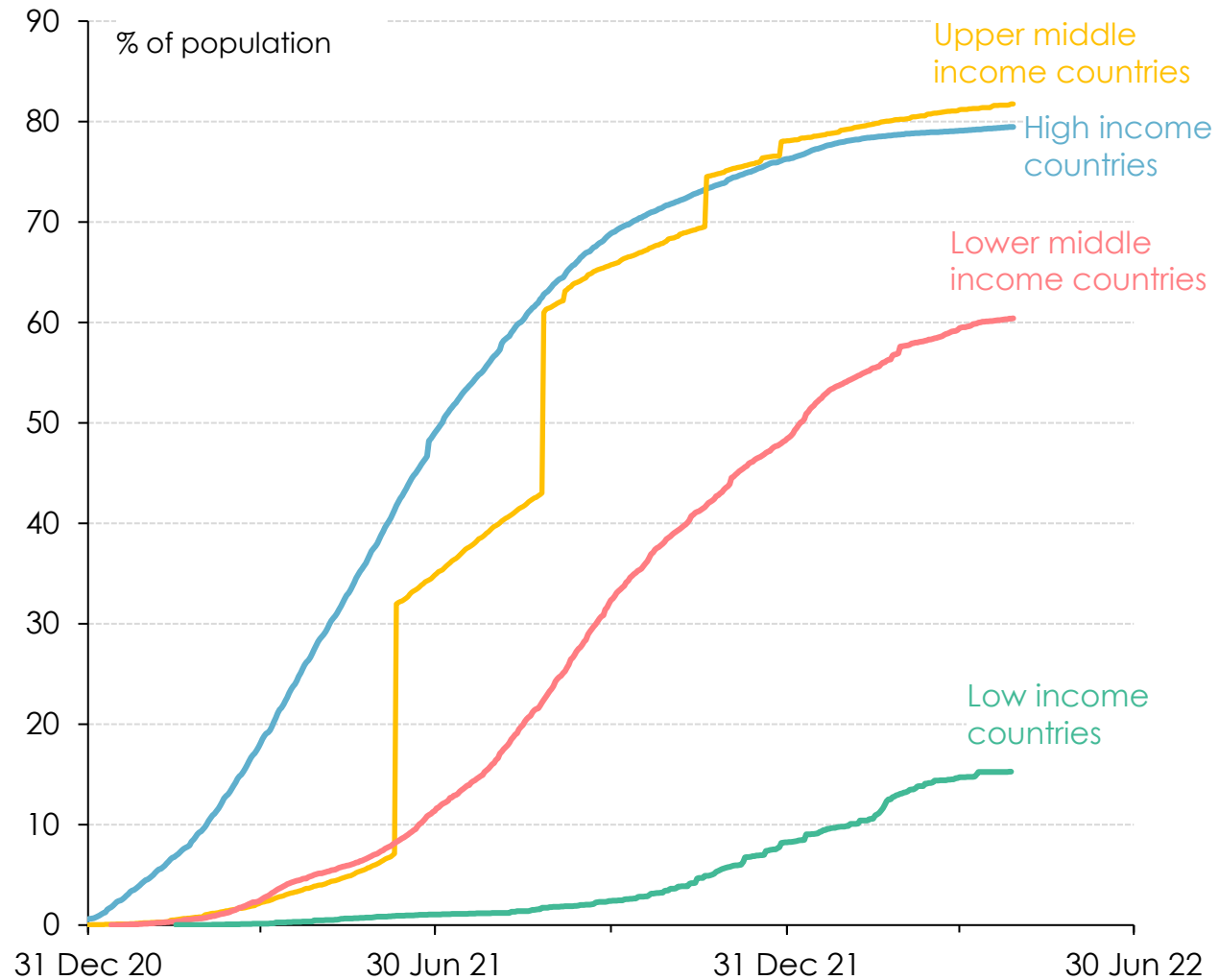


Note: Case data as at 28<sup>th</sup> April. Sources: [The Cook Political Report](#); [Our World in Data](#); [USA Facts](#); Corinna. [Return to "What's New"](#).

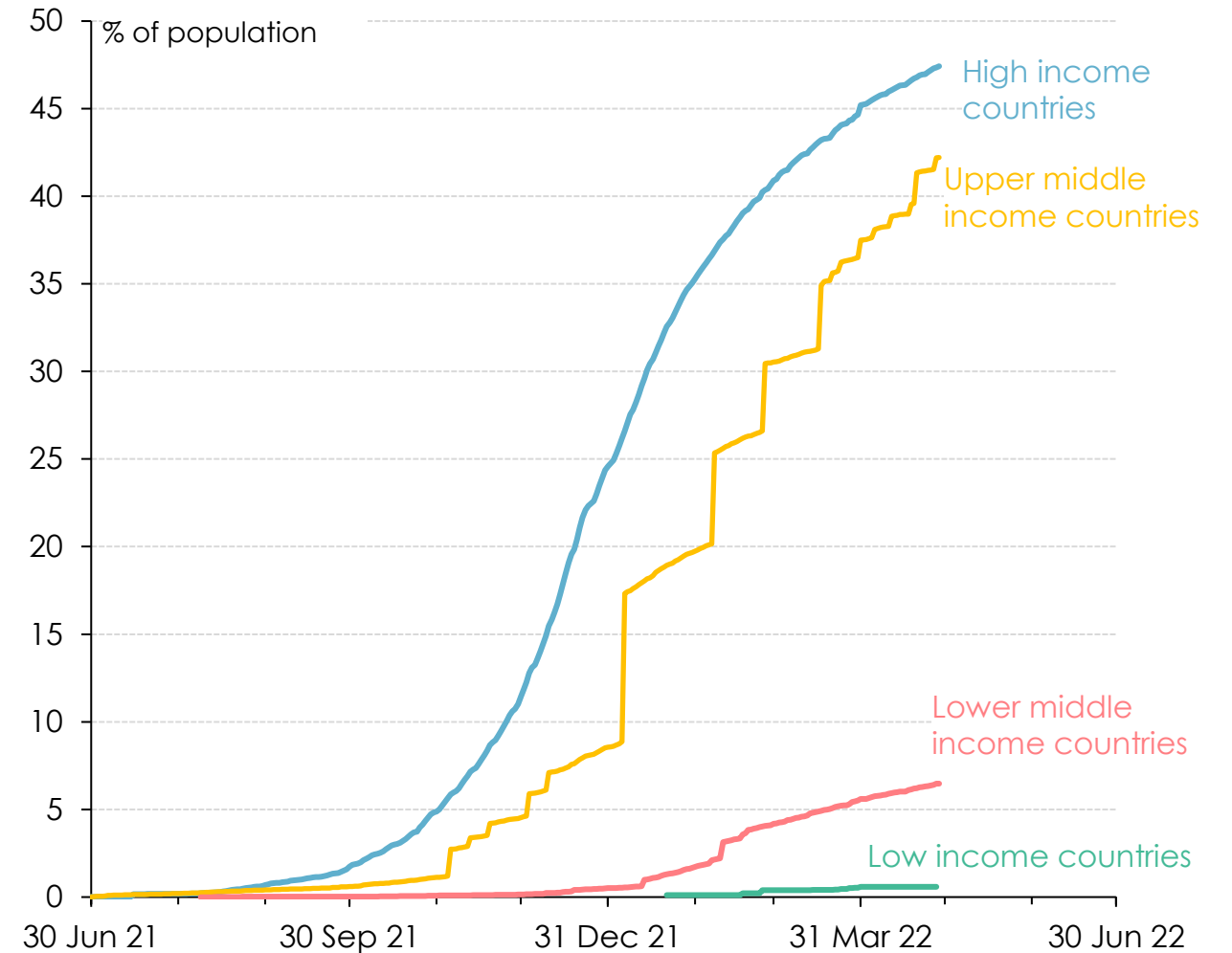
# The vaccine roll-out has proceeded much more slowly among low- and lower-middle income countries

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Percentage of populations who have had two vaccinations, by income group



## Percentage of populations who have had a 'booster' shot, by income group



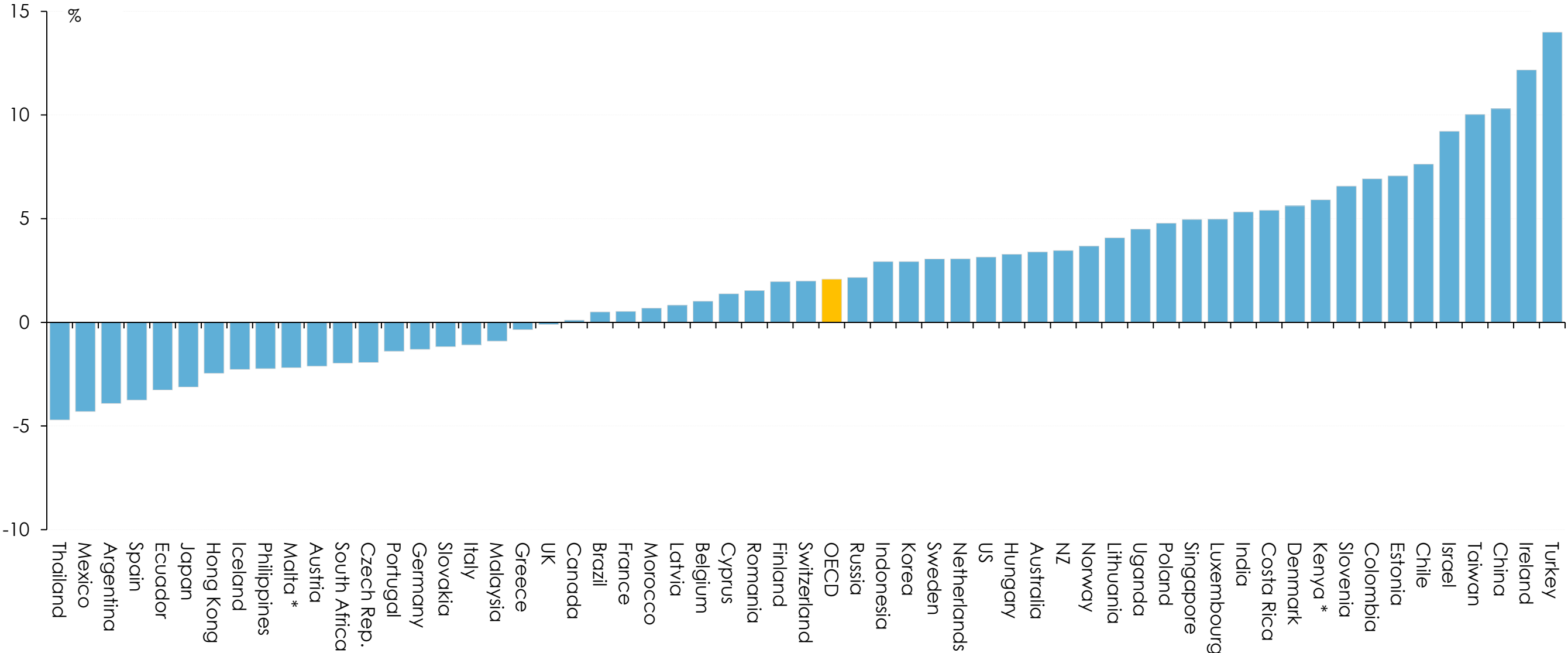
Note: Income categories are as defined by the [World Bank](#): high-income countries are (in 2021) those with a per capita gross national income (GNI) of over US\$12,535; upper-middle income countries are those with per capita GNI between US\$4,046 and \$12,535; lower middle-income countries are those between \$1,036 and \$4,035; and low-income countries are those with per capita GNI of \$1,035 or less. Note that 'upper middle-income countries' includes China, the inclusion of data from which accounts for the large jumps in numbers for this category on 12<sup>th</sup> August 2021 and 6<sup>th</sup> January 2022. Source: Our World in Data, [Coronavirus \(COVID-19\) Vaccinations](#). [Return to "What's New"](#).

**The world**

# 38 countries (out of 58 for which seasonally-adjusted Q3 or Q4 GDP estimates are available) have now surpassed their pre-pandemic peaks

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Q4 2021 real GDP compared with pre-recession peak

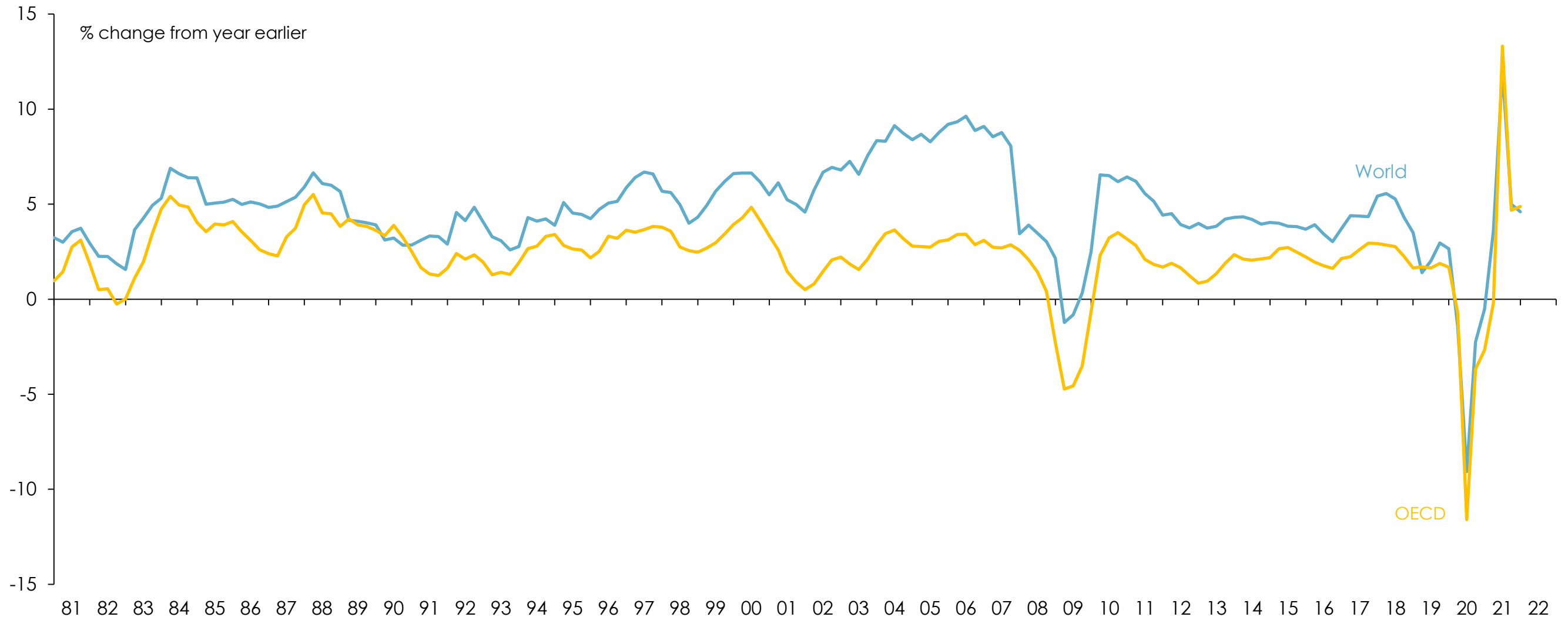


Note: estimate for China is derived from quarterly growth rates published by China NBS; estimates for India, Indonesia and Russia are seasonally adjusted by the OECD. \* Estimates for Kenya and Malta are for Q3 2021. Sources: National statistical agencies and central banks, and OECD. [Return to "What's New"](#).

# The world economy grew by about 4½% over the year to Q4 – down from 12% over the year to Q2 which was flattered by comparison with Q2 2020

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## World and OECD area real GDP growth

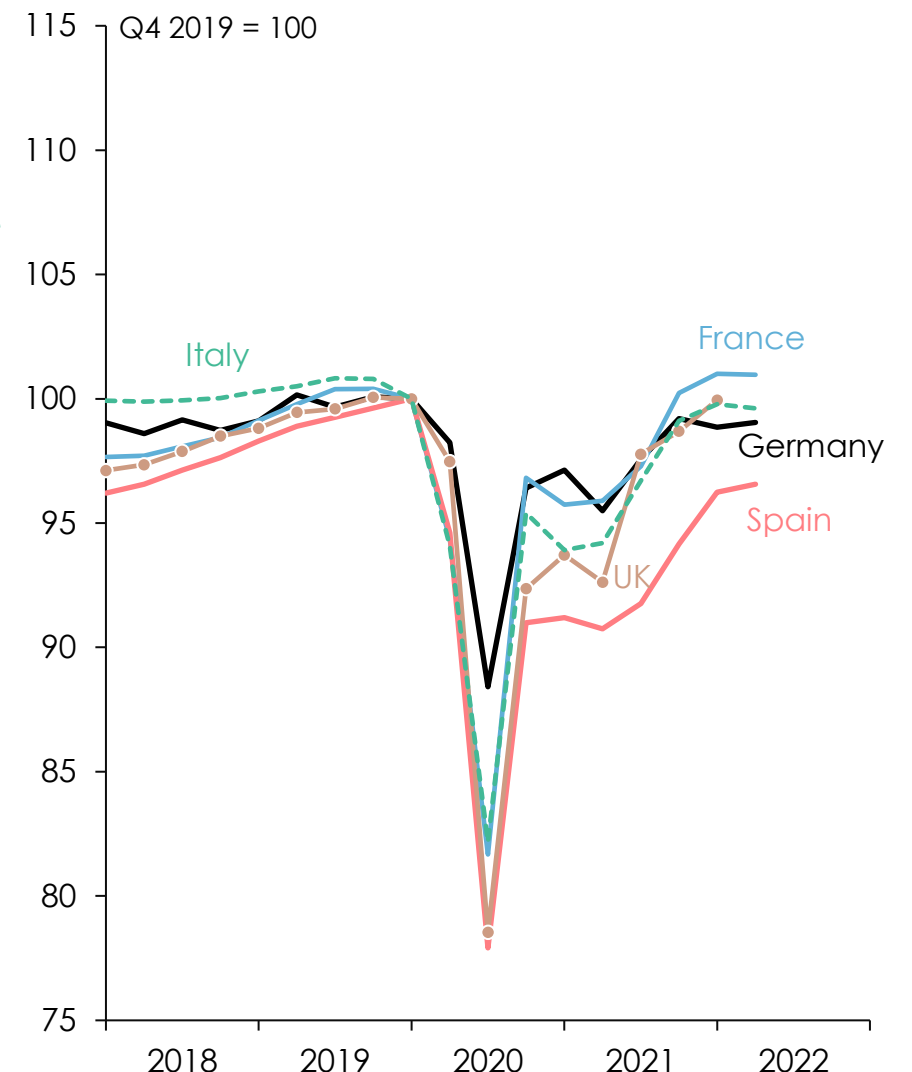
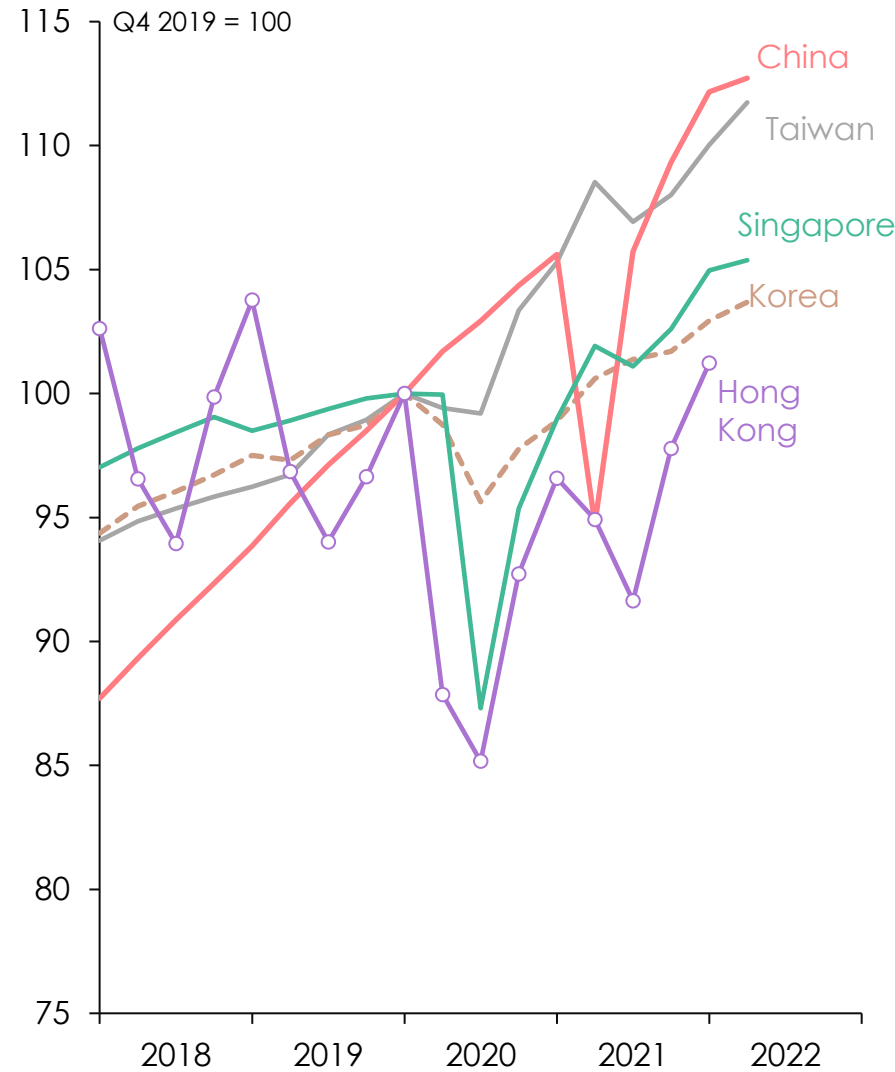
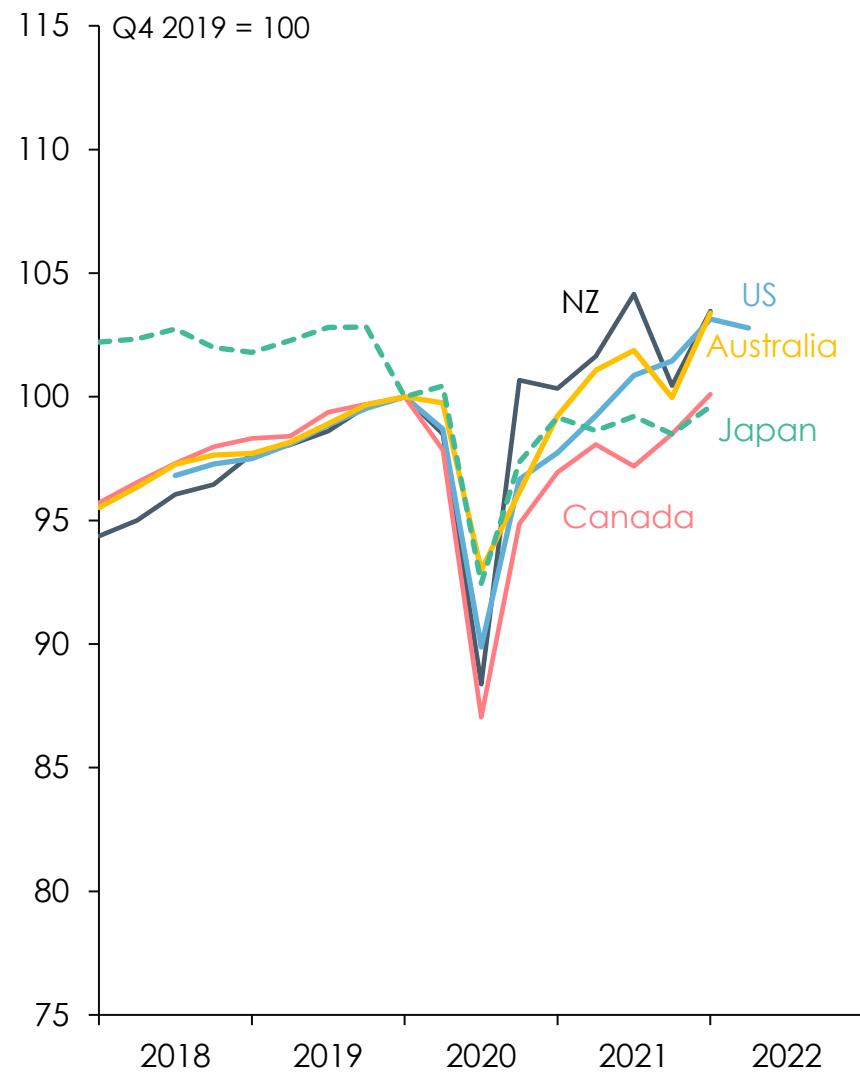


Note: Estimates of global GDP growth compiled by Corinna using data for 100 countries accounting for 94% of 2019 world GDP as measured by the IMF, weighted in accordance with each country's share of global GDP at purchasing power parities in 2019; excludes constituents of the former USSR before 1993, the former Czechoslovakia before 1995, and the former Yugoslavia before 1998. (e) Estimate for Q4 2021 is based on results for 78 economies. Sources: national statistical agencies and central banks; Eurostat; [OECD](#); IMF; Corinna. [Return to "What's New"](#).

# The more 'advanced' Asian economies, Australia's & NZ's and the US's, have recovered more rapidly from 2020-21 recessions than Europe's

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Levels of real GDP indexed to Q4 2019 = 100



Note: All series shown are seasonally adjusted, except for China's which has been constructed using the estimates of quarterly changes in real GDP published by the China National Bureau of Statistics. Sources: National statistical agencies, Eurostat and Bank of Korea; Corinna.



# The IMF has cut its forecasts for world economic growth to 3.6% in both 2022 and 2023, representing downward revisions of 0.8 and 0.2 pc pts

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Major global institutions' growth forecasts for 2021- 2023 compared

	Actual		IMF			OECD			World Bank			Australian/NZ Treasury		
	2010-19 <sup>^</sup>	2020	2021	2022	2023	2021	2022	2023	2021	2022	2023	2022	2023	2024
US	2.2	-3.5	5.7	3.7	2.3	5.6	3.7	2.4	5.6	3.8	2.3	3.5	2.5	2.0
China	7.7	2.3	8.1	4.4	5.1	8.1	5.1	5.1	8.0	5.1	5.3	4.8	5.3	5.0
Euro area	1.3	-6.6	5.3	2.8	2.3	5.2	4.3	2.5	4.2	3.7	2.6	3.4	2.3	1.5
India	7.0	-8.0	8.9	8.2	6.9	9.4	8.1	5.5	8.3	8.7	6.8	8.3	6.5	7.3
Japan	1.2	-4.8	1.6	2.4	2.3	1.8	3.4	1.1	1.7	2.9	1.2	2.5	1.5	0.5
UK	1.8	-9.9	7.4	3.7	1.2	6.9	4.7	2.1	na	na	na	na	na	na
Australia	2.6	-2.4	4.7	4.2	2.5	3.8	4.1	3.0	na	na	na	4.8*	2.0*	2.5*
New Zealand	2.9	-3.0	5.6	2.7	2.6	4.7	3.9	2.6	na	na	na	0.8 <sup>†</sup>	4.9 <sup>†</sup>	2.2 <sup>†</sup>
World	3.7	-3.3	6.1	3.6	3.6	5.6	4.5	3.2	5.5	3.2	3.2	3.8	3.8	3.5
World trade	3.7	-8.5	10.2	5.0	4.4	9.3	4.9	4.5	9.5	5.8	4.7	na	na	na
World inflation	3.5	3.2	4.7	7.4	4.8	3.5	4.2	3.0	na	na	na	na	na	na

Note: All actuals and forecasts are \$ per annum. <sup>^</sup> Annual average. \* Forecasts for fiscal years beginning 1<sup>st</sup> July (and finishing 30<sup>th</sup> June following year) <sup>†</sup> Forecasts by New Zealand Treasury for fiscal years beginning 1<sup>st</sup> July. Sources: International Monetary Fund (IMF), [World Economic Outlook](#), 19<sup>th</sup> April 2022; The World Bank, [Global Economic Prospects](#), 11<sup>th</sup> January 2022; Organization for Economic Co-operation & Development (OECD), [Economic Outlook](#), 1<sup>st</sup> December 2021; Australian Treasury, 2022-23 [Budget Paper No. 1](#), 29<sup>th</sup> March 2022; New Zealand Treasury, [Half Year Economic and Fiscal Update 2021](#), 15<sup>th</sup> December 2021. [Return to "What's New"](#).

# The IMF made large downward revisions to its growth forecasts for Europe and, to a lesser extent, China, and upward revisions to its inflation outlook

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## IMF real GDP growth forecasts

	April forecast (%)		Revision from January (pc pts)	
	2022	2023	2022	2023
<b>Advanced economies</b>				
US	3.7	2.3	-0.3	-0.3
Euro zone	2.8	2.3	-1.1	-0.2
Japan	2.4	2.3	-0.9	+0.5
UK	3.7	1.2	-1.0	-1.1
Canada	3.9	2.8	-0.2	0.0
Australia	4.2	2.5	+0.1	0.0
<b>Emerging economies</b>				
China	4.4	5.1	-0.4	-0.1
India	8.2	6.9	-0.8	-0.2
Brazil	0.8	1.4	+0.5	-0.2
Russia	-8.5	-2.3	-11.3	-4.4
South Africa	1.9	1.4	0.0	0.0
<b>World</b>	<b>3.6</b>	<b>3.6</b>	<b>-0.8</b>	<b>-0.2</b>

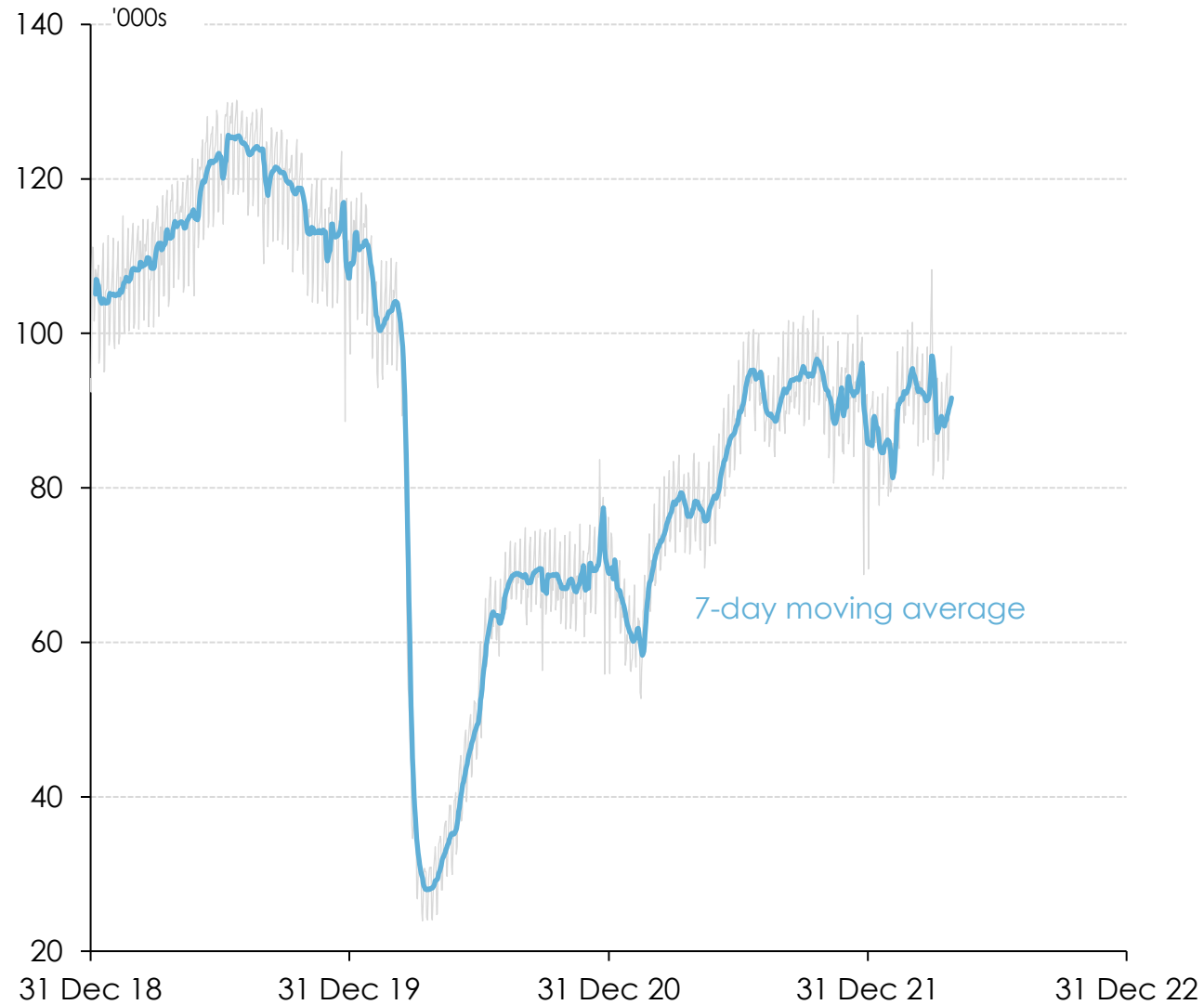
- ❑ The IMF's latest [World Economic Outlook](#), published last Tuesday, lowered its forecast for global GDP growth in 2022 by 0.8 pc pt to 3.6%, and for 2023 by 0.6 pc pt, also to 3.6%
  - the deterioration in the outlook is “largely because of Russia’s invasion of Ukraine ... and the sanctions aimed at pressuring Russia to end hostilities”, which have come at a time when “the global economy ... had not fully recovered from the Covid-19 pandemic”, and when “frequent and wider-ranging lockdowns in China have slowed activity there and could cause new bottlenecks in global supply chains”
- ❑ Apart from Ukraine and Russia (whose economies the IMF expects to contract by 35% and 8½% respectively in 2022), the largest downward revisions to the IMF’s growth forecasts are for Europe
  - in particular, the forecasts for Germany, Italy and the UK for 2023 have been revised down by 1.7, 1.5 and 1.0 pc pt, respectively, to 2.1%, 2.3% and 3.7%, while the 2023 forecast for the UK was also revised down by 1.1 pc pt to 1.2%
- ❑ The IMF’s forecast for China’s growth in 2022 and 2023 were lowered by 0.4 and 0.1 pc pt respectively, reflecting “repeated mobility restrictions and localized lockdowns”, an “anaemic recovery in urban employment”, the significant slowdown in real estate investment growth and weaker external demand
- ❑ The IMF also made significant upward revisions to its forecasts for inflation
  - it now expects inflation to average 5.7% in ‘advanced’ economies in 2022 (revised up from 3.9% in January and 2.3% last October) before slowing to 2.5% (up from 2.1% in January and 1.9% last October) in 2023
  - while in ‘emerging & developing’ economies inflation is expected to average 8.7% this year (up from 5.9% in January and 4.9% last October) and 6.5% next year (up from 4.7% in January and 4.3% in October last year)

Source: International Monetary Fund (IMF), [World Economic Outlook](#), 19<sup>th</sup> April 2022. [Return to "What's New"](#).

# Global aviation traffic turned down in April – which may be a by-product of China's shutdowns, since US traffic appears to be holding up well

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Daily commercial flights worldwide



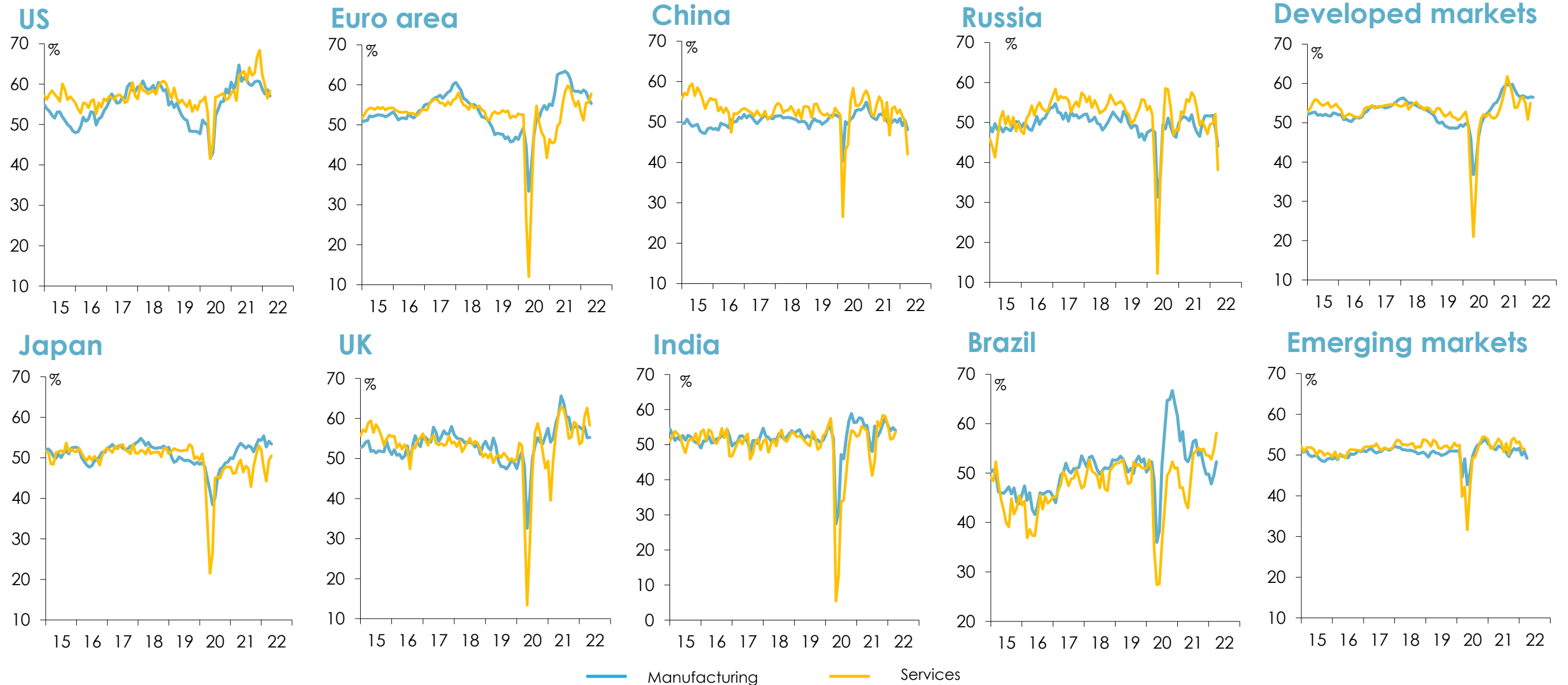
## Daily US TSA 'security' checks



Note: Commercial flights include commercial passenger flights, cargo flights, charter flights, and some business jet flights. Data are up to 28<sup>th</sup> April for commercial flights and TSA checks. Thicker coloured lines are 7-day centred moving averages of daily data plotted in thin grey lines. Sources: [Flightradar24.com](https://www.flightradar24.com); [US Transport Safety Administration](https://www.transportation.gov) (at last, something useful – other than job creation - produced by aviation 'security'!!!). [Return to "What's New"](#).

# 'Flash' PMIs suggest a pick-up in services sector activity in Japan and the euro area in April, but a decline in manufacturing, and in UK services

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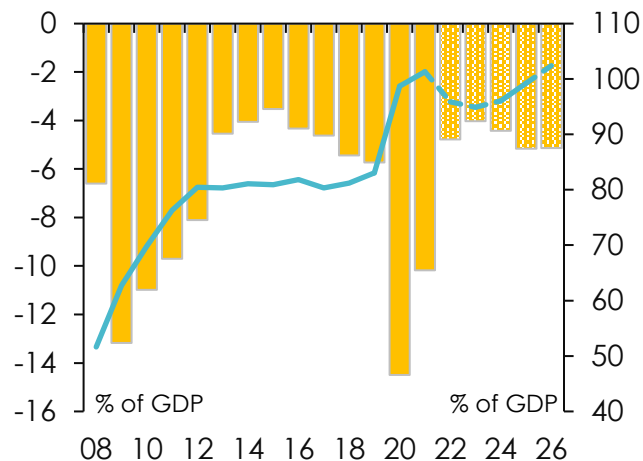


Note: Purchasing Managers' Indexes (PMIs) are derived from surveys of senior executives, who are asked to report whether various dimensions of business activity recorded an increase, decrease or no change compared with the previous month. Latest data for Japan, euro area and UK are 'flash' readings for April, all others are March. A reading of 50 indicates an overall increase cf. the previous month, and a reading of less than 50 indicates a decrease. See also PMIs for other Asia-Pacific economies on [slide 101](#). Sources: [US Institute for Supply Management](#); [IHS Markit](#); JP Morgan; [Caixin](#); Refinitiv Datastream. [Return to "What's New"](#).

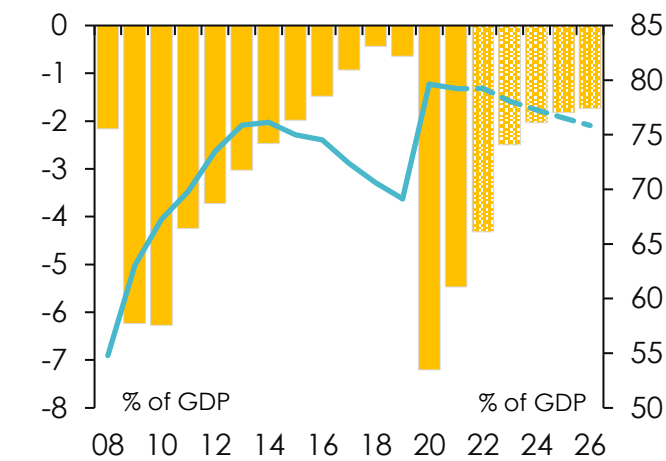
# Fiscal policy is set to be tightened significantly in 2022 in most major economies except Japan, China and India

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

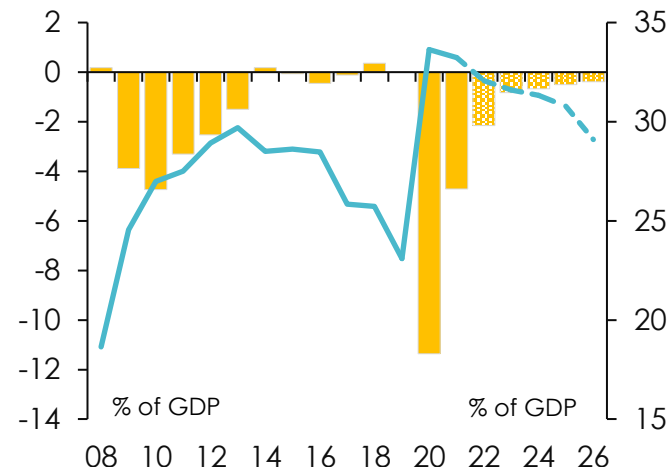
## United States



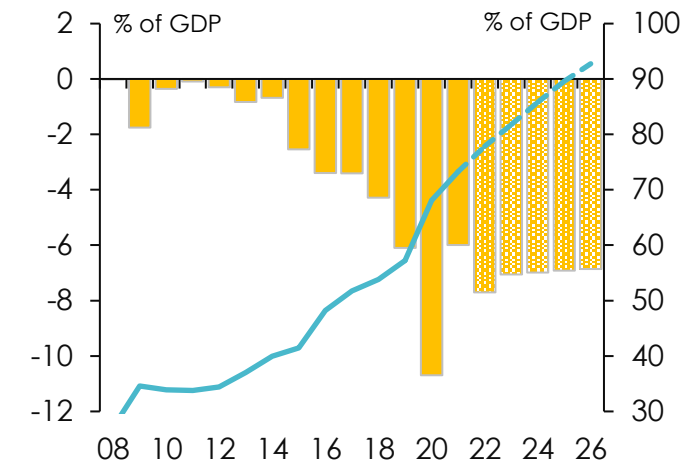
## Euro area



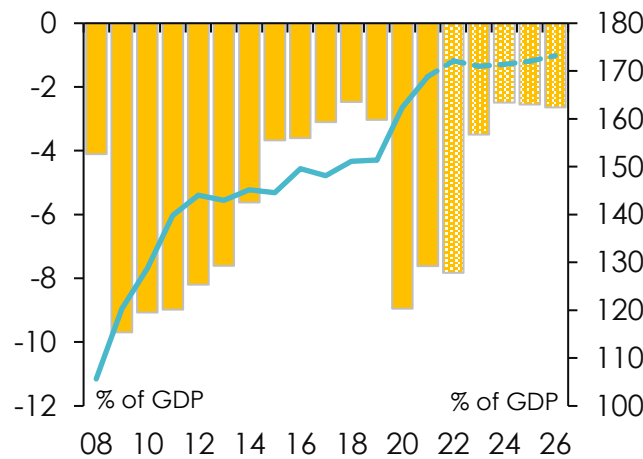
## Canada



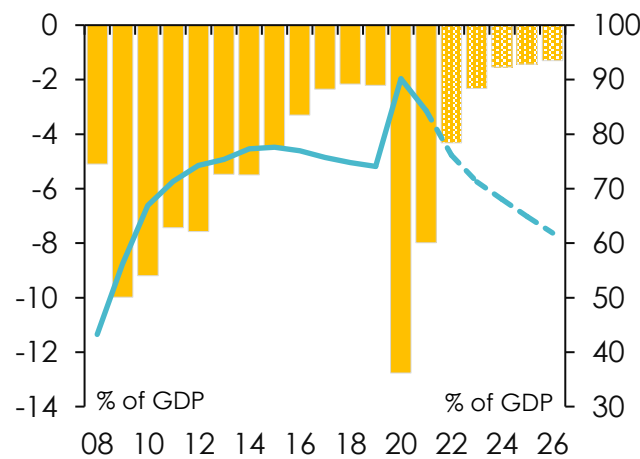
## China



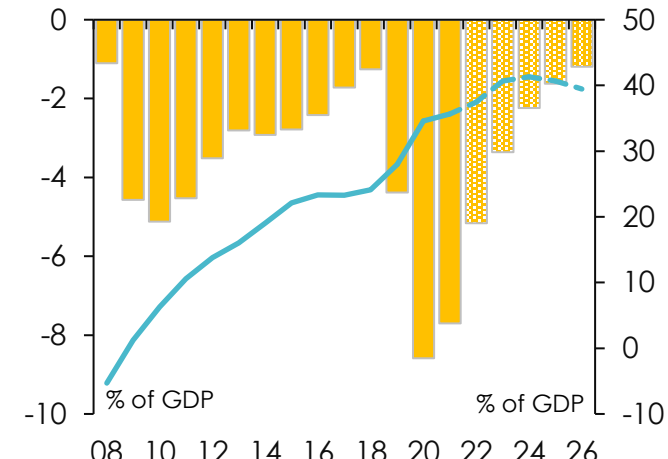
## Japan



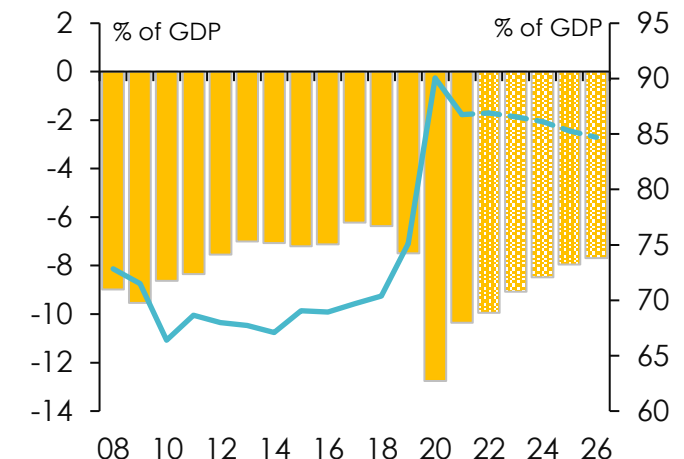
## United Kingdom



## Australia



## India



General government overall fiscal balance (left scale)

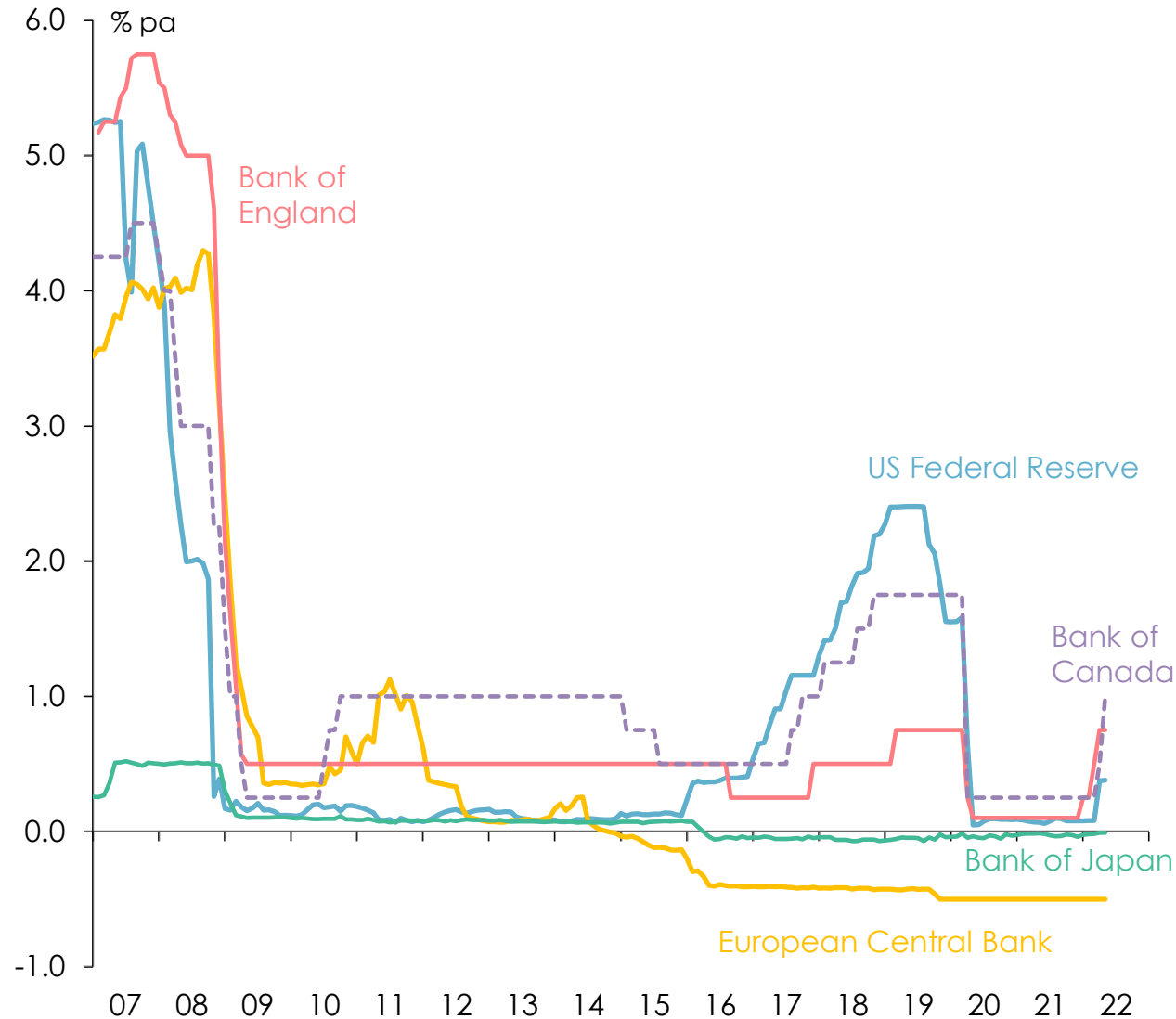


General government net debt (right scale)

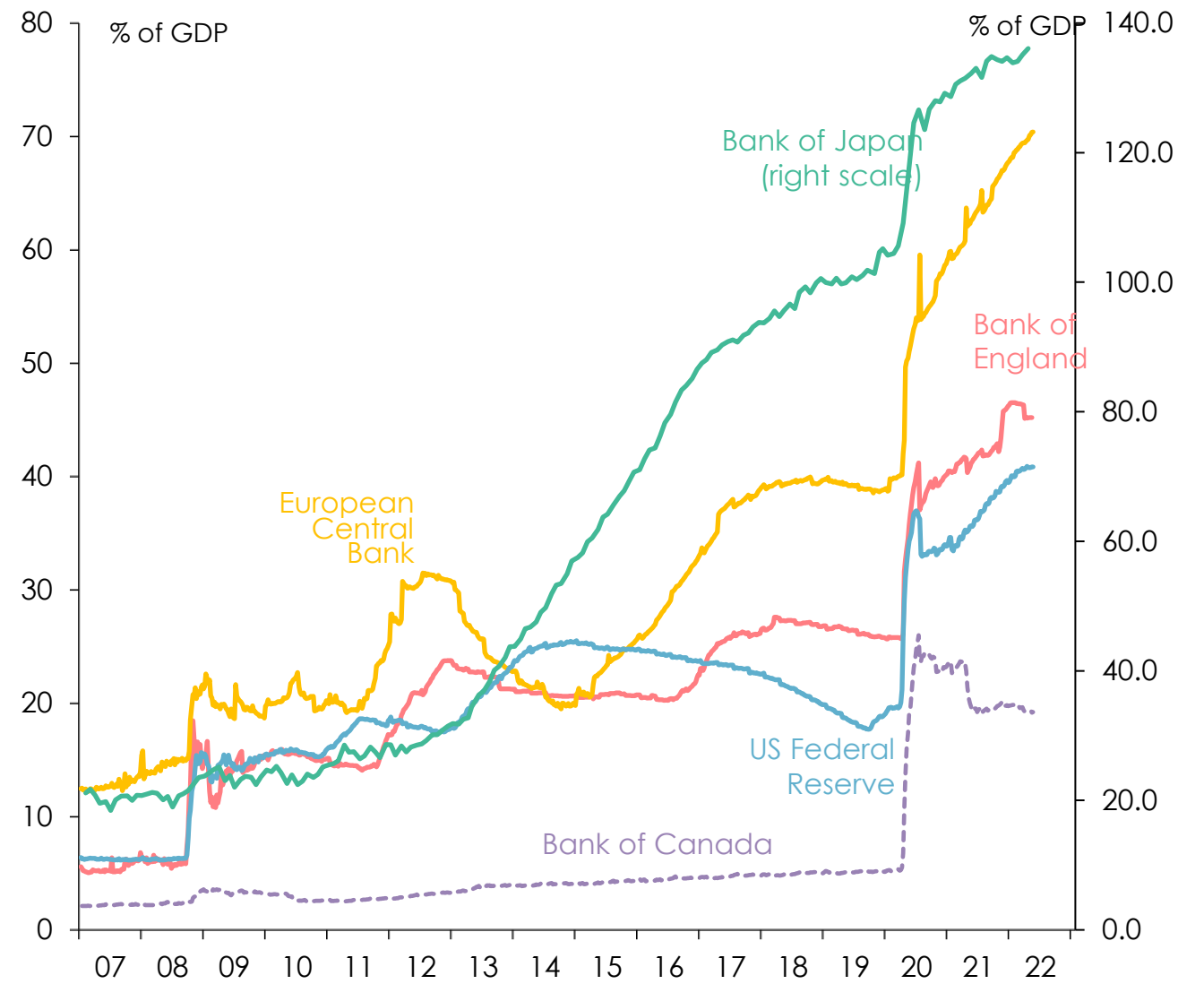
# The Federal Reserve seems likely to raise its funds rate target by 50 bp at its FOMC meeting this week; it's less clear whether the BoE will hike again

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Major central bank policy interest rates



## Major central bank balance sheets

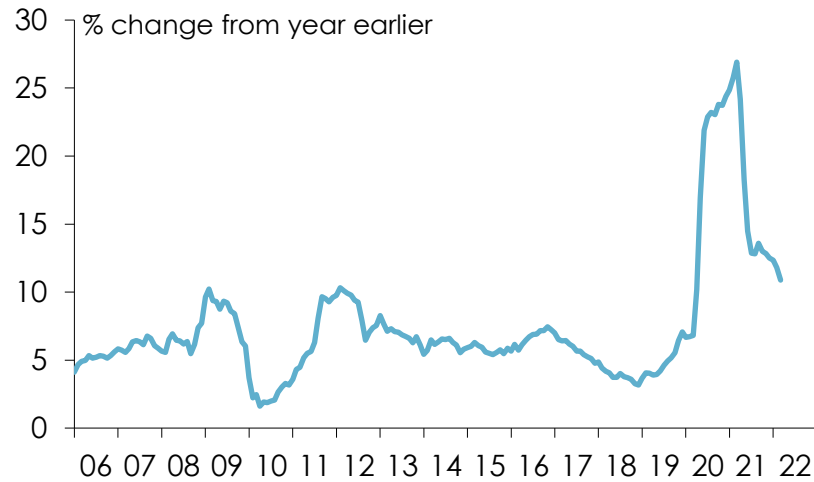


Sources: [US Federal Reserve](#); [European Central Bank](#); [Bank of Japan](#); [Bank of England](#); [Bank of Canada](#); national statistical agencies; Corinna. [Return to "What's New"](#).

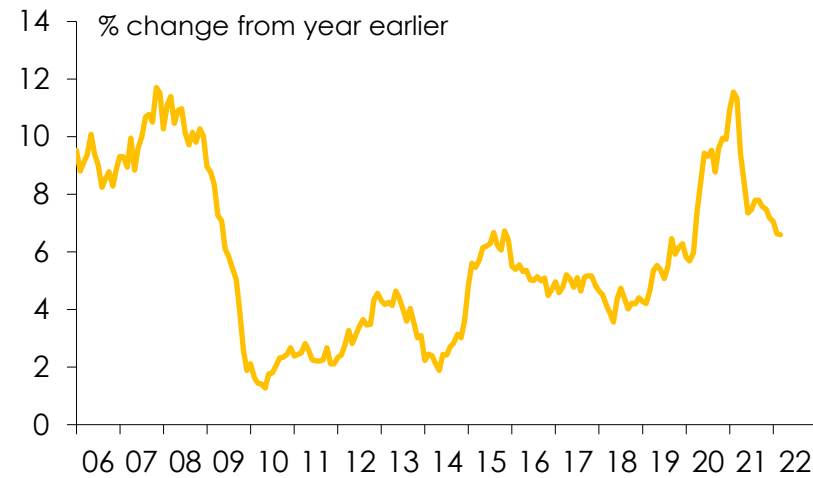
# Money supply growth has slowed sharply from the peaks recorded in the first half of 2021 as large monthly increases in 2020 'wash out'

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

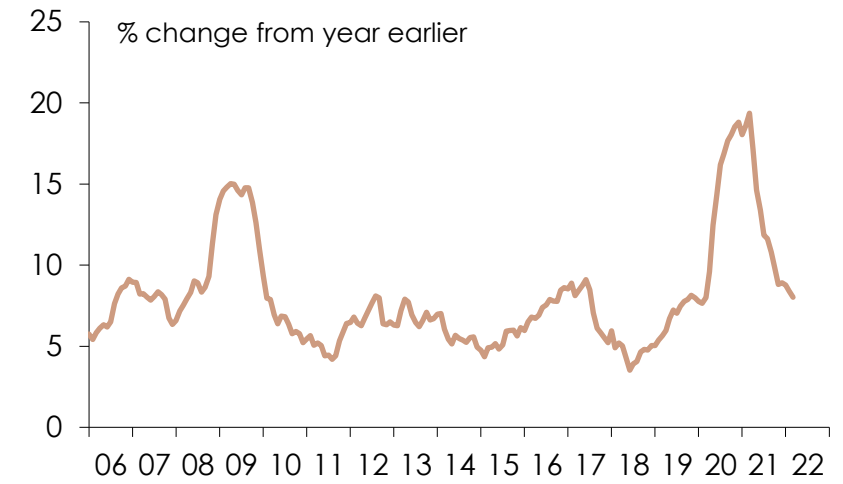
## US M2



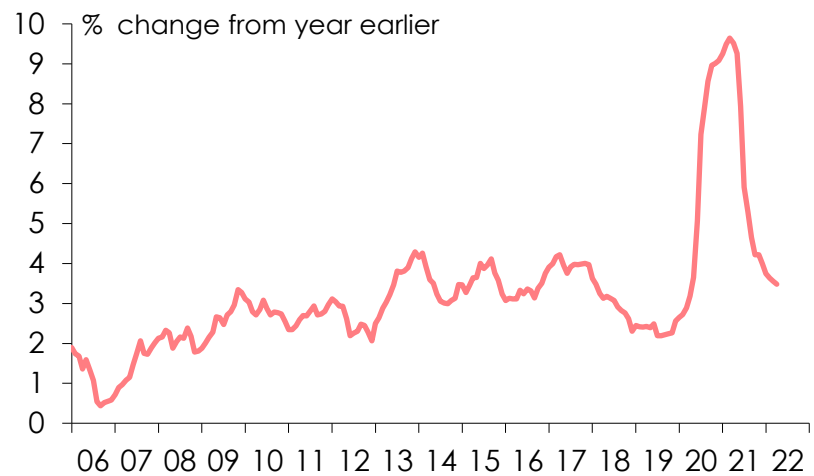
## Euro area M2



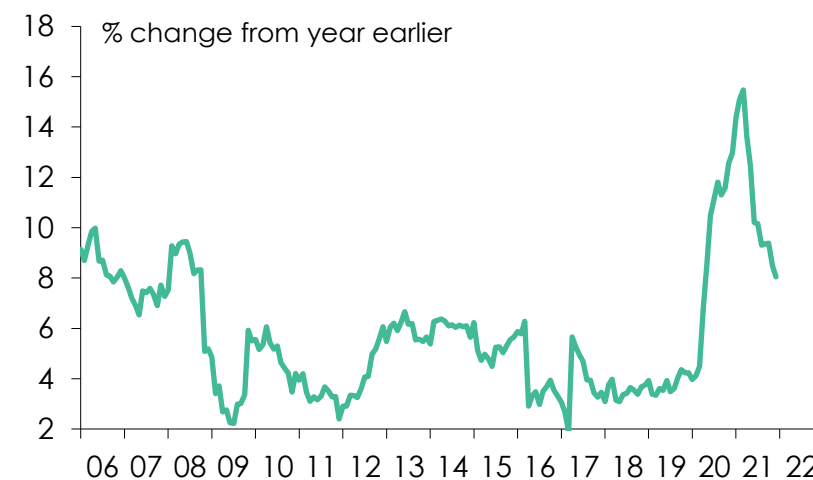
## Canada M2



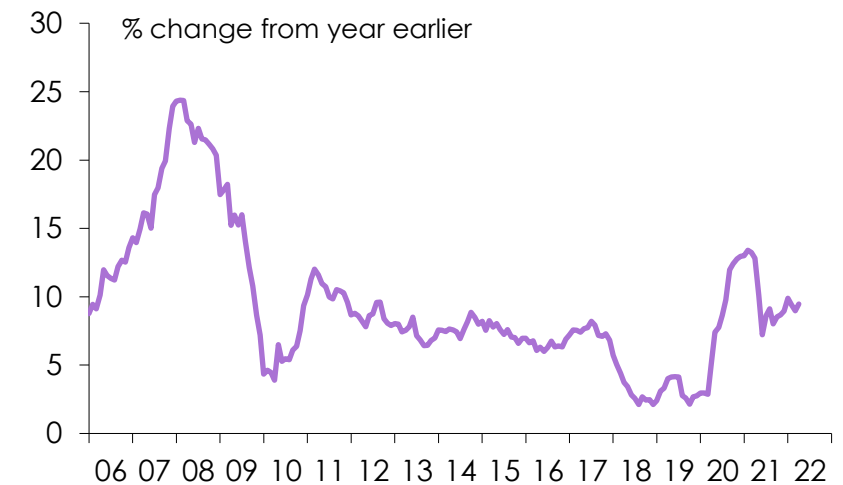
## Japan M2 + CDs



## UK M2



## Australia M3

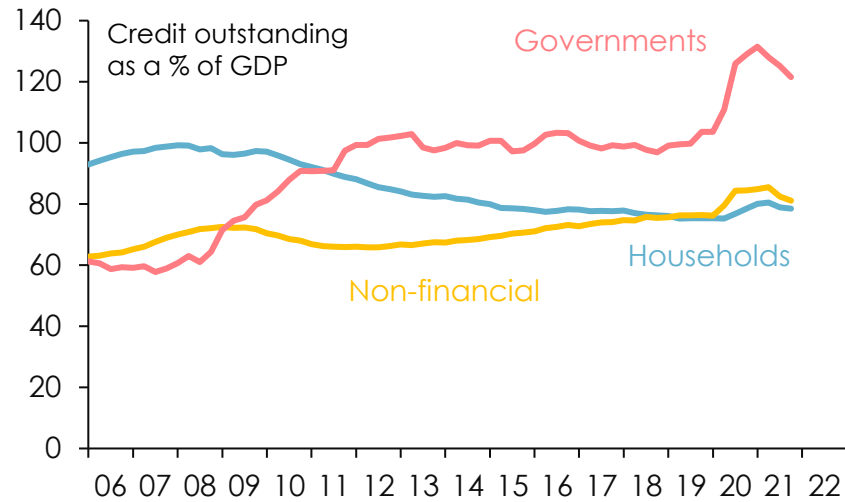


Sources: US Federal Reserve; European Central Bank; Bank of Japan; Bank of England; Bank of Canada; RBA. [Return to "What's New"](#).

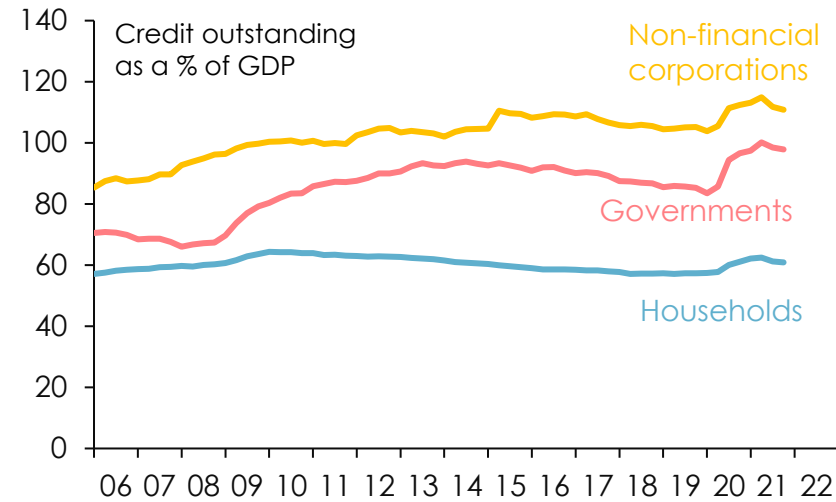
# Japanese, US and UK governments, Canadian corporations and Australian households appear most exposed to increases in interest rates

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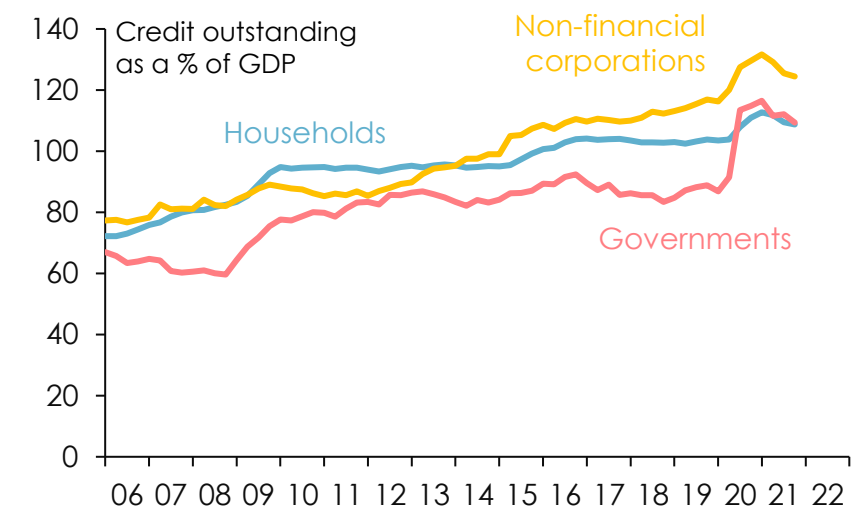
## US



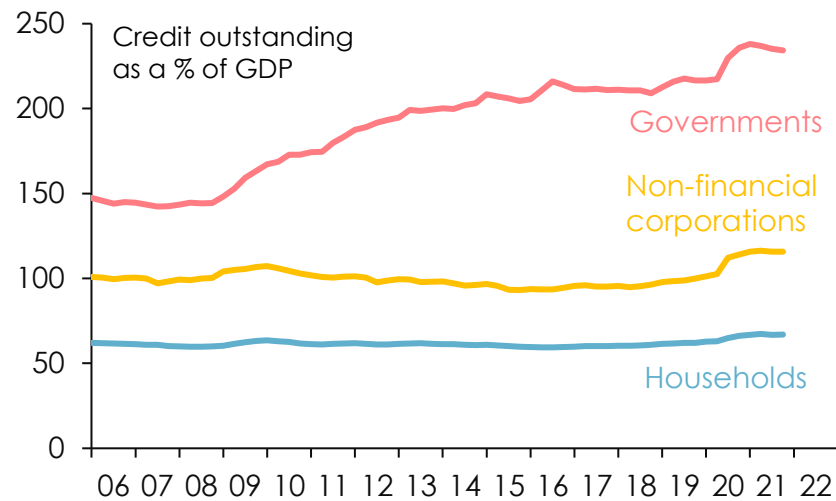
## Euro area



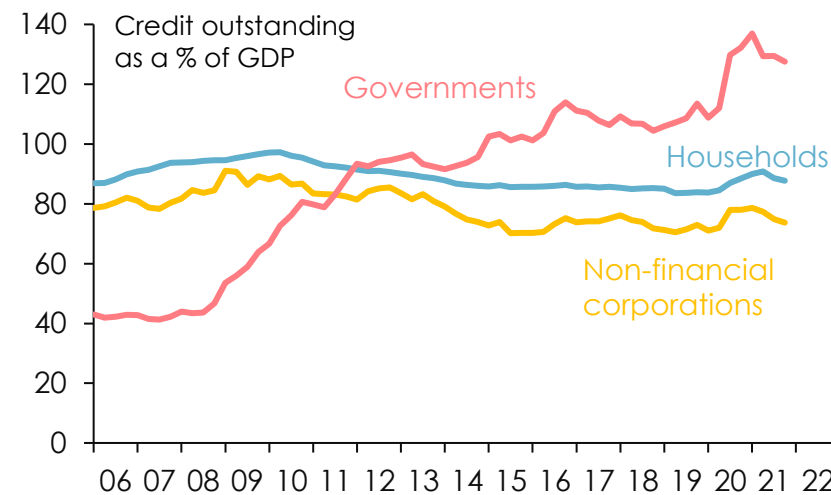
## Canada



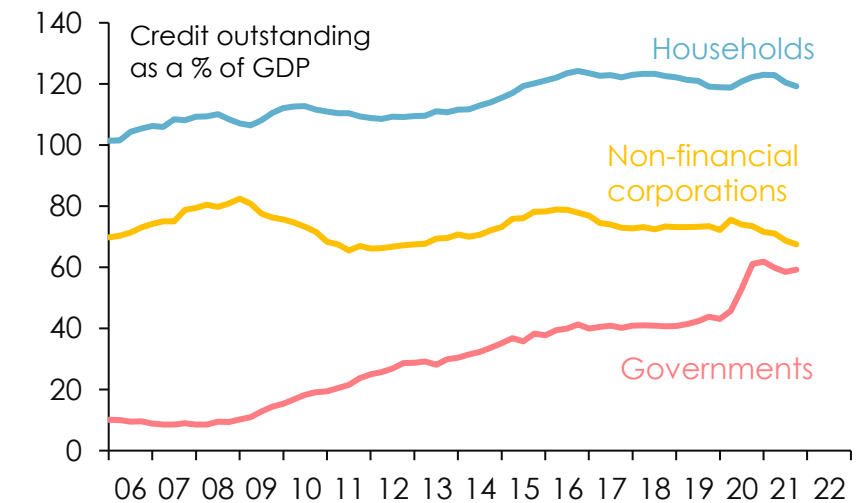
## Japan



## UK



## Australia



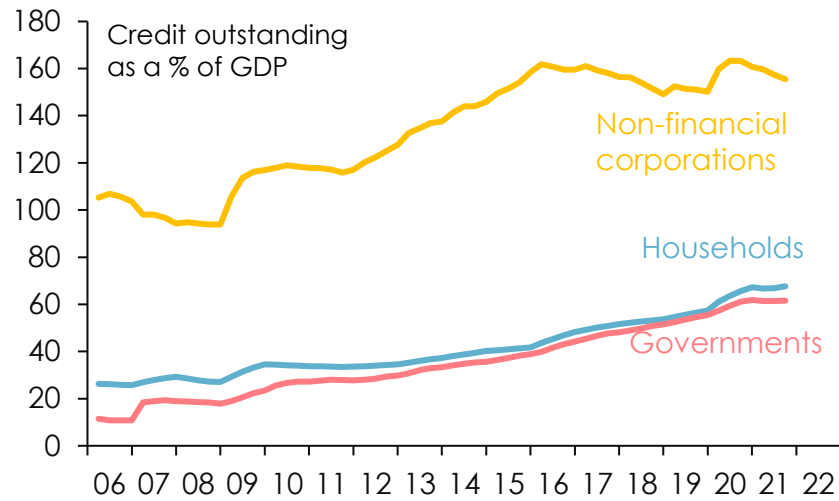
Source: Bank for International Settlements, [Credit Statistics](#); latest data are for Q3 2021, Q4 data will be released on 13<sup>th</sup> June. [Return to "What's New"](#).



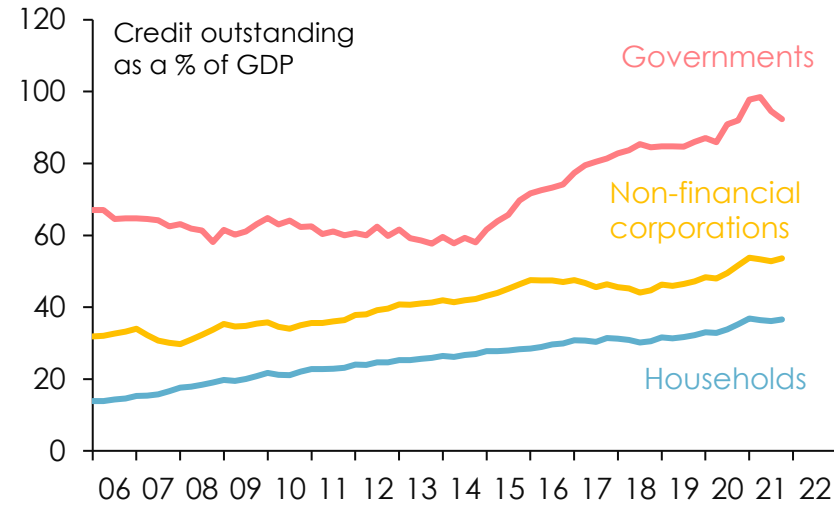
# In major 'developing' economies it's usually governments that are most exposed to rising interest rates – except for China, Russia and Turkey

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

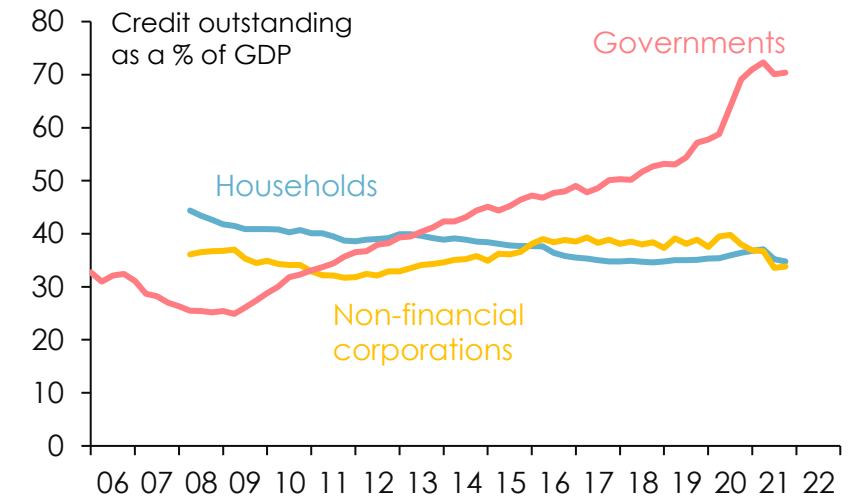
## China



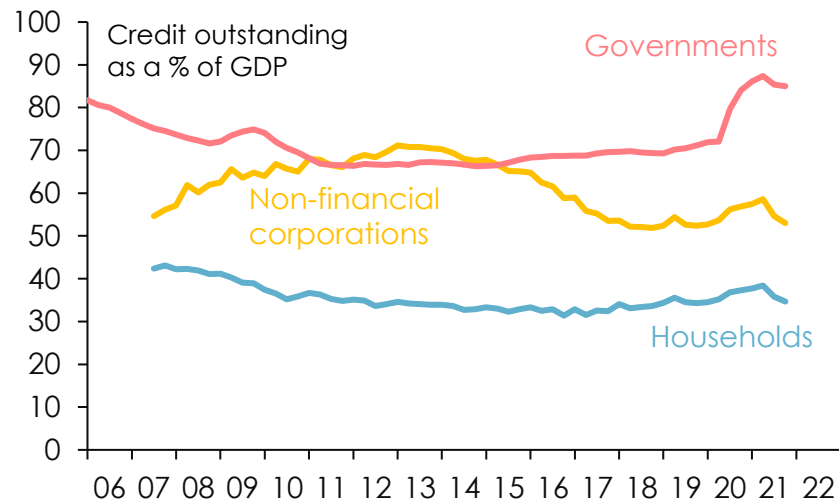
## Brazil



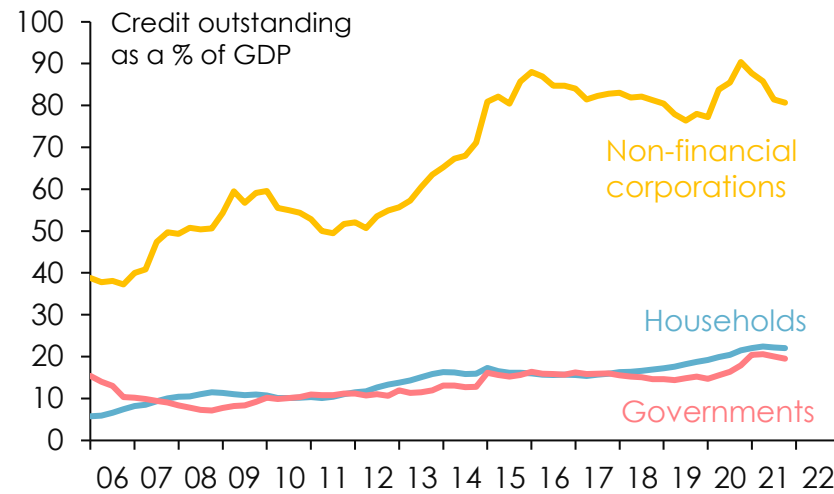
## South Africa



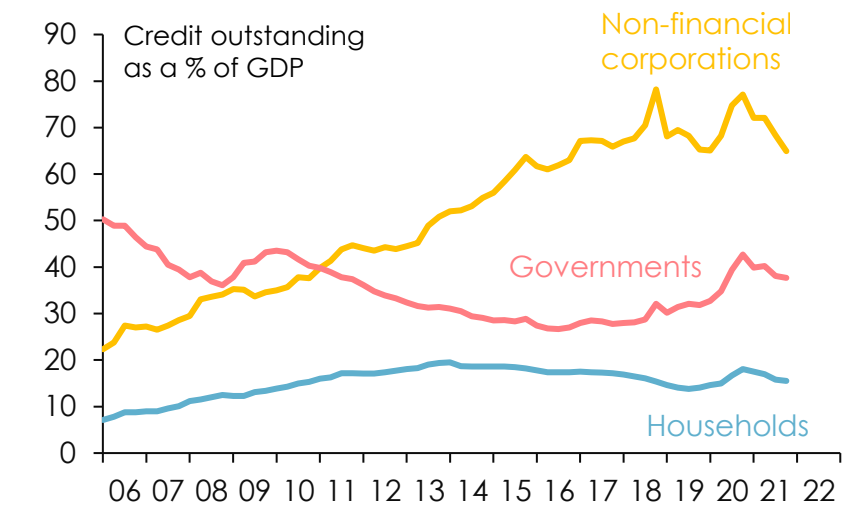
## India



## Russia



## Turkey

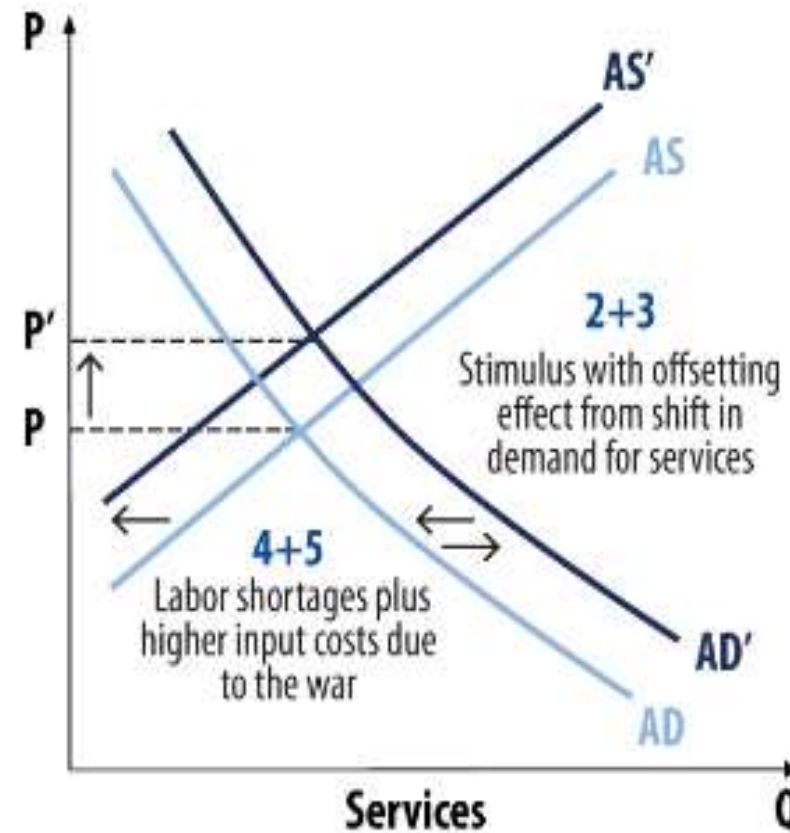
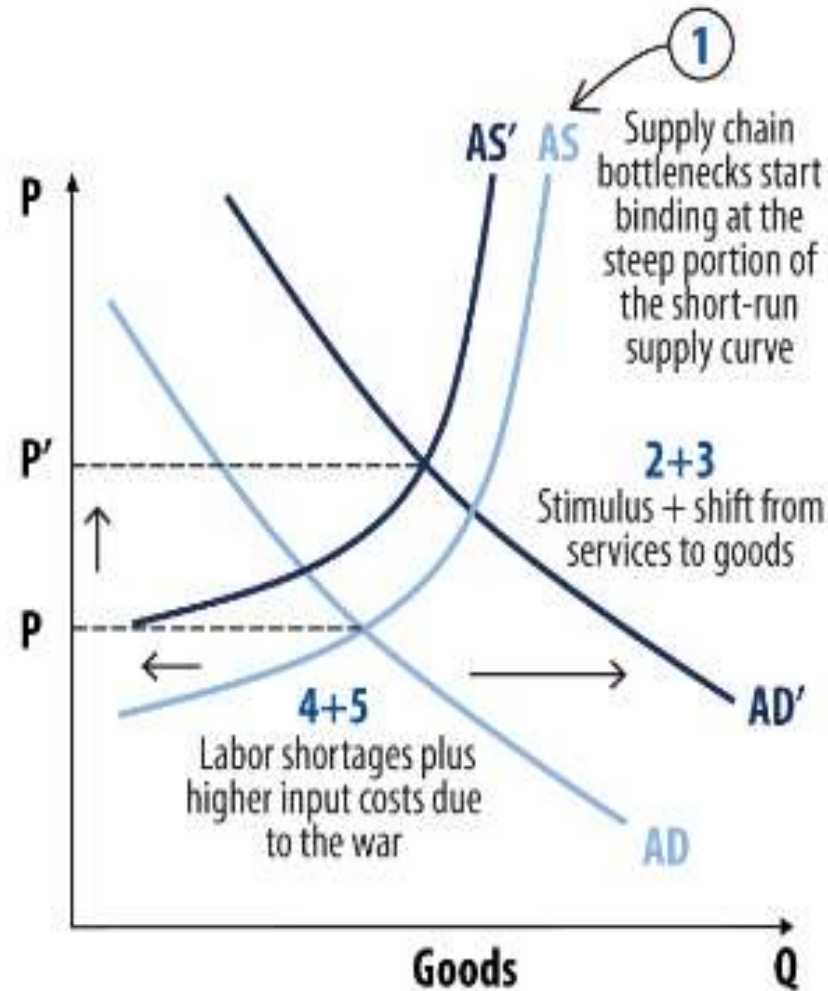


Source: Bank for International Settlements, [Credit Statistics](#); latest data are for Q3 2021, Q4 data will be released on 13<sup>th</sup> June. For data for other Asian economies see [slide 113](#). [Return to "What's New"](#).

# Two IMF researchers have provided a helpful stylized depiction of the sources of upward pressure on inflation over the past 12 months

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

An 'old school' aggregate supply- aggregate demand (AS-AD) curve illustration of the factors behind the rise in inflation over the past 12 months



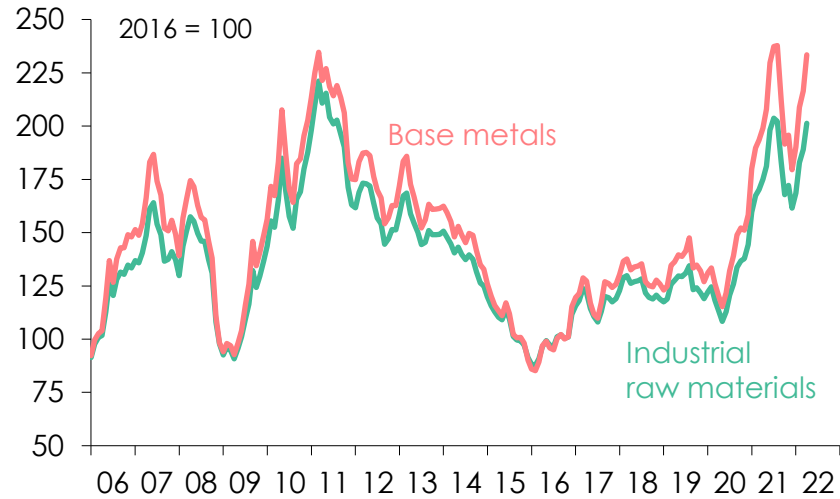
1. Supply chain bottlenecks reducing supply of durable goods – aggregate supply curve shifts to left (AS → AS')
  2. Shift in demand from services to goods (prompted by public health restrictions), with opposite effects on demand for services and goods – aggregate demand curve for goods shifts to right, for services shifts to left (AD → AD')
  3. Policy stimulus, followed by economic recovery, shifts aggregate demand curve (for both goods and services) to the right (increased demand)
  4. Labour shortages (prompted by Covid-19, immigration restrictions, etc) shift aggregate supply curves to the left (AS → AS')
  5. Supply shocks to energy and food due to the war in Ukraine shift aggregate supply curves to the left (AS → AS')
- all resulting in upward movements in prices (P → P')

Source: Ruchir Agawal and Miles Kimball, [Will inflation remain high?](#), International Monetary Fund, 7<sup>th</sup> April 2022. [Return to "What's New"](#).

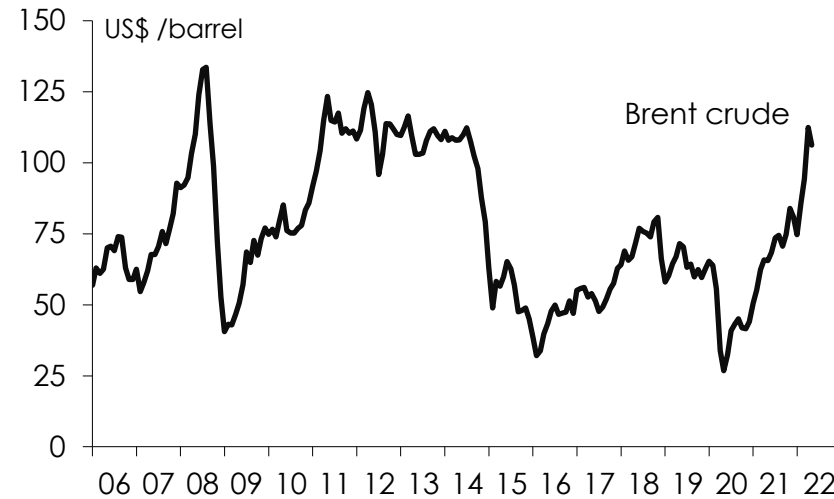
# After seeming to have peaked in October, commodity prices have started rising again, especially for oil, gas and food as a result of the Ukraine war

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

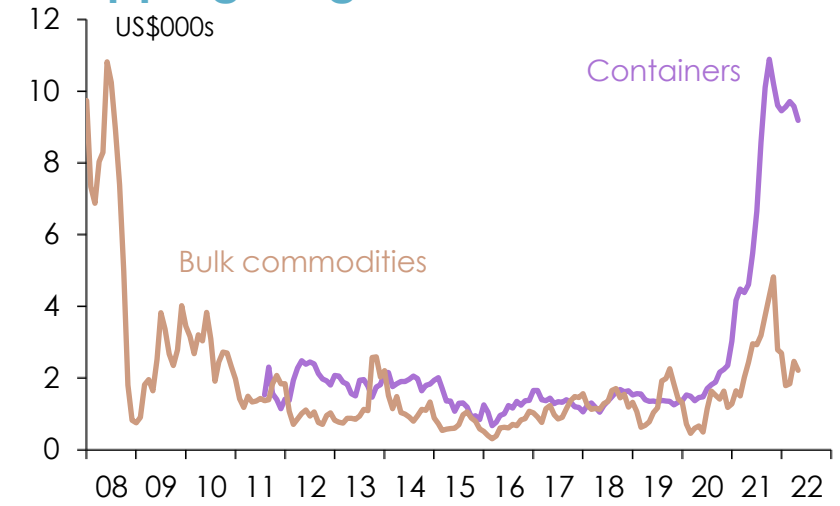
## 'Hard' commodity prices



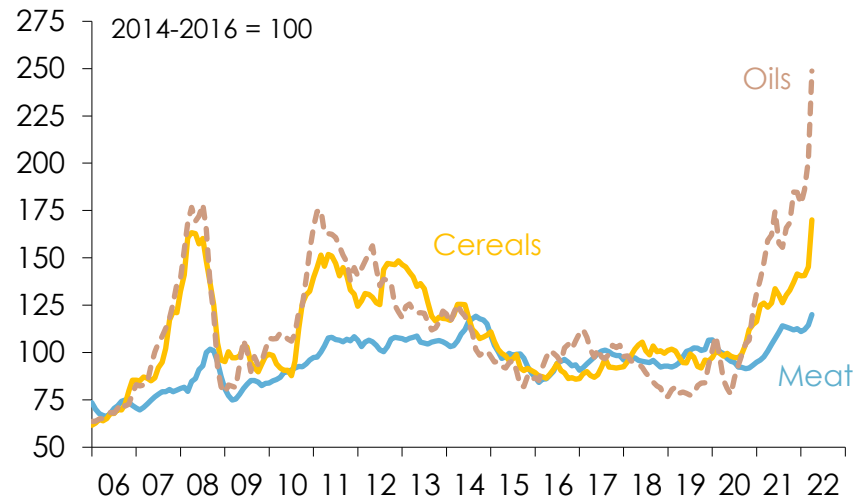
## Crude oil price



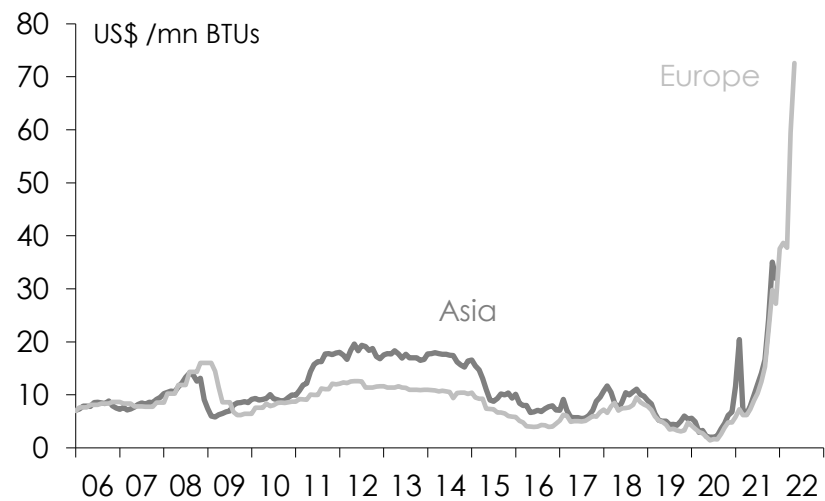
## Shipping freight costs



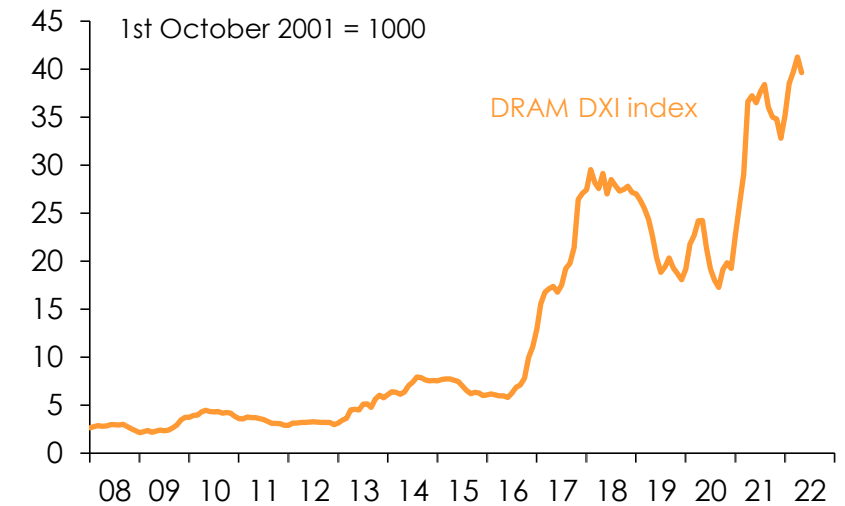
## Food commodity prices



## Natural gas prices



## Semiconductor chip prices

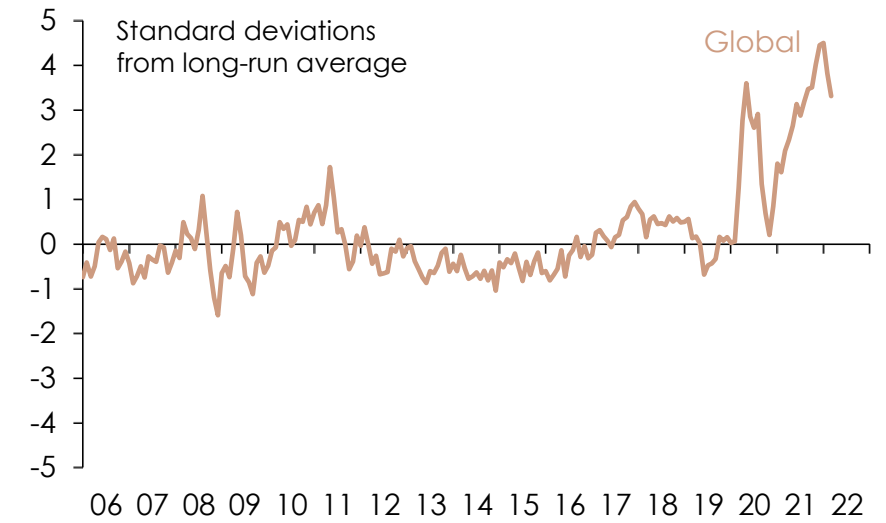
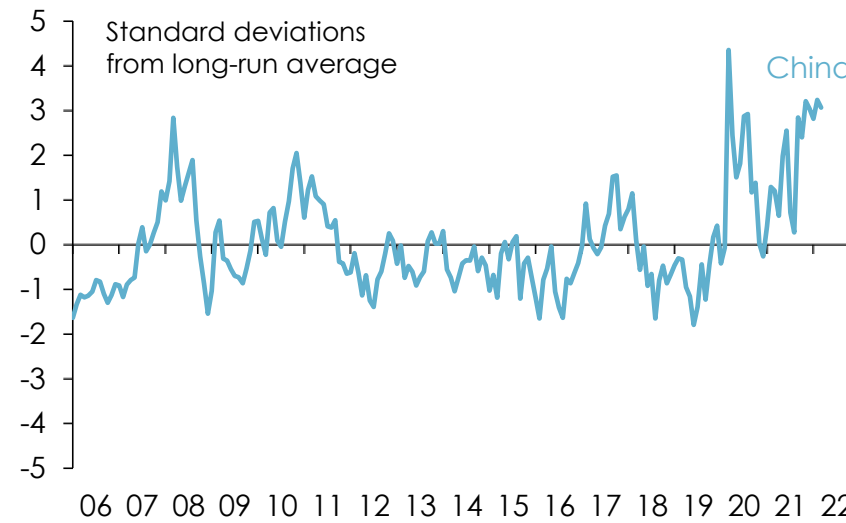
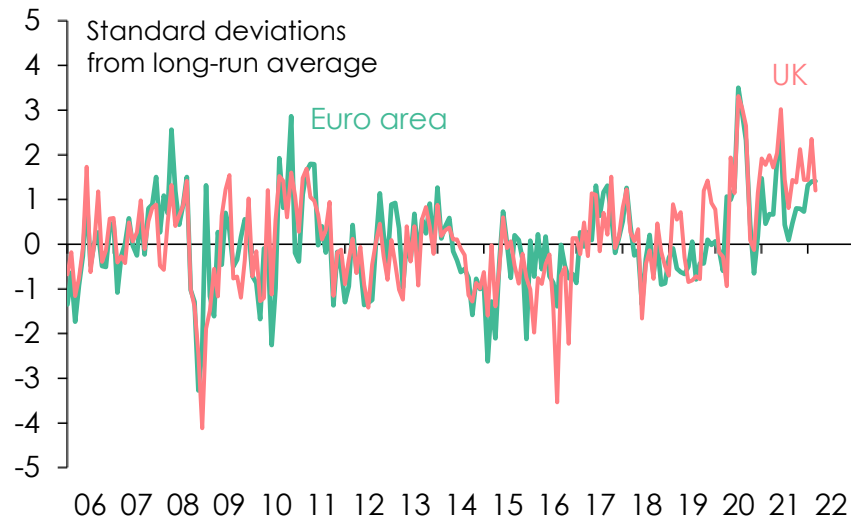
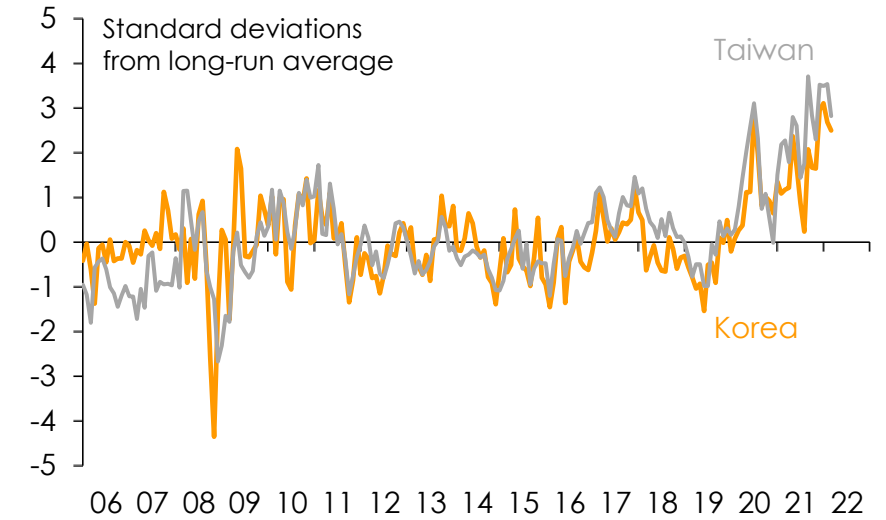
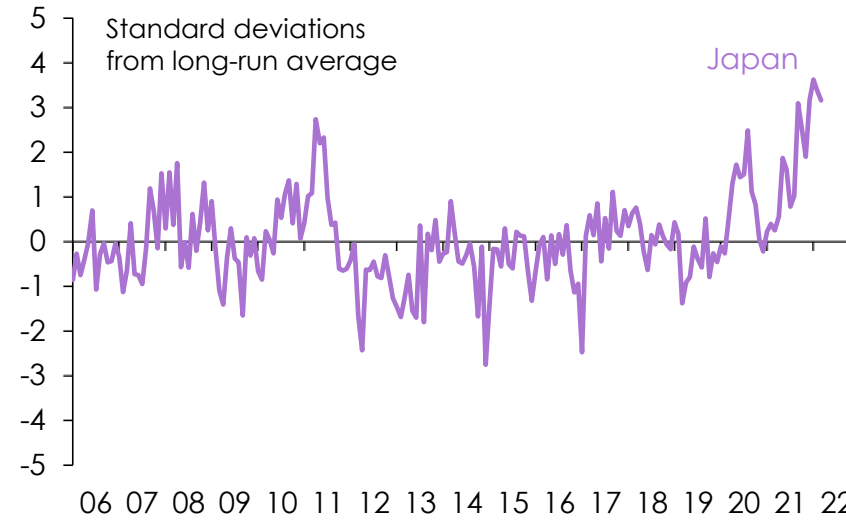
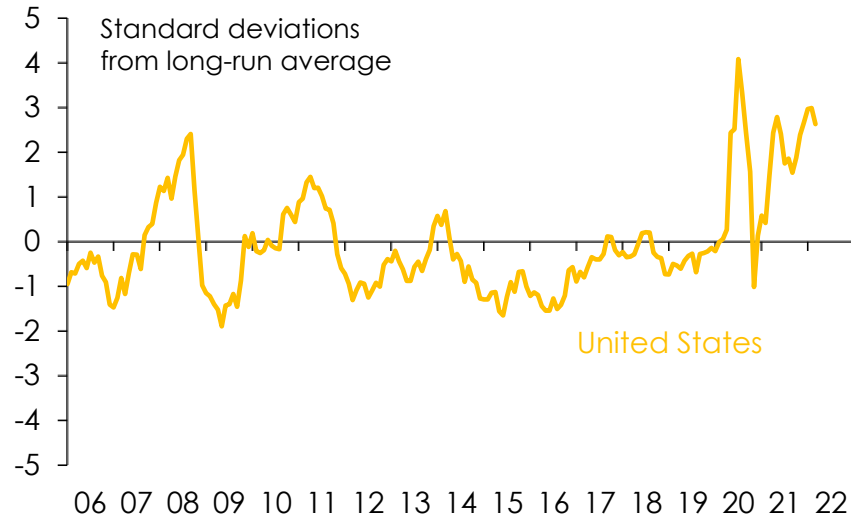


Note: The IMF commodity price indices were re-based to 2016 = 100 (previously 2005) in October 2021; but the IMF appears to have indefinitely suspended its series of commodity prices (other than indexes). Sources: [International Monetary Fund](#); [UN Food and Agriculture Organization](#); [Freightos](#); [Drewry](#); [The Baltic Exchange](#); Refinitiv Datastream.

# Supply chain pressures have eased a little since December but remain at historically high levels

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## NY Fed global supply chain pressure index

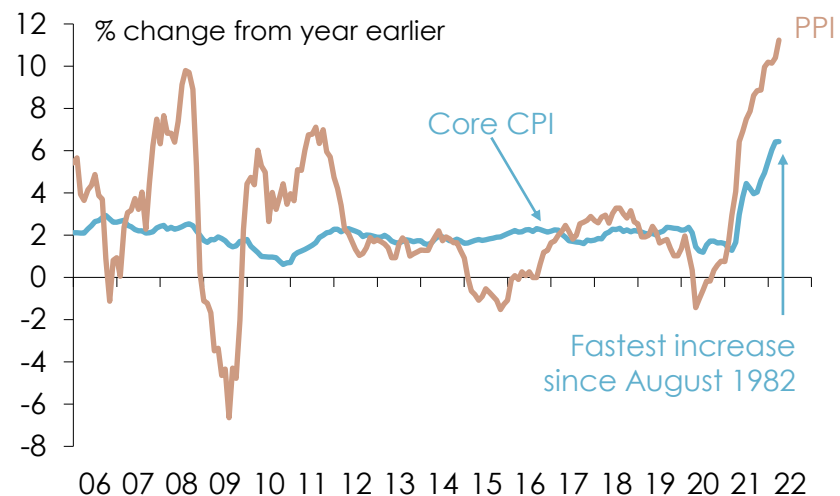


Sources: Gianluca Benigno, Julian Di Giovanni, Jan Groen & Adam Noble, [A New Barometer of Global Supply Chain Pressures](#), Federal Reserve Bank of New York, 4<sup>th</sup> January 2022 (which contains a detailed explanation of the construction of this index); and [Global Supply Chain Pressure Index: March 2022 Update](#), 3<sup>rd</sup> March 2022.  
[Return to "What's New"](#).

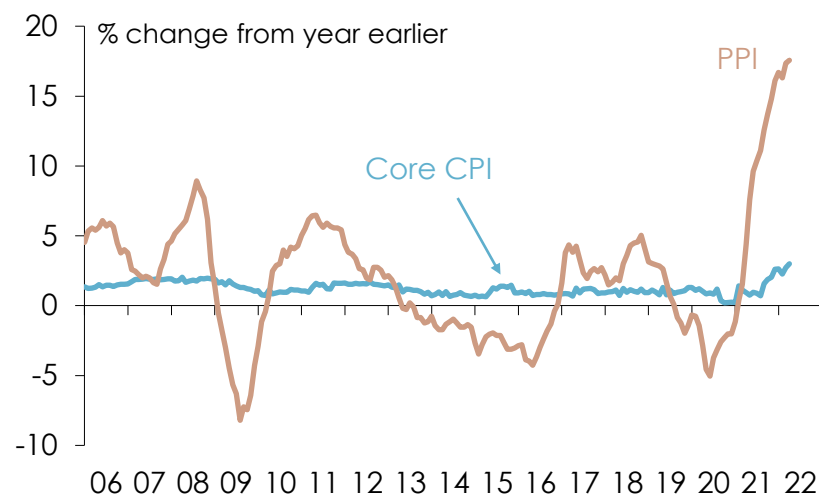
# Producer prices are surging in all major economies: but only in the US and the UK is this feeding into markedly higher core CPI inflation

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

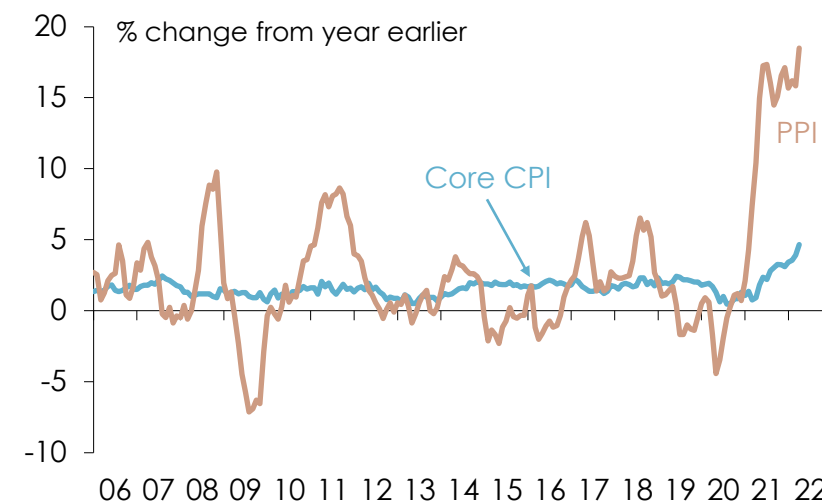
## United States



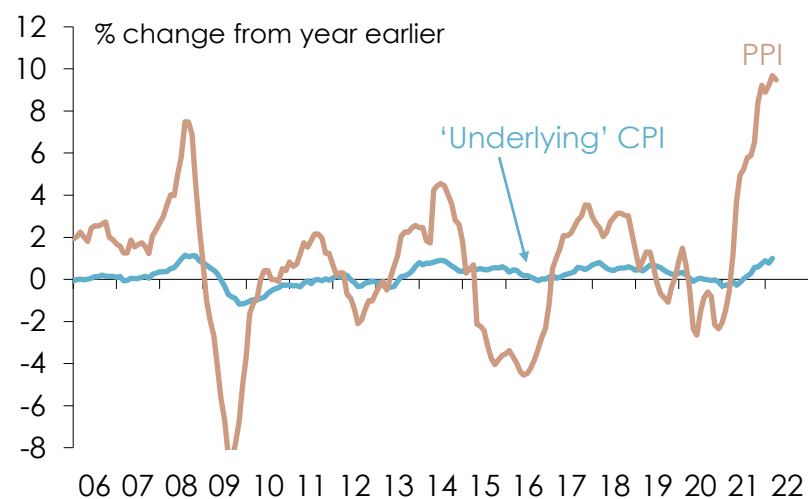
## Euro area



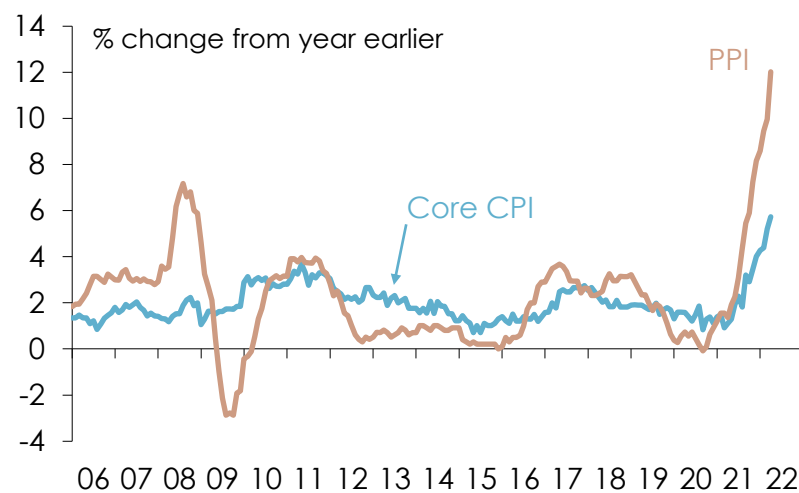
## Canada



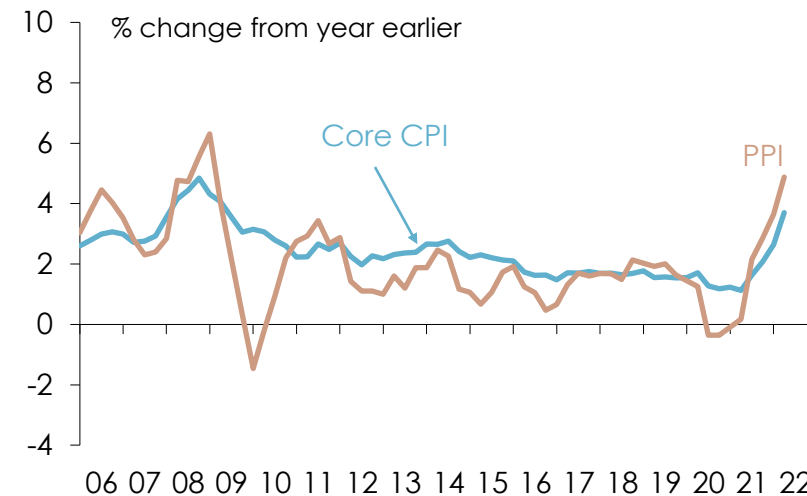
## Japan



## United Kingdom



## Australia

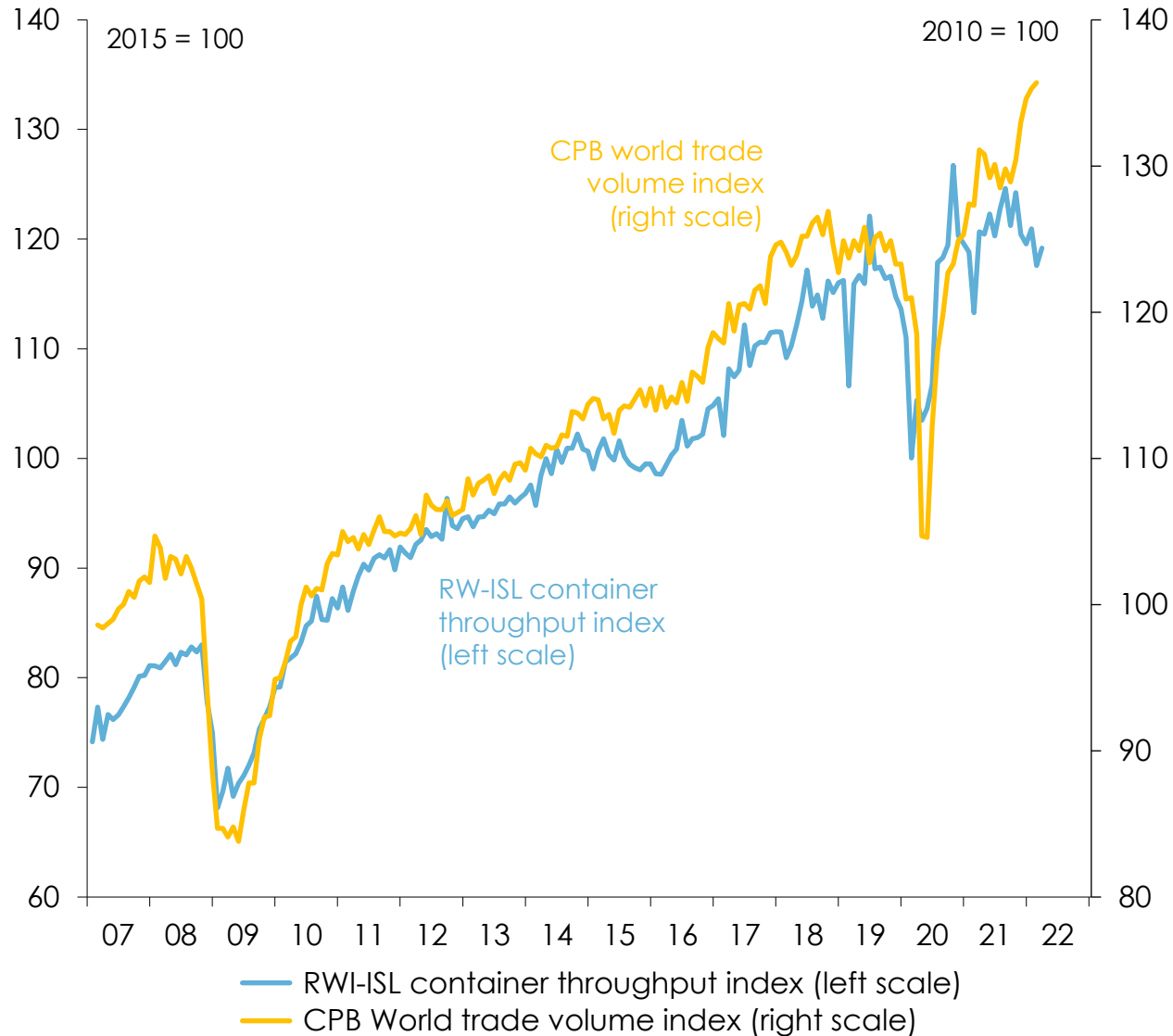


For a more detailed analysis of recent US inflation data see [slides 60-64](#). Sources: [US Bureau of Labor Statistics](#); [Statistics Bureau of Japan](#) and [Bank of Japan](#); [Eurostat](#); [UK Office for National Statistics](#); [Statistics Canada](#); [Australian Bureau of Statistics](#). [Return to "What's New"](#).

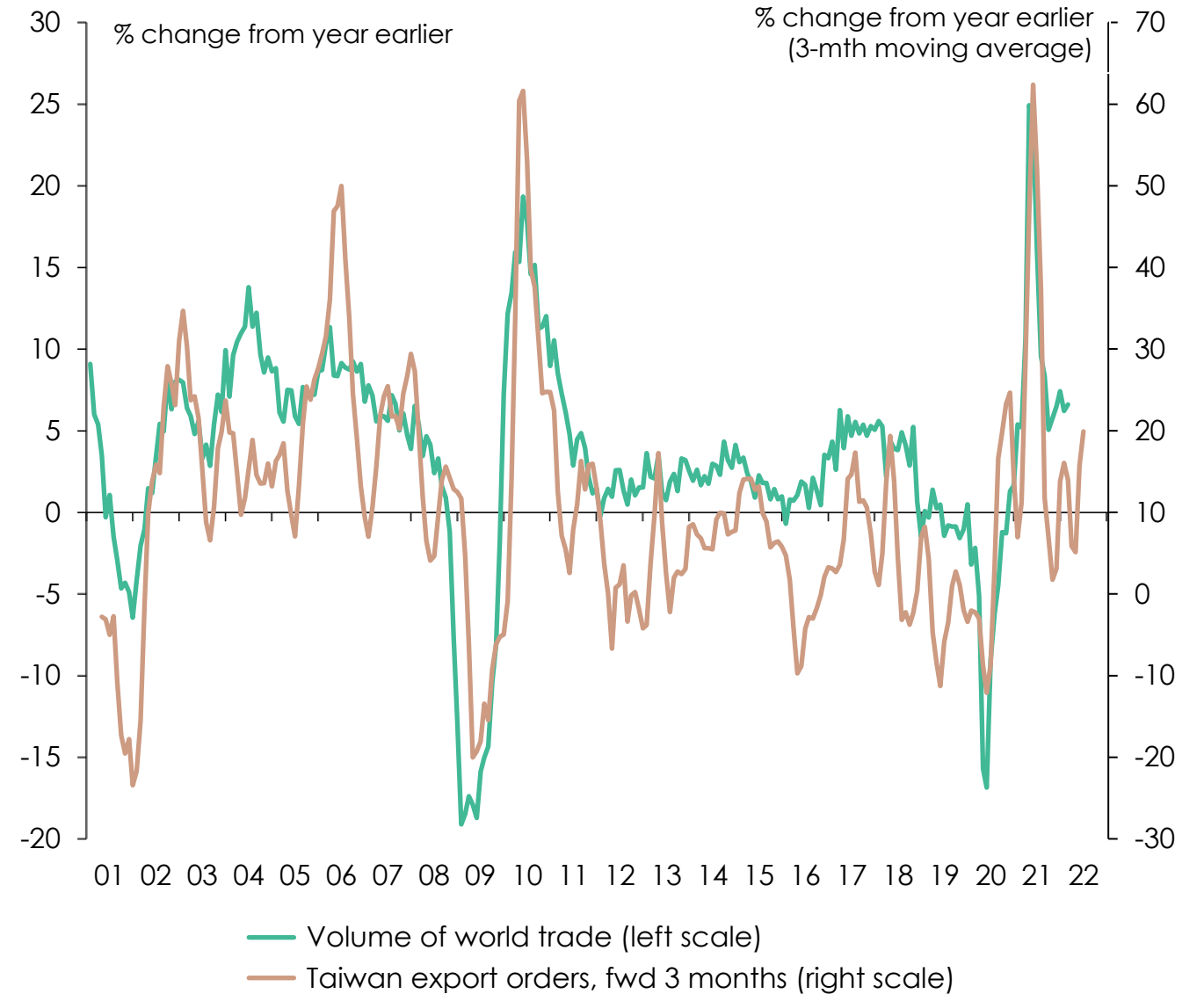
# The volume of world trade rose 0.3% in February after a 0.5% gain in January, to be 6.9% above its pre-pandemic peak in October 2018

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## World trade volumes and container throughput



## Taiwan export orders and world trade volumes

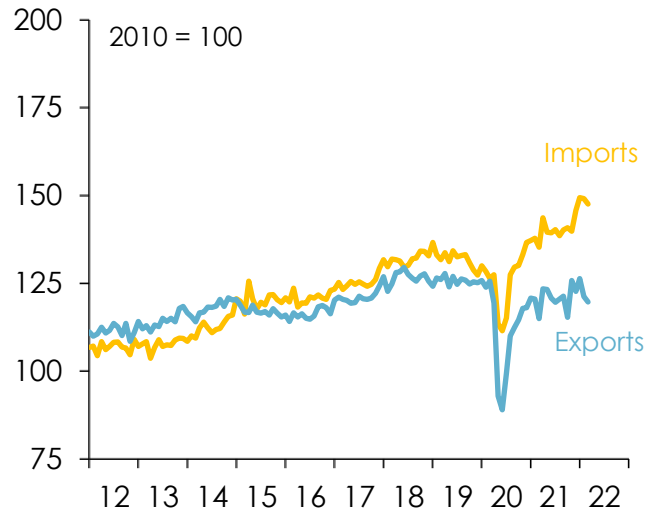


Note: The shipping container throughput index is based on reports from 91 ports around the world handling over 60% of global container shipping.  
Sources: CPB Netherlands Economic Planning Bureau, [World Trade Monitor](#), February 2022 (March data to be released on 25th May); Institute of Shipping Economics & Logistics (ISL) and RWI Leibniz-Institut für Wirtschaftsforschung (RWI) [Container Throughput Index](#); Taiwan [Ministry of Economic Affairs](#). [Return to "What's New"](#).

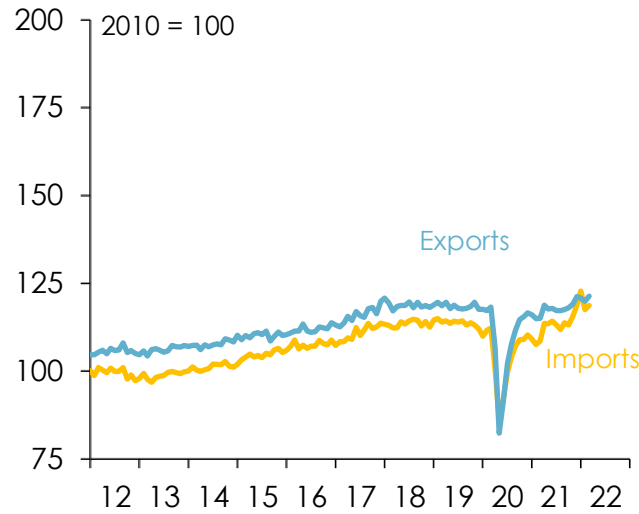
# Imbalances in trade between the US and 'emerging' Asia (including China) are the major factor in the mal-distribution of containers around the world

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

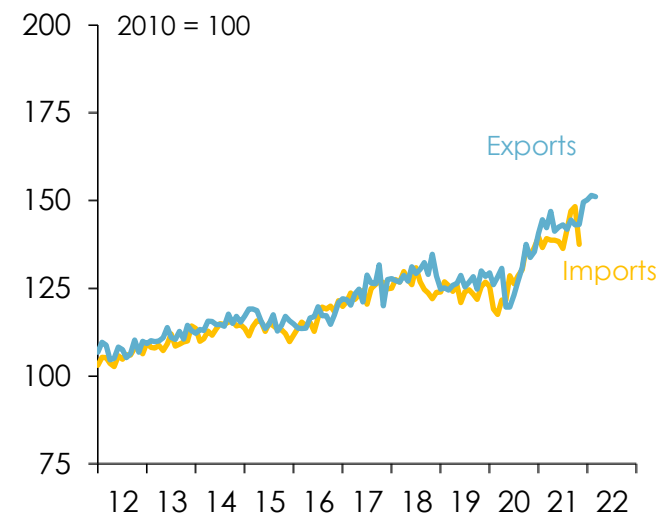
## United States



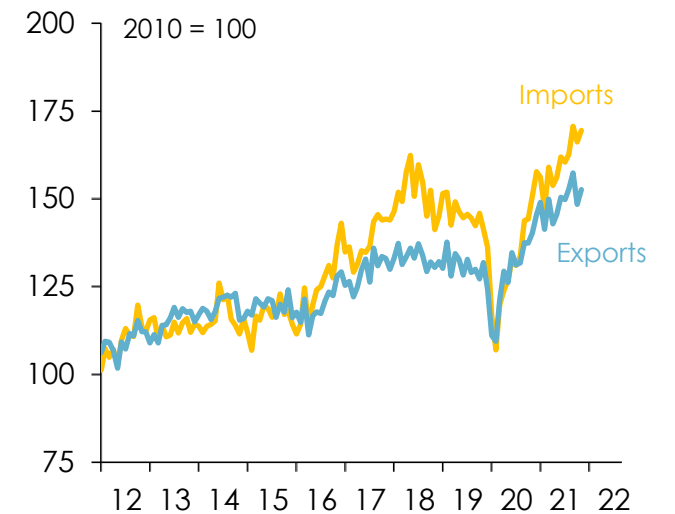
## Euro area



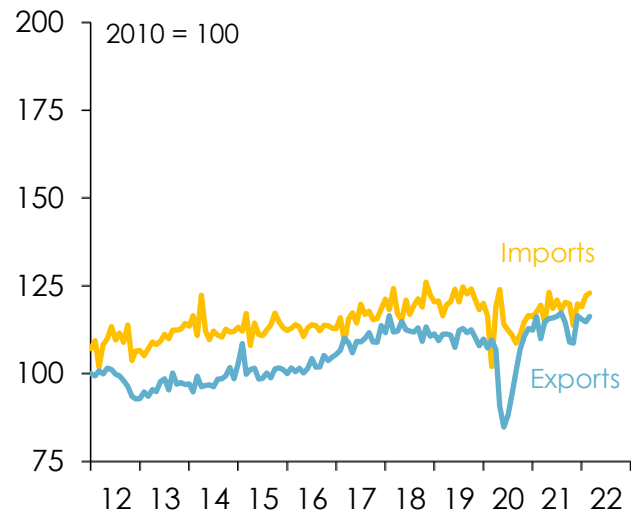
## Other 'advanced' Asia



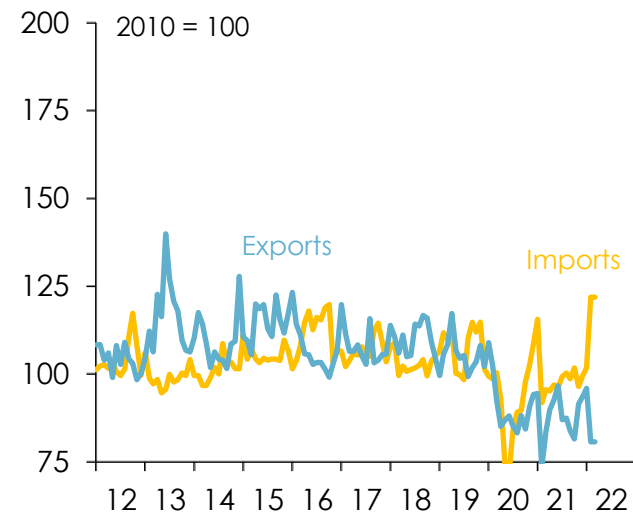
## Other 'emerging' Asia



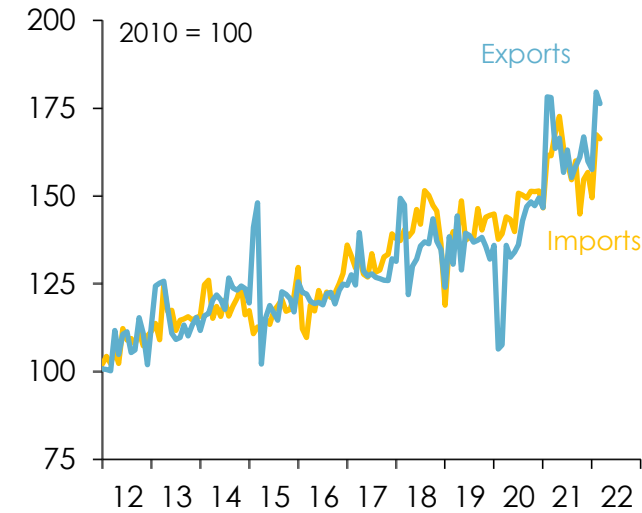
## Japan



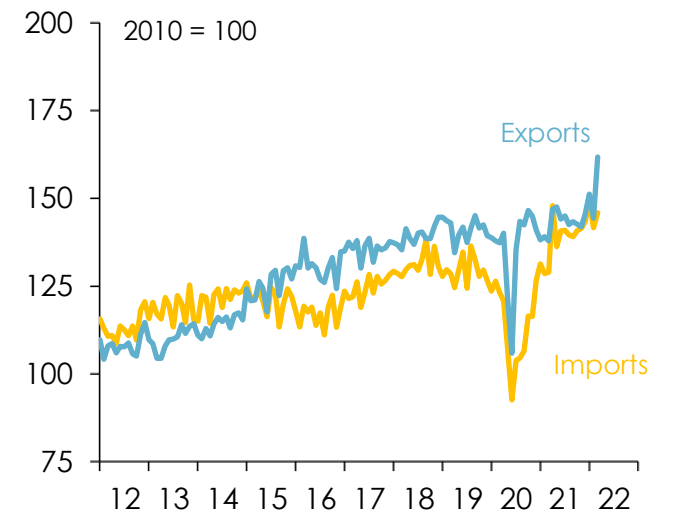
## United Kingdom



## China



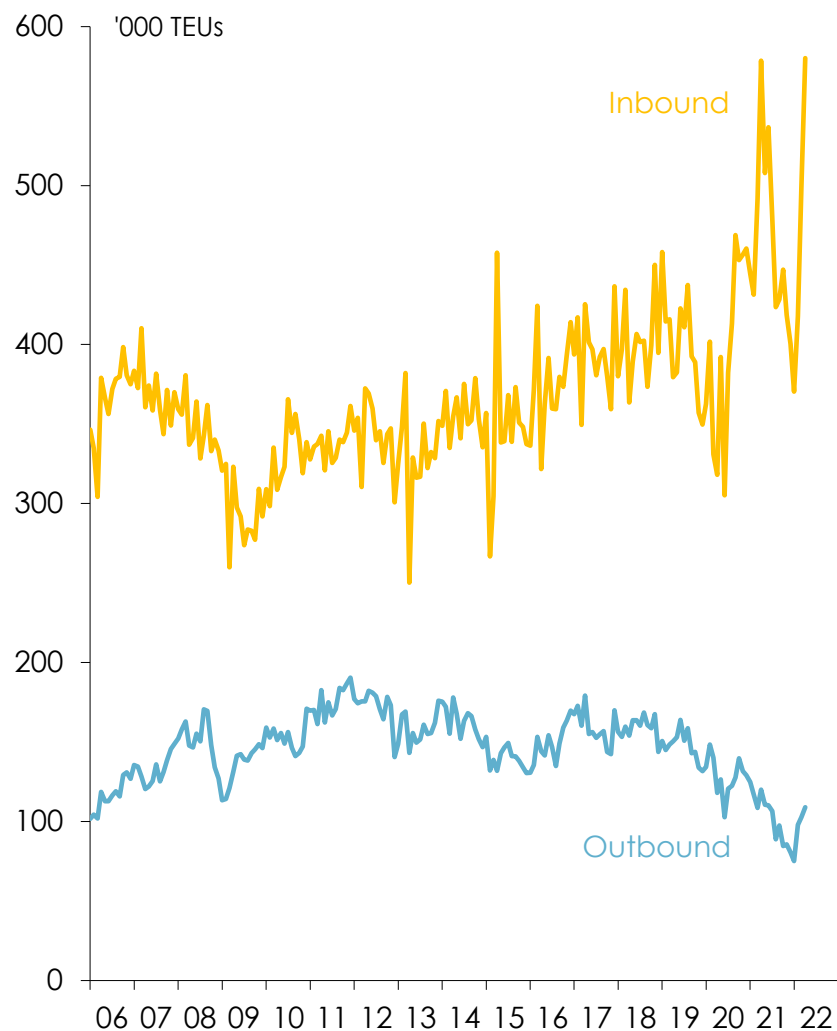
## Latin America



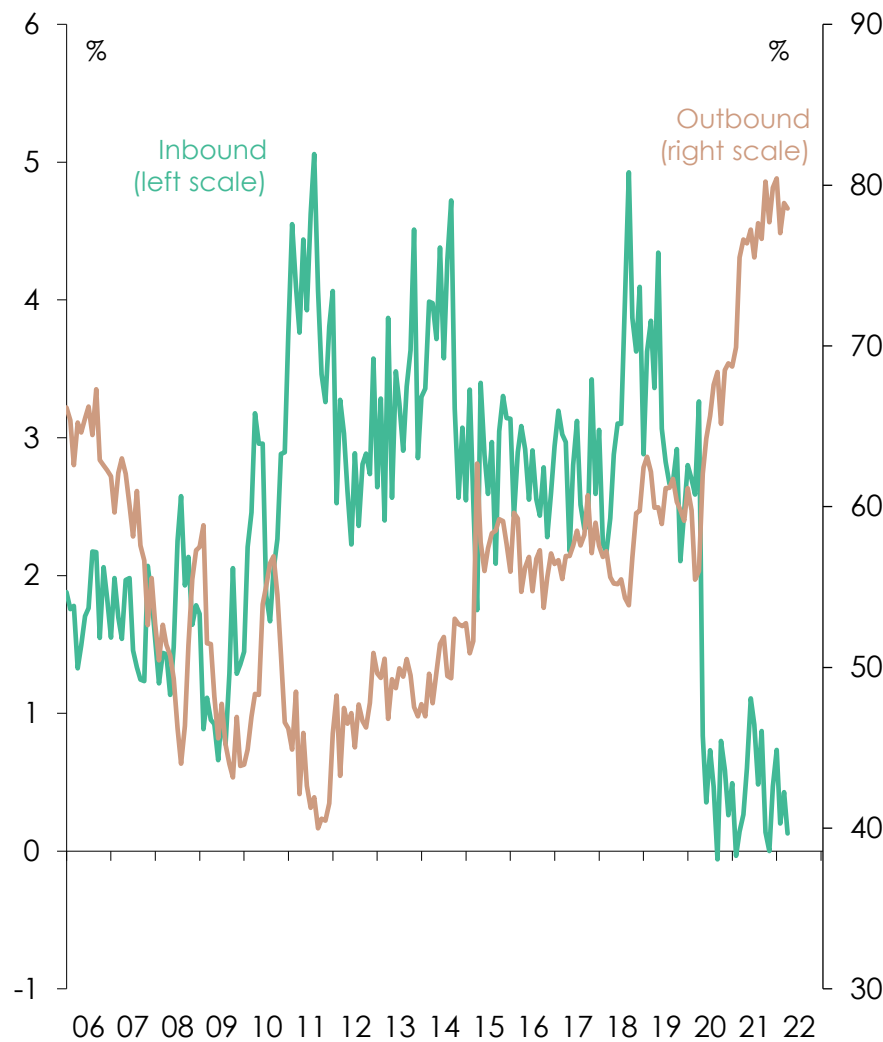
# Congestion at the Port of Los Angeles (the US' largest container port) has eased significantly but trade flows remain unusually unbalanced

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

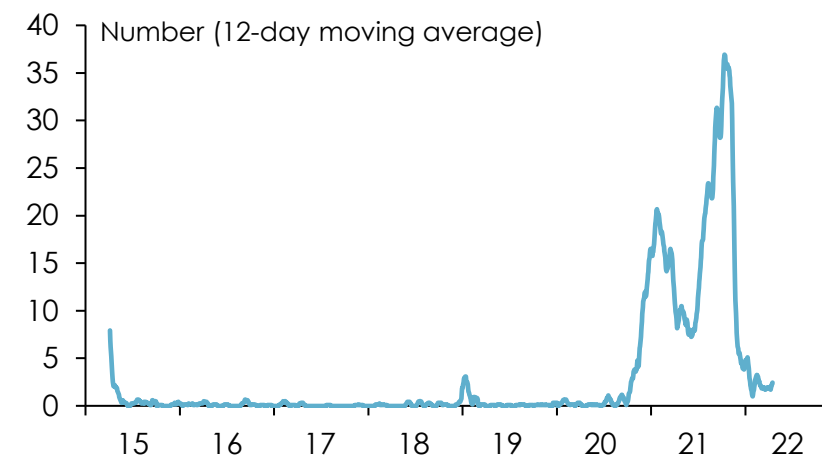
## Container traffic through the Port of Los Angeles



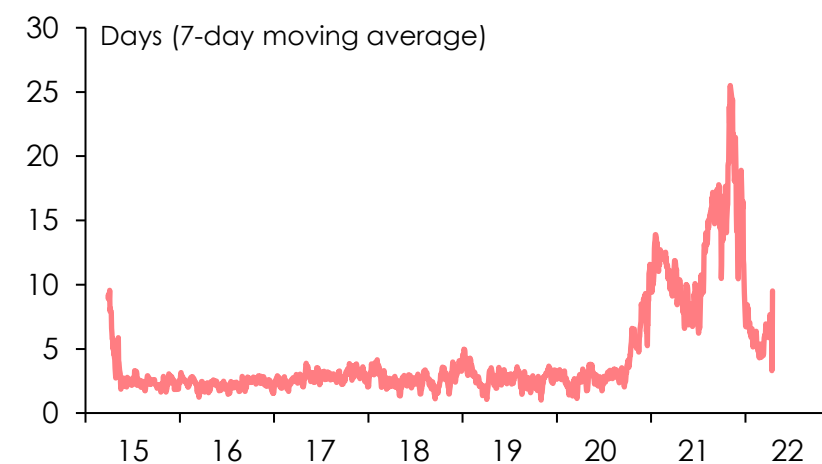
## Empty containers as a pc of total passing through PoLA



## Number of vessels at anchor outside PoLA



## Average time at anchor and berth for ships at PoLA



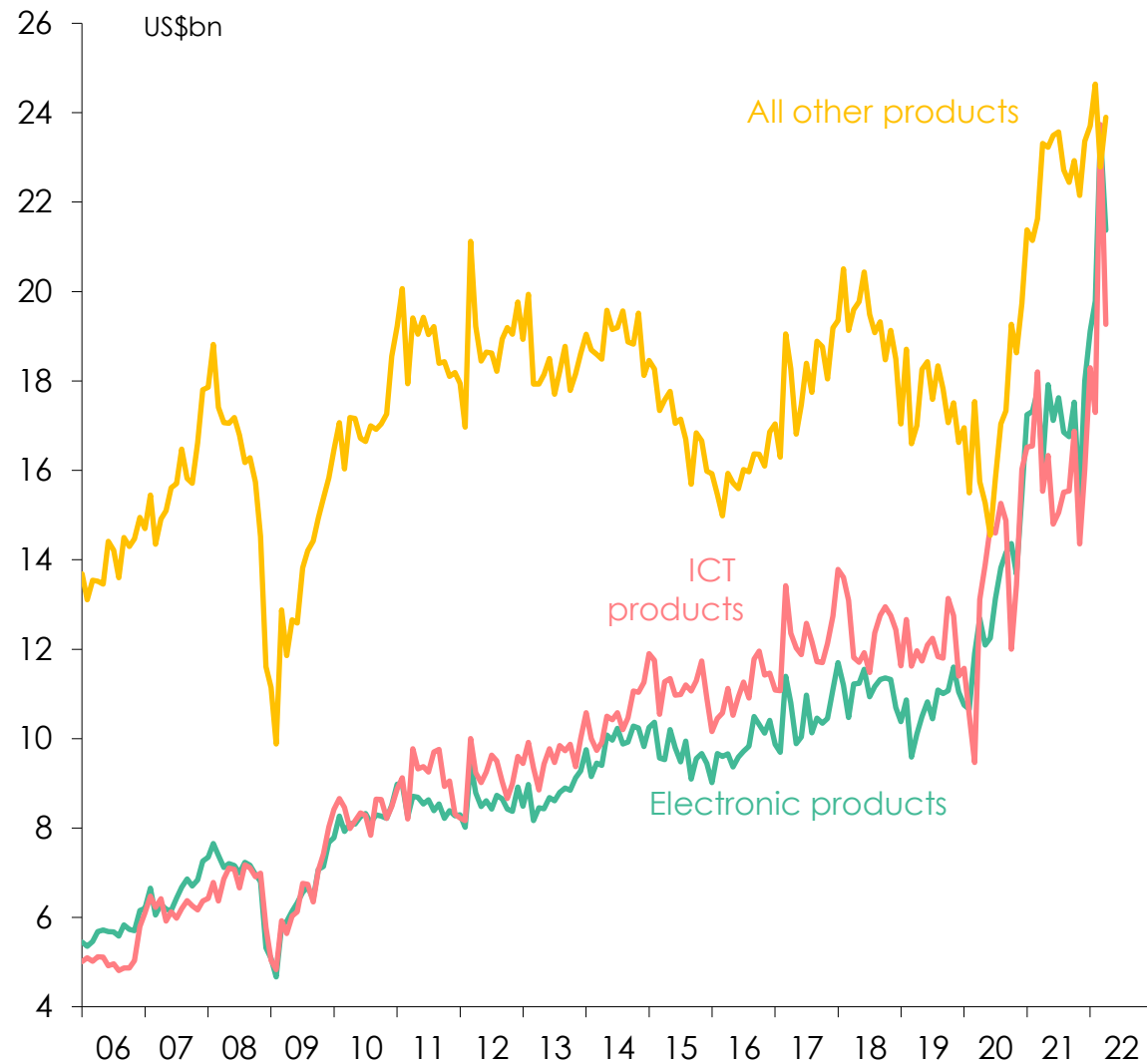
Note: TEU = 20-foot equivalent unit. Data on inbound and outbound container traffic in the first two charts have been seasonally adjusted by Corinna using Refinitiv Datastream. Data up to 29<sup>th</sup> April. Source: The Port of Los Angeles, [Container Statistics](#) and [Container vessels in port](#). [Return to "What's New"](#).



# Export orders for Taiwanese ICT products fell back in March – and semi-conductor production may be adversely affected by the Ukraine conflict

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Taiwan export orders, by product



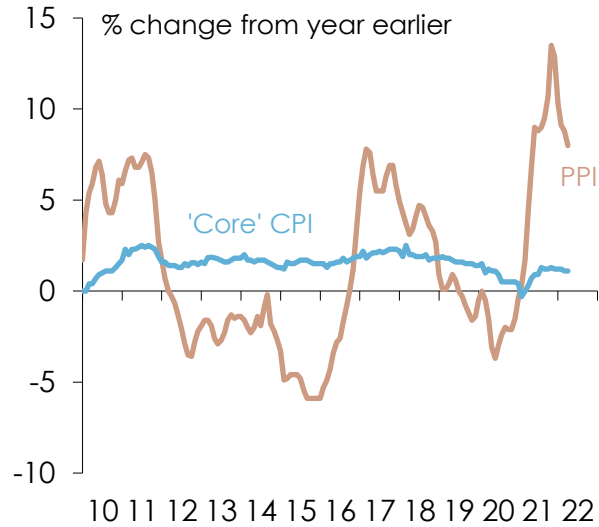
Note: Data have been seasonally adjusted by Corinna using Refinitiv Datastream. Latest data are for March. Source: Taiwan [Ministry of Economic Affairs](#). [Return to "What's New"](#).

- ❑ Taiwan accounts for 63% of the US\$85bn global semi-conductor chip market (followed by Korea 18% and China 6%)
  - one Taiwanese company, Taiwan Semiconductor Manufacturing Co (TSMC) has 54% of the world market, and United Microelectronics Co (UMC) a further 7% (Samsung accounts for Korea's 18%)
- ❑ Semiconductor fabrication plants ("fabs") use very large amounts of water to rinse chips during their manufacture – a typical fab uses 7½-15 million litres of water daily (and water in Taiwan is very cheap, at less than US40¢/t)
  - Taiwan had been experiencing its worst drought in 56 years, resulting in rationing of water supplies including to semi-conductor manufacturers, although recent heavy rainfalls appear to have broken the drought
- ❑ World-wide semi-conductor production has also been crimped by [plant shutdowns](#) in Vietnam, Malaysia and the Philippines due to covid-19 outbreaks, and by damage caused by a fire at a Japanese fab earlier this year and a storm at a Texas plant
- ❑ Shortages of semi-conductor chips have caused major headaches for the motor vehicle industry (which uses lots of them)
- ❑ Foreign orders for Taiwanese ICT products fell by 18.8% in March, after a 37.2% surge in February, although they remain 5.8% above their pre-pandemic peak
- ❑ Semi-conductor production is likely to be disrupted in the near term by the war in Ukraine, because Ukraine is a major producer of neon gas which is used in semi-conductor production

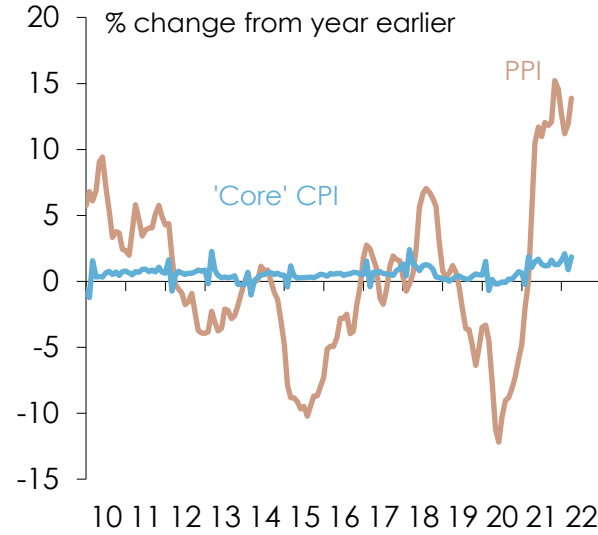
# Most Asian economies have been experiencing rapid 'upstream' inflation for some time, and 'core' consumer price inflation is now starting to pick up

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

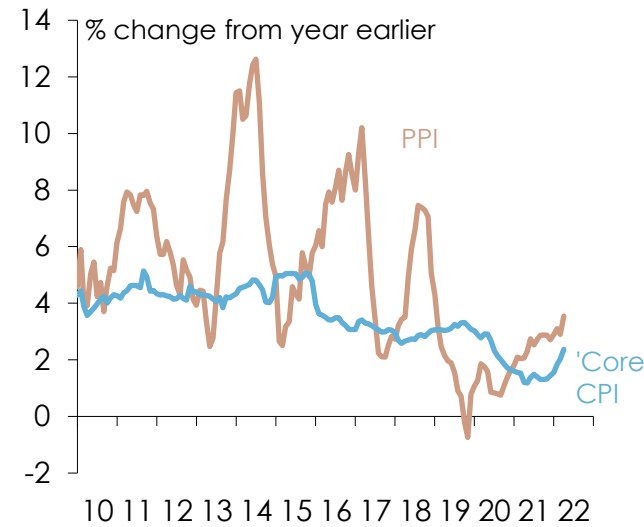
## China



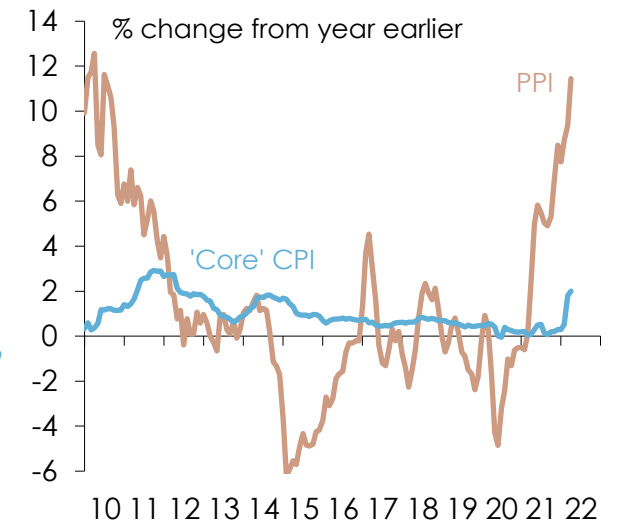
## Taiwan



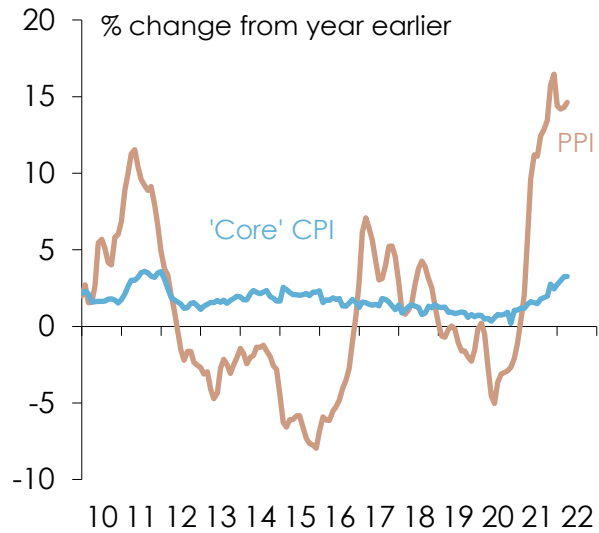
## Indonesia



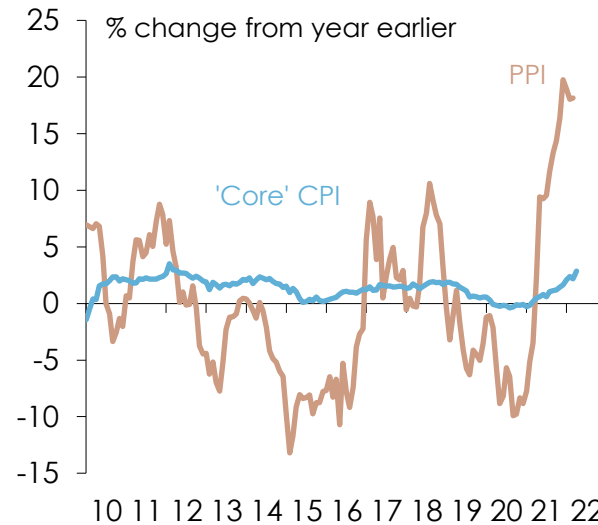
## Thailand



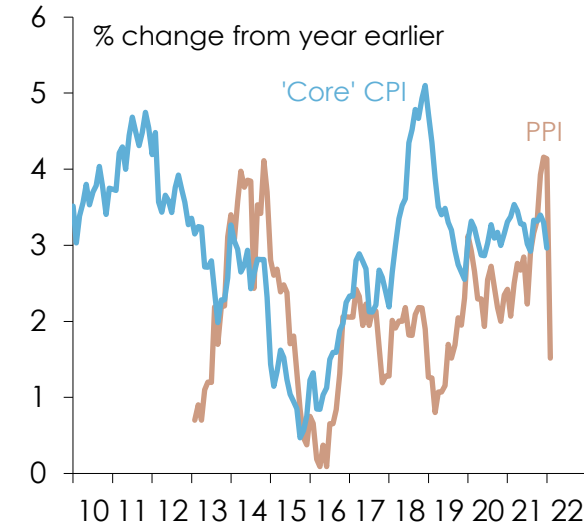
## Korea



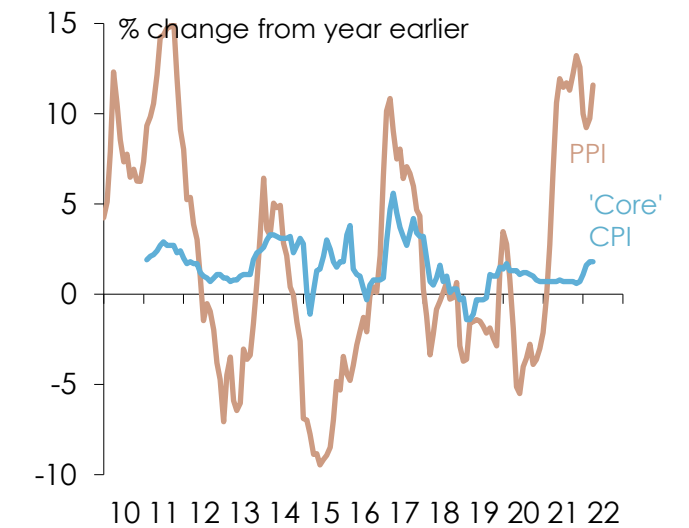
## Singapore



## Philippines



## Malaysia

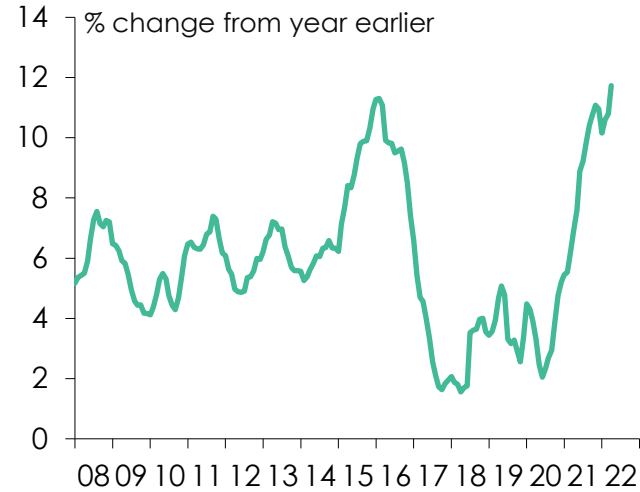


Note: 'Core' CPIs measure different things in different Asian economies – see footnotes to [slide 103](#). Sources: [China National Bureau of Statistics](#); [Statistics Korea](#); [Bank of Korea](#); [Taiwan Statistical Bureau](#); [Singstat](#); [Monetary Authority of Singapore](#); [Statistics Indonesia](#); [Philippine Statistics Authority](#); [Thailand Bureau of Trade and Economic Indices](#); [Department of Statistics Malaysia](#). [Return to "What's New"](#).

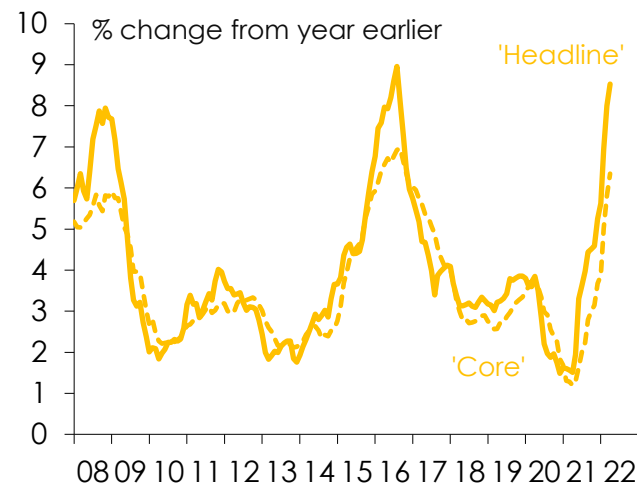
# Consumer price inflation is rising sharply across Latin America (except for Venezuela, where it's now down to just 261%!)

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

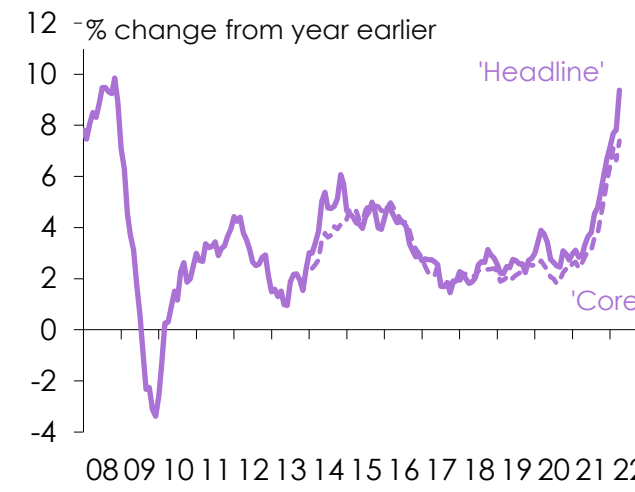
## Brazil



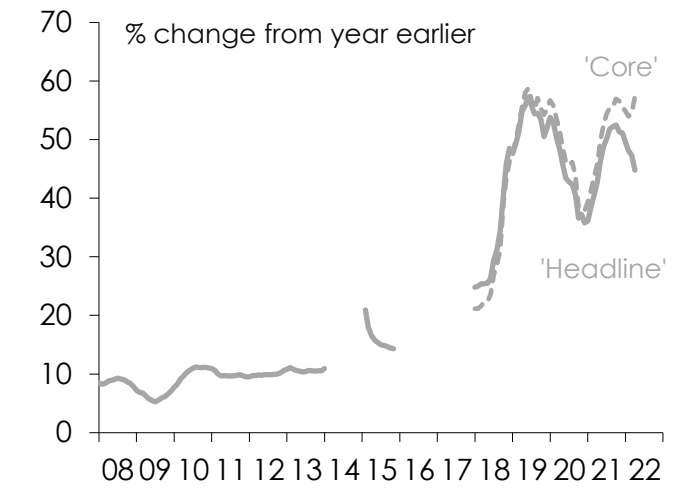
## Colombia



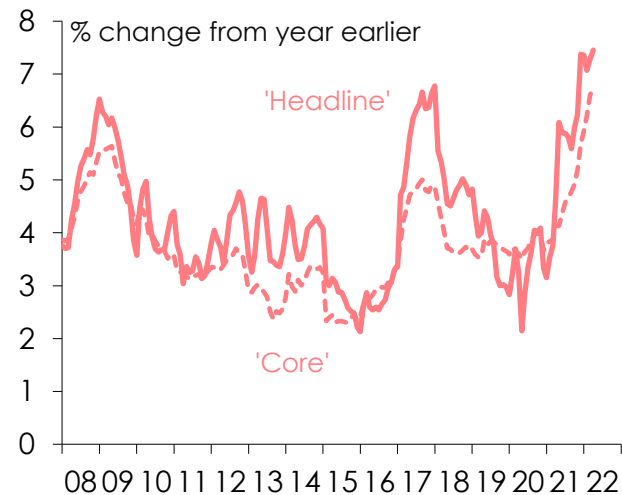
## Chile



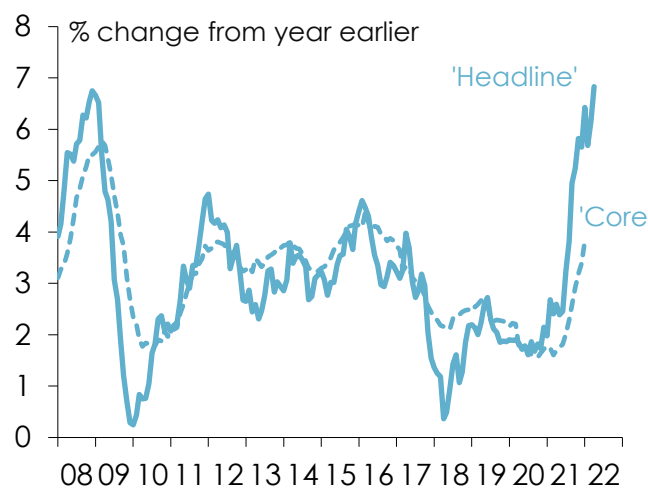
## Argentina



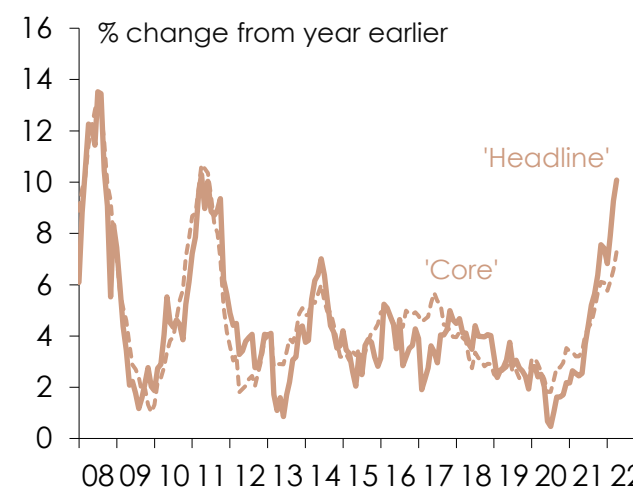
## Mexico



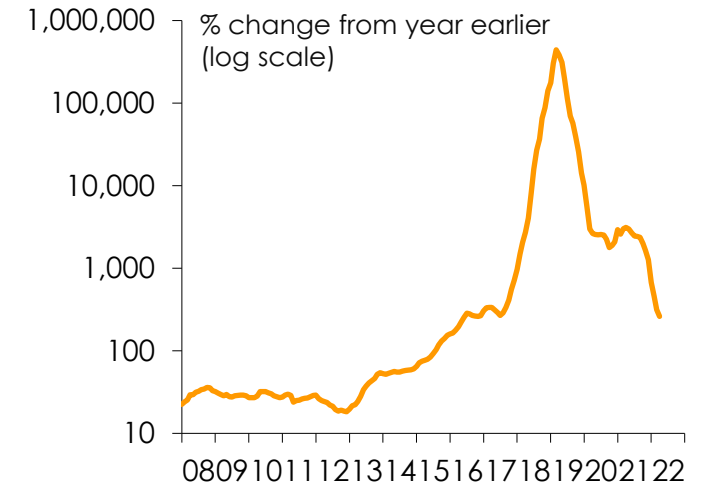
## Peru



## Paraguay



## Venezuela

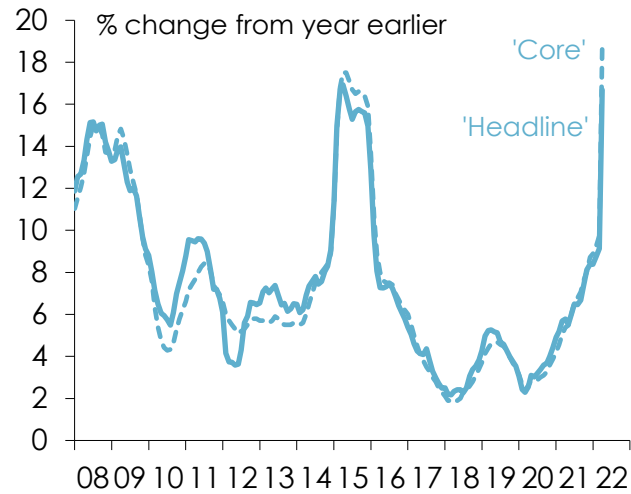


Sources: [Instituto Brasileiro de Geografia e Estatística](#); [Instituto Nacional de Estadística y Geografía](#) (Mexico); [Departamento Administrativo Nacional de Estadística](#) (Colombia); [Instituto Nacional de Estadística e Informática](#) (Peru); [Instituto Nacional de Estadísticas](#) (Chile); [Instituto Nacional de Estadística](#) (Paraguay); [Instituto Nacional de Estadística y Censos](#) (Argentina); [Instituto Nacional de Estadística](#) (Venezuela). [Return to "What's New"](#).

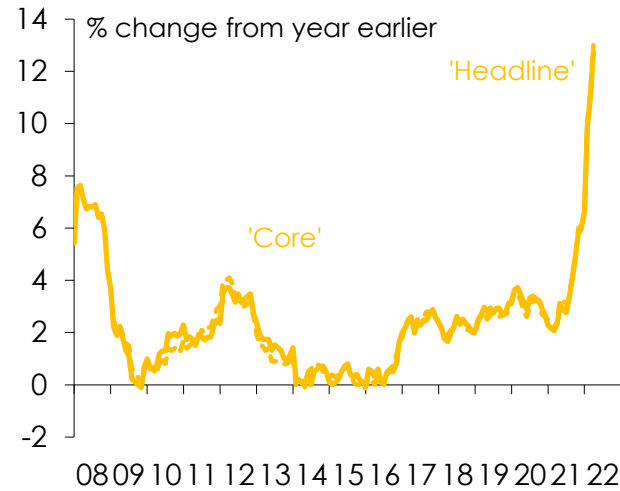
# Consumer price inflation is also rising across Central and Eastern Europe, and in South Africa

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

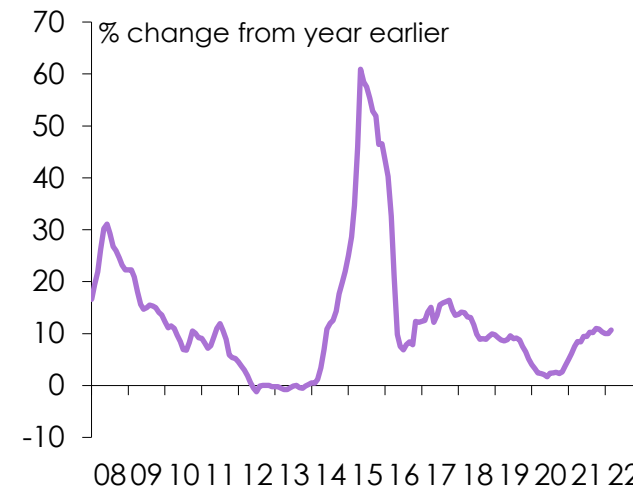
## Russia



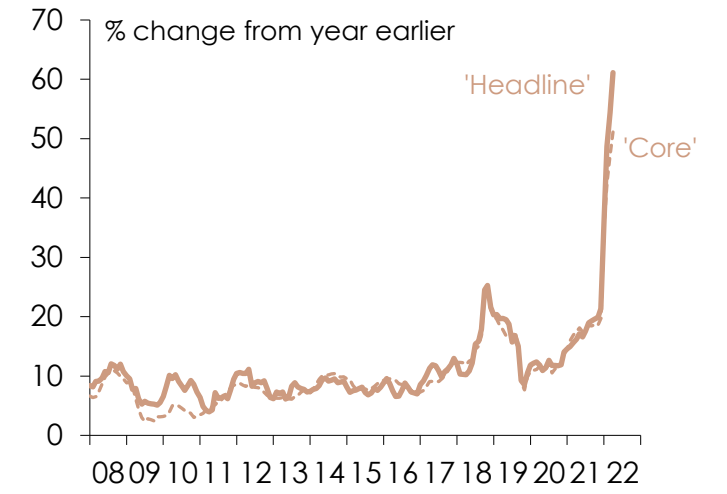
## Czech Republic



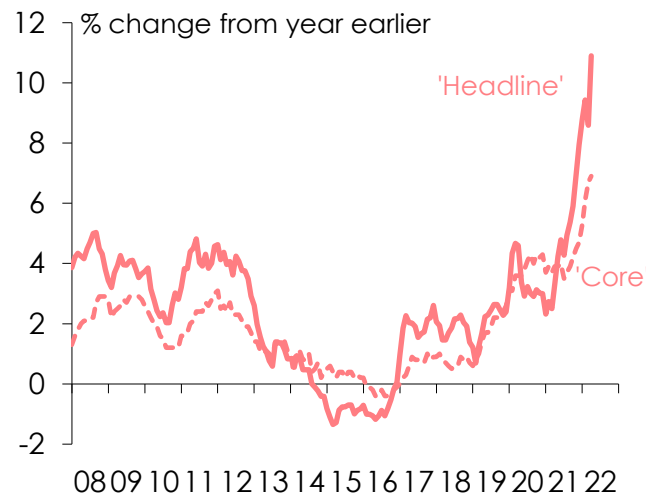
## Ukraine



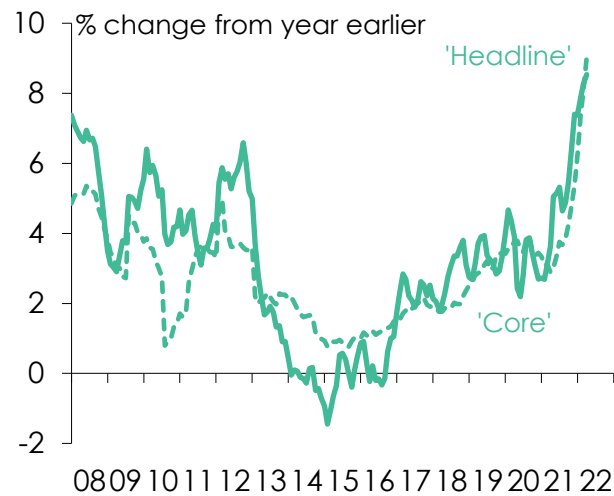
## Turkey



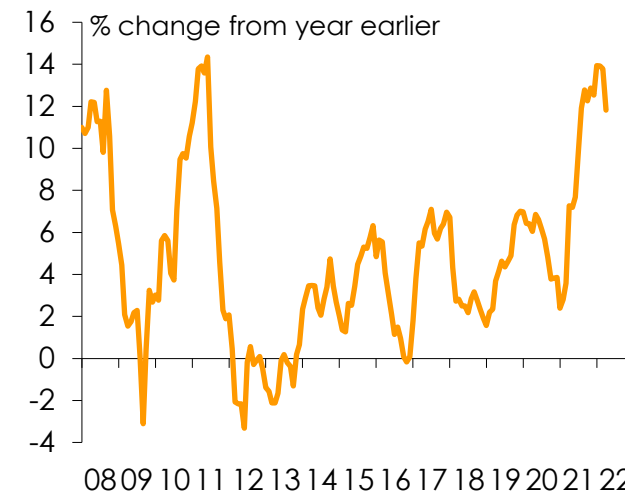
## Poland



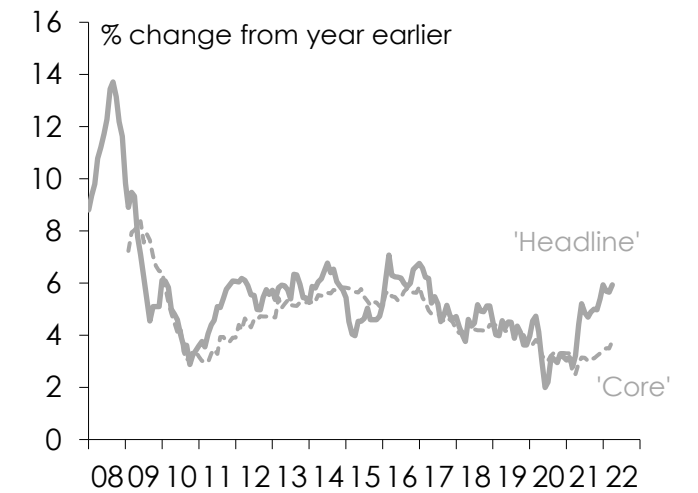
## Hungary



## Georgia



## South Africa

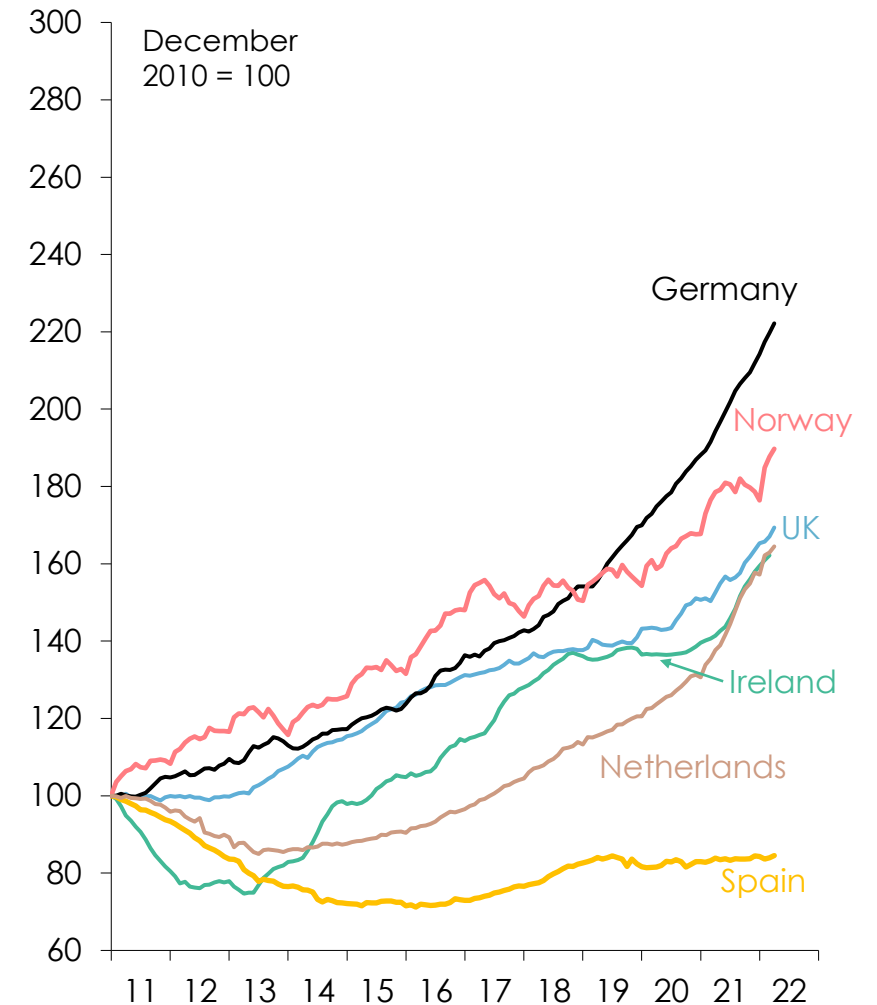
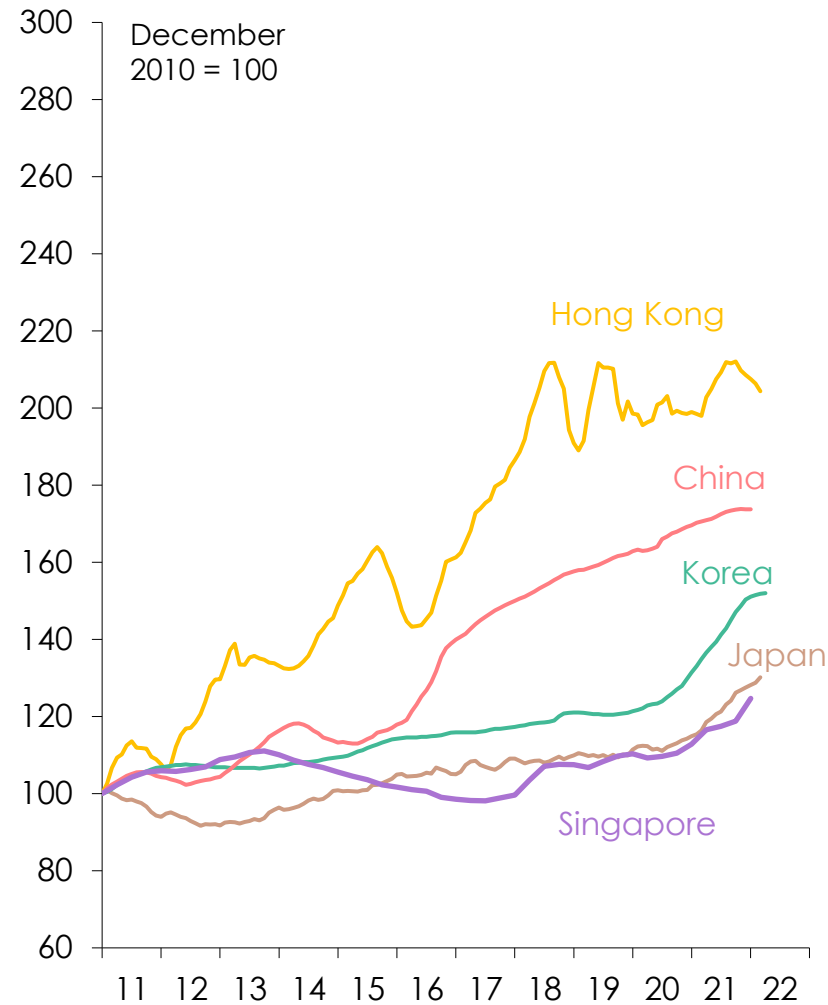
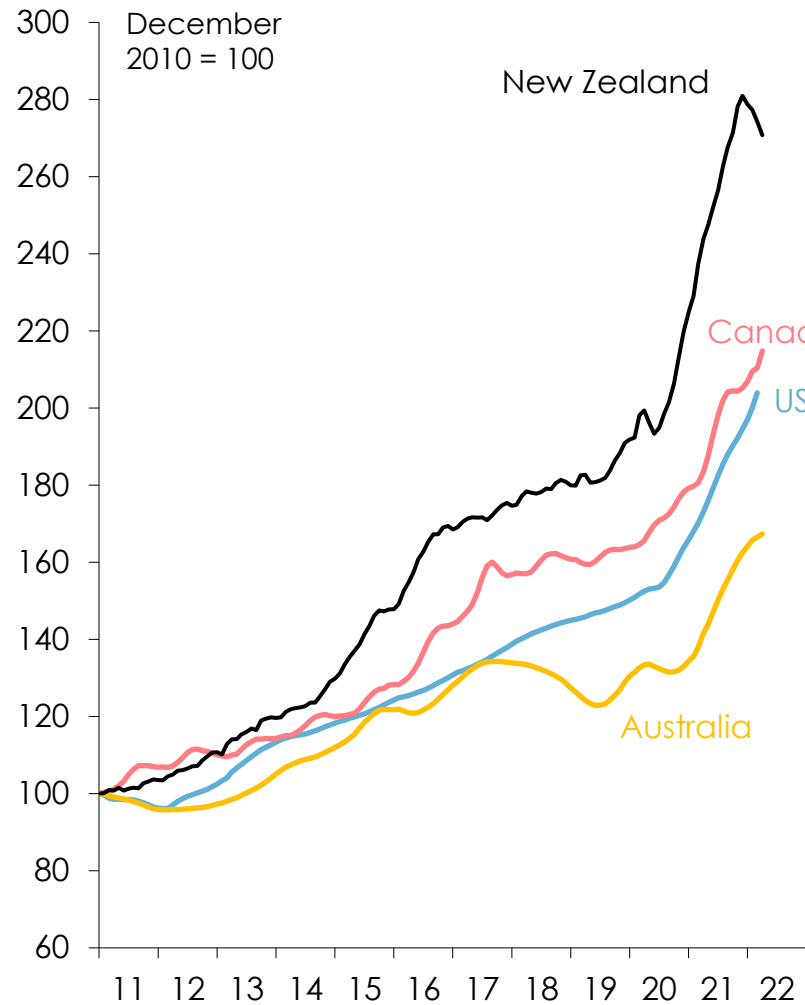


Sources: [Rosstat](#); [Główny Urząd Statystyczny](#) (Poland); [Český statistický úřad](#) (Czech Republic); [Központi Statisztikai Hivatal](#) (Hungary); [Ukrstat](#); [Sak'art'velos statistikis erovnuli samsakhuri](#) (Georgia); [Turkstat](#); [Statistics South Africa](#). Return to "What's New".

# Record-low interest rates over the past 2 years have fuelled rapid growth in house prices, but New Zealand appears to have 'topped out'

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

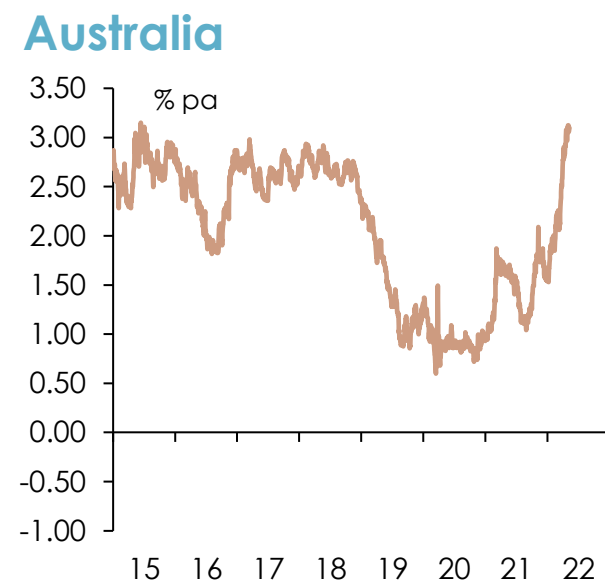
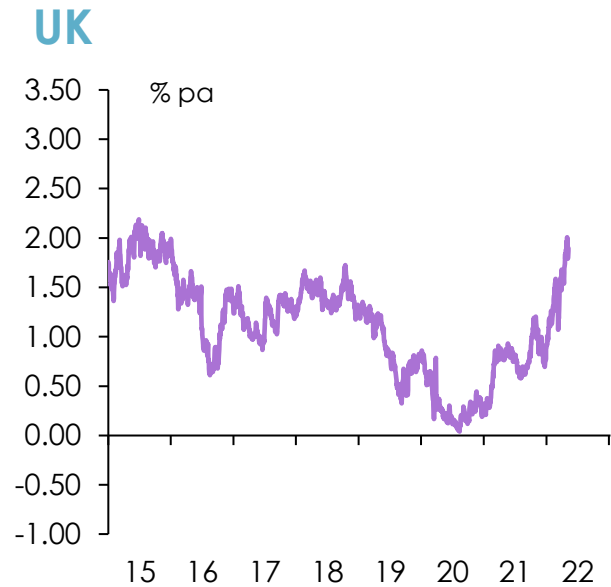
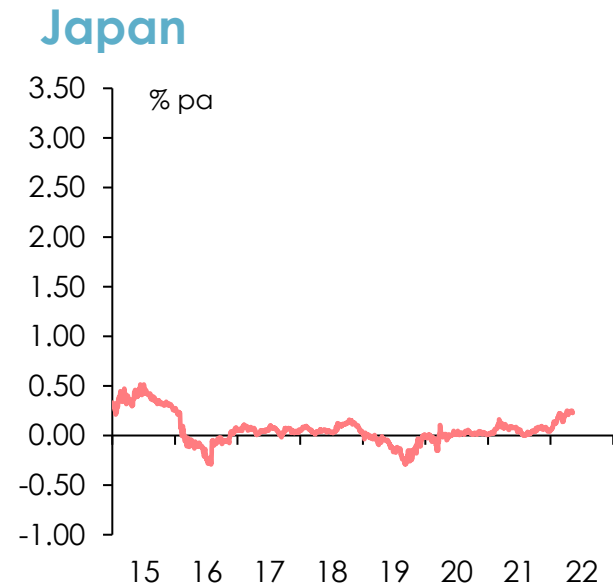
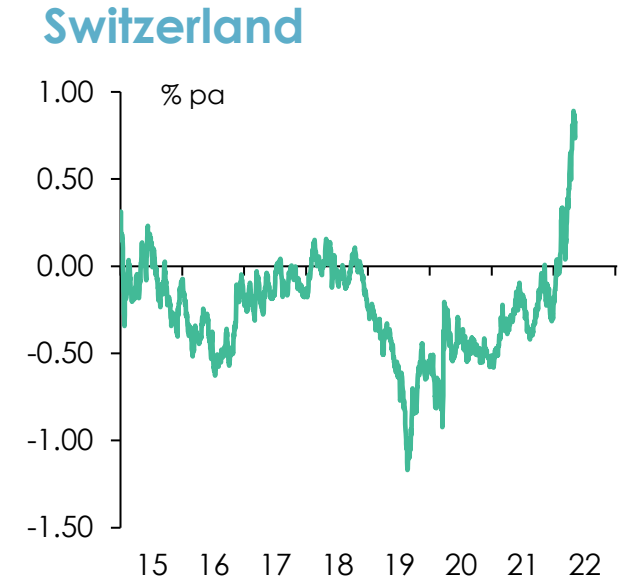
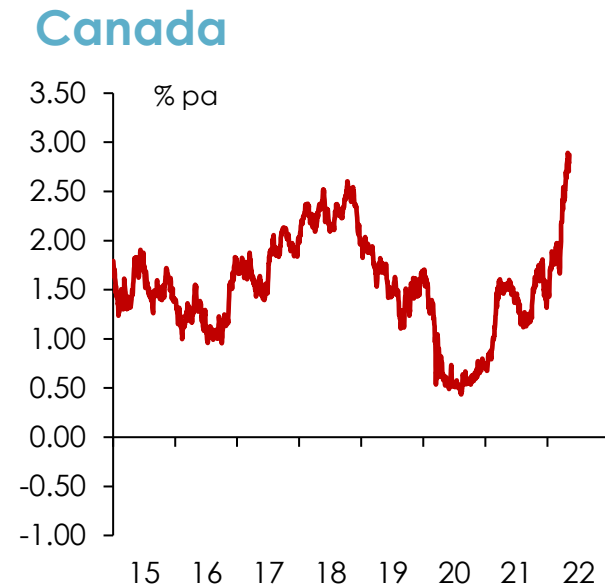
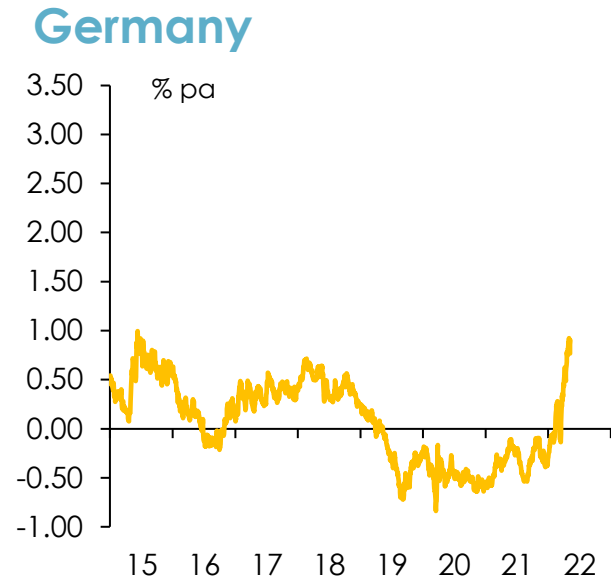
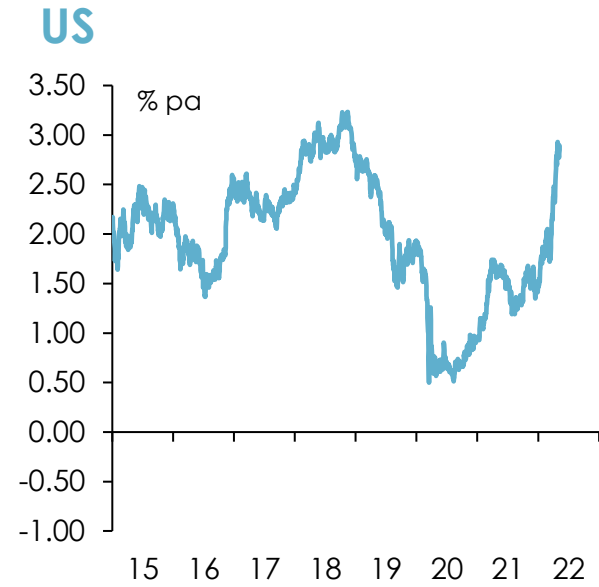
## House price indices



Note: House price indices shown in these charts are those published by [S&P-CoreLogic Case Shiller national](#) (United States); [Teranet-National Bank](#) (Canada); [CoreLogic](#) (Australia); [Real Estate Institute of New Zealand](#); [China Index Academy](#); [Japan Real Estate Institute](#) (Tokyo condominiums); [Kookmin Bank house price index](#) (Korea); [Centaline Centa-City Index](#) (Hong Kong); [Urban Redevelopment Authority](#) (Singapore); [Europace hauspreisindex](#) (Germany); [Halifax house price index](#) (UK); [Central Statistics Office RPPI](#) (Ireland); [Fotocasa real estate index](#) (Spain); [Statistics Netherlands](#); [Eiendom Norge](#) (Norway). These indices have been chosen for their timeliness and widespread recognition: they do not necessarily all measure the same thing in the same way. For more comprehensive residential property price data see the quarterly database maintained by the [Bank for International Settlements](#). [Return to "What's New"](#).

# 10-year bond yields fell in the first half of last week on lower oil prices, but rose on Friday following the US PCE deflator data

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022



Note: Data up to 29<sup>th</sup> April. For bond yields in other large euro area member states see [slide 75](#), and for bond yields in Asian economies see [slide 111](#).

Source: Refinitiv Datastream. [Return to "What's New"](#).

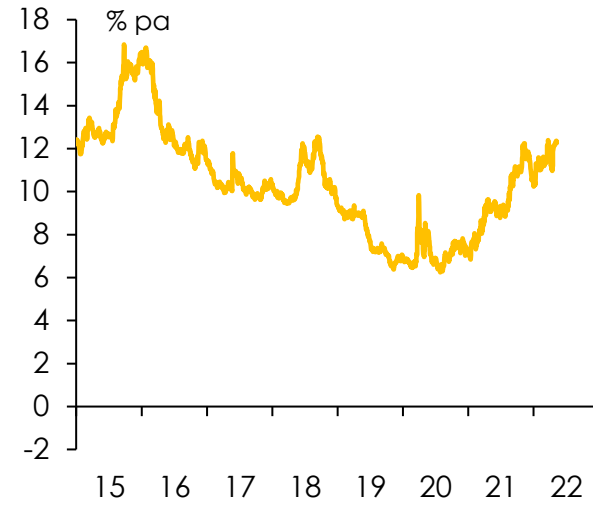
# 10-year bond yields in 'emerging markets' were mixed, down slightly in China, India, Brazil and Turkey but up elsewhere

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## China



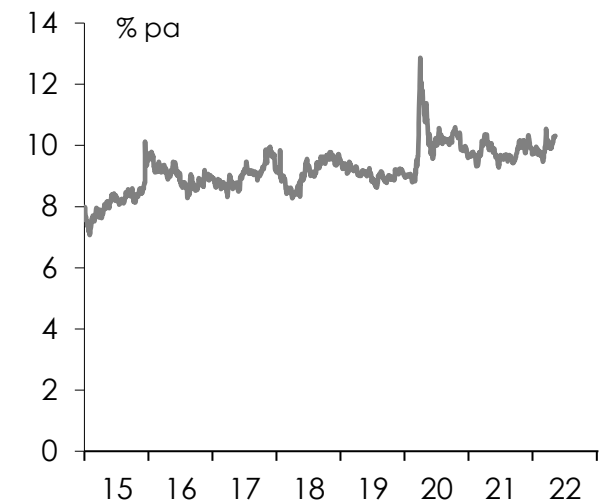
## Brazil



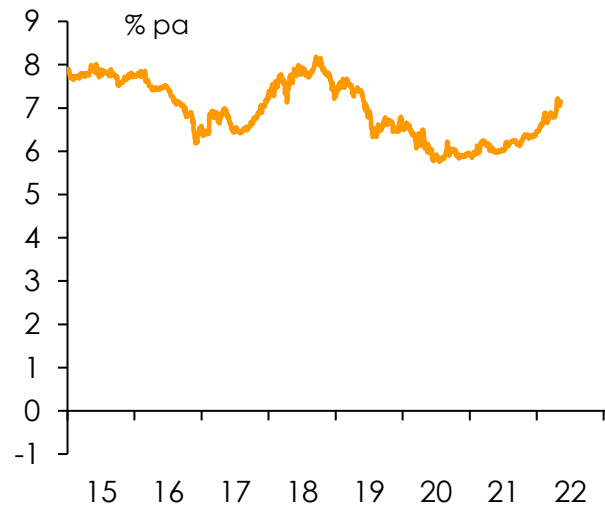
## Russia



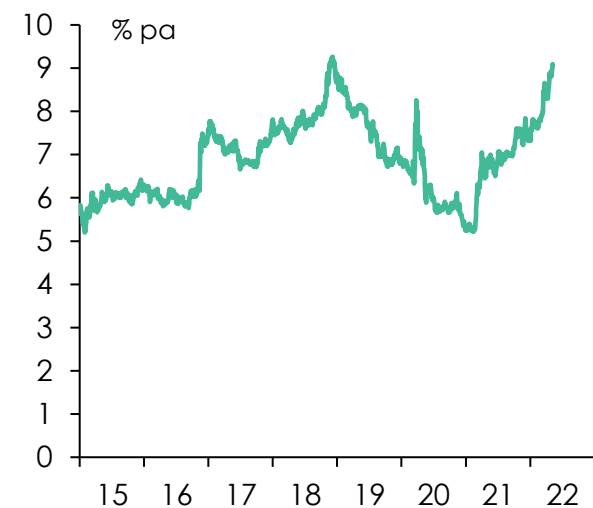
## South Africa



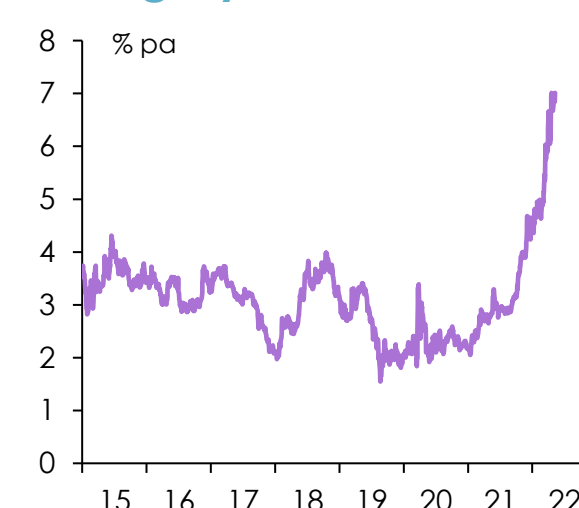
## India



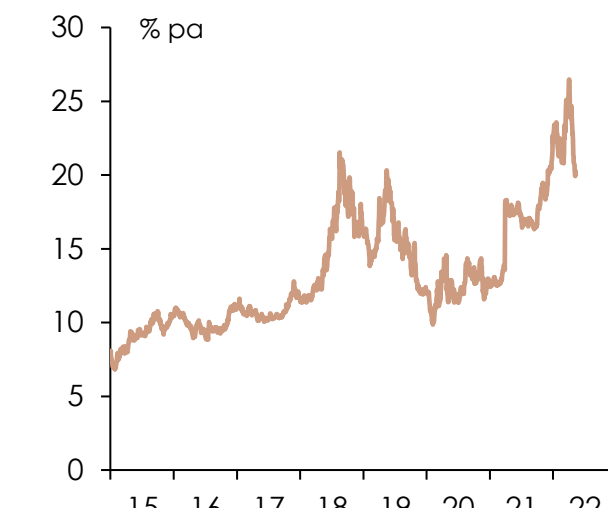
## Mexico



## Hungary



## Turkey



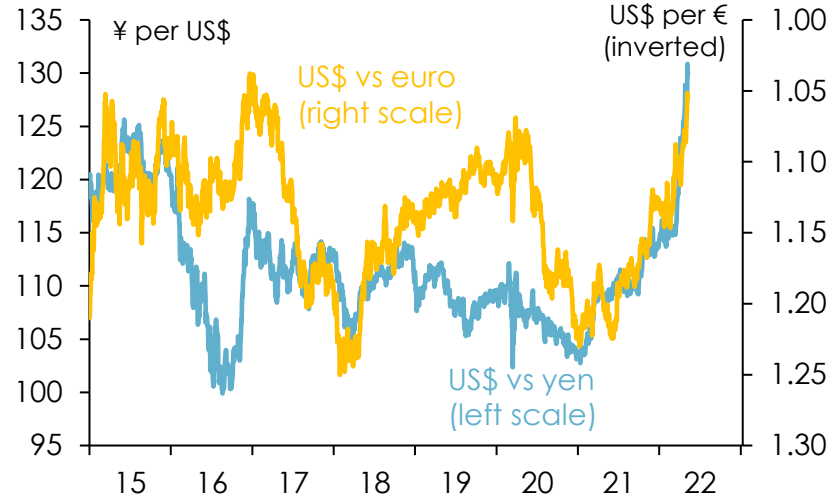
Note: Data up to 29<sup>th</sup> April. For bond yields in other Asian economies see [slide 111](#); and for policy interest rates in other emerging markets see [slide 131](#).

Source: Refinitiv Datastream. [Return to "What's New"](#).

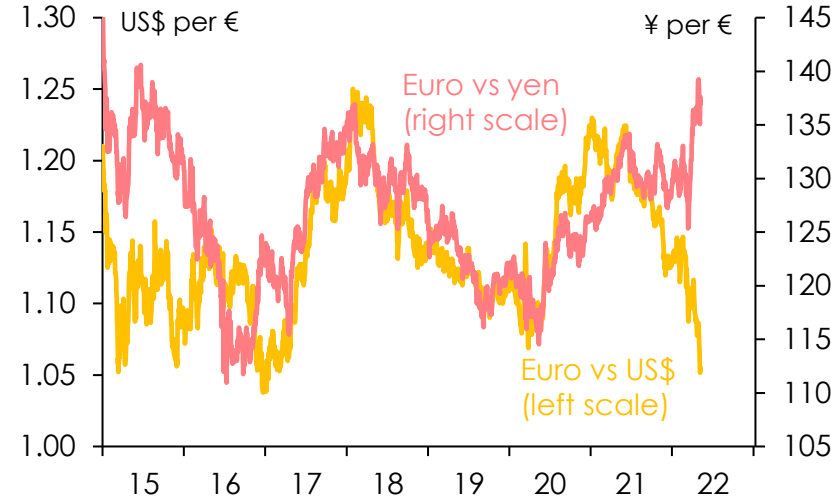
# The US dollar rose further last week to its highest level since late December 2002, while the yen hit its lowest against the US\$ since April 2002

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

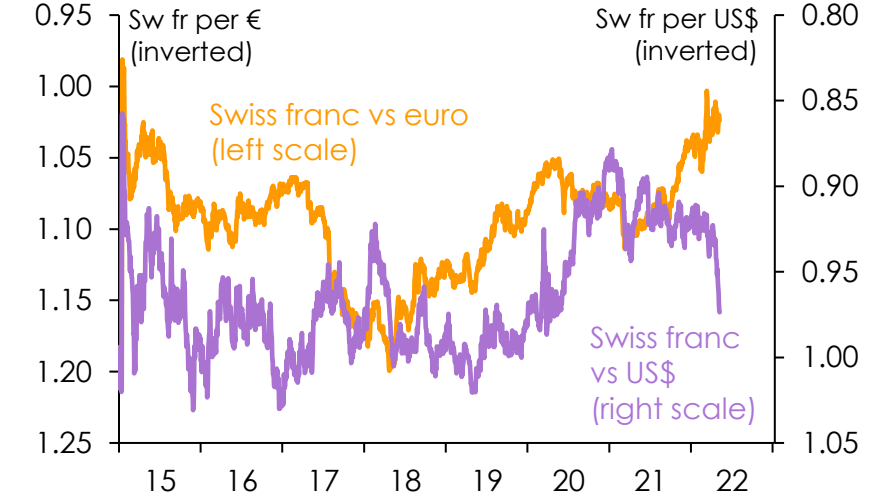
## US dollar



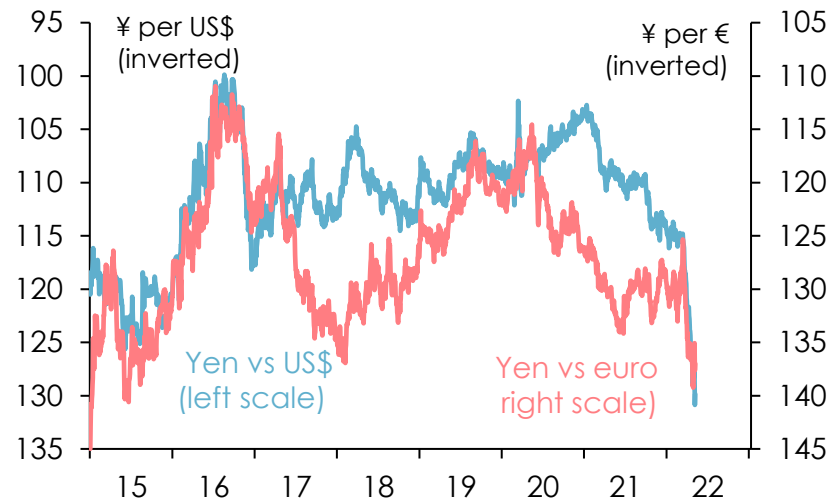
## Euro



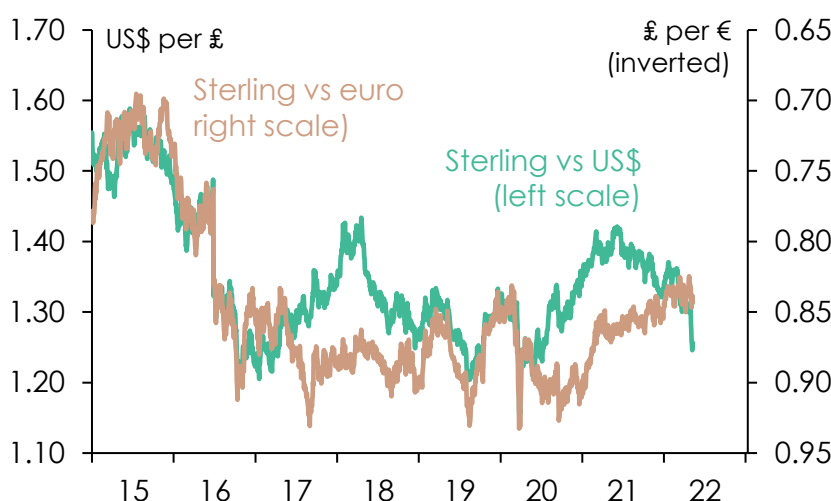
## Swiss franc



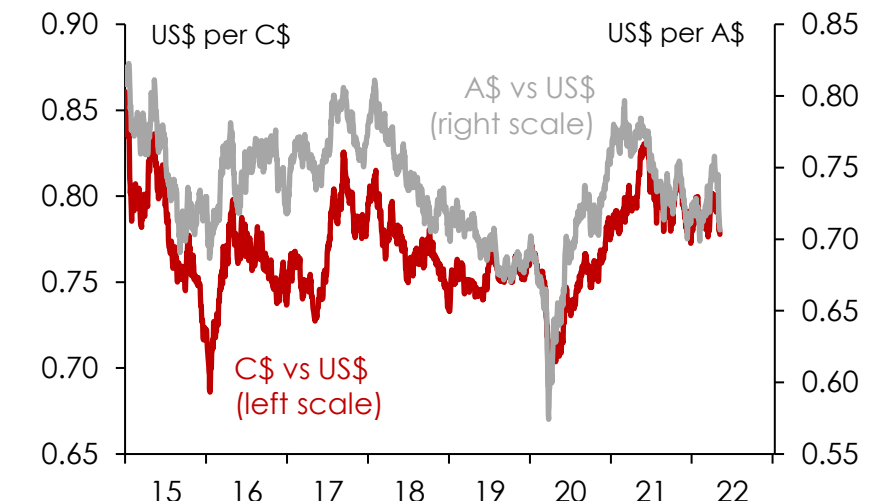
## Japanese yen



## Sterling



## Canadian & Australian dollars



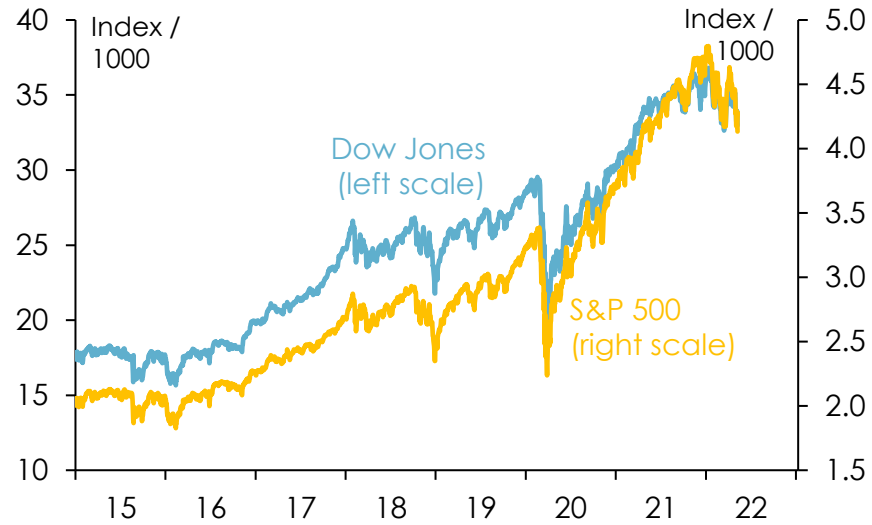
Note: Data up to 29<sup>th</sup> April. For Asian exchange rates see [slide 113](#). Source: Refintiv Datastream. [Return to "What's New"](#).



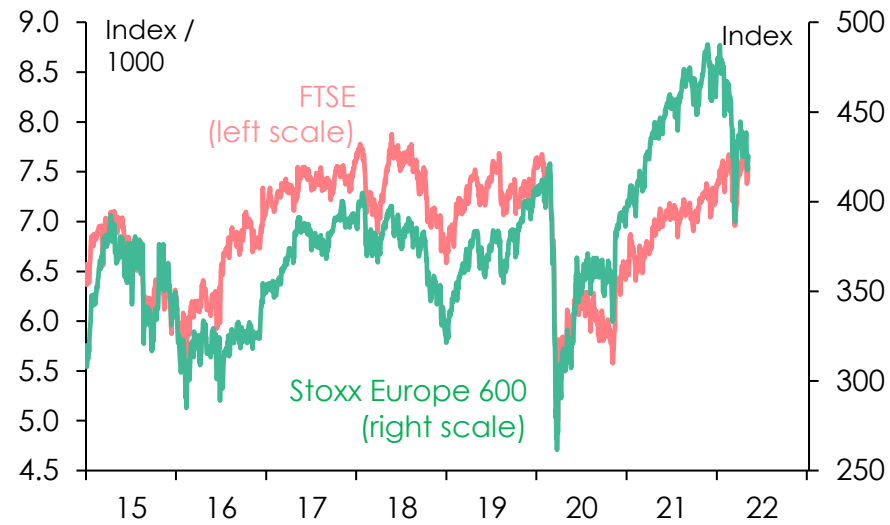
# Most stock markets fell last week, in response to poor quarterly results from big tech companies – the Nasdaq had its worst month since October 2008

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

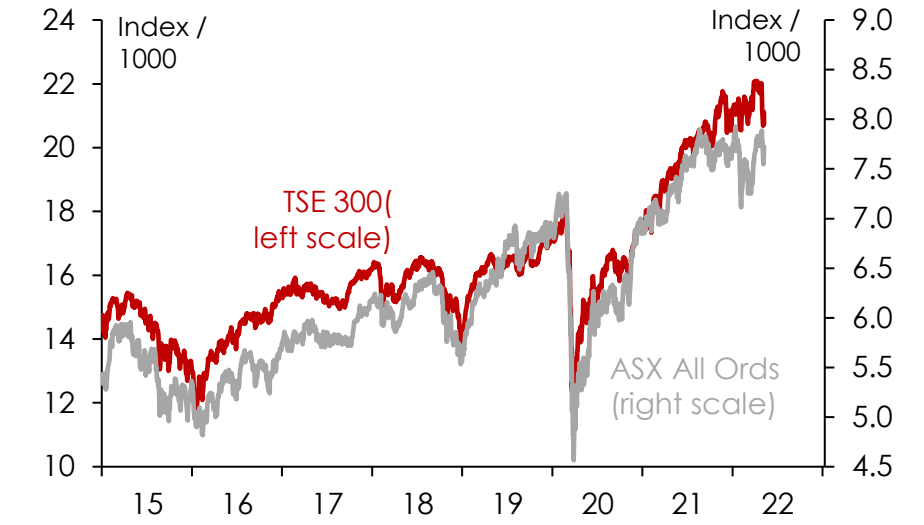
## US stock market



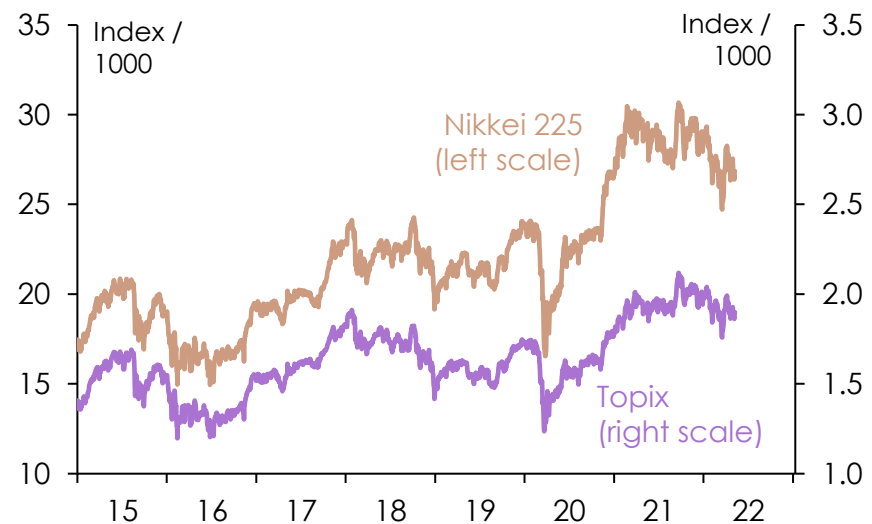
## European stock markets



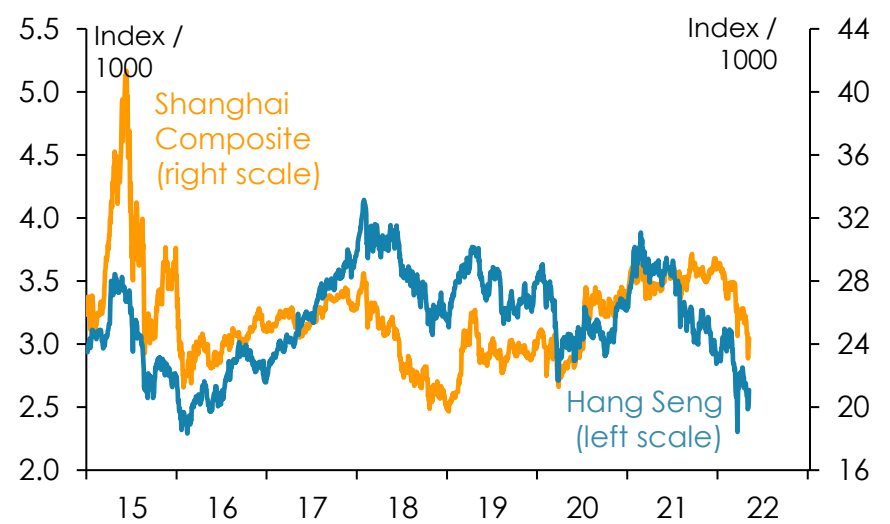
## Canadian & Australian stock markets



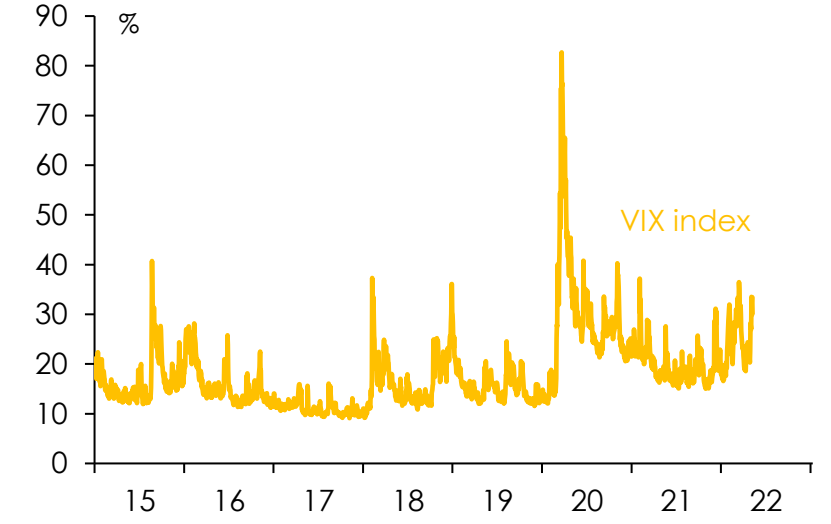
## Japanese stock market



## Chinese & HK stock markets



## Equity market volatility



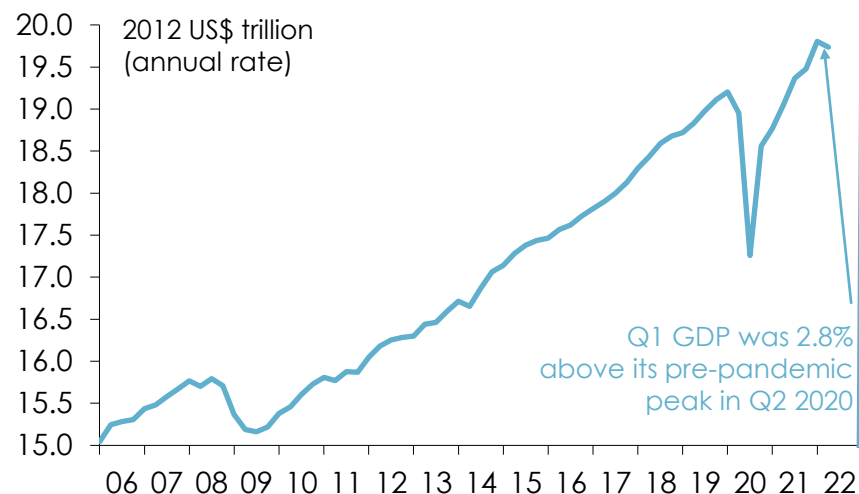
Note: Data up 29<sup>th</sup> April. Source: Refinitiv Datastream. For East Asian stock markets see [slide 114](#). [Return to "What's New"](#).

**The United States**

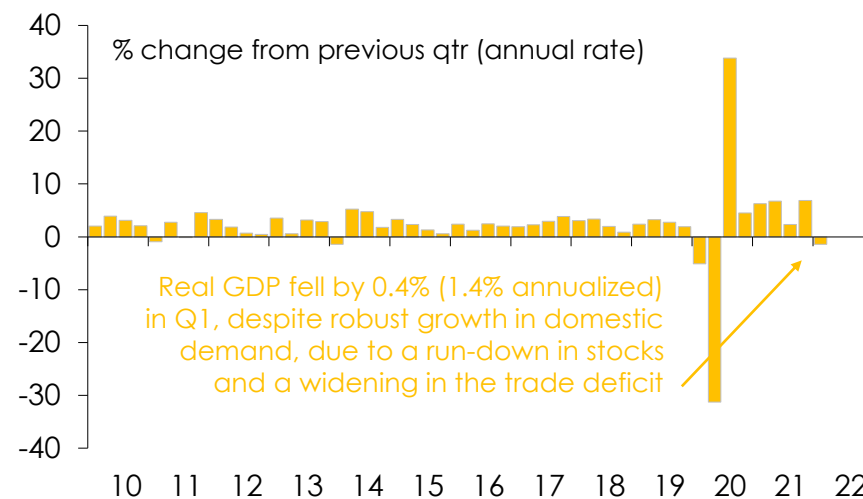
# US real GDP grew 1.7% (6.9% annualized) in Q4 2021 – almost eliminating the ‘output gap’ – though most of the growth came from inventories

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

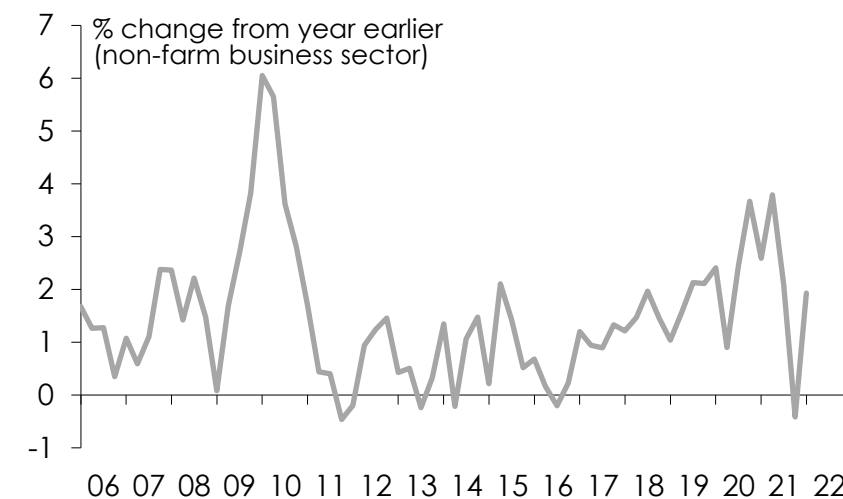
## Level of real GDP



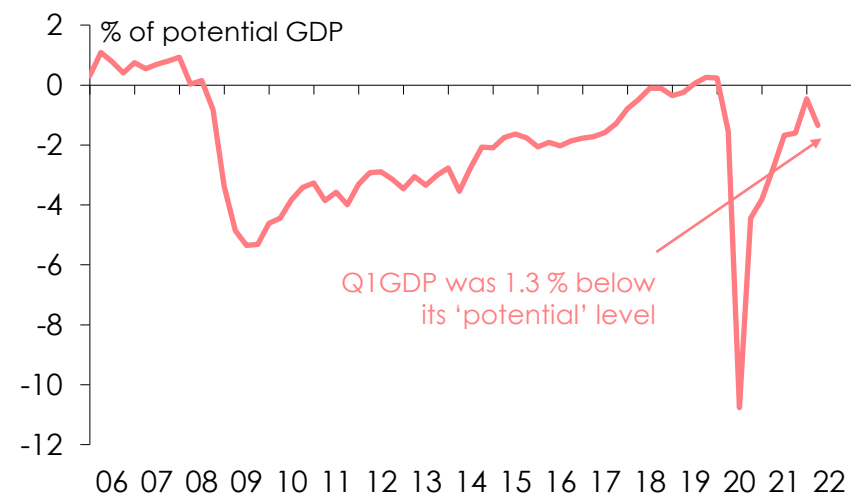
## Quarterly change in real GDP



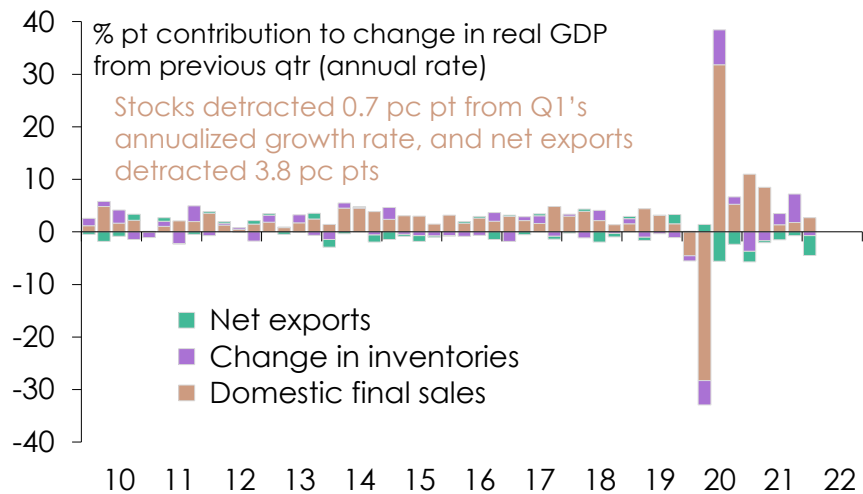
## Labour productivity growth



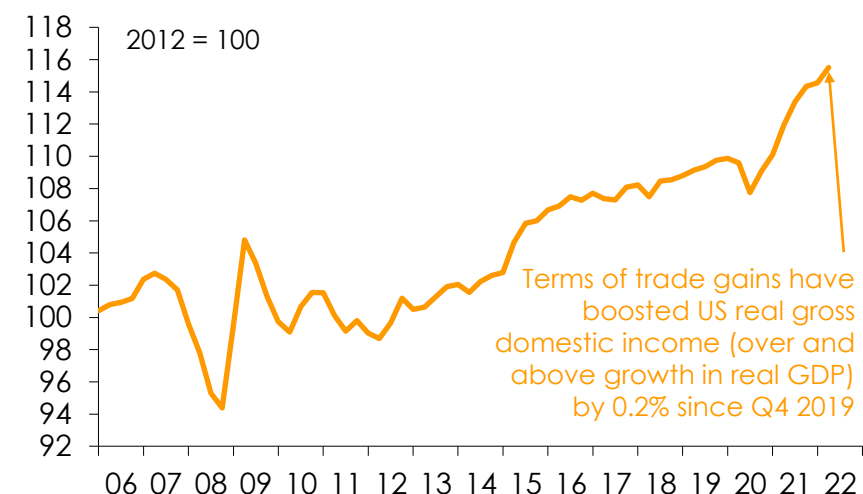
## The ‘output gap’



## Contributions to change in real GDP



## Terms of trade

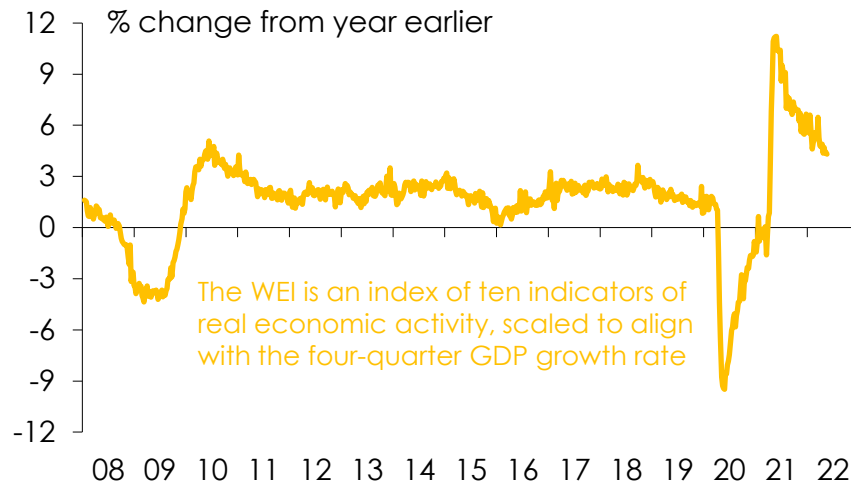


Note: the ‘output gap’ is the difference between actual and potential GDP (the volume of goods & services that could be produced if the economy were operating at full capacity); the ‘terms of trade’ is the ratio of the implicit price deflator of exports of goods & services to that of imports of goods & services – it gives an indication of the income gains or losses arising from changes in the prices of goods and services traded between the US and the rest of the world. Sources: US Bureau of Economic Analysis, [Gross domestic product](#); US Congressional Budget Office, [10-Year Economic Projections](#); US Bureau of Labor Statistics, [Labor Productivity and Costs](#). [Return to “What’s New”.](#)

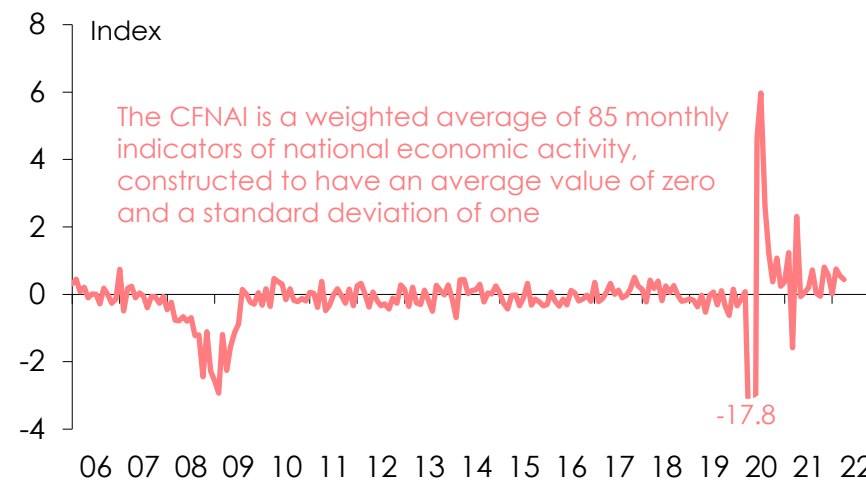
# Most survey-based and 'leading' indicators are signalling a slowing in US economic activity in the first half of this year

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

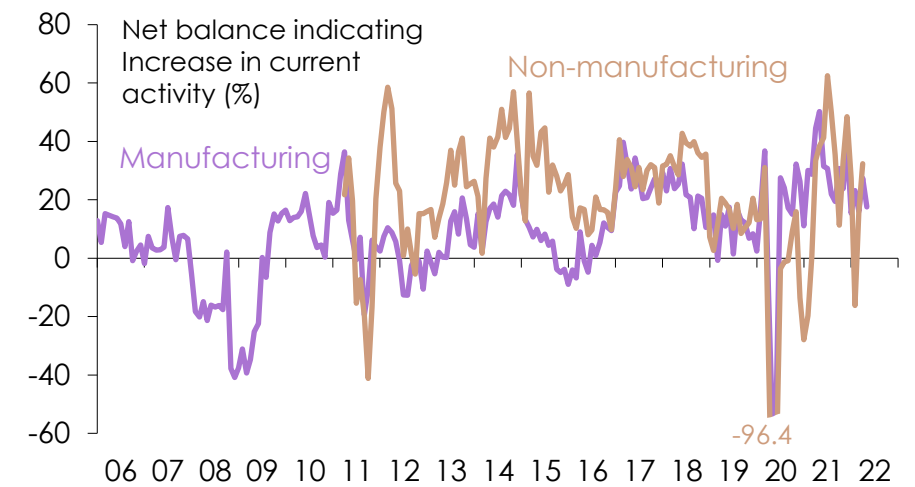
## NY Fed weekly economic index



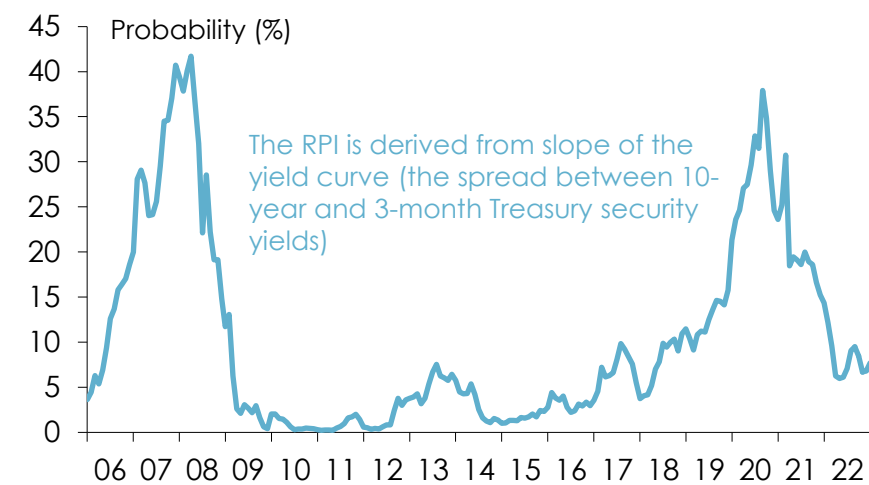
## Chicago Fed national activity index



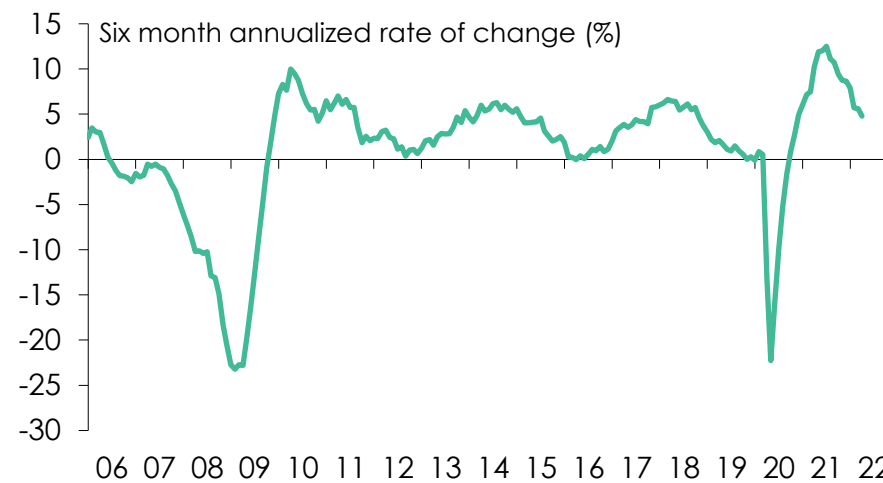
## 'Philly Fed' business outlook survey



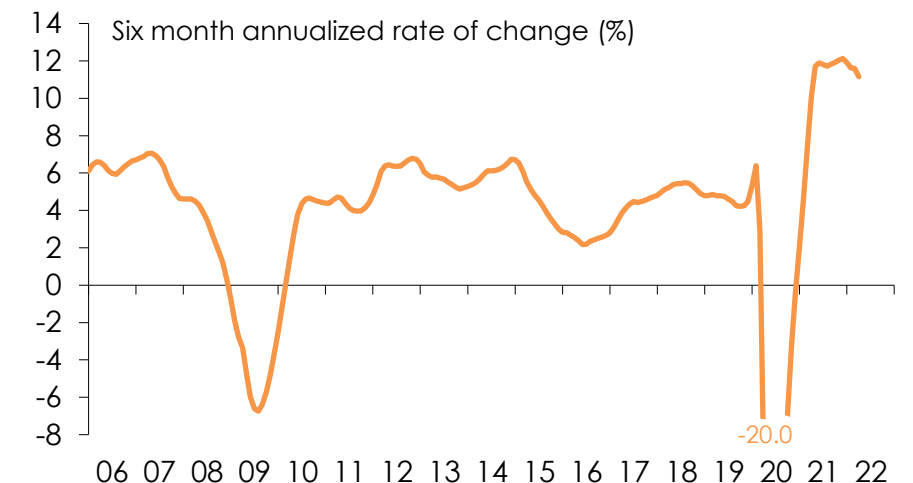
## NY Fed recession probability index



## Conference Board leading indicators



## Dallas Fed Texas business index

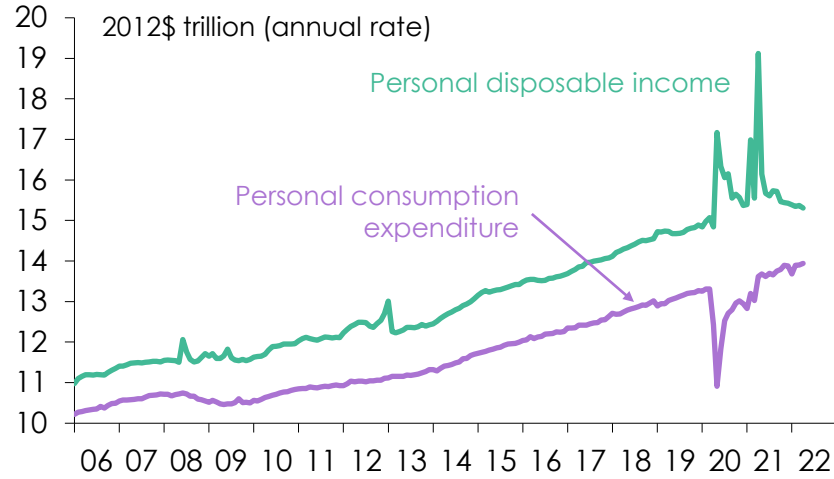


Sources: Federal Reserve Bank of New York, [Weekly Economic Index](#) and [The Yield Curve as a Leading Indicator](#); Federal Reserve Bank of Chicago, [Chicago Fed National Activity Index \(CFNAI\)](#); The Conference Board, [Global Business Cycle Indicators](#); Federal Reserve Bank of Philadelphia, [Regional Economic Analysis](#), Manufacturing and Non-Manufacturing Business Outlook Surveys; Federal Reserve Bank of Dallas, [Texas Business-Cycle Index](#). [Return to "What's New"](#).

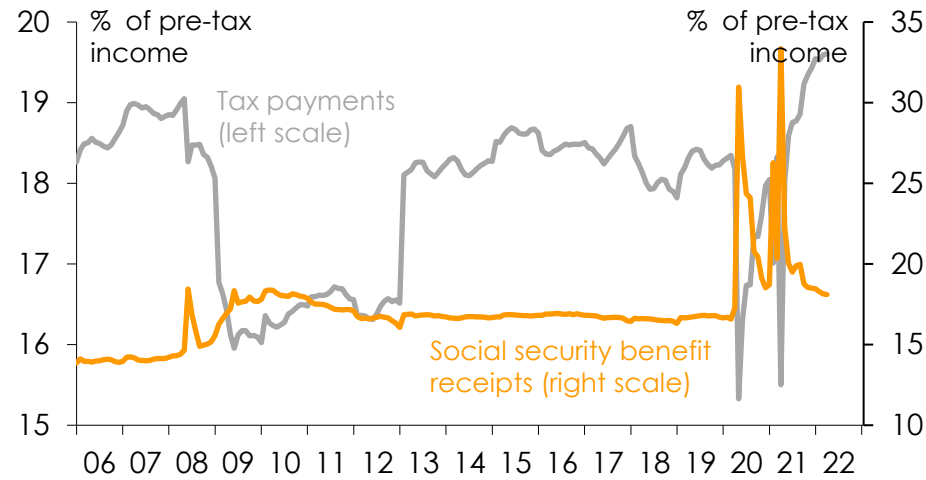
# US real personal disposable income has fallen for 7 of the past 8 months, by a total of 2.7%, forcing households to reduce saving

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

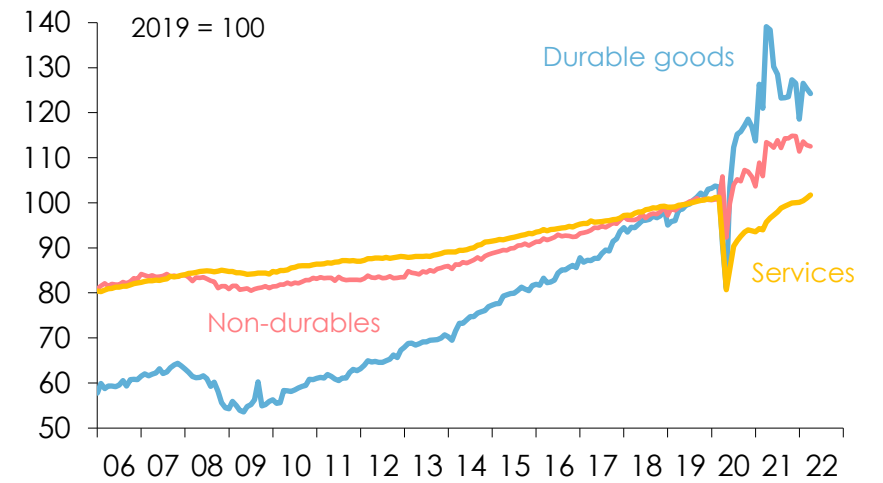
## Personal income and expenditure



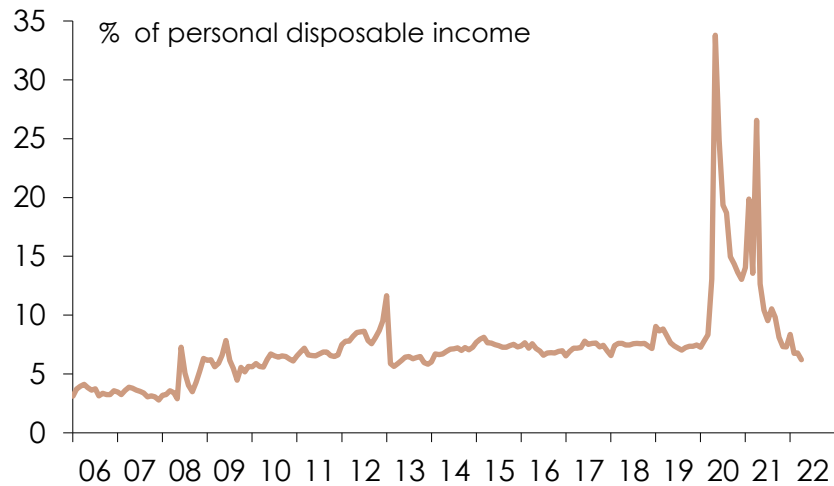
## Tax and social security



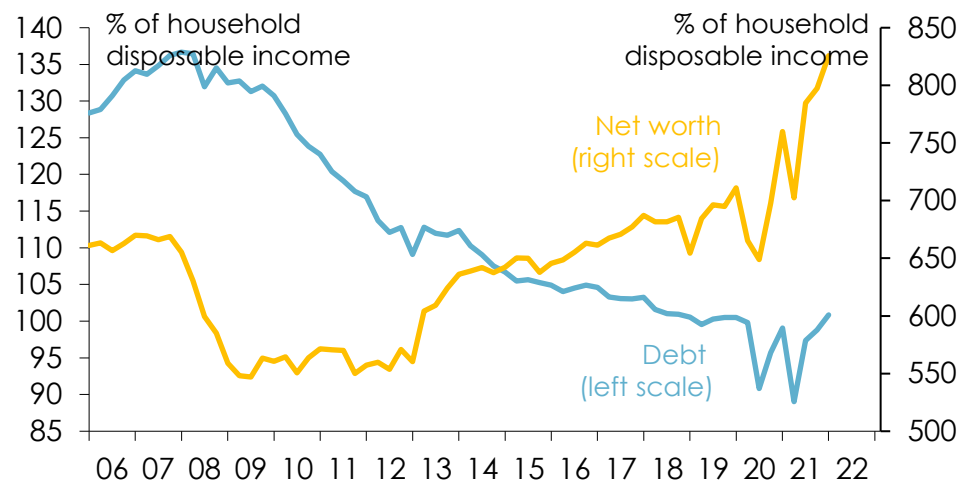
## Personal consumption expenditure



## Personal saving rate



## Household debt and net worth



## Spending on energy

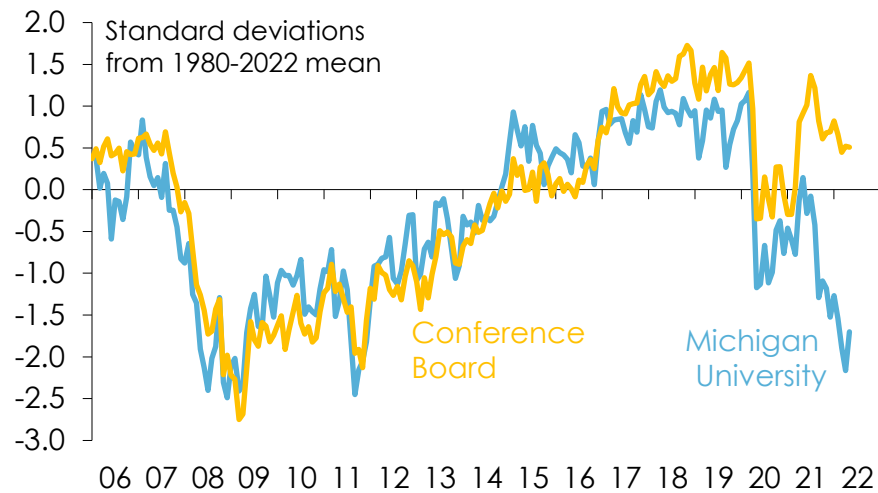


Note: data on personal income, spending and saving are monthly; data on debt and net worth are quarterly. Sources: US Bureau of Economic Analysis, [Gross Domestic Product](#), [Consumer Spending](#) and [Income and Saving](#); US Federal Reserve, [Financial Accounts of the United States - Z1](#). [Return to "What's New"](#).

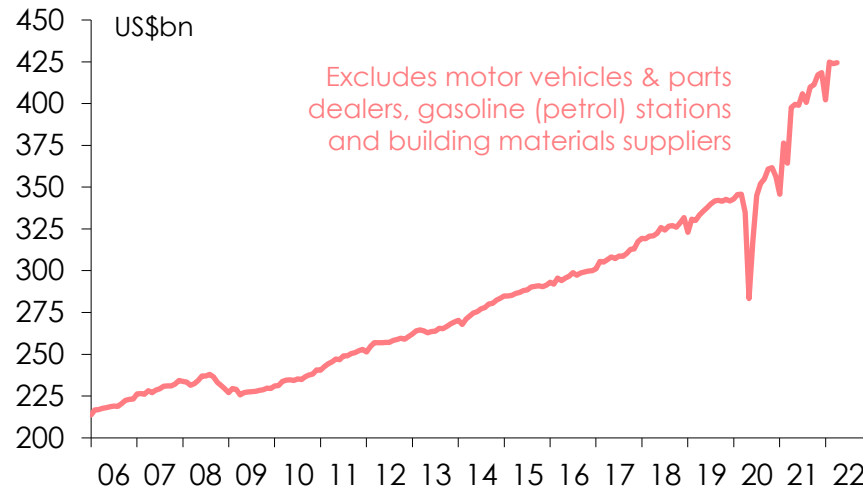
# Total retail sales rose 0.5% in March, but that included an 8.9% increase in sales at gas stations (after 6.7% in February) – ‘core’ sales only rose 0.1%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

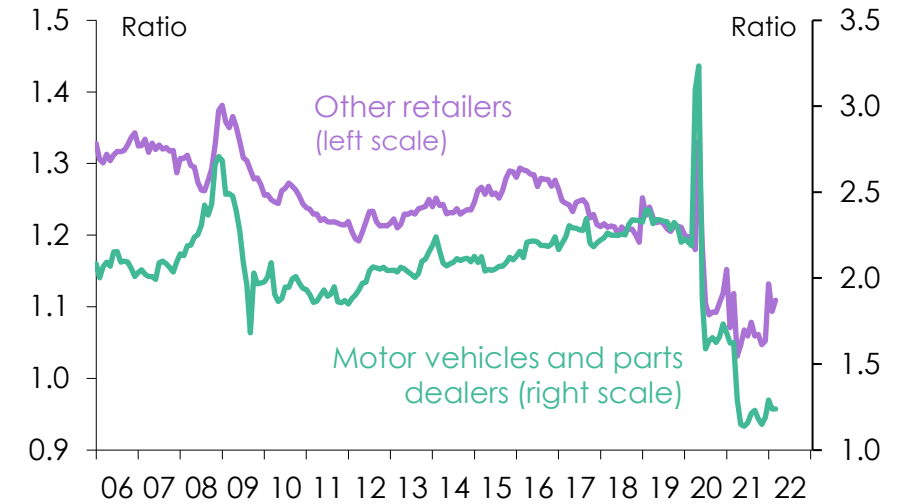
## Consumer sentiment



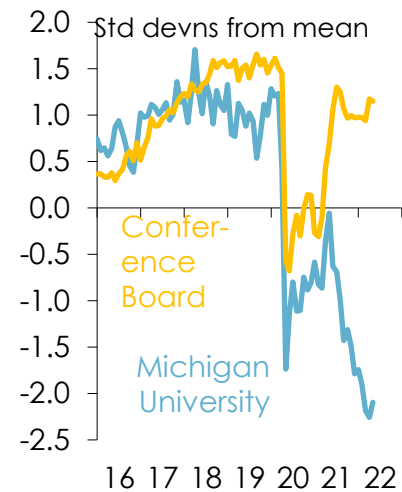
## Level of ‘core’ retail sales



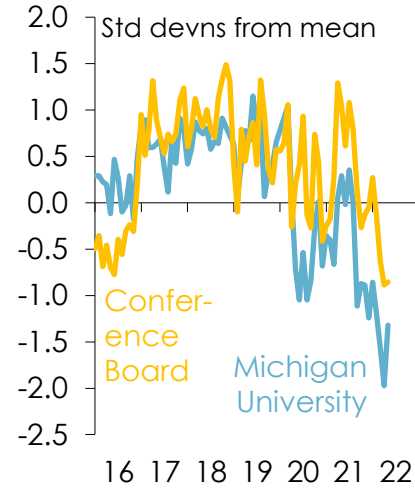
## Retail inventories-sales ratios



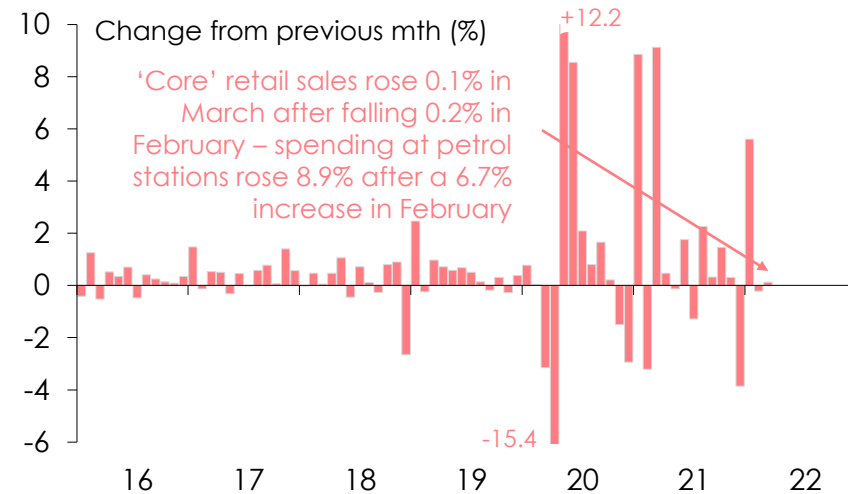
## Present situation



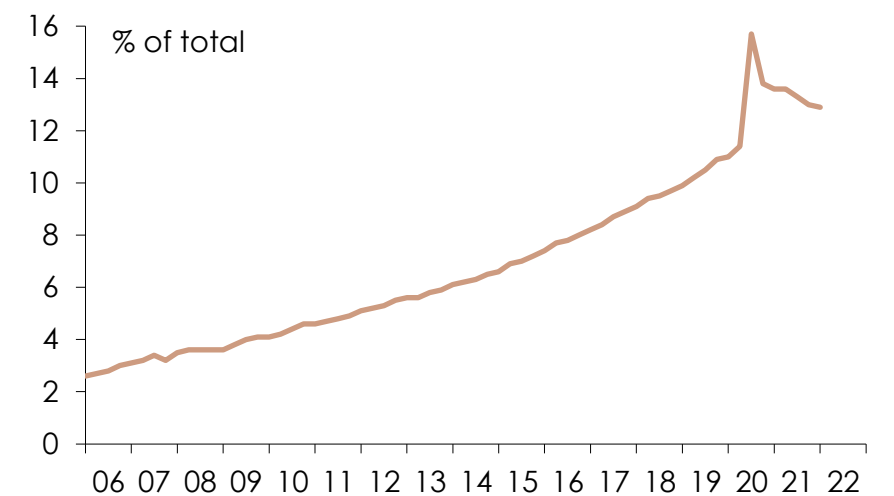
## Expectations



## Monthly changes in ‘core’ retail sales



## On-line retail sales

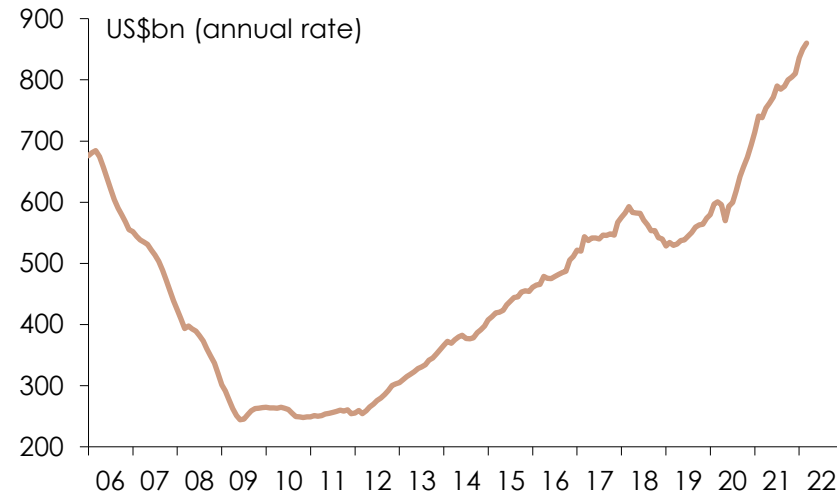


Note: ‘Core’ retail sales excludes motor vehicles, petrol stations and building materials stores. Sources: Michigan University Survey Research Center, [Survey of Consumers](#); The Conference Board, [US Consumer confidence](#); US Census Bureau, [Monthly Retail Trade](#) and [Advance Economic Indicators](#). [Return to "What's New"](#).

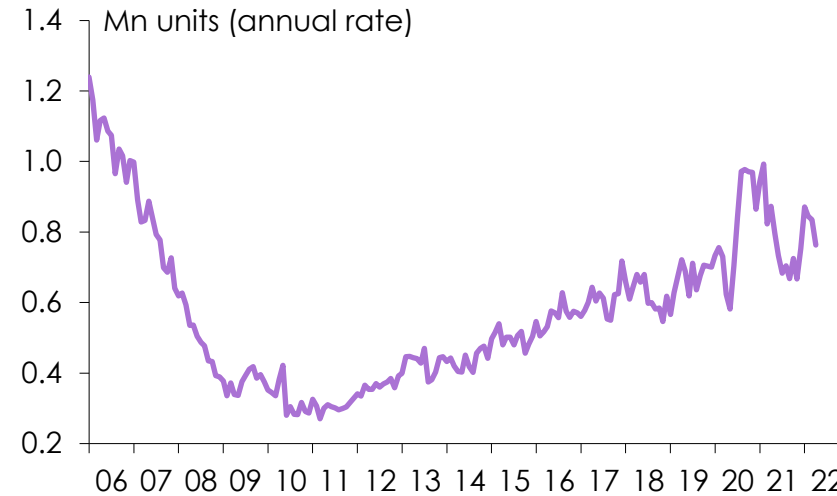
# Housing starts in March were the strongest since June 2006, but supply still isn't keeping up with demand, so prices are still rising

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

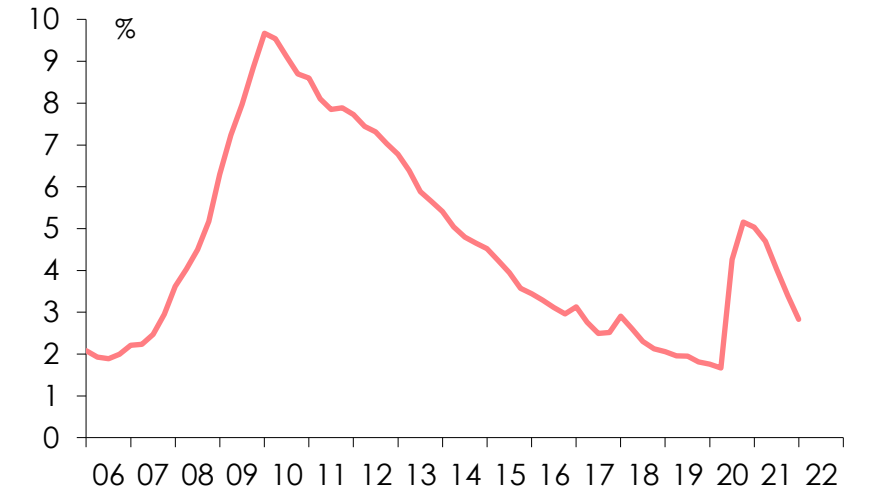
## Housing construction spending



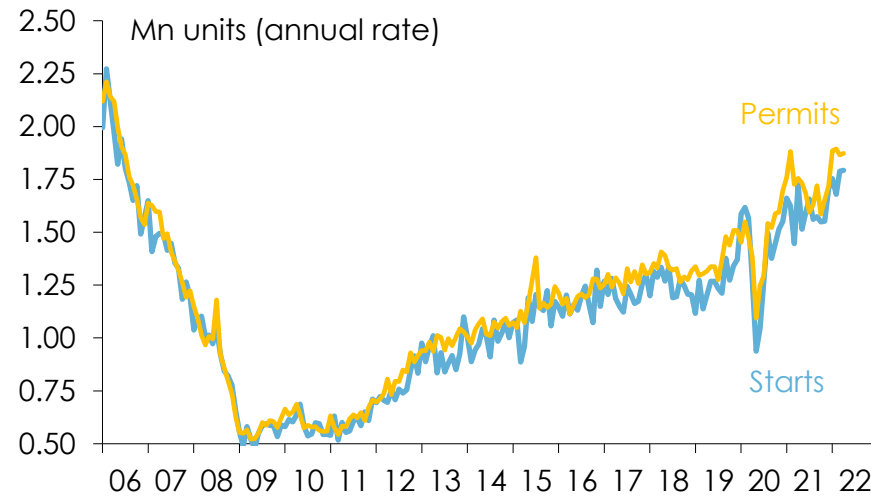
## New single-family home sales



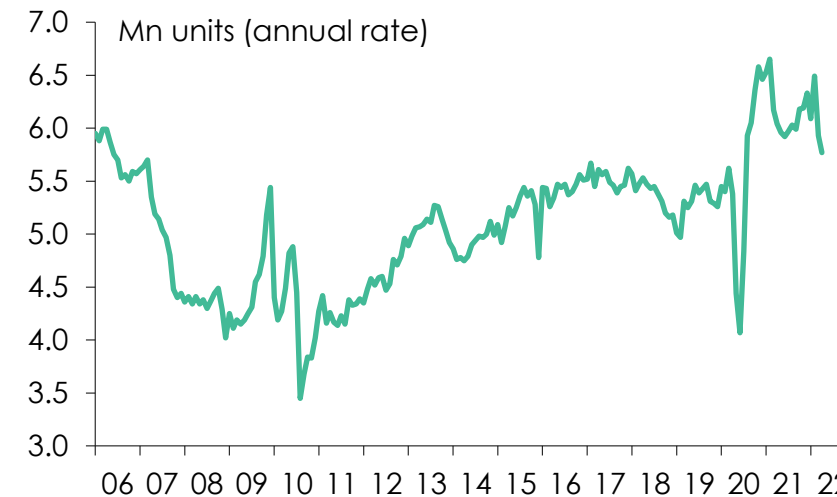
## Mortgage delinquency rate



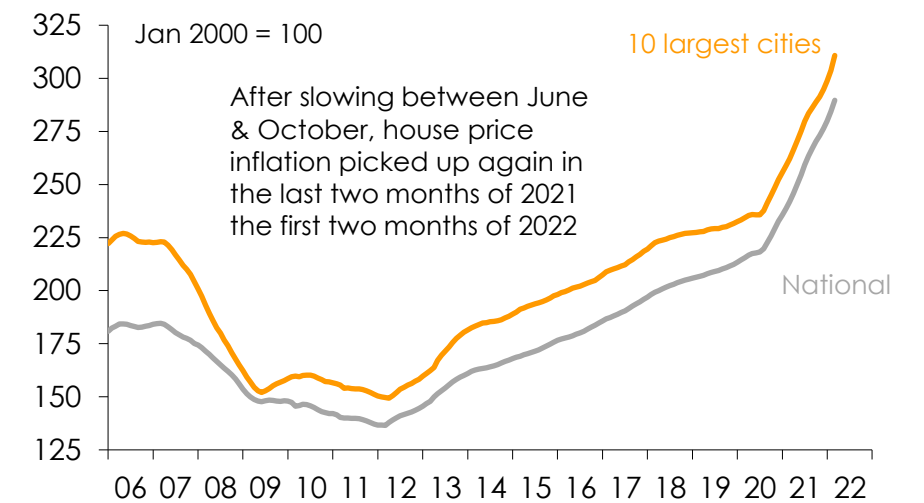
## Housing starts and permits



## Existing home sales



## House prices

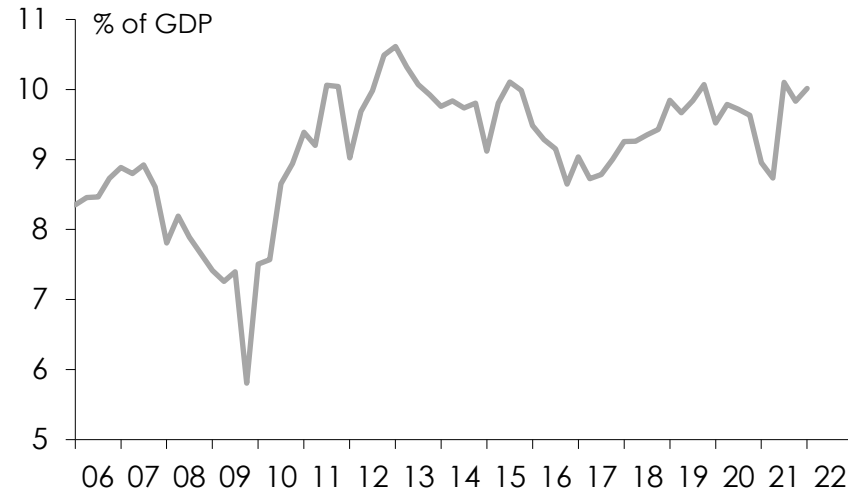


Sources: US Census Bureau, [Construction Spending](#), [New residential construction](#) and [New Residential Sales](#); US National Association of Realtors, [Existing-Home Sales](#); Mortgage Bankers' Association, [National Delinquency Survey](#); S&P Global, [S&P CoreLogic Case-Shiller Home Price Indices](#). [Return to "What's New"](#).

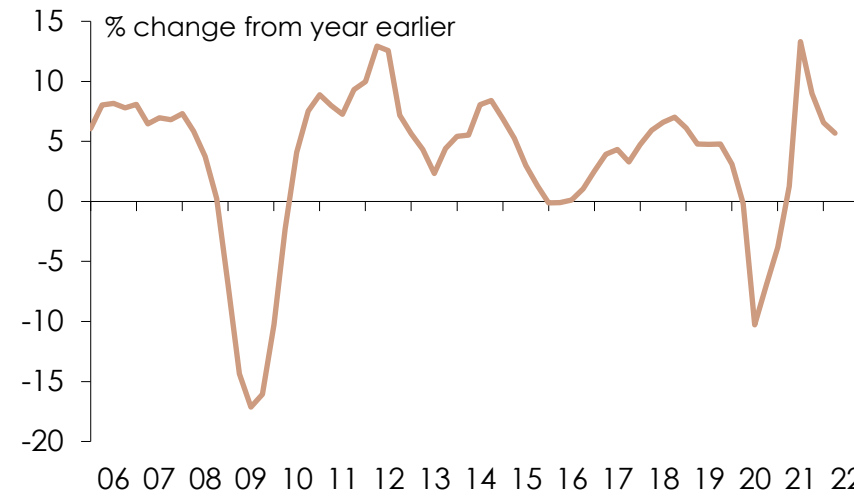
# US corporate profits and balance sheets are strong, and investment is increasing – except in non-residential construction

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

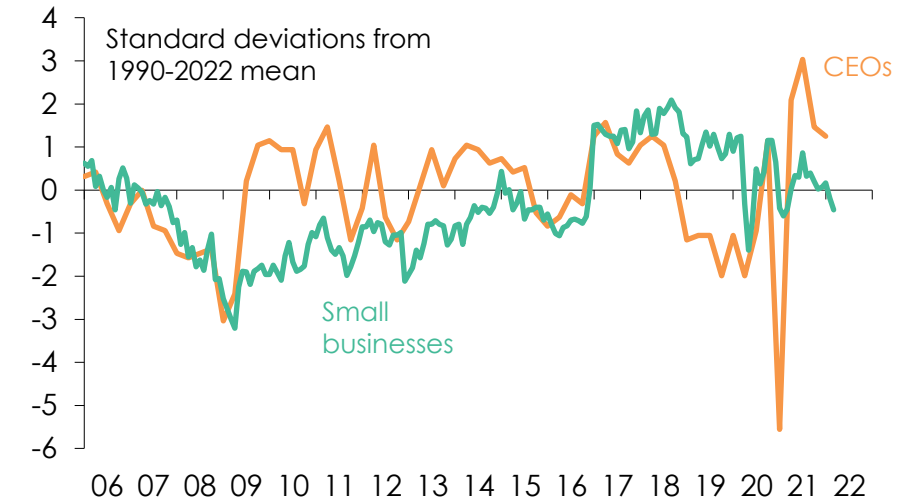
## After-tax corporate profits



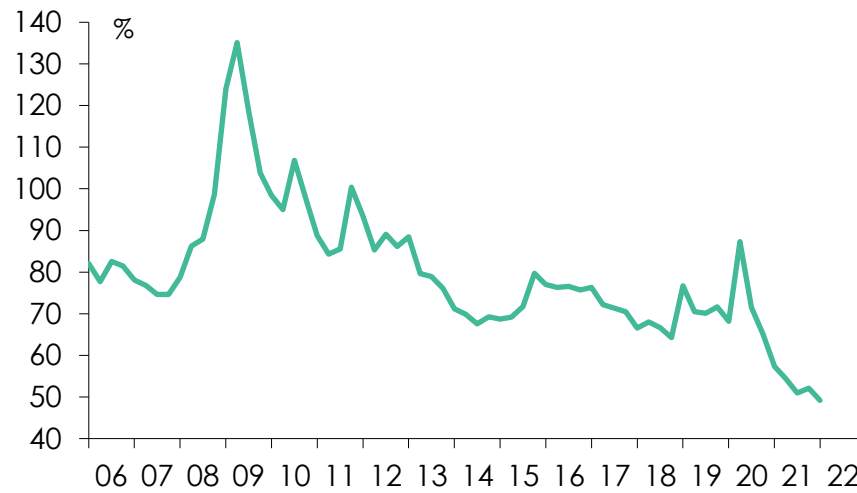
## Business investment



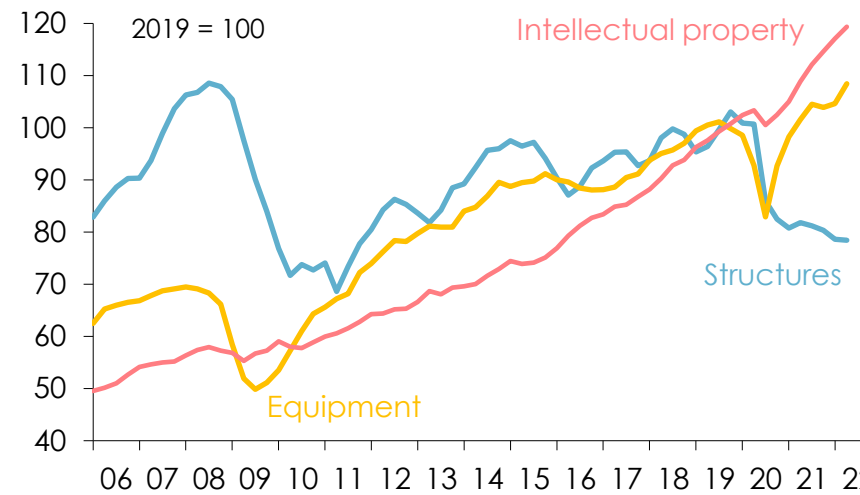
## Business confidence



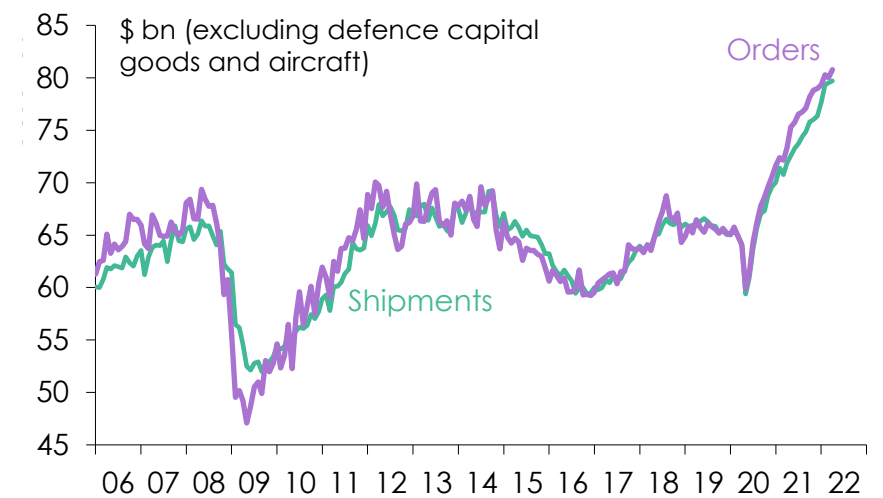
## Corporate debt-equity ratio



## Business investment by type



## Capital goods orders & shipments



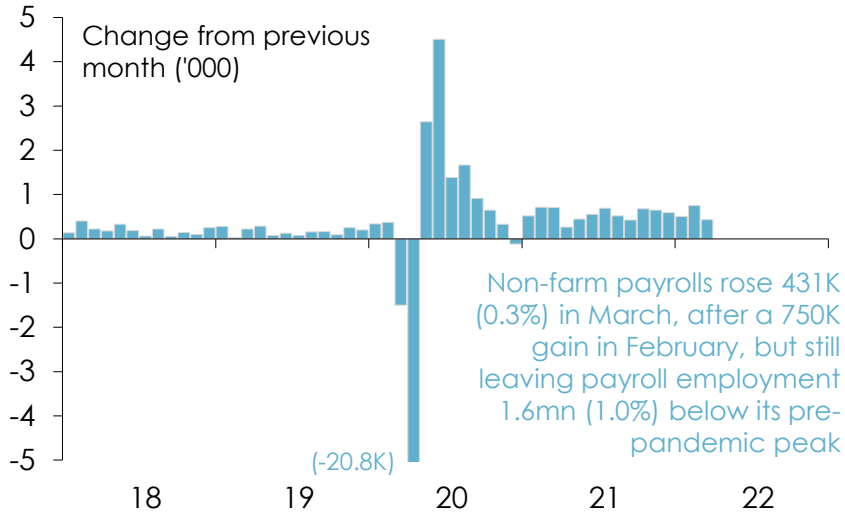
Sources: US Bureau of Economic Analysis, [Gross Domestic Product](#); US Federal Reserve, [Financial Accounts of the United States - Z1](#); The Conference Board, [US CEO Confidence](#); National Federation of Independent Business, [Small Business Economic Trends](#); US Commerce Department, [Manufacturers' Shipments, Inventories and Orders](#). [Return to "What's New"](#).



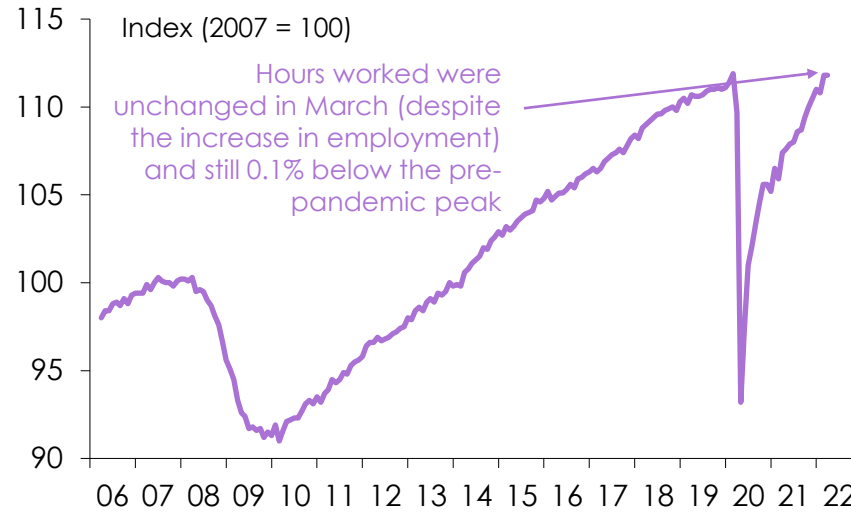
# Employment rose another 0.3% in March, pushing the unemployment rate down 0.2 pc pt to 3.6%, just 0.1 pc pt above the pre-pandemic low

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

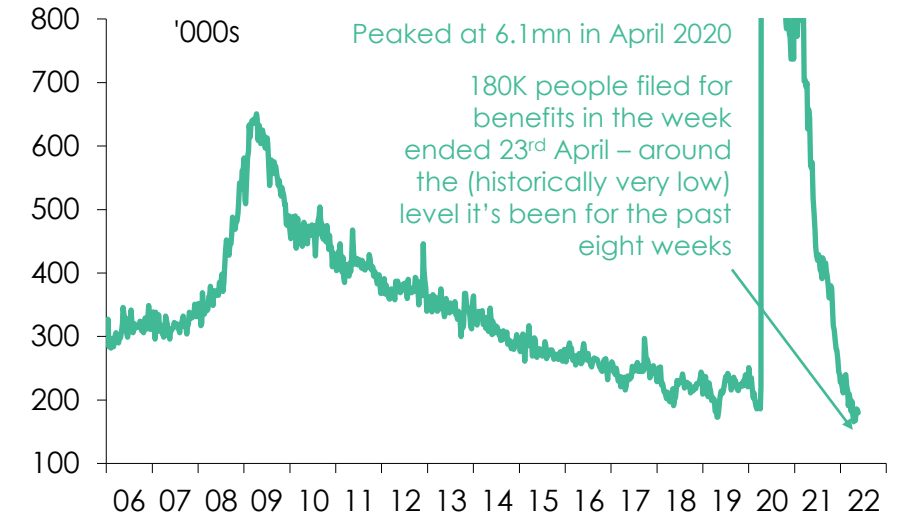
## Non-farm payroll employment



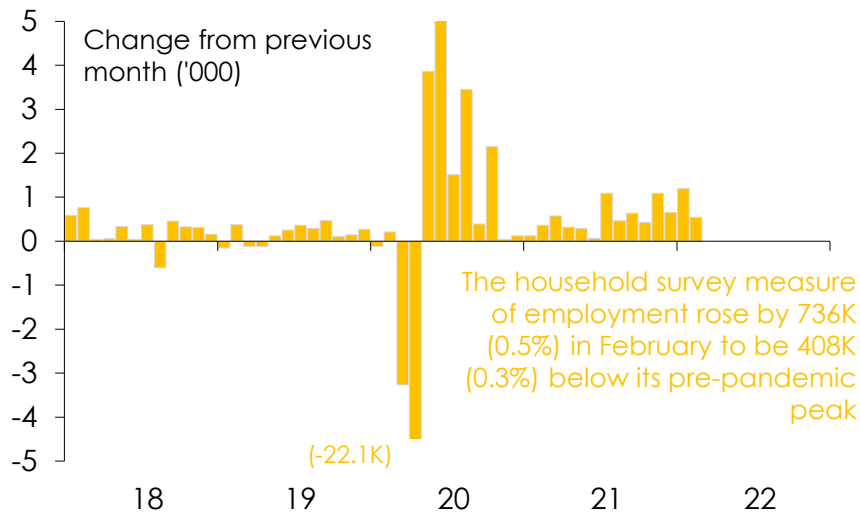
## Hours worked (private sector)



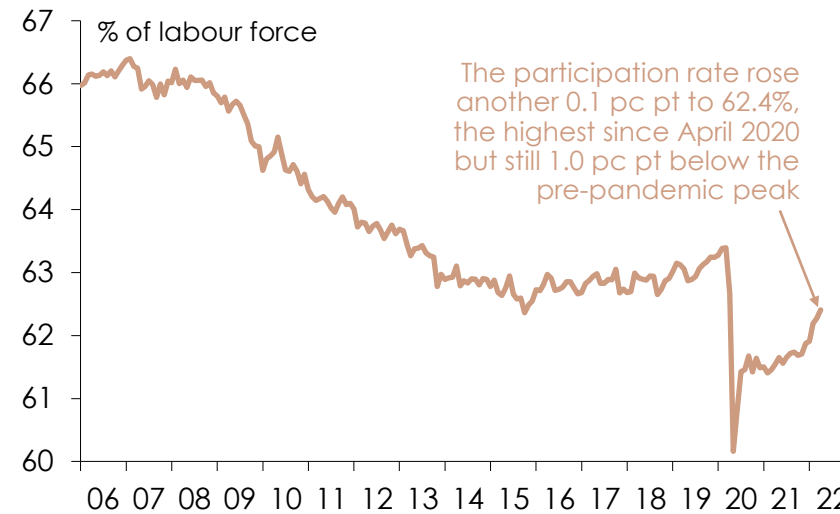
## Unemployment benefit initial claims



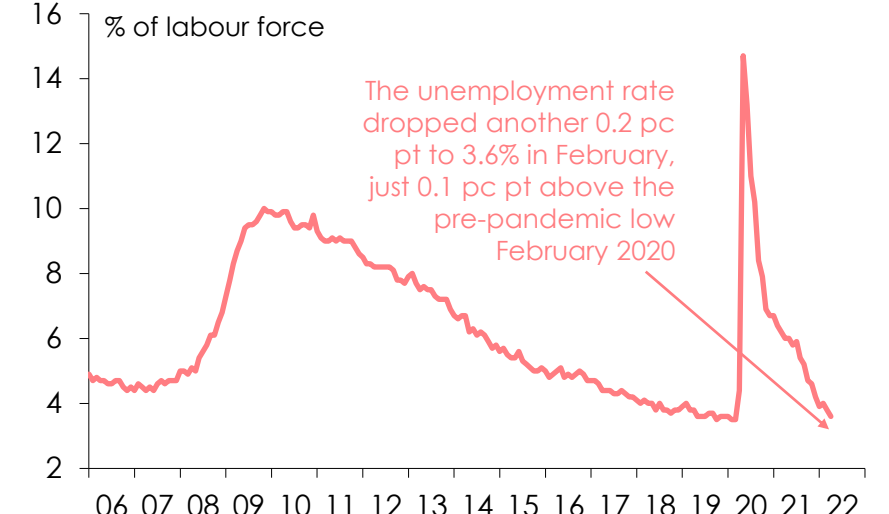
## Household survey employment



## Labour force participation rate



## Unemployment rate

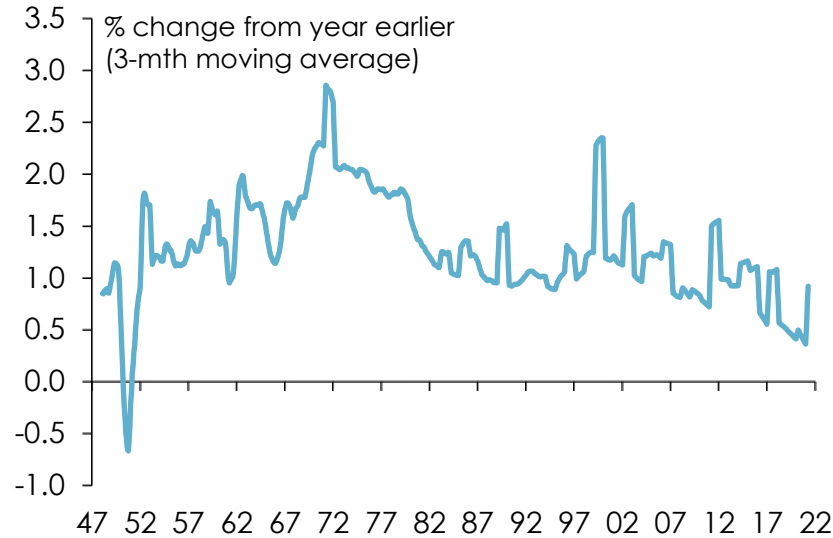


Sources: US Bureau of Labor Statistics, [Employment Situation](#); US Department of Labor, [Unemployment Insurance Weekly Claims](#). [Return to "What's New"](#).

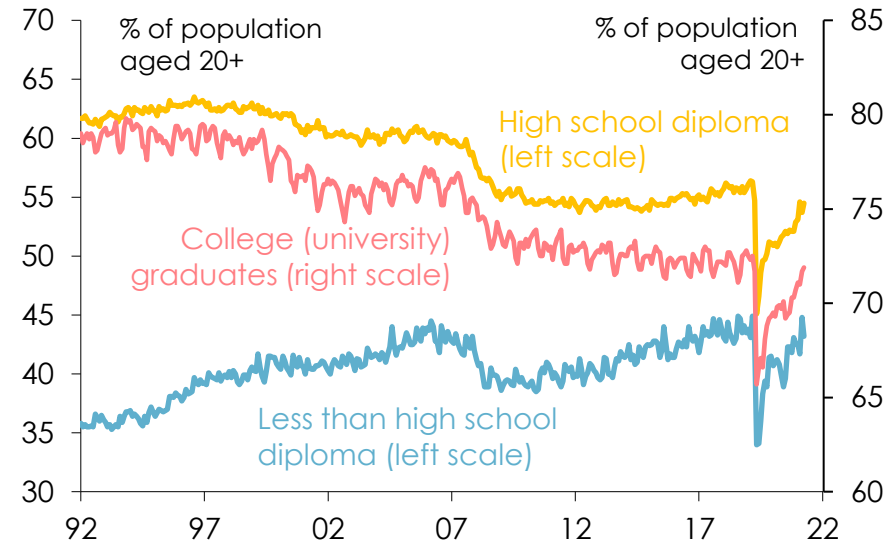
# US labour market tightness owes a lot to restrictions on immigration, and to barriers to the return to the labour market of specific groups

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

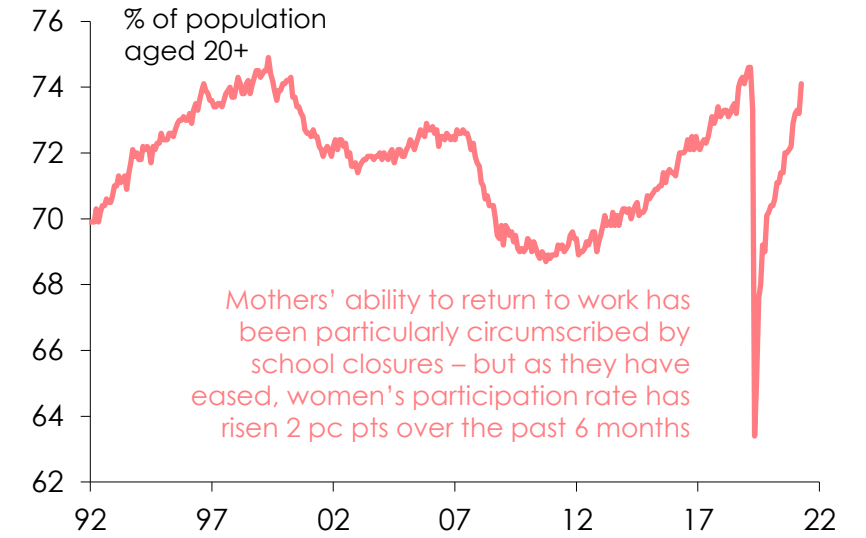
## Civilian working age population



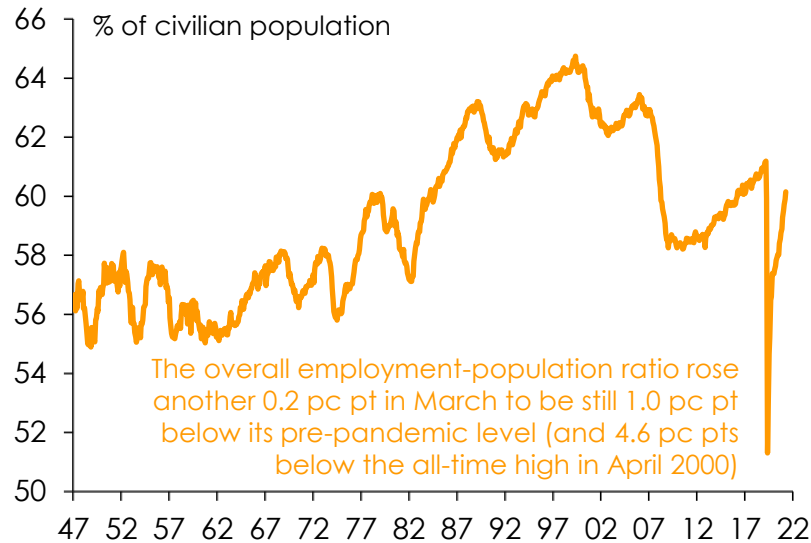
## 'E-pop' ratio – by education



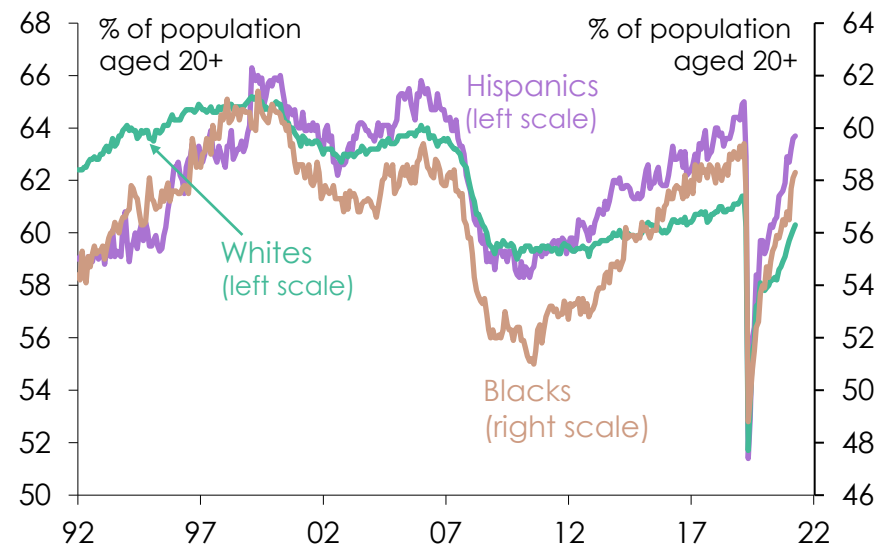
## 'E-pop' ratio – women 25-54



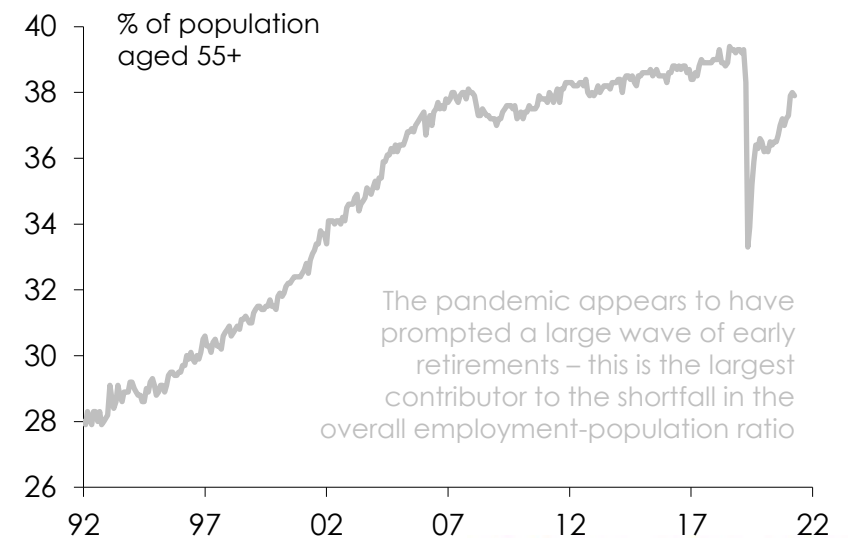
## Employment-to-population ratio



## 'E-Pop' ratio – Blacks & Hispanics



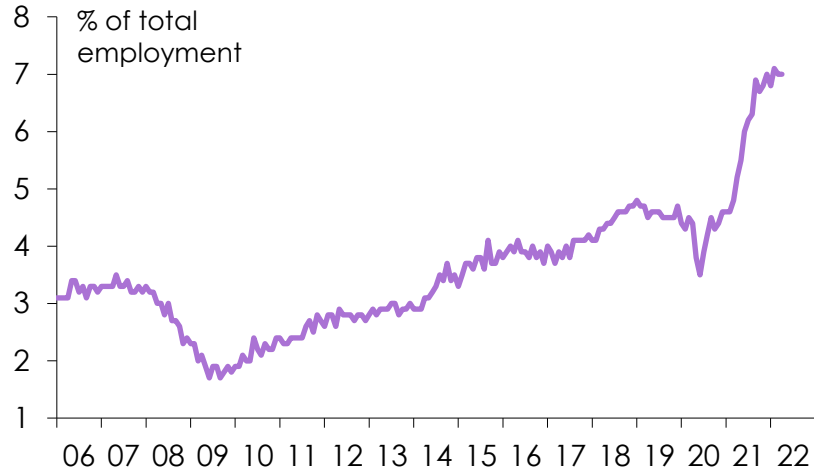
## 'E-pop' ratio – people 55 & over



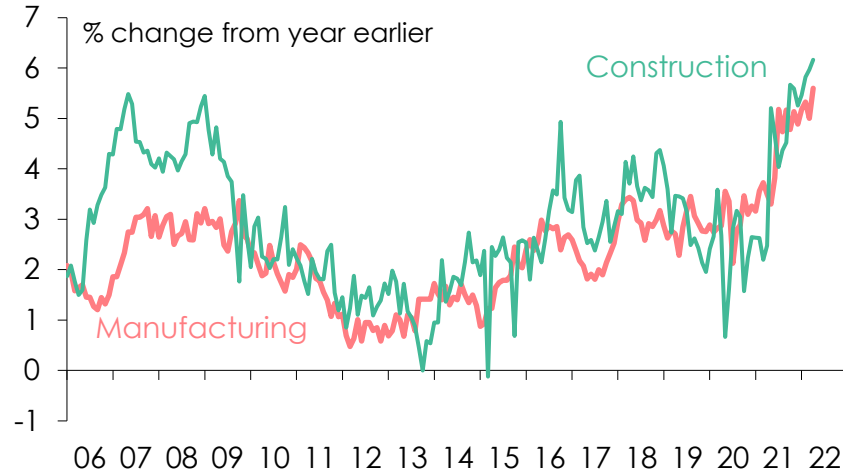
# The wages component of the employment cost index (the best measure of US wages growth) rose by 5.0% over the year to Q1

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

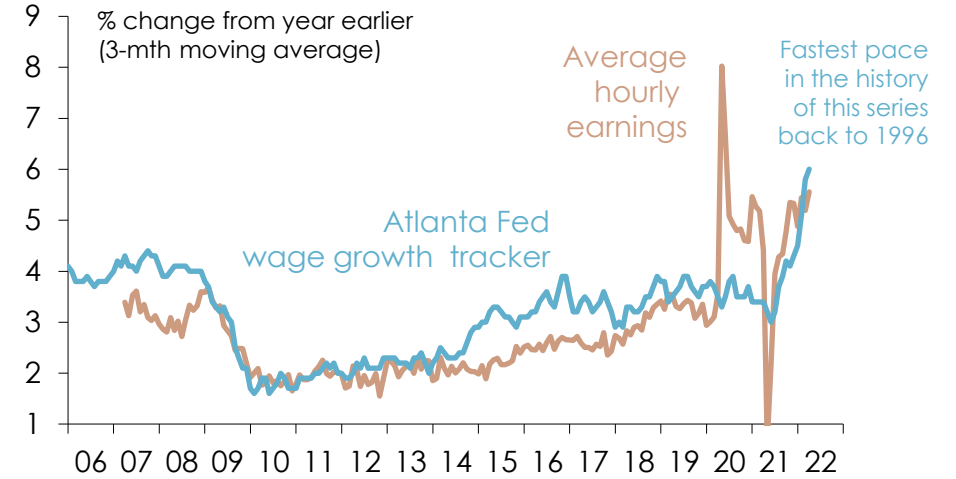
## Job openings



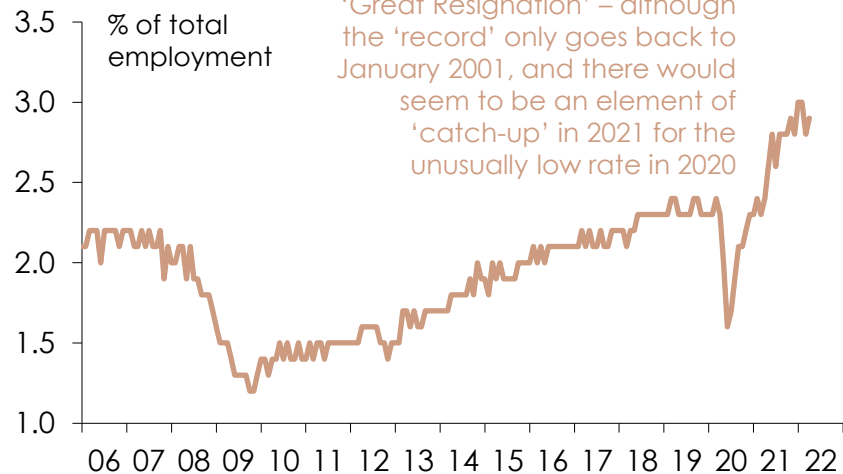
## Average hourly earnings



## Overall wages growth - monthly

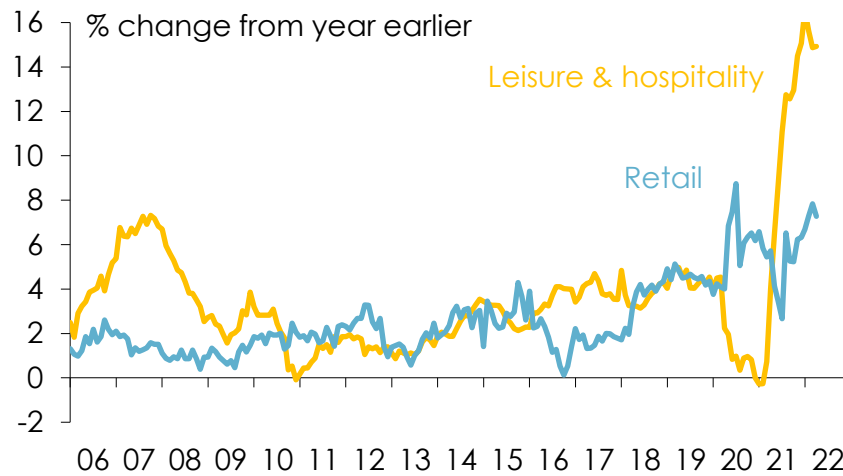


## Quit rate

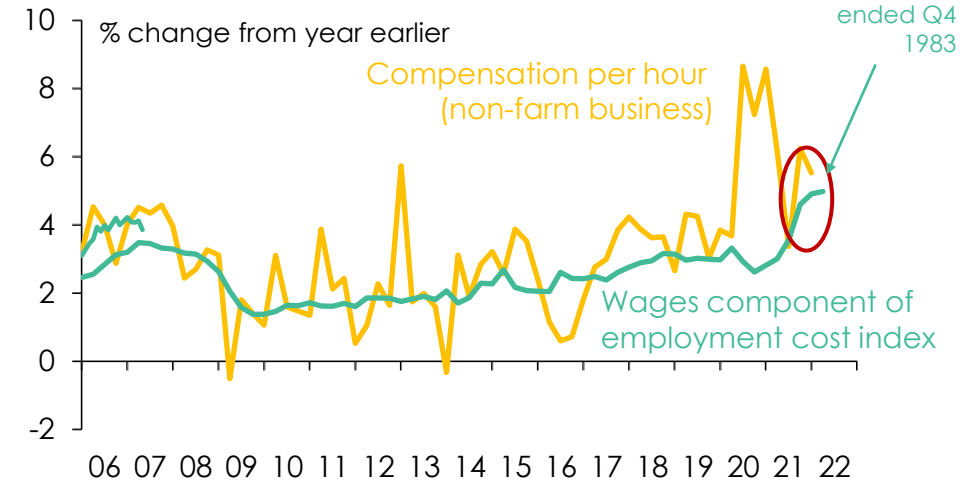


The record high 'quit rate' is the main evidence for the so-called 'Great Resignation' – although the 'record' only goes back to January 2001, and there would seem to be an element of 'catch-up' in 2021 for the unusually low rate in 2020

## Average hourly earnings



## Wages growth - quarterly

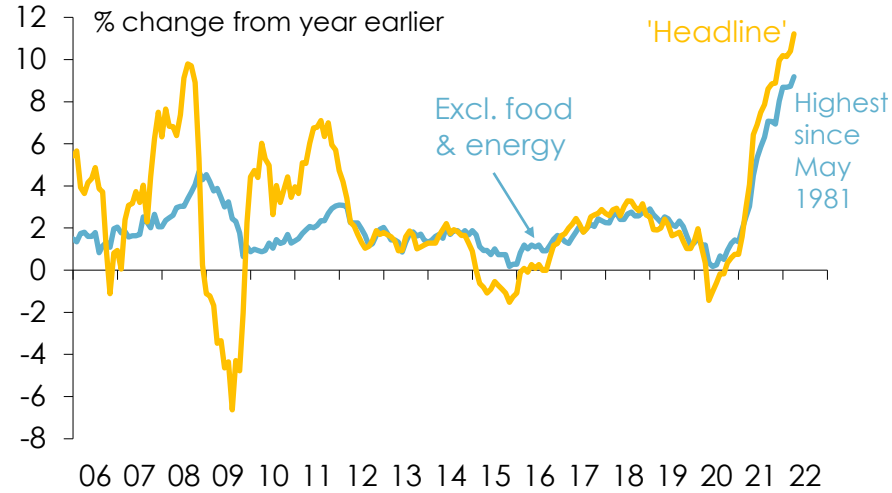


Note: Measures of average hourly earnings (especially the all-industries measures) and of average compensation per hour are affected by changes in the composition of employment (so for example they rose sharply in Q2 2020 when large numbers of low-paid workers were laid off and fell markedly when they returned to work) whereas the Atlanta Fed 'wage growth tracker' (which uses micro-data from the BLS survey to track the wage growth of individuals) and the wages component of the ECI (which is very similar to the ABS' Wage Price Index) are not. Sources: US Bureau of Labor Statistics, [Job Openings and Labor Turnover Survey](#), [Current Employment Statistics](#), [Employment Cost Trends](#) and [Labor Productivity and Costs](#); Federal Reserve Bank of Atlanta Center for Human Capital Studies, [Wage Growth Tracker](#). [Return to "What's New"](#).

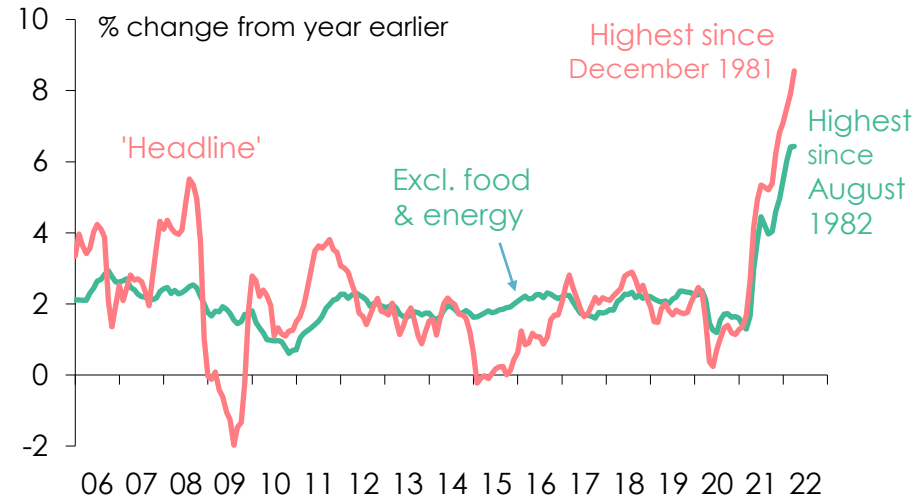
# The US PCE deflator rose 6.6% over the year to March – but the ‘core’ measure slipped slightly to 5.2% (from 5.3% in February)

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

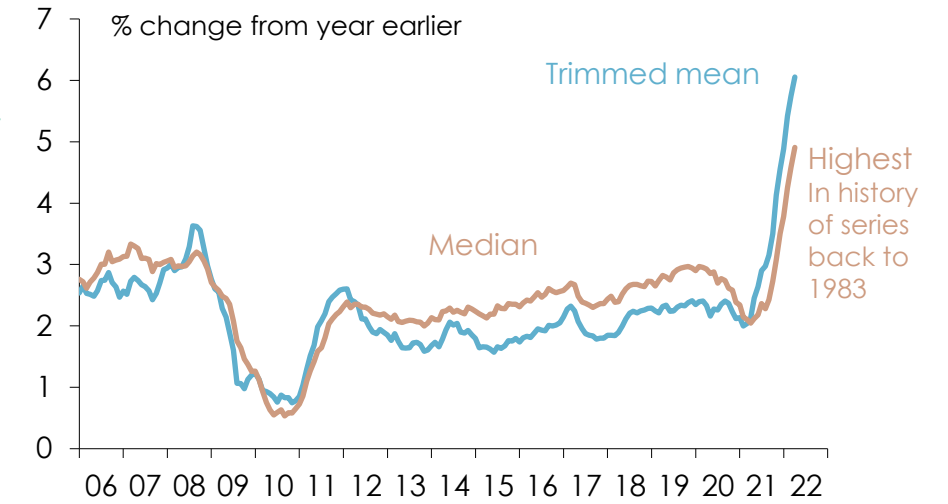
## Producer price index



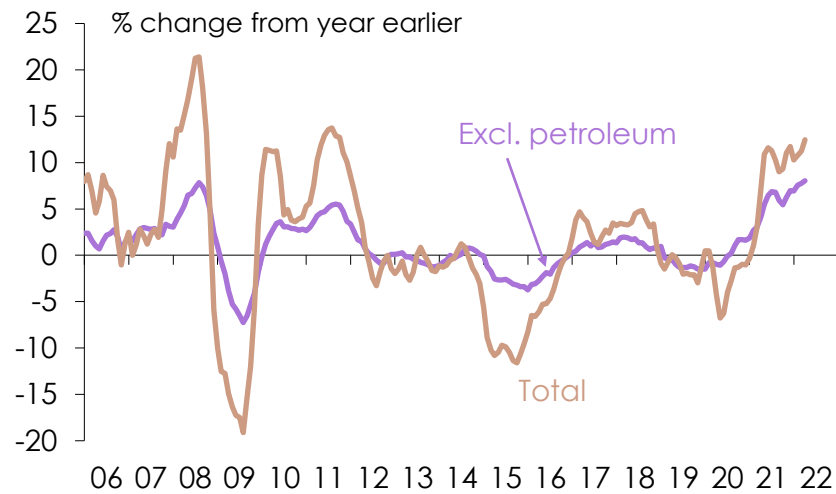
## Consumer price index



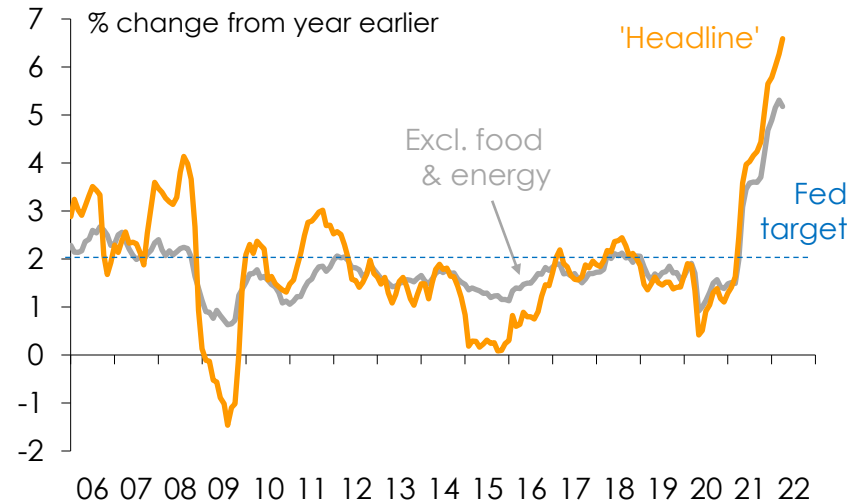
## 'Underlying' CPI inflation



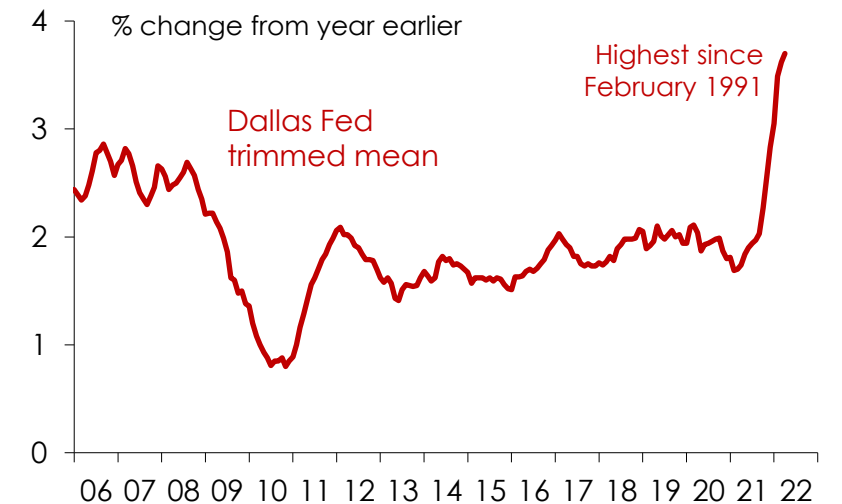
## Import price index



## Personal consumption deflator



## 'Underlying' PCE deflator inflation

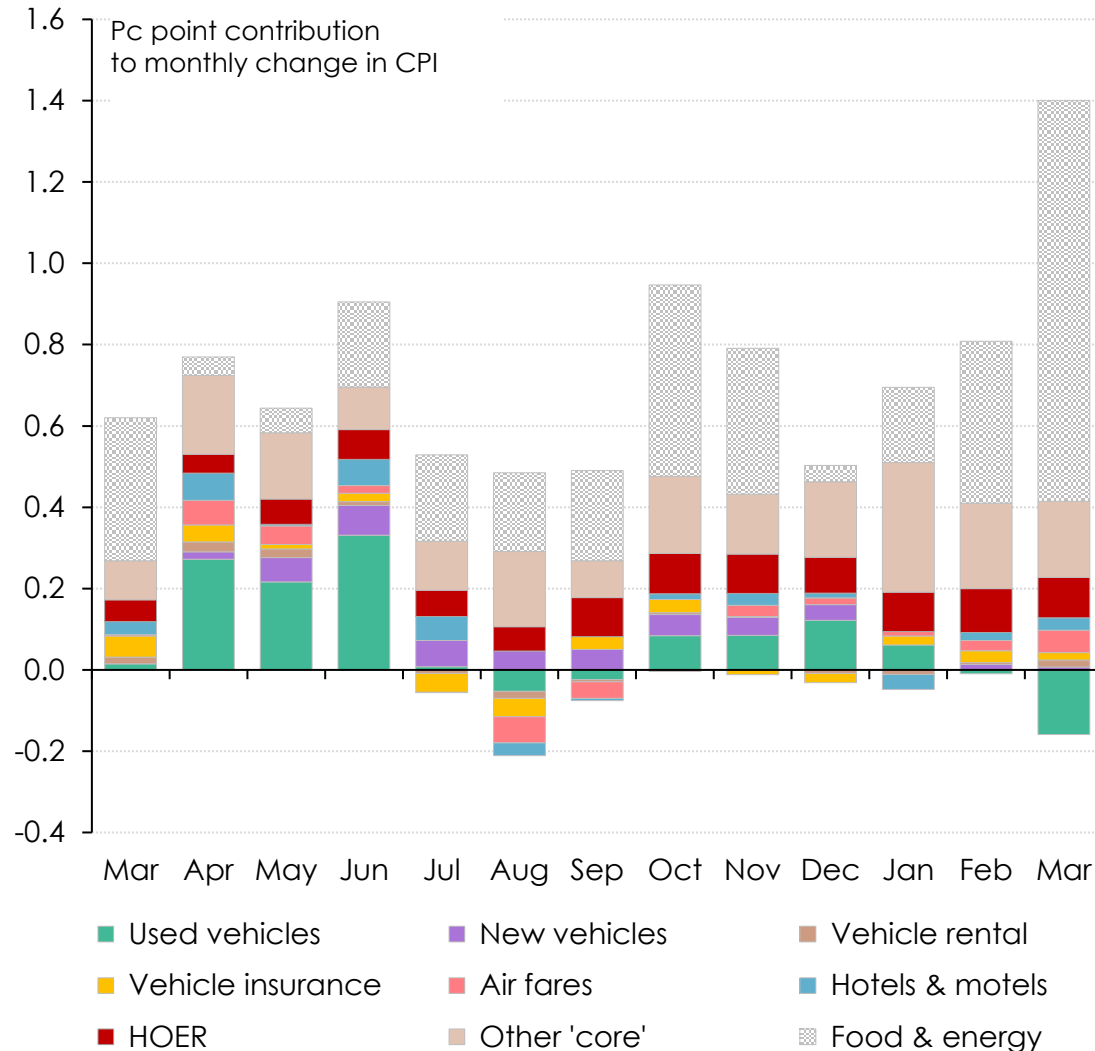


Sources: US Bureau of Labor Statistics, [Producer Price Index](#), [Import and Export Price Indexes](#) and [Consumer Price Index](#); US Bureau of Economic Analysis, [Personal Consumption Expenditures Price Index](#); Federal Reserve Bank of Cleveland, [Median CPI](#); Federal Reserve Bank of Dallas, [Trimmed Mean PCE Inflation Rate](#). [Return to "What's New"](#).

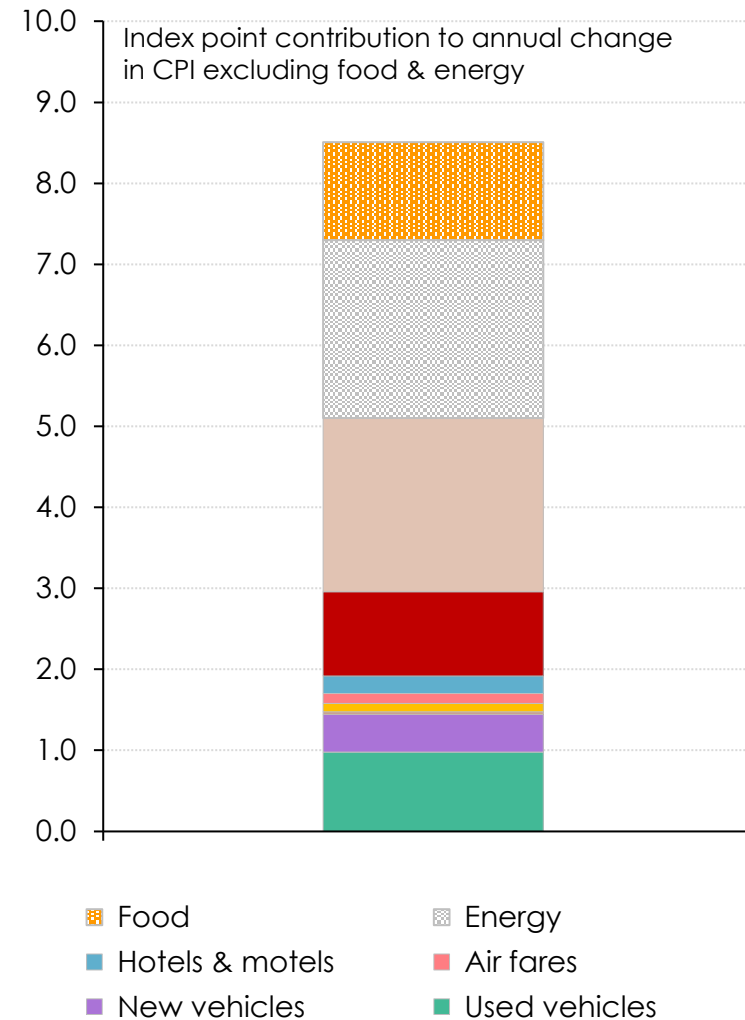
# Food & energy have been the largest contributors to the CPI increases in February and especially March – ‘core’ CPI increases have been smaller

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

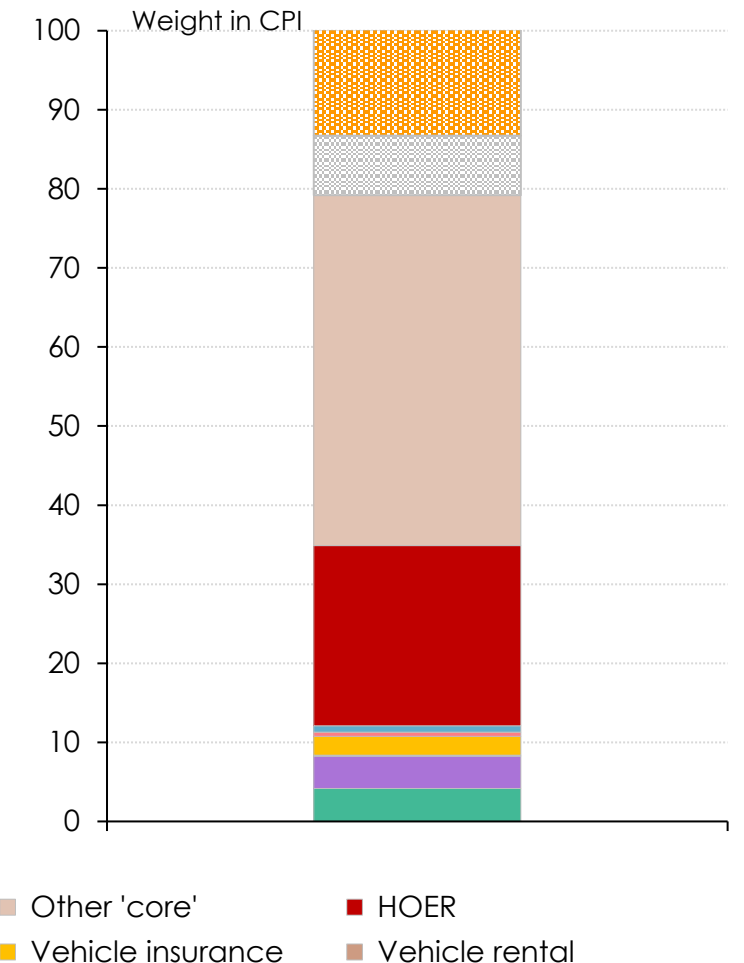
## Contributions to monthly changes in the US CPI



## Contributions to change in CPI over the year to March



## Weights in CPI

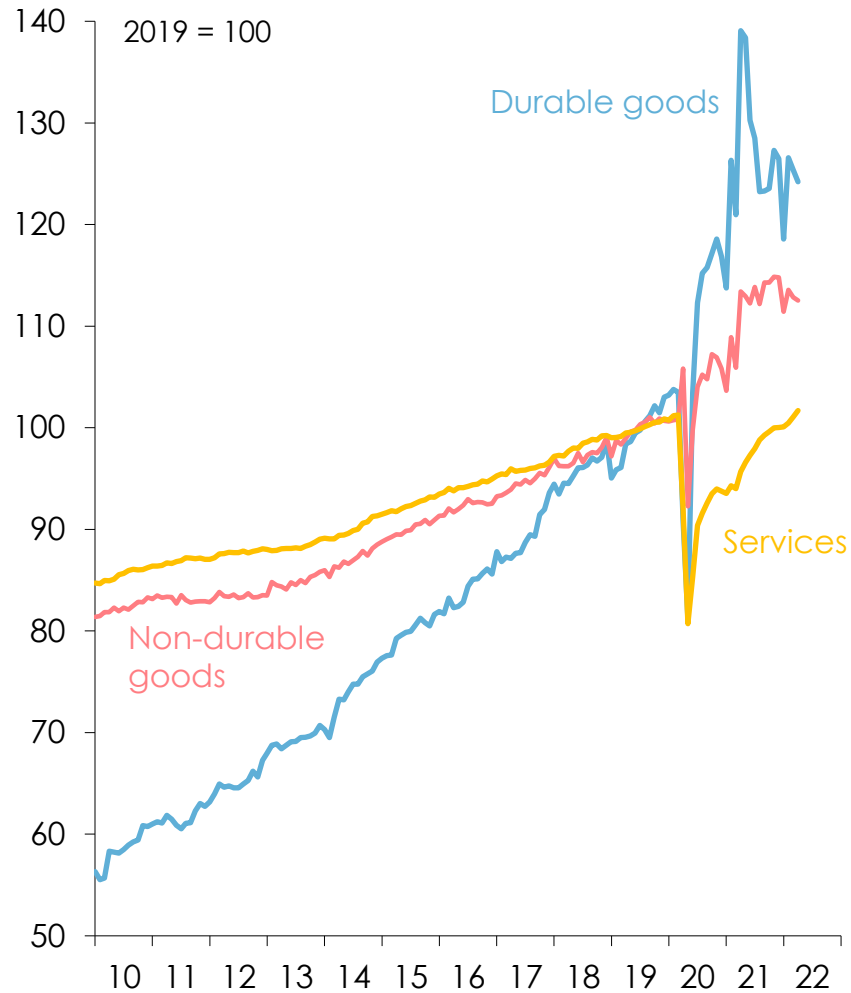


Note: 'HOER' = home-owners' equivalent rent (a measure of the 'imputed rent' notionally paid by owner-occupiers to themselves), and which accounts for (an uncommonly large, by international standards) 28½% of the CPI excluding food and energy. Source: US Bureau of Labor Statistics, CPI Table 6; Corinna. [Return to "What's New"](#).

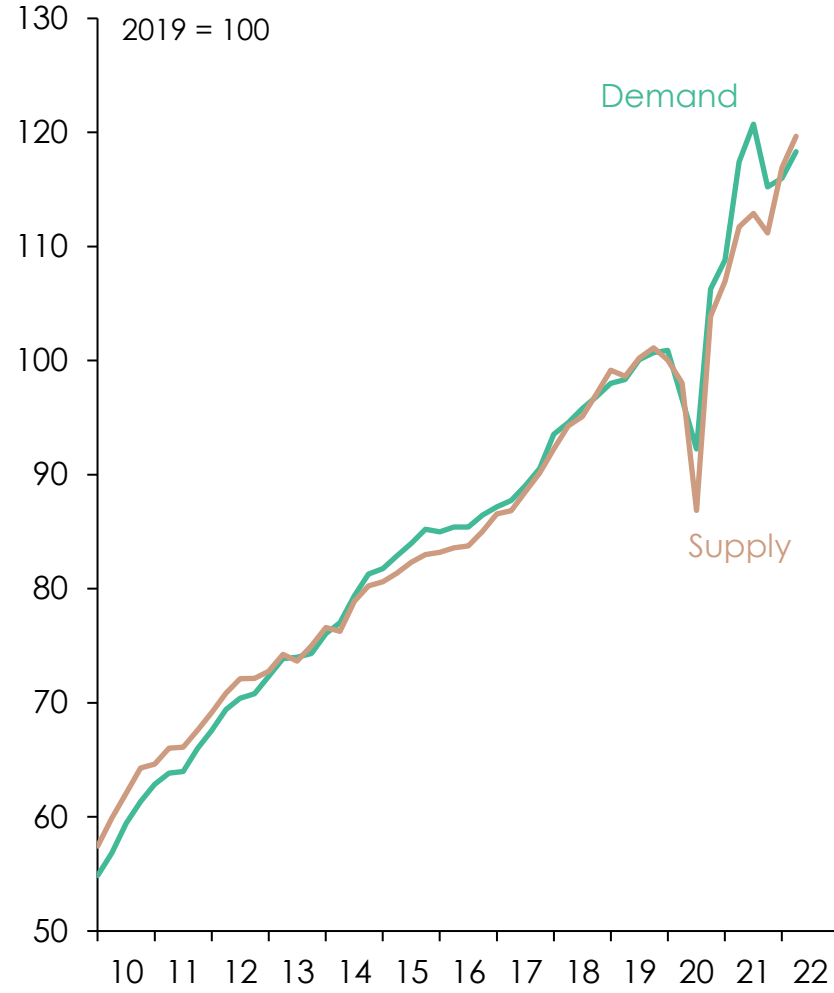
# The rise in inflation has until recently been largely attributable to the imbalance between supply and demand for durable goods

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

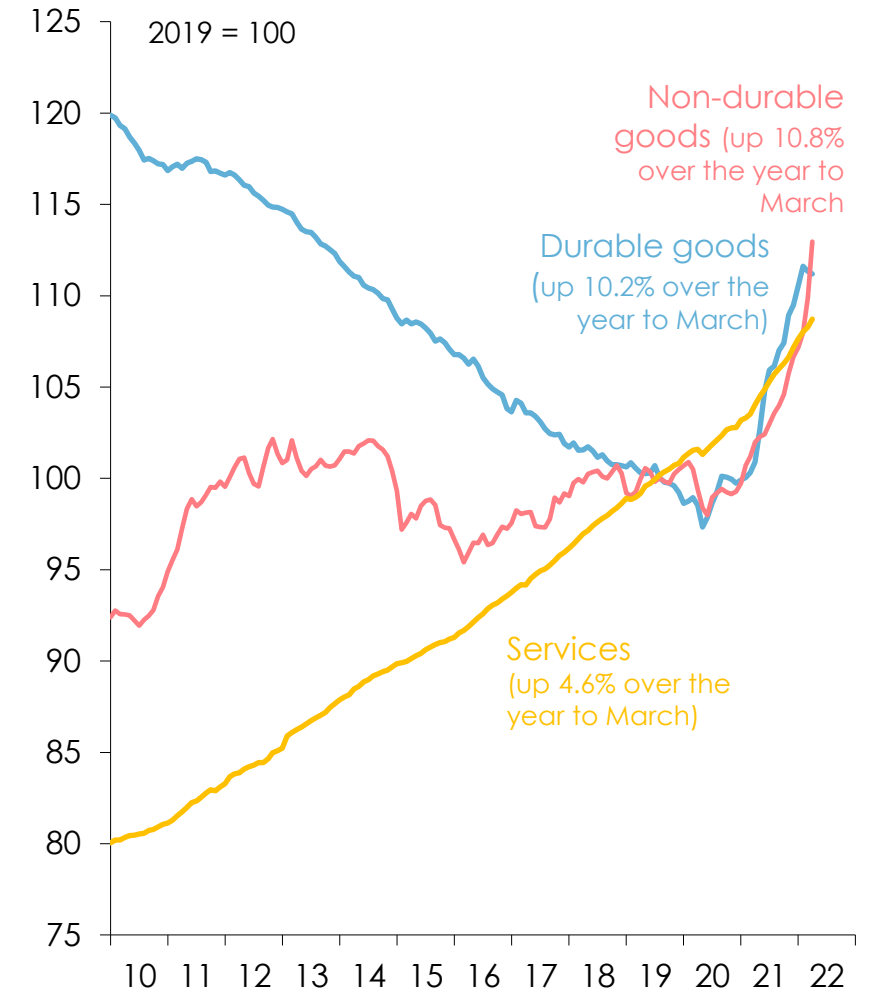
## Composition of personal consumption expenditures



## Aggregate demand for and supply of durable goods



## Implicit price deflators of personal consumption

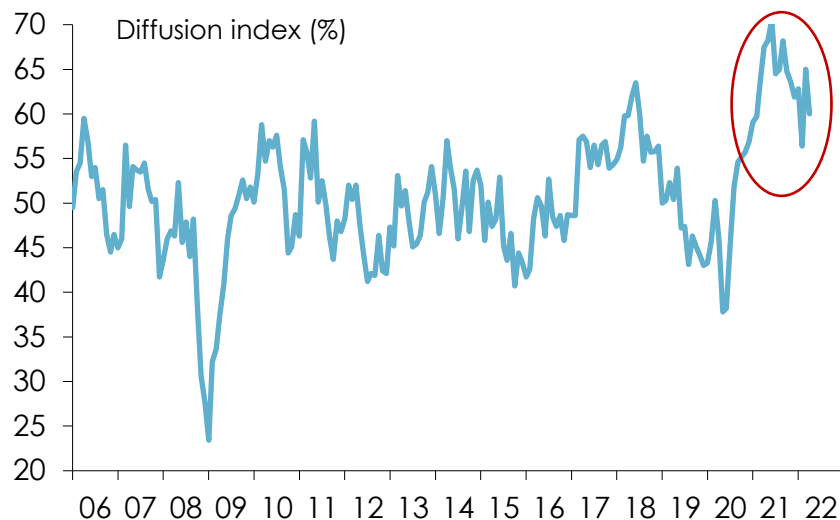


Note: 'Aggregate demand' for durable goods comprises personal consumption of durable goods plus business investment in equipment. 'Aggregate supply' of durable goods comprises gross domestic product (final sales plus change in inventories) plus net imports of durable goods. Sources: US Bureau of Economic Analysis, [National Income and Product Accounts](#), Tables 2.8.3-5, 1.1.6, 1.2.6 and 4.2.6. [Return to "What's New"](#).

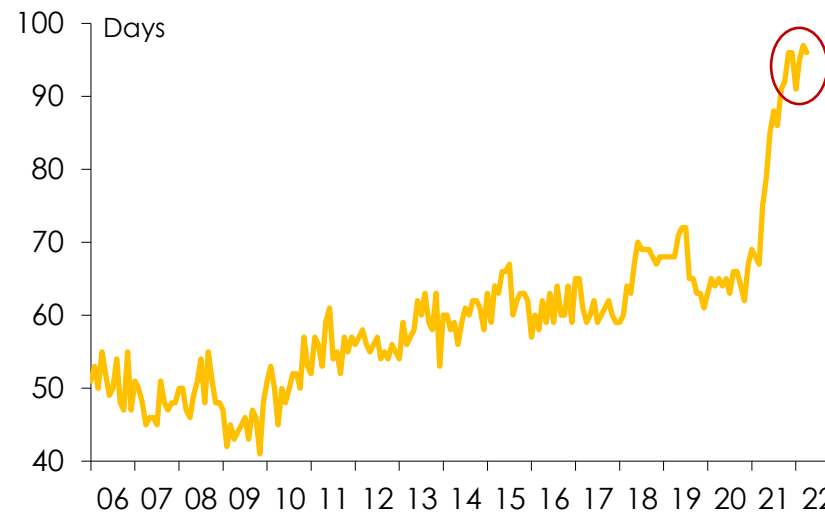
# Supply-chain difficulties have intensified again this year, after seeming to have peaked during the second half of last year

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

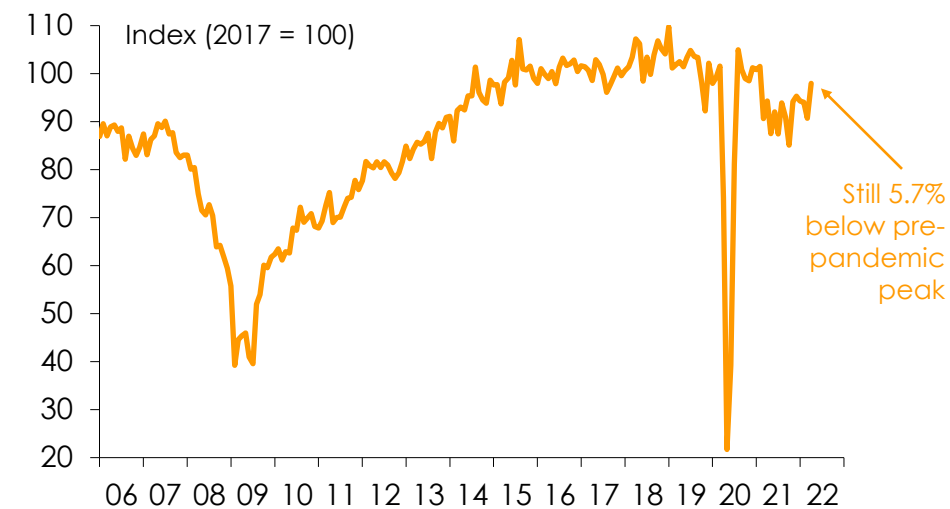
## Manufacturers' order backlogs



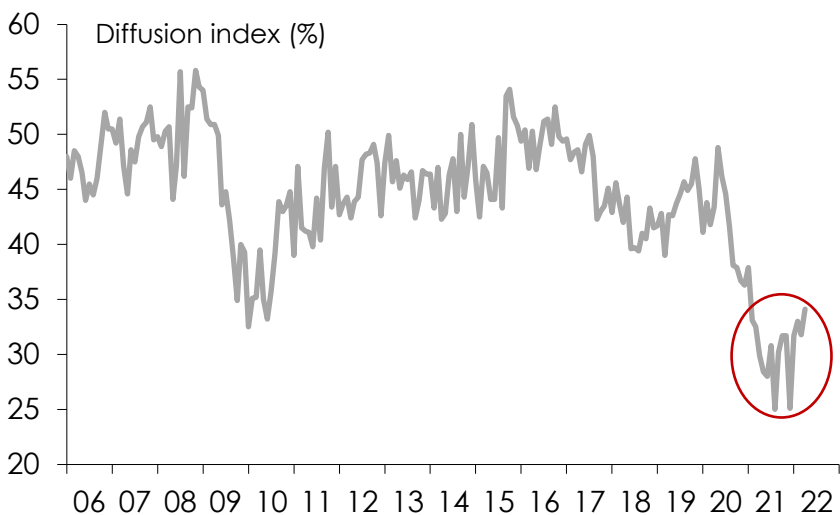
## Lead-time for production materials



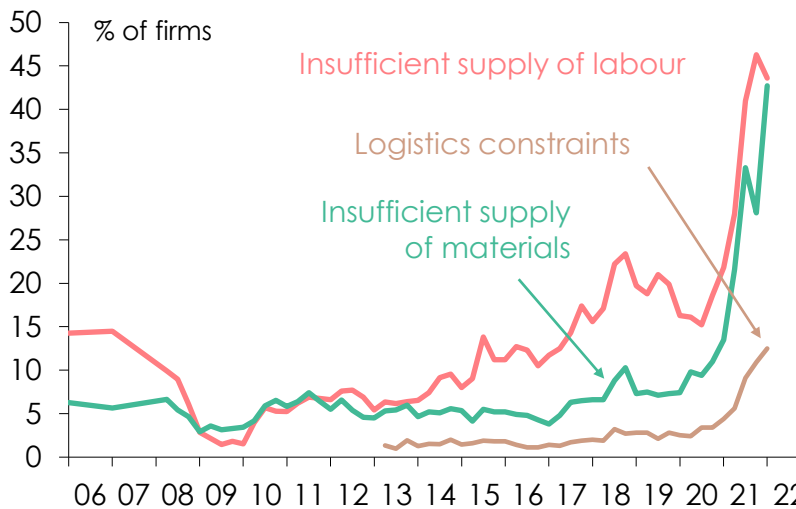
## Motor vehicles & parts production



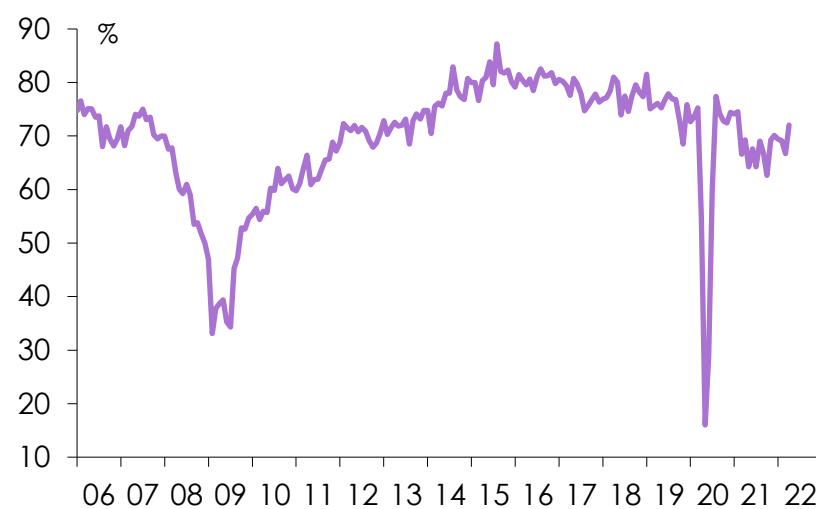
## Manufacturers' customer inventories



## Reasons for < full capacity



## Auto industry capacity utilization

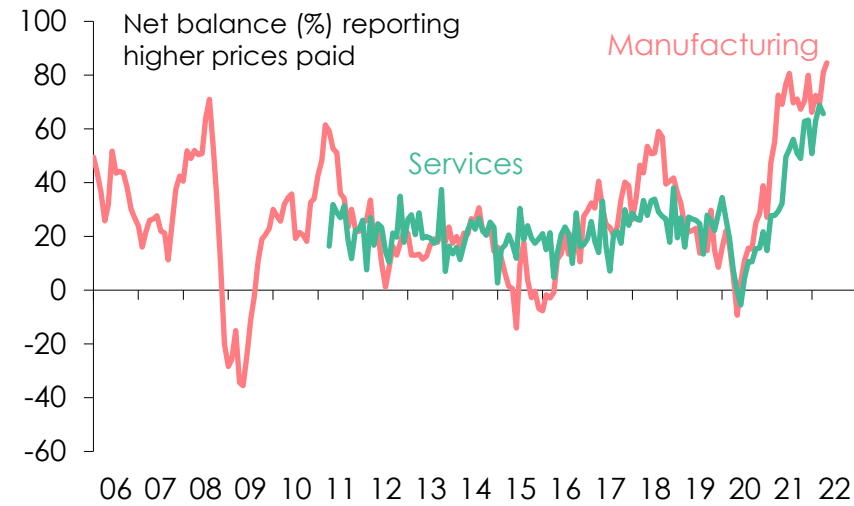


Note: The diffusion index of order backlogs is 50 plus the percentage of respondents reporting longer backlogs minus the percentage reporting shorter backlogs (and similarly for customer inventories). 'Reasons for < full capacity' means reasons for operating at less than full capacity. Sources: Institute for Supply Management, [Report on Business](#); US Census Bureau, [Quarterly Survey of Plant Capacity Utilization](#); Board of Governors of the Federal Reserve System, [Industrial Production and Capacity Utilization - G17](#). [Return to "What's New"](#).

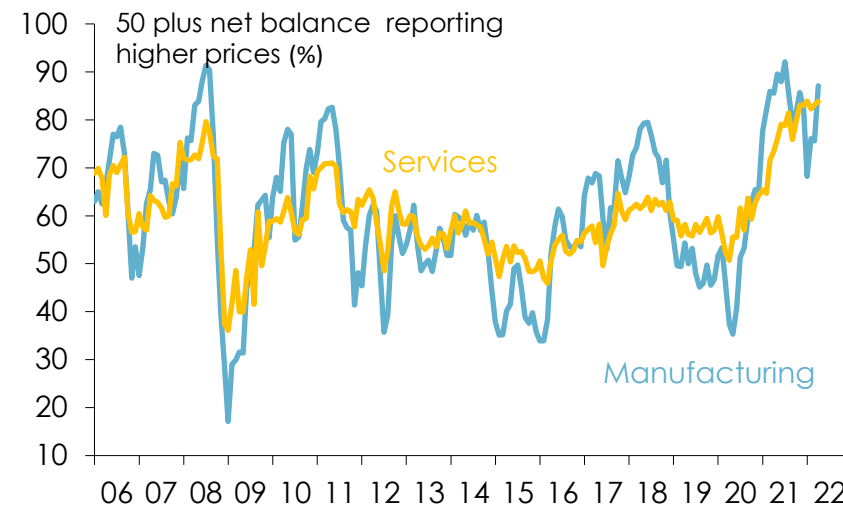
# Longer-term household inflation expectations have remained remarkably stable over the past few months despite the sharp rise in actual inflation

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

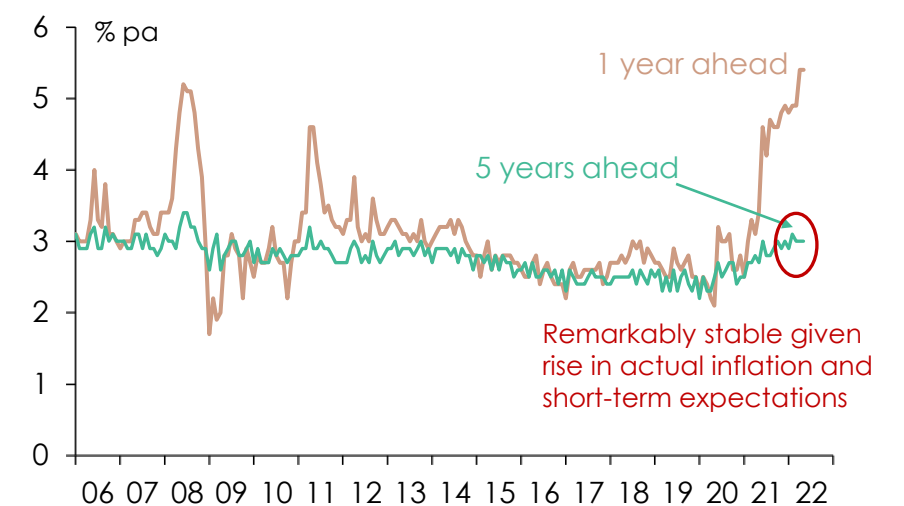
## 'Philly Fed' survey – prices paid



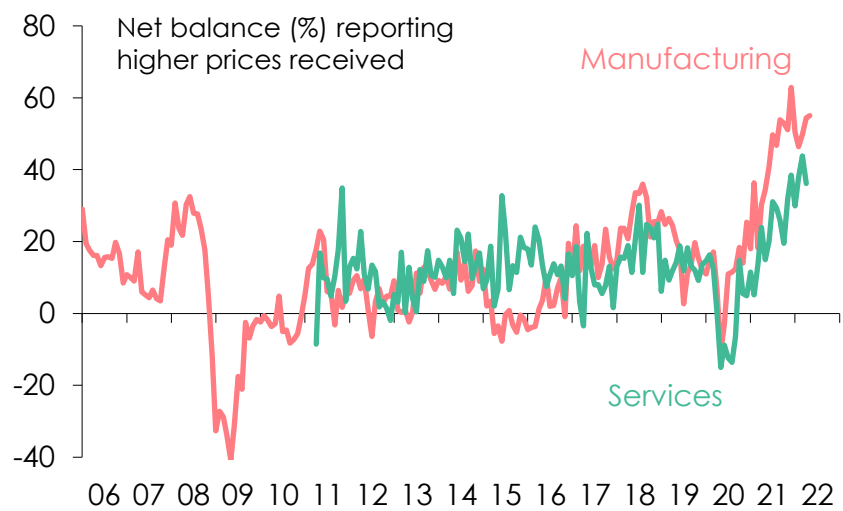
## ISM survey – prices paid



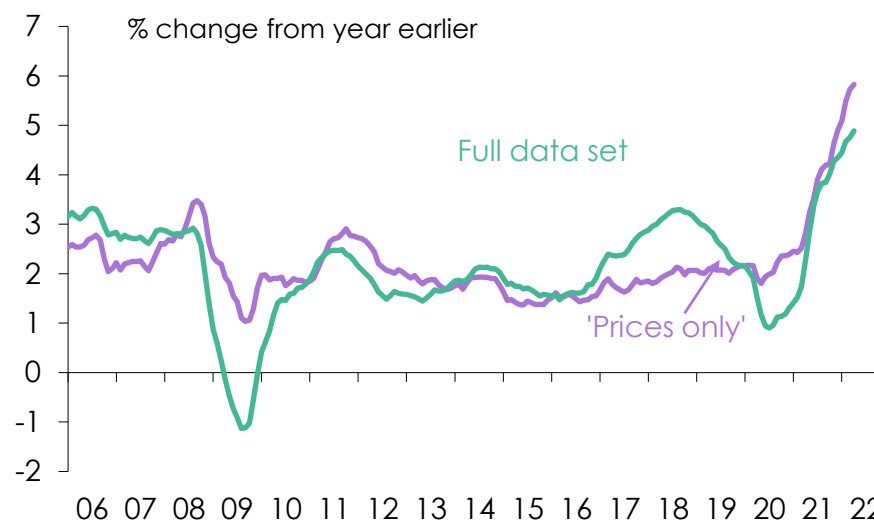
## Household inflation expectations



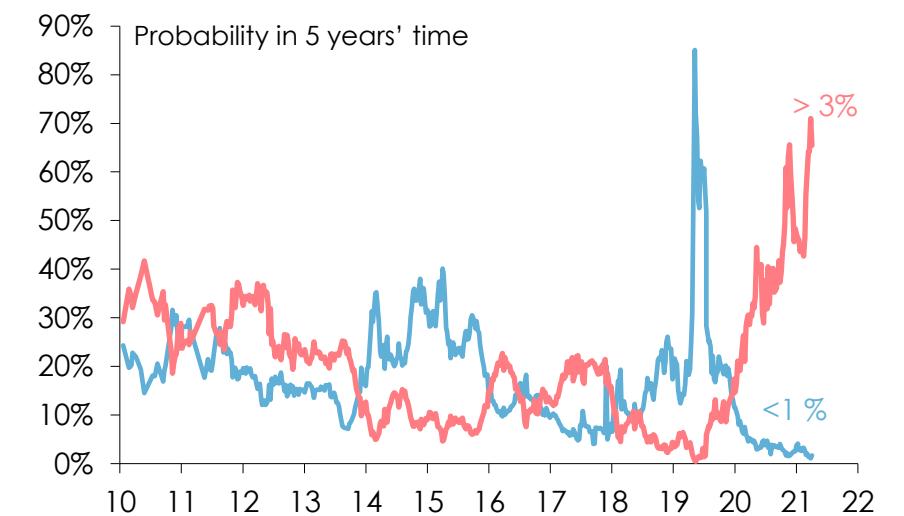
## 'Philly Fed' survey – prices received



## NY Fed 'underlying inflation gauge'



## Market-priced inflation probabilities



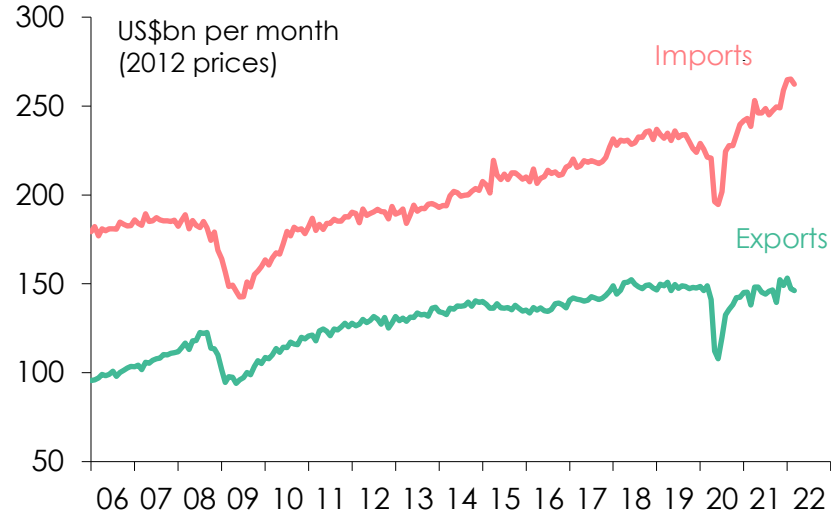
Sources: Federal Reserve Bank of Philadelphia, [Regional Economic Analysis](#), Manufacturing and Non-Manufacturing Business Outlook Surveys ; Institute for Supply Management, [ISM Report on Business](#); Federal Reserve Bank of New York, [Underlying Inflation Gauge](#); Federal Reserve Bank of Minneapolis, [Current and Historical Market-Based Probabilities](#).  
['Return to "What's New"'](#).



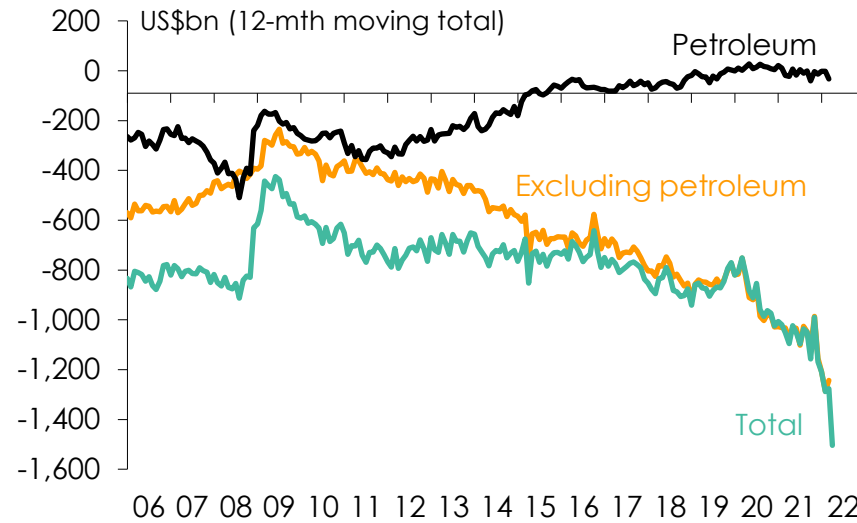
# The US goods trade deficit blew out by US\$19bn in March to \$125bn, a new record, with an 11.5% rise in imports swamping a 7.2% increase in exports

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

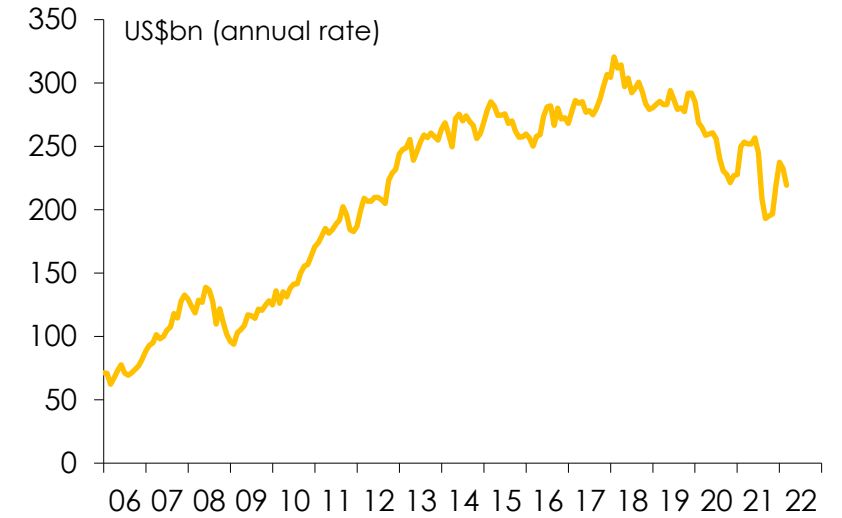
## US merchandise trade volumes



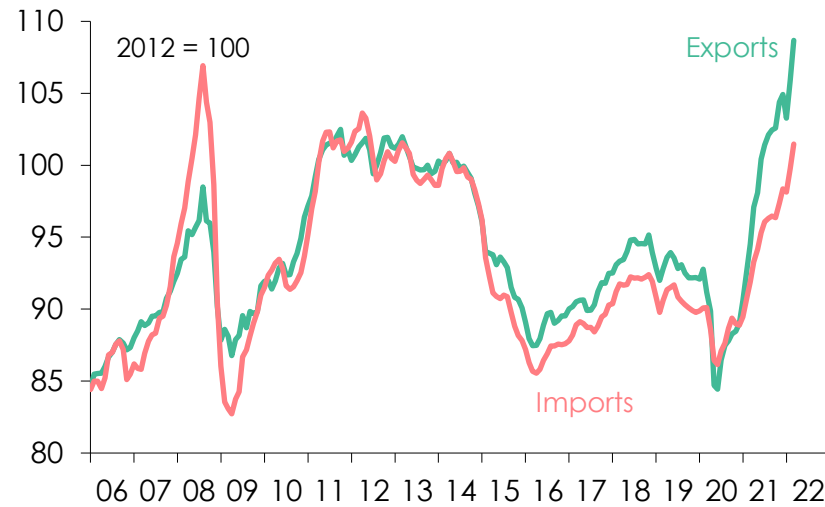
## US goods trade balance



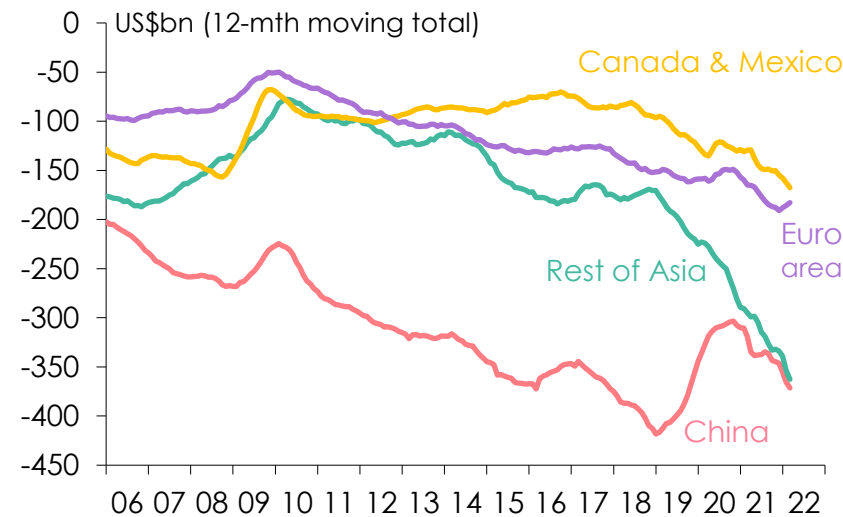
## US services trade balance



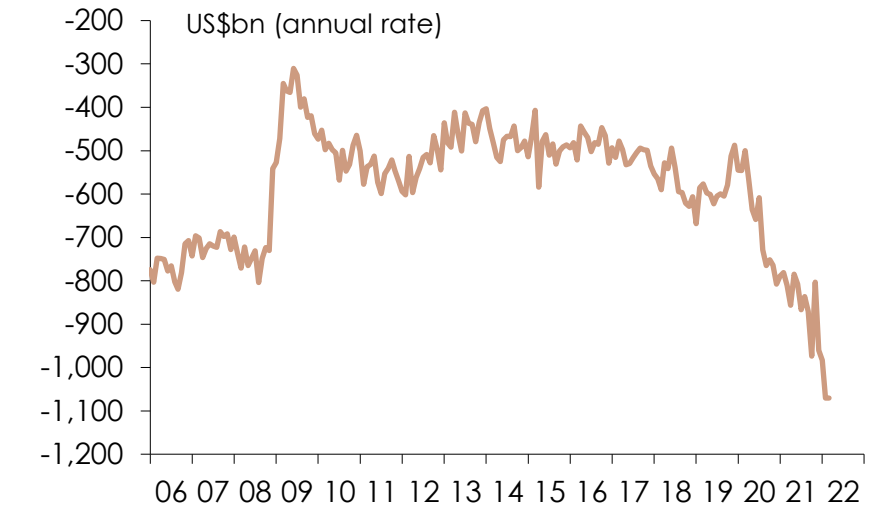
## US merchandise trade prices



## US bilateral goods trade balances



## US goods & services trade balance

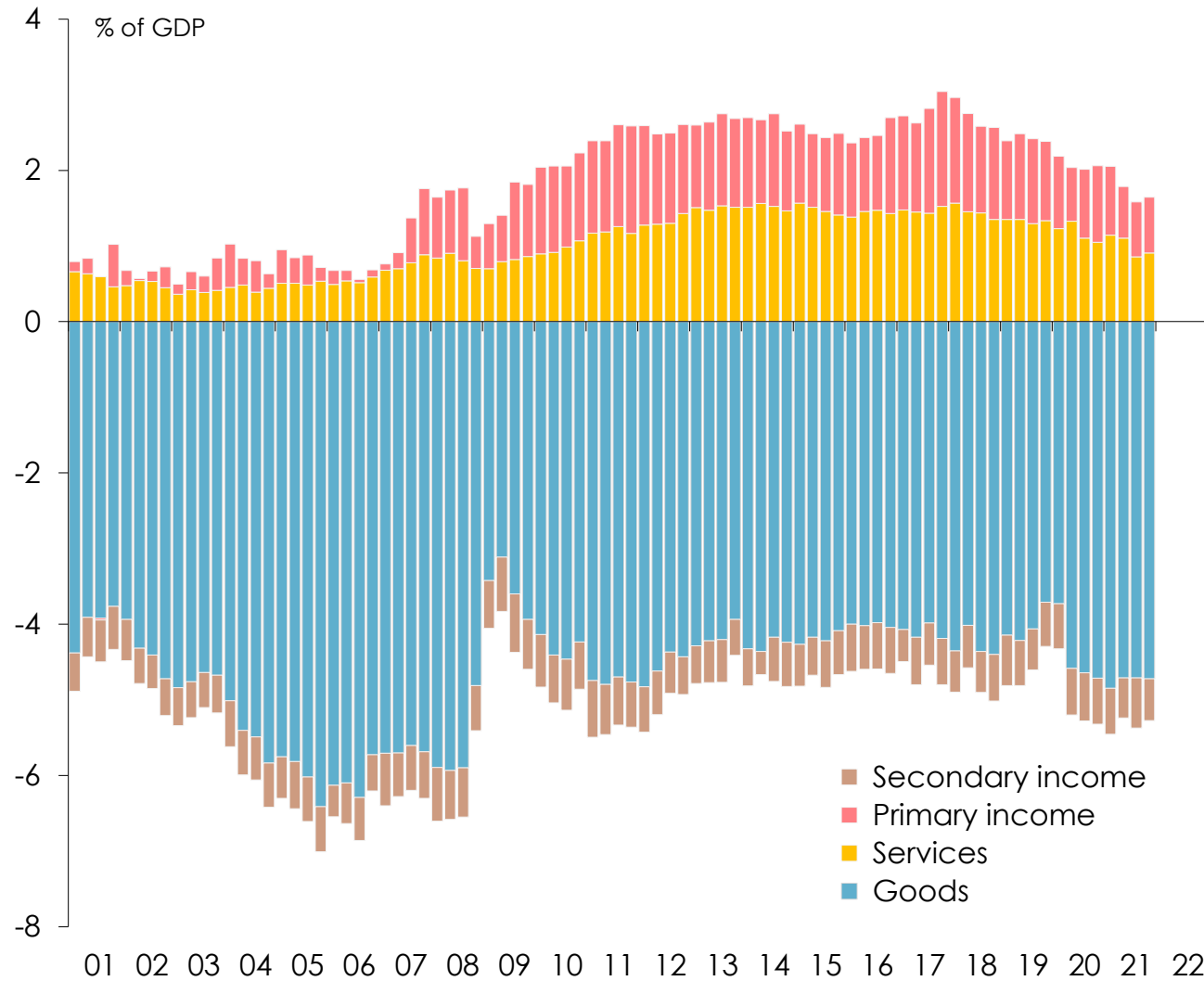


Source: US Census Bureau, [Foreign Trade](#); and US Bureau of Economic Analysis, [Advance Economic Indicators](#), and [U.S. International Trade in Goods and Services](#).  
[Return to "What's New"](#).

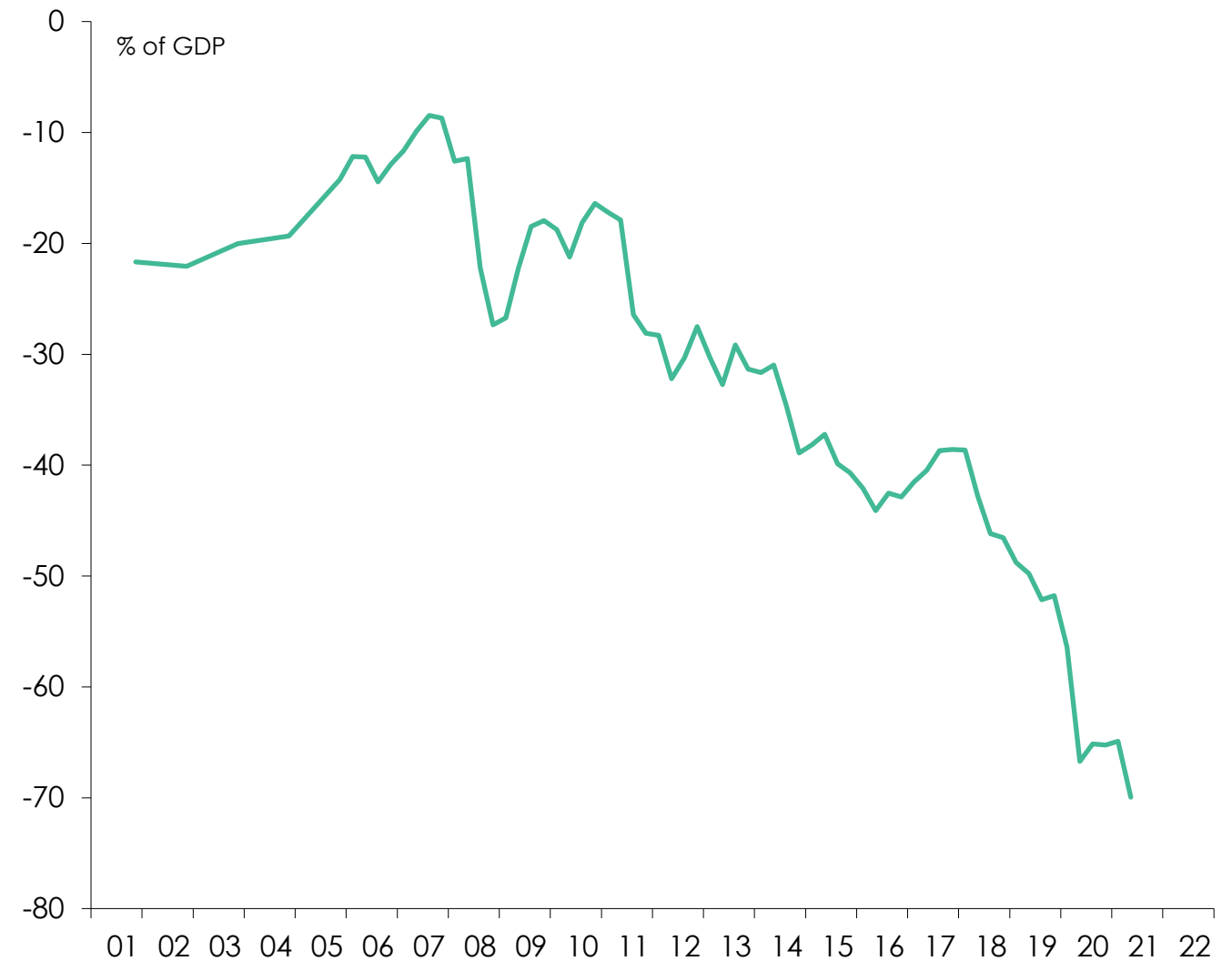
# The US current account deficit narrowed slightly in Q4 2021, thanks to larger surpluses on trade in services and on investment income

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## US current account balance



## US net international investment position

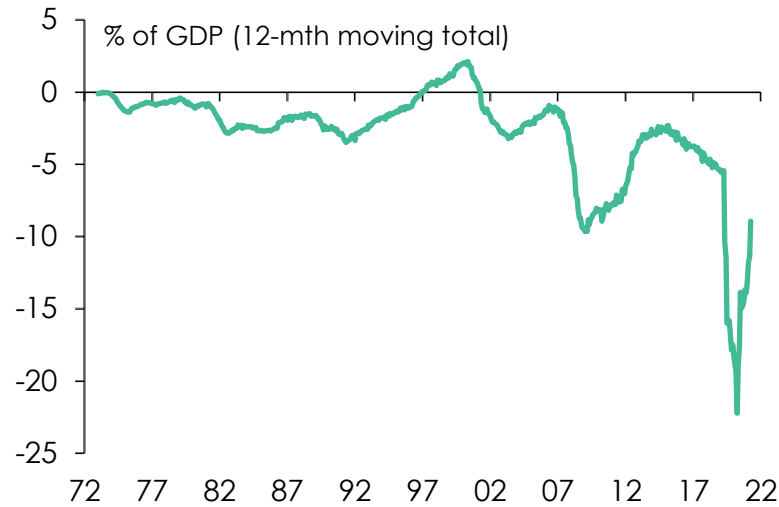


Note: 'Primary income' transactions are those involving investment income or compensation of employees. The US typically runs a surplus on investment income despite having a negative net international investment position since 1989, because US investors are able to derive much higher returns from their overseas assets than foreign investors derive from their investments in the US. 'Secondary income' transactions are current transfers between US residents and non-residents (including foreign aid, pensions, gifts, and insurance payments). Source: US [Bureau of Economic Analysis](#). [Return to "What's New"](#).

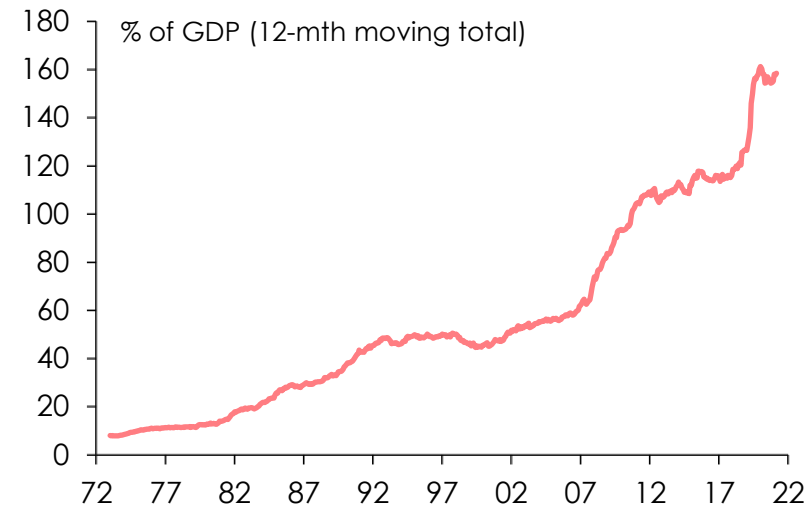
# The US budget deficit is now starting to shrink rapidly (though it's still very large) as revenues rebound and outlays fall

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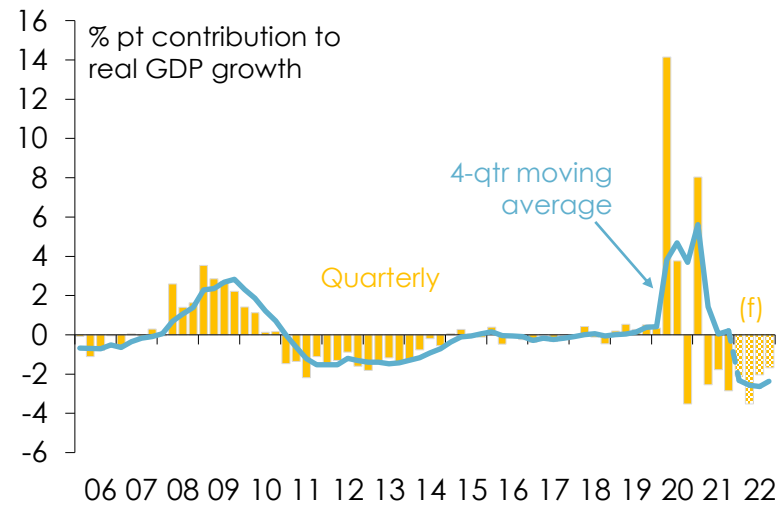
## US Federal budget deficit



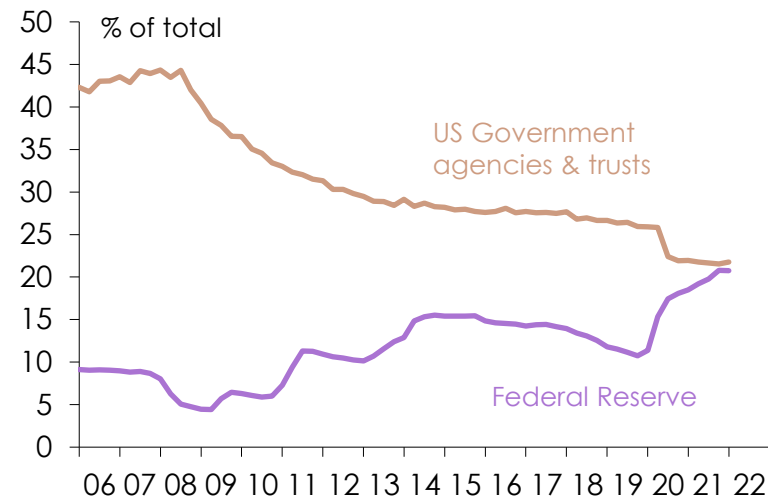
## US gross Federal debt



## Fiscal policy impact on GDP



## Holdings of US Federal debt



- ❑ The US Federal Government incurred a budget deficit of US\$192.7bn in March – less than one third of the \$659.6bn deficit it recorded in March last year
- ❑ For the 12 months ended March the budget deficit totalled \$1.7 trn (8.9% of GDP), the smallest 12-month total since March 2020, and down from a peak of \$4.1 trn (22.2% of GDP) in the 12 months ended June 2021
- ❑ The Biden Administration's [Budget](#) for FY23 (which begins on 1<sup>st</sup> October) envisages the deficit falling from \$1.4trn or 5.8% of GDP in FY22 (cf. 15% of GDP in FY20 and 12.4% of GDP in FY21) to \$1.2trn or 4.5% of GDP in FY23, and remaining at 4.5%-4.8% of GDP through FY27 – although of course what eventually gets through Congress is likely to look very different
- ❑ The Fed holds almost 21% of the total stock of outstanding US Government debt (up from 11% in Q4 2019), while the share held by agencies and trusts (such as the Social Security Trust Fund) has fallen to just under 22% (from 26%) and the share held by foreign investors has fallen to 26% from a peak of 34% in 2014 and 2015

Note: The measure of US gross federal debt is at market value. Sources: US Treasury Department Bureau of the Fiscal Service, [Monthly Treasury Statement](#) and [Treasury Bulletin](#); Federal Reserve Bank of Dallas, [Market Value of US Government Debt](#); Brookings, [Hutchins Center Fiscal Impact Measure](#); Corinna. [Return to "What's New"](#).

# Fed Chair Jerome Powell and other senior Fed officials have signalled that a 50bp rate increase at next month's FOMC meeting is more likely than not

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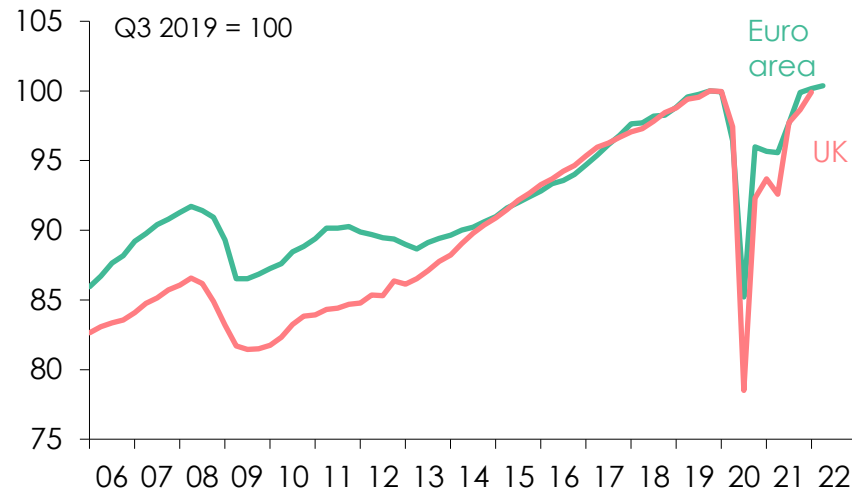
- ❑ **The Federal Reserve raised its fed funds rate target by 25 basis points, to 0.25-0.50%, at its Federal Open Market Committee meeting on 16<sup>th</sup> March**
  - in a very brief [post-meeting statement](#), the FOMC indicated that “ongoing increases in the target range will be appropriate”, and that the Fed “expects to begin” reducing its holdings of bonds and other securities “at a coming meeting”
  - the [summary of FOMC members' forecasts](#) issued after the meeting showed the median projection for the ‘appropriate policy path’ for the fed funds rate at the end of 2022 is now 1.9% (up from 0.9% previously), rising to 2.8% (previously 1.6%) at the end of 2023 and staying there through 2024 (up from 2.1% previously) – above the expected longer-run average of 2.4%
- ❑ **The [minutes](#) of that meeting provide more detail of the Fed’s plans to shrink its balance sheet**
  - “participants agreed”, the minutes record, to “a faster pace of decline in securities holdings than over the 2017-19 period”, with holdings of Treasury and agency mortgage-backed securities likely to be reduced (by not re-investing maturing principal payments) by up to \$60bn and \$35bn per month, respectively – intentionally, “a faster pace of decline in securities holdings than over the 2017-19 period” (when the Fed last sought to shrink its balance sheet)
  - they also agreed that “after balance sheet run-off was well under way”, a program of active agency MBS sales would be considered “to enable suitable progress to be made towards a longer-run portfolio comprised primarily of Treasury securities”
- ❑ **Fed Chair Jerome Powell last month [strongly hinted](#) that the Fed would raise its funds rate target by 50 basis points (the first increase of that magnitude since 2000) at its 3<sup>rd</sup>-4<sup>th</sup> May FOMC meeting**
  - speaking at the IMF-World Bank annual ‘Spring meeting’ Powell said “it is appropriate in my view to be moving a little more quickly” than the Fed has done in the recent past, and that “fifty basis points will be on the table for the May meeting”
  - Powell’s remarks follow a [similar suggestion](#) the previous week by NY Fed President (and FOMC Vice-Chair) John Williams, describing a 50bp increase as a “very reasonable option” which would “not send the economy into recession or cause pain”
  - St Louis Fed President James Bullard, one of the FOMC’s most hawkish members (who wanted a 50bp hike at the March meeting) [said](#) a 75 basis point increase “could be an option if needed”

**Europe**

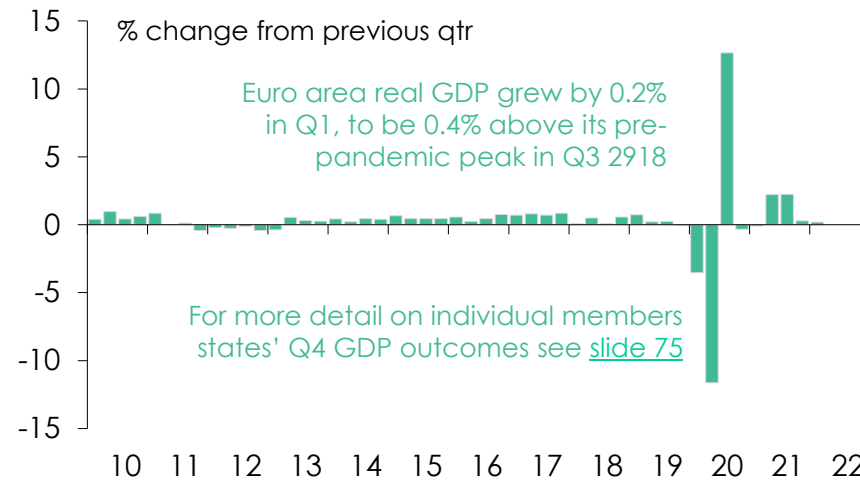
# Euro area real GDP grew 0.2% in Q1 according to Eurostat's 'flash' estimate, to be 0.4% ahead of its pre-pandemic peak

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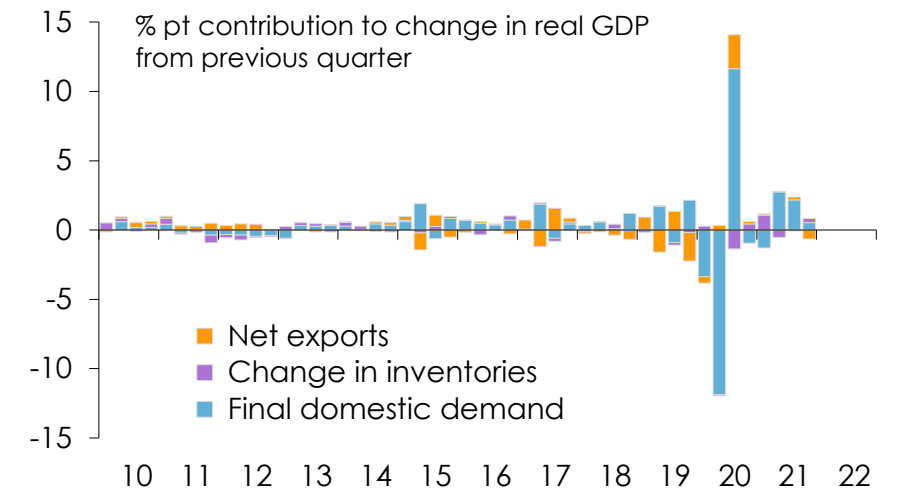
## Euro area and UK real GDP



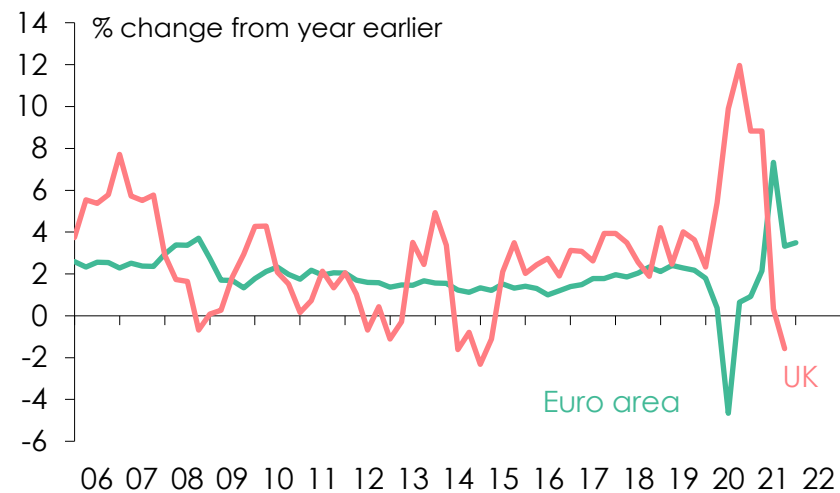
## Euro area quarterly GDP growth



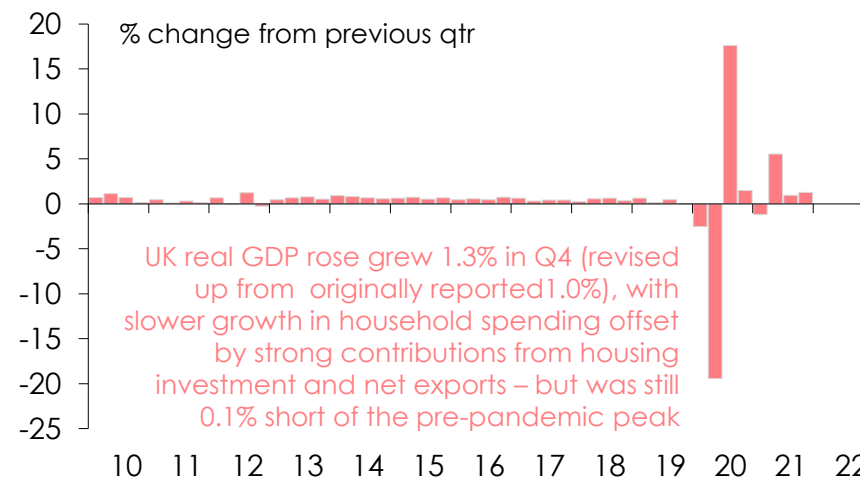
## Contributions to quarterly EA GDP



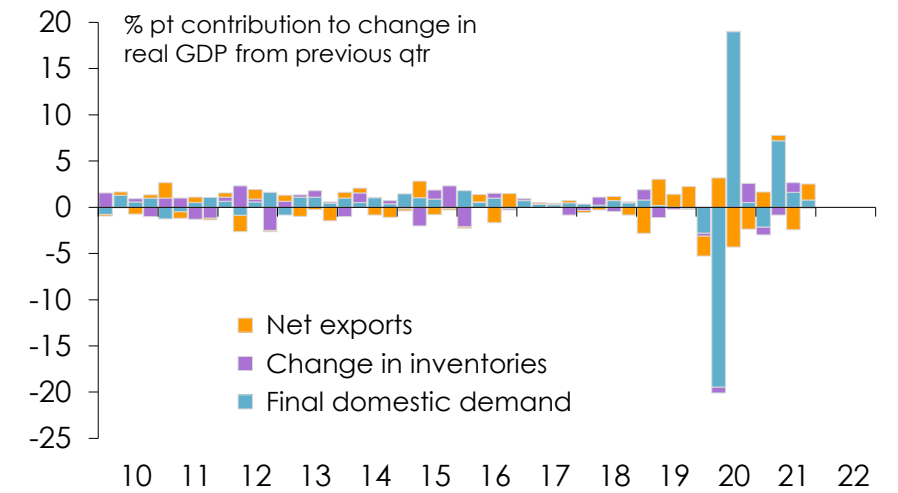
## Euro area and UK terms of trade



## UK quarterly GDP growth



## Contributions to quarterly UK GDP

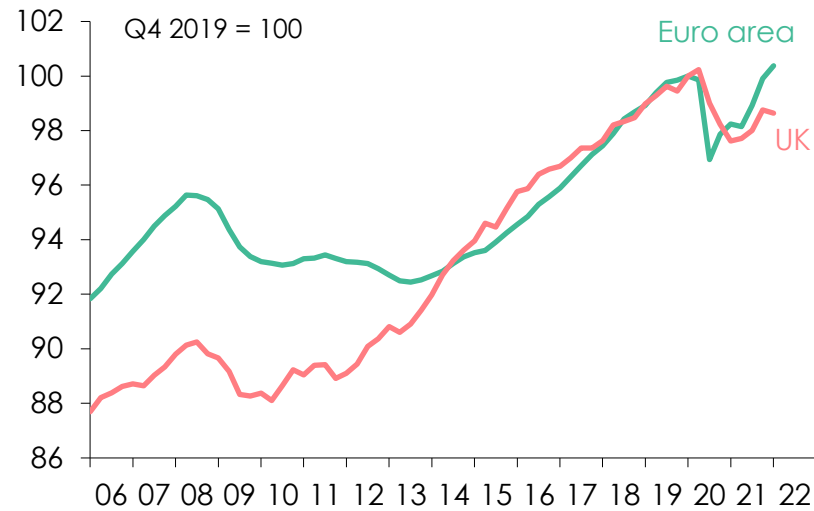


Note: the 'terms of trade' is the ratio of the implicit price deflator of exports of goods & services to that of imports of goods & services – it gives an indication of the income gains or losses arising from changes in the prices of goods and services traded with the rest of the world. Sources: Eurostat, [National accounts - Main tables](#); UK Office for National Statistics, [GDP quarterly national accounts time series](#). [Return to "What's New"](#).

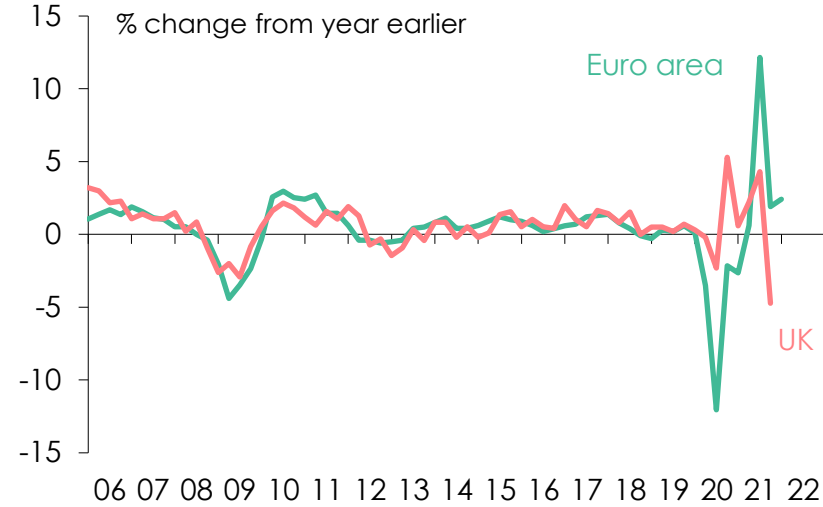
# Unemployment is much lower in the UK than in the euro area, but in other respects euro area households are in a stronger position

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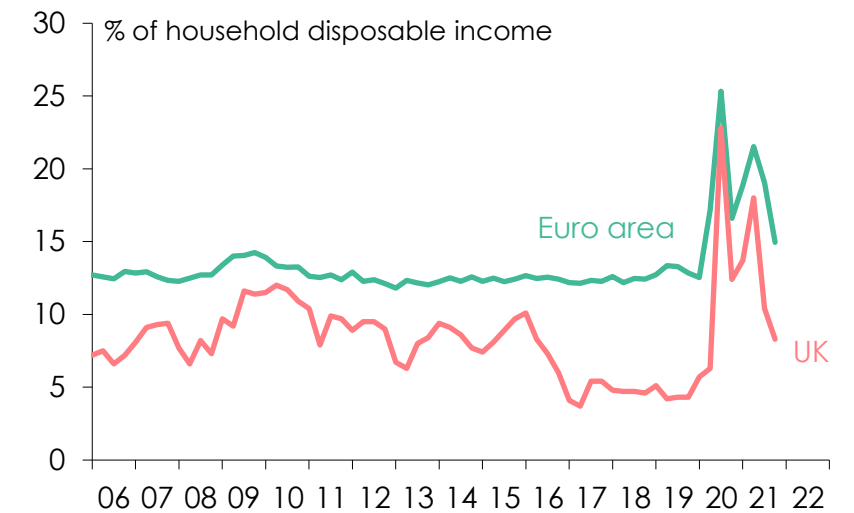
## Employment



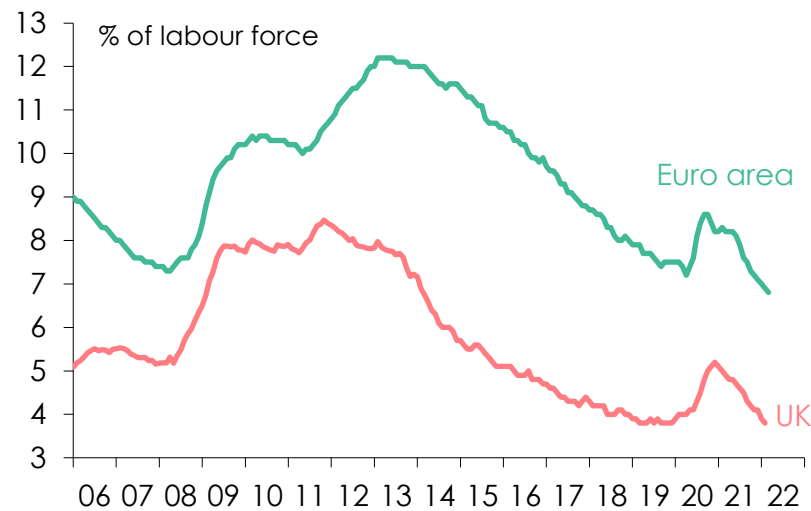
## Labour productivity



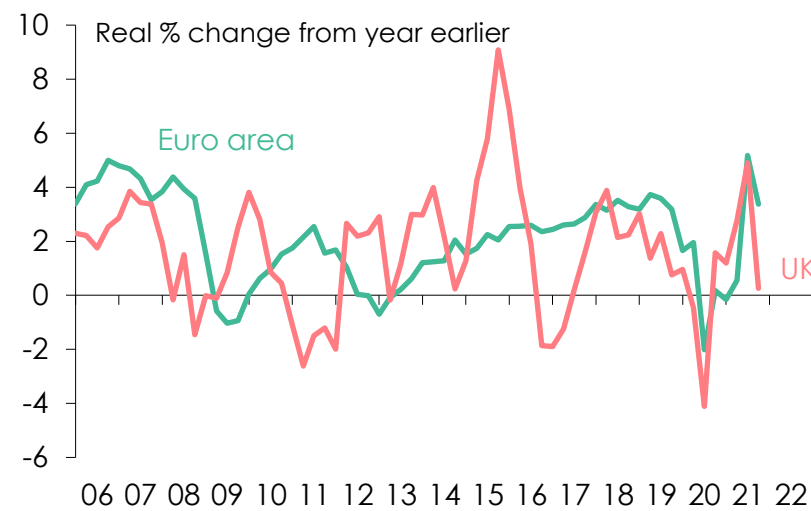
## Household saving rates



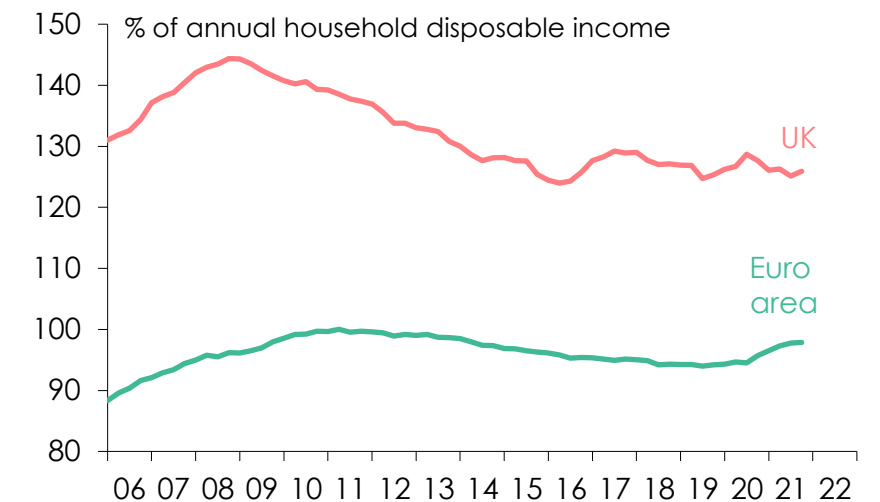
## Unemployment rates



## Household disposable income



## Household debt

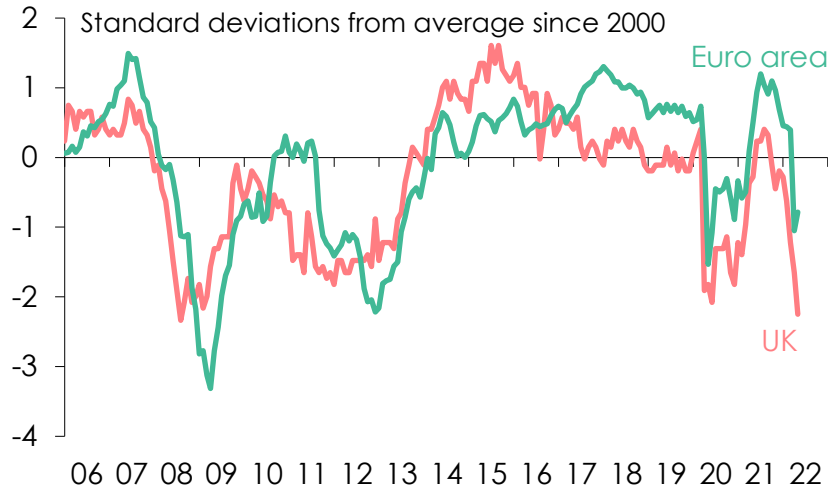


Sources: Eurostat, [Employment and unemployment \(Labour force survey\)](#), [Household saving rate](#) and [Labour productivity and unit labour costs](#); UK Office for National Statistics, [Employment in the UK](#), [Unemployment rate](#) (note, UK unemployment data are shown as a three-month moving average), [Labour productivity](#), and [UK Economic Accounts time series](#); Bank for International Settlements, [Credit to the non-financial sector](#). [Return to "What's New"](#).

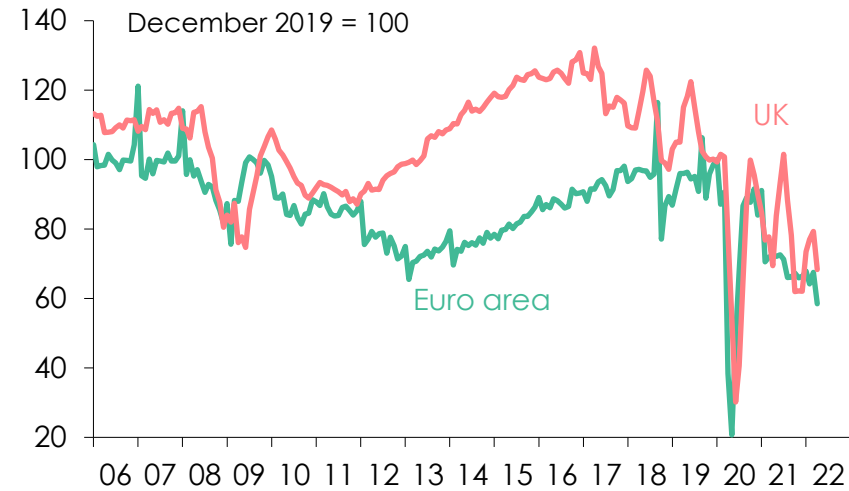
# Consumer confidence in the euro area improved a little in April after a big fall in March, but worsened further in the UK to its lowest since July 2008

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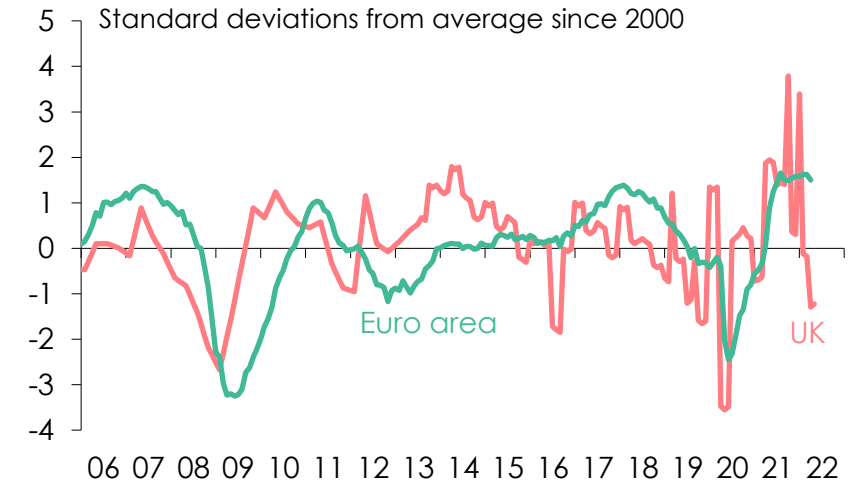
## Consumer confidence



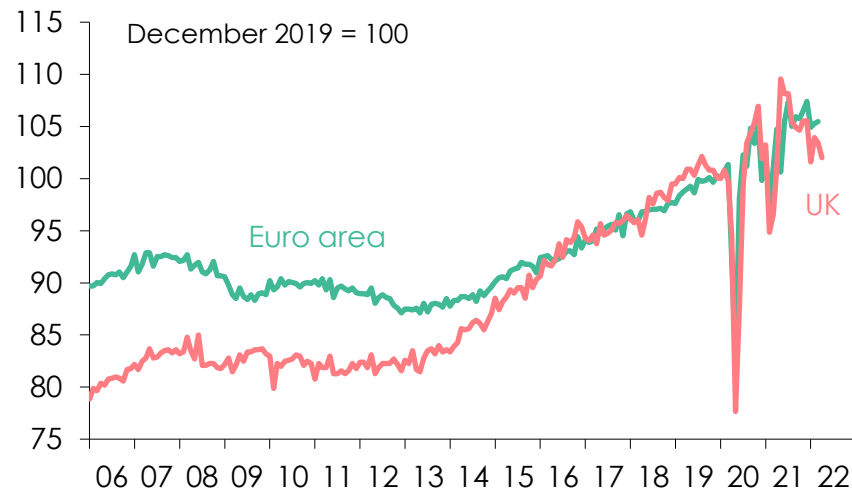
## New car registrations



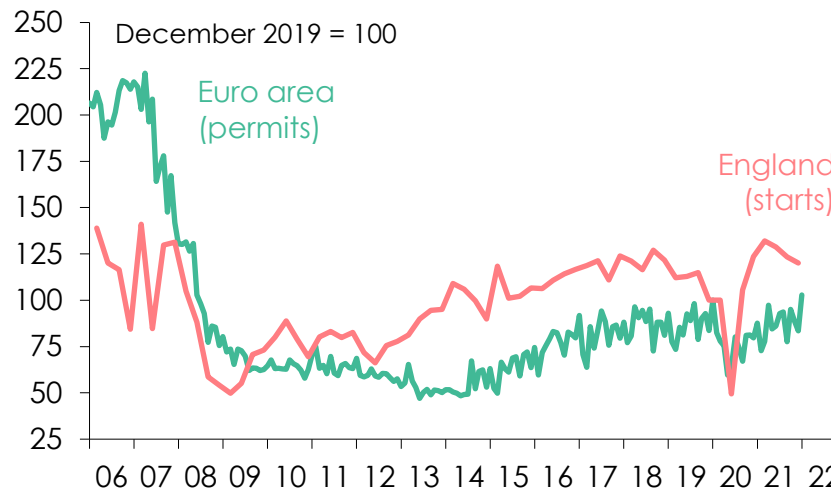
## Business confidence



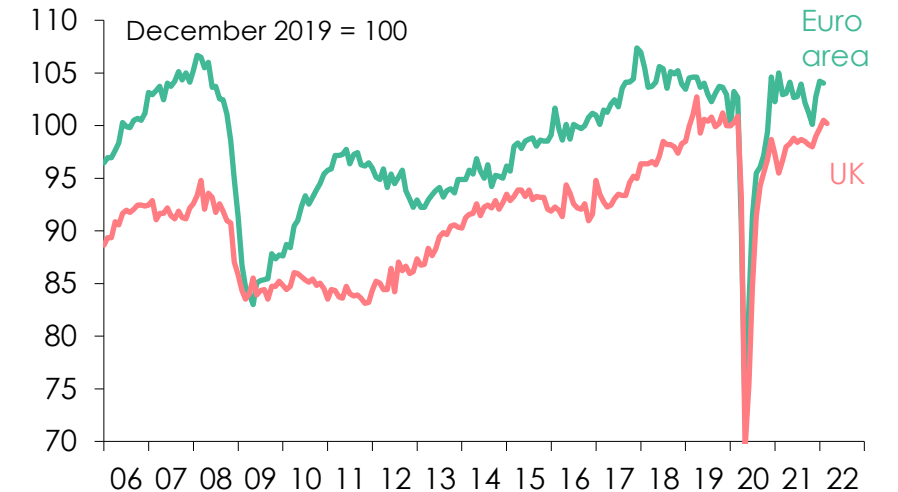
## Retail sales volume



## Housing activity



## Manufacturing production



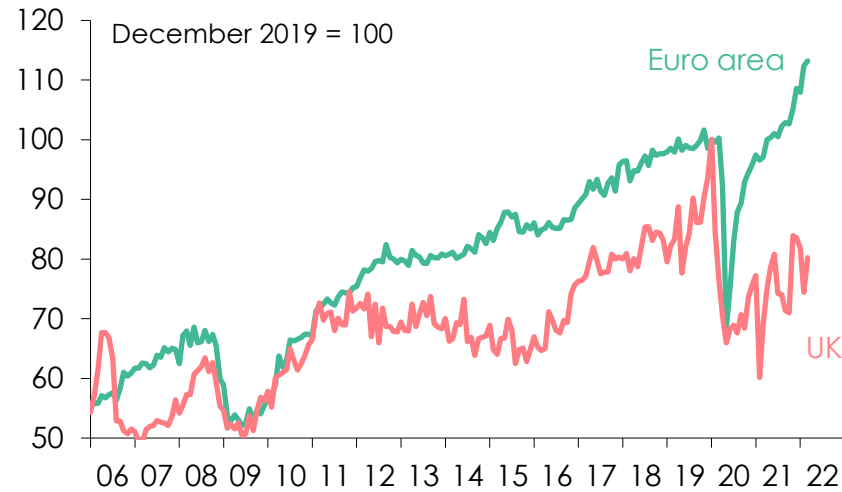
Sources: European Commission, [Business and consumer surveys](#); GfK, [Consumer confidence barometer](#); Confederation of British Industry, [Industrial Trends Survey](#); Eurostat, [Turnover and volume of sales in wholesale and retail trade](#), [New registrations of passenger cars](#), [Building permits - monthly data](#) and [Production in industry](#); UK Office for National Statistics, [Retail industry](#), [House building data, UK](#), and [Manufacturing and production industry](#); Society of Motor Manufacturers and Traders, [Car registrations](#) (seasonally adjusted by Corinna). [Return to "What's New"](#).



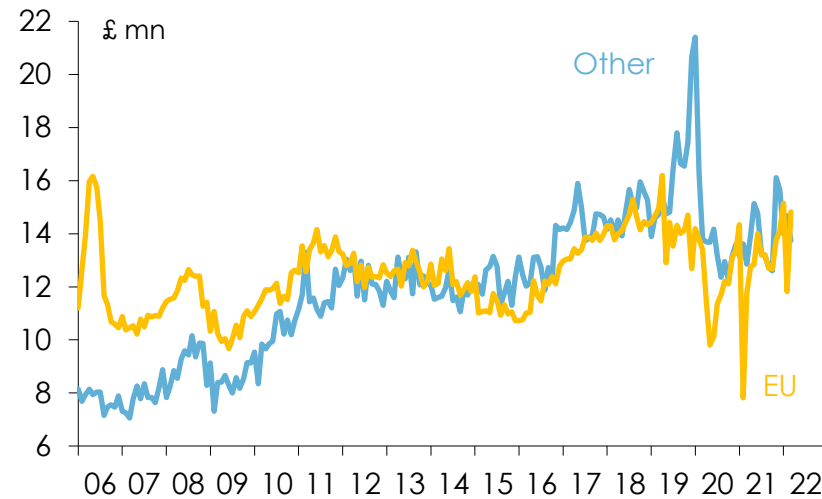
# 'Brexit' has not been a boon for the UK's trade performance, with the UK recording a record monthly trade deficit of £26½bn in January

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

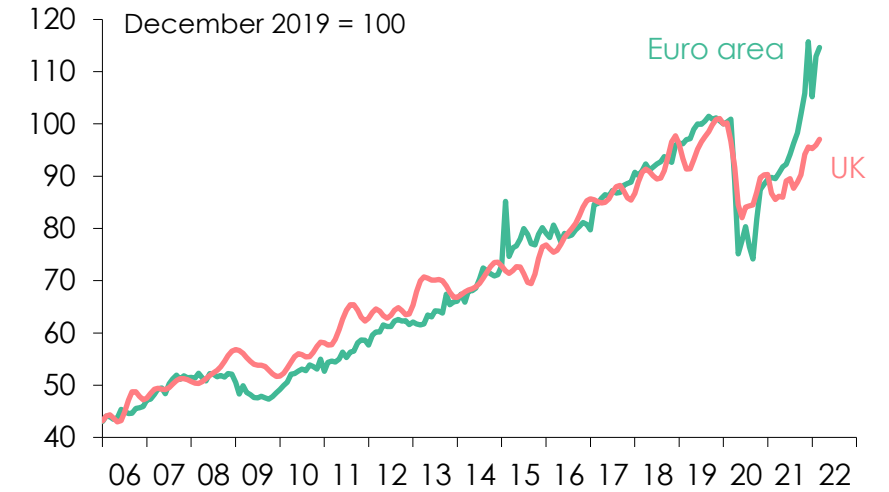
## Merchandise exports



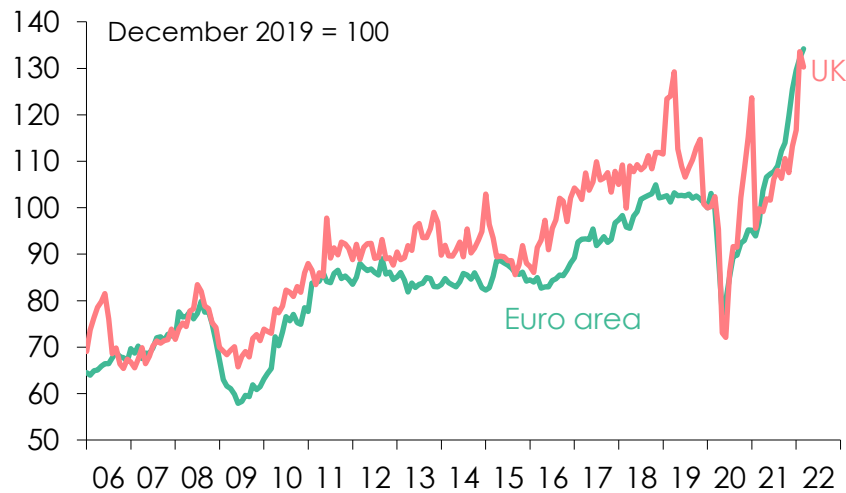
## UK exports by destination



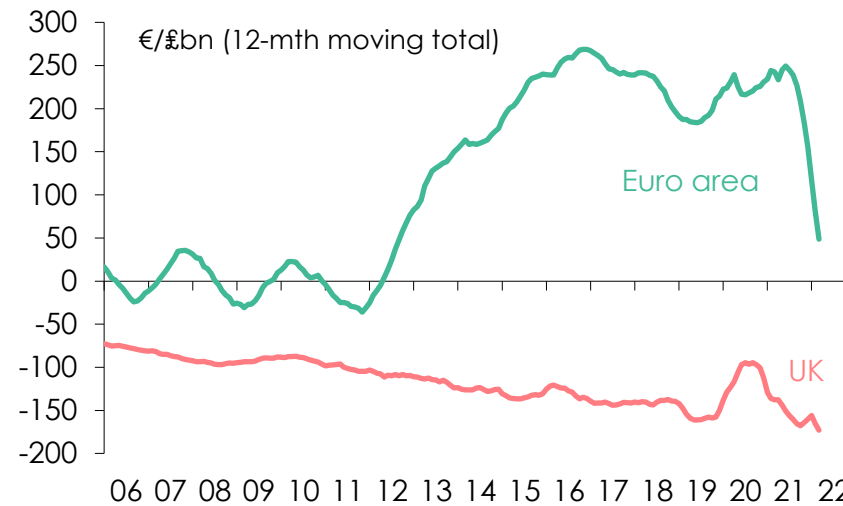
## Services exports



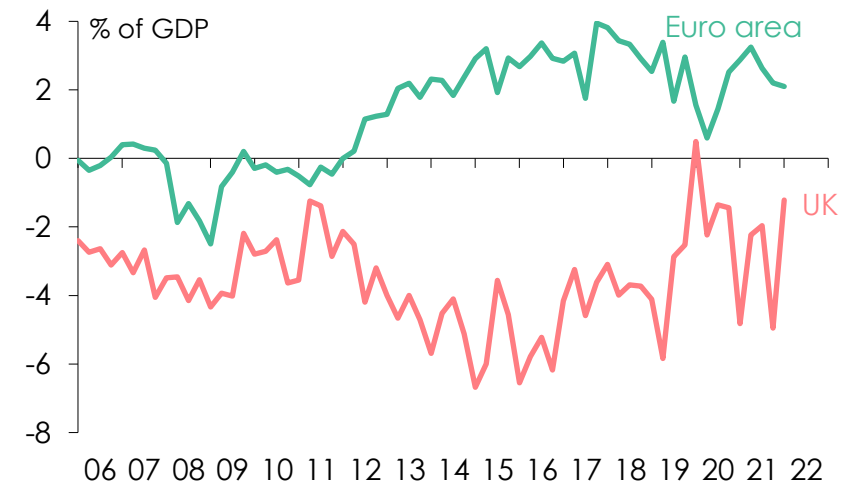
## Merchandise imports



## Merchandise trade balances



## Current account balance

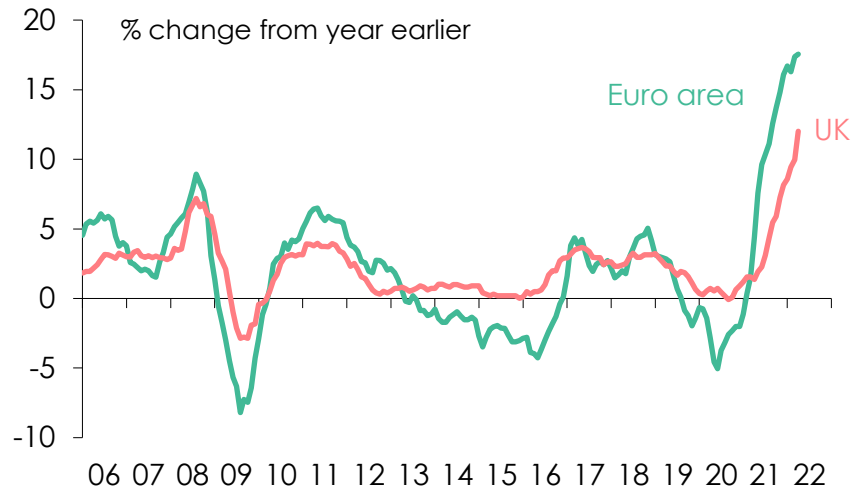


Sources: European Central Bank, Statistical Data Warehouse, [External Trade](#), [Balance of Payments and International Investment Position - Services](#), and [Balance of Payments and International Investment Position - Current Account](#); UK Office for National Statistics, [UK Trade](#) and [BoP Current Account Balance SA £m](#). [Return to "What's New"](#).

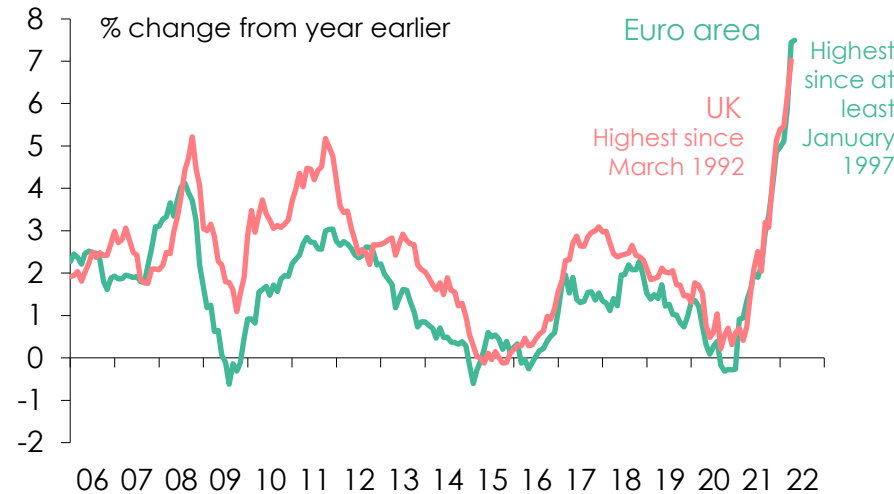
# The euro area's 'headline' inflation rose marginally to 7.5% in April, while 'core' inflation was unchanged at 2.9%, according to 'flash' estimates

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

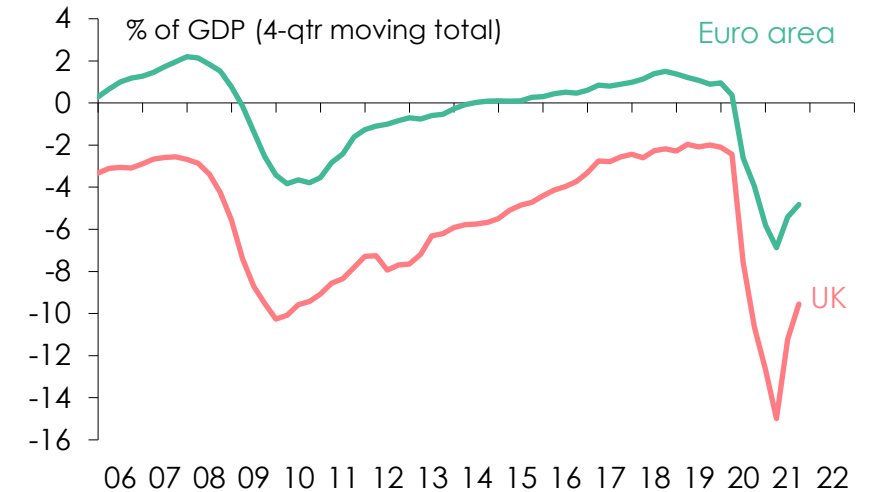
## Producer prices



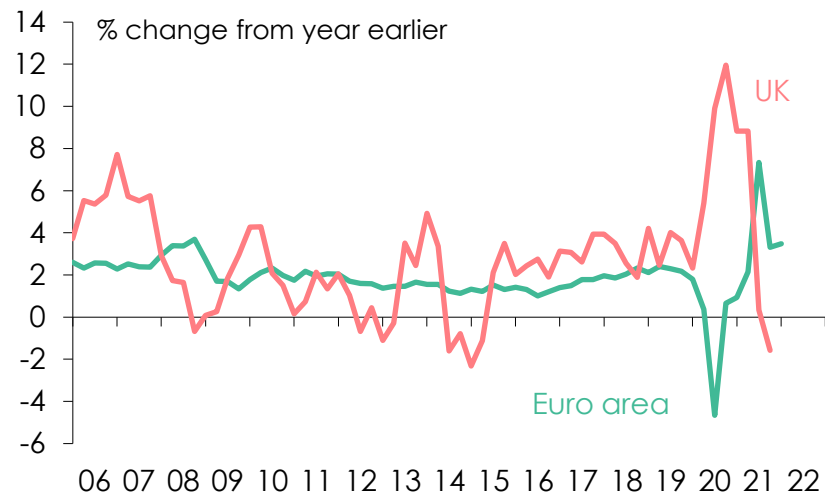
## 'Headline' consumer prices



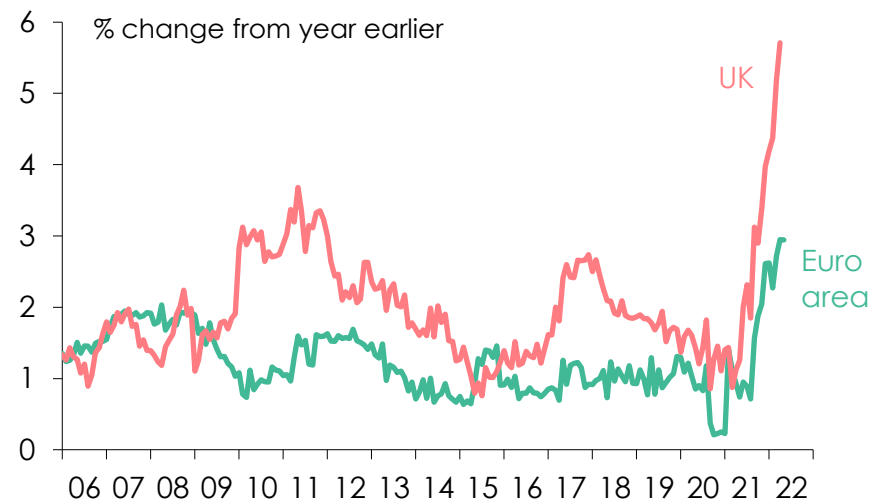
## Government fiscal balance



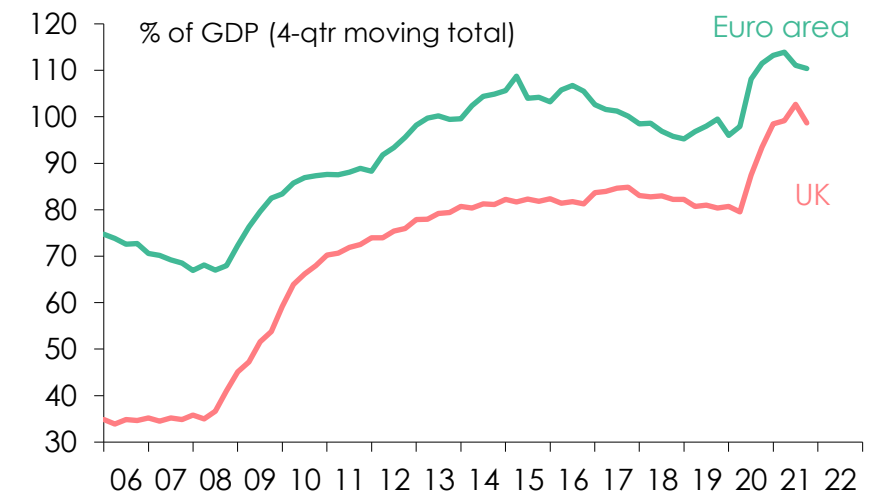
## Labour costs



## 'Core' consumer prices



## Government net debt

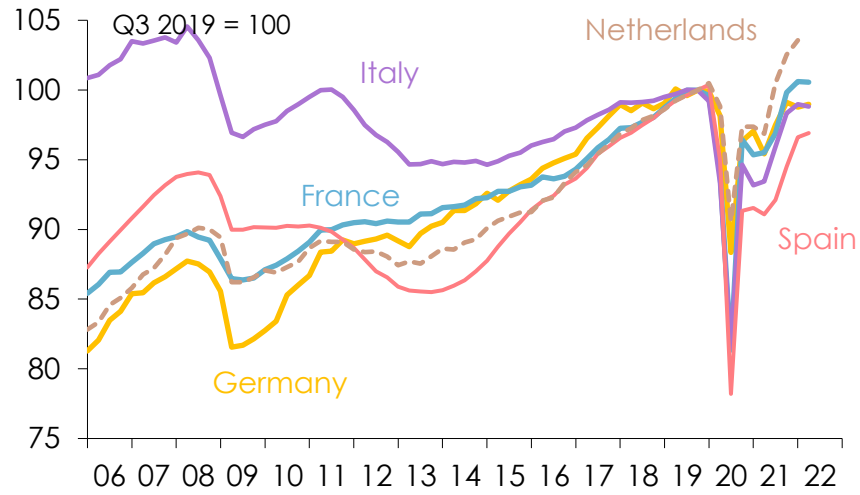


Note: Consumer price indices for the euro area and UK are 'harmonized' indices which exclude owner-occupied housing costs. Sources: Eurostat, [Producer prices in industry](#), [Compensation per employee and hours worked per employed person](#), [Consumer price index](#), and [Government finance statistics and EDP statistics](#); UK Office for National Statistics, [Inflation and price indices](#), [Unit labour cost and unit wage cost time series](#) and [Public sector finance](#). [Return to "What's New"](#).

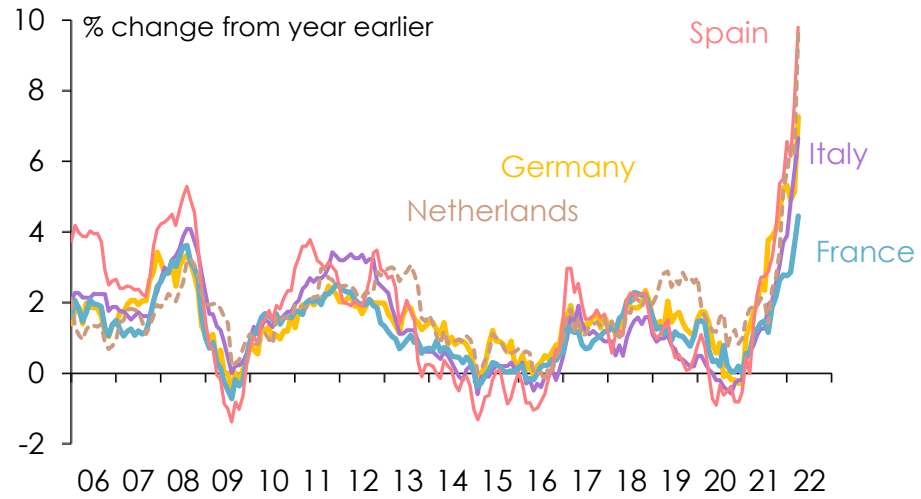
# Germany's real GDP grew by 0.2% in Q1, and Spain's by 0.3%, but France's was unchanged and Italy's contracted by 0.2%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

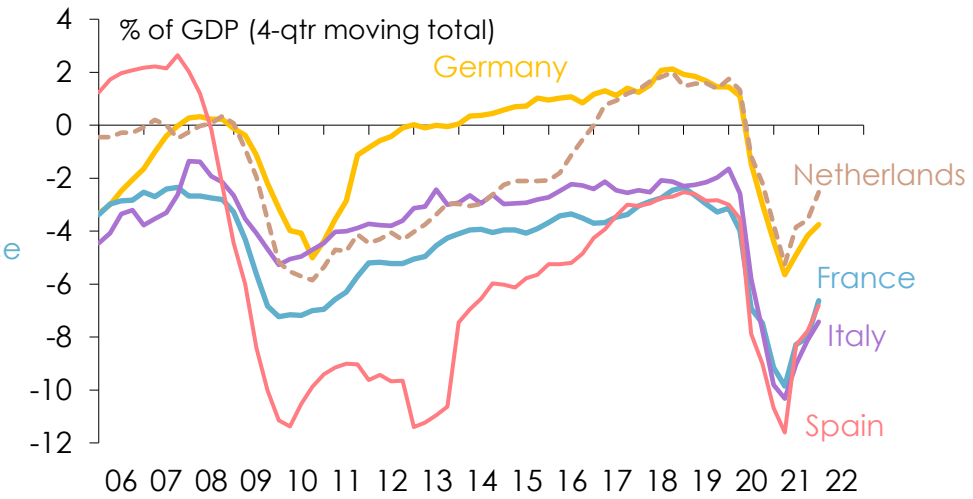
## Real GDP



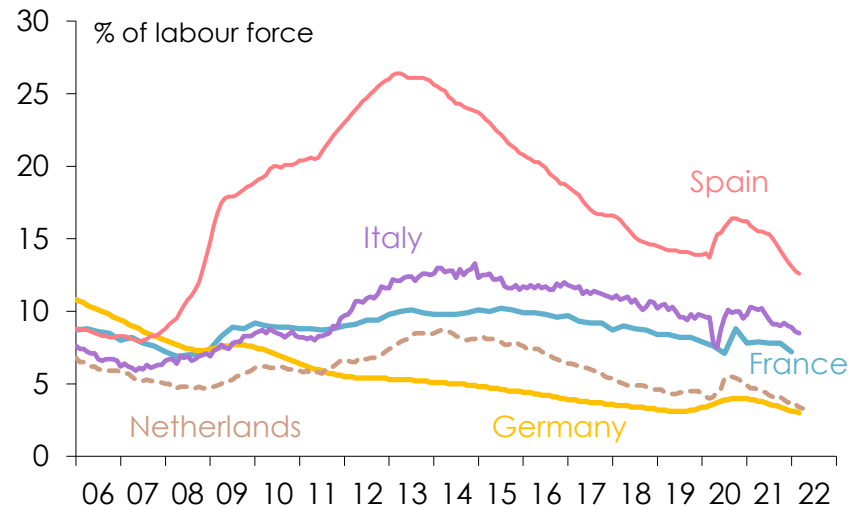
## Inflation



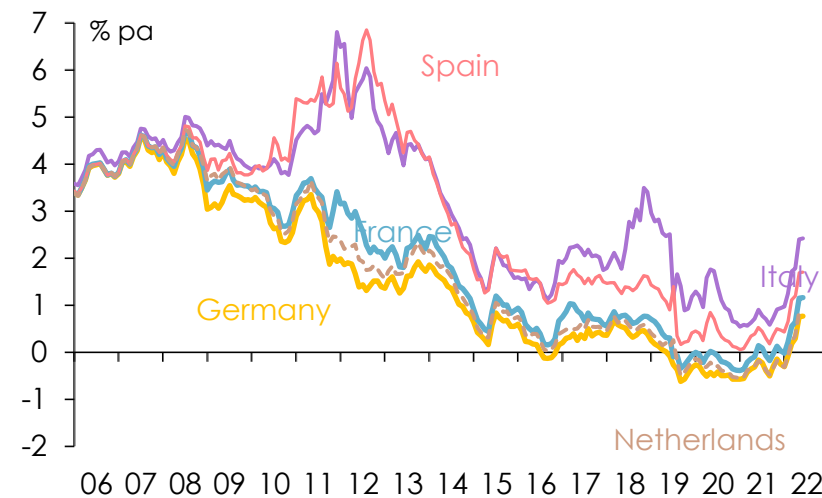
## Government net lending



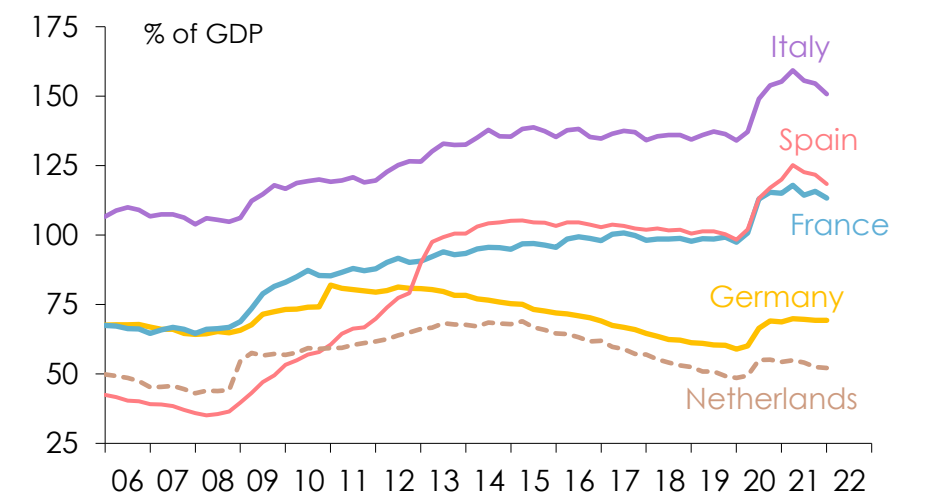
## Unemployment



## 10-year bond yields



## Government gross debt

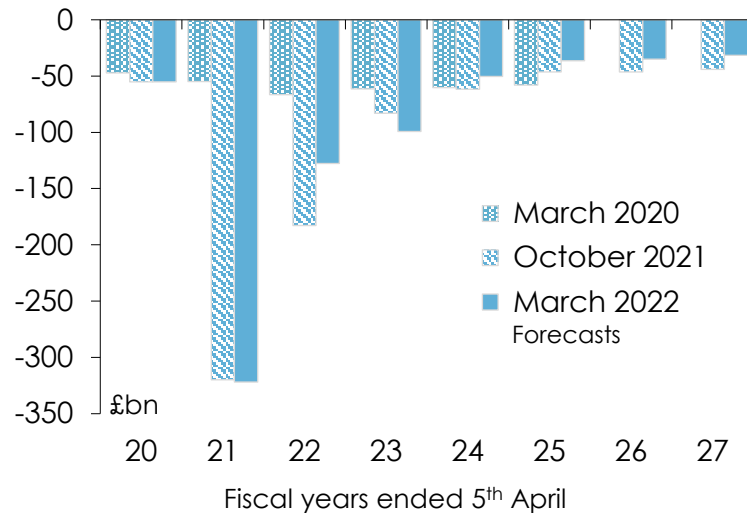


Sources: Eurostat, [National accounts - Main tables](#), [Employment and unemployment \(Labour force survey\)](#), [HICP - all items](#), [Quarterly non-financial accounts for general government](#) and [Quarterly government debt](#); Refinitiv Datastream. [Return to "What's New"](#).

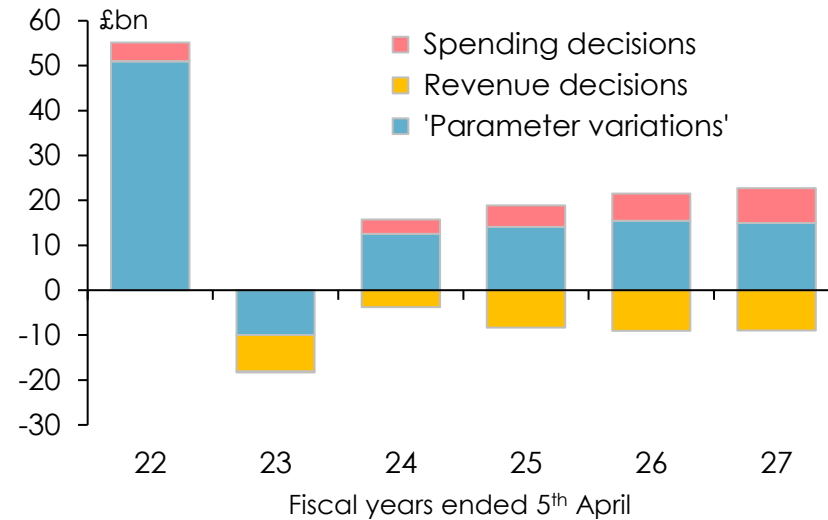
# The 2022 UK 'Spring Budget' directs windfall revenue gains partly to tax relief for households and partly towards smaller budget deficits

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

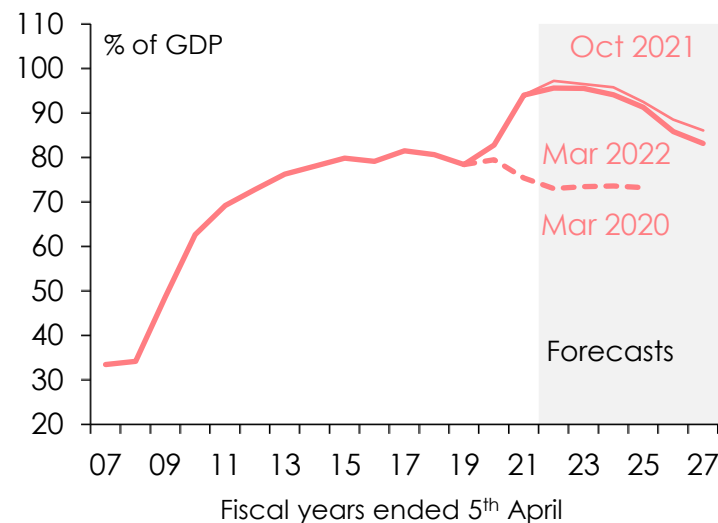
## Public sector net borrowing



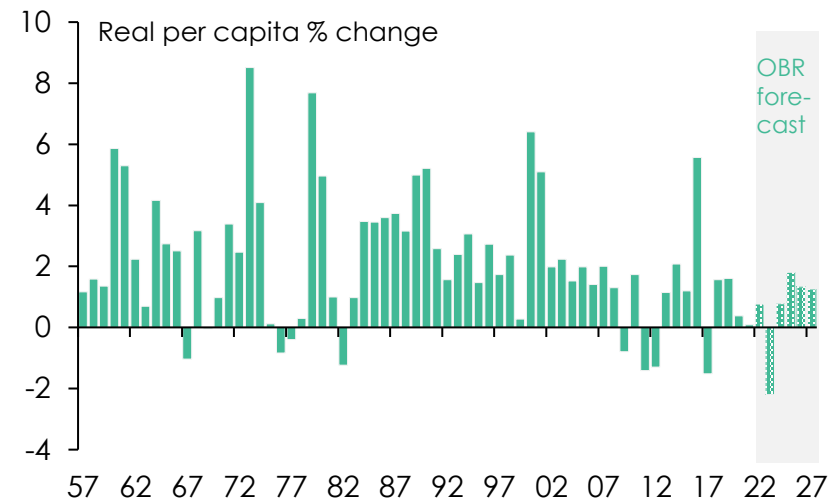
## Sources of change in PSNB



## Public sector net debt



## Household disposable income



- ❑ The UK Government's [Spring Budget Statement](#) revised down the deficits forecast for the five years to FY2026-27 by £72bn (17%) from what had been forecast last October
- ❑ The improvement is largely the result of favourable 'parameter variations' (faster nominal GDP growth, partly due to higher inflation, and partly offset by higher interest expenses) in FY 2021-22
- ❑ With the independent [Office for Budget Responsibility](#) forecasting the largest fall in real per capita household disposable income ever recorded in 2023, Chancellor Rishi Sunak applied some of these windfall revenue gains to fund aid to households with cost-of-living pressures
  - in particular, a 5p reduction in fuel excise for 12 months, as well as previously-announced cash payments to assist with higher utilities costs
- ❑ The Chancellor also announced a £3,000 increase in the thresholds for National Insurance Contributions (the UK equivalent of Australia's Medicare levy), bringing it into line with the tax-free threshold for personal income tax, and a 1 pc pt cut (to 19%) in the 'basic rate' of personal income tax from 2024
- ❑ The principal 'saving' measure in the Statement were previously announced changes to student loan repayment schedules

# The ECB again left its policy settings unchanged last month, and signalled a very different approach to tightening from that of the Fed and the BoE

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ The **European Central Bank** left its policy interest rates unchanged at its Governing Council meeting on 14<sup>th</sup> April, and re-affirmed its intention to ‘taper’ purchases under its long-standing Asset Purchase Program with a view to terminating them during Q3 (with the ‘calibration’ of asset purchases during Q3 being “data dependent” and reflecting the Governing Council’s “evolving assessment of the outlook”)
  - it also **indicated** that it will continue to reinvest maturing principal payments from bonds purchased under its now-ended Pandemic Emergency Purchase Program until “at least the end of 2024”, and those from bonds purchased under its APP “for an extended period of time past the date when it starts raising key ECB interest rates”
  - in other words, unlike the Fed, BOE & BoC, the ECB is not planning to undertake any ‘quantitative tightening’ any time soon
- ❑ **Explaining** its thinking, ECB President Christine Lagarde said that “downside risks to the growth outlook have increased substantially as a result of the war in Ukraine”, suggesting that “the war may have an even stronger effect on economic sentiment and could further worsen supply-side constraints”, and that higher energy costs combined with a loss of confidence “could drag down demand and restrain consumption and investment more than expected”
- ❑ She acknowledged that “upside risks surrounding the inflation outlook have also intensified, especially in the near term” but also argued that “if demand were to weaken over the medium term, it would lower pressure on prices”
- ❑ Mme Lagarde re-affirmed that the ECB wouldn’t start raising interest rates until “some time after” it had concluded net asset purchases, and that “some time after” could mean “anywhere between a week to several months”
  - and re-iterated (several times) the importance the ECB attaches to “optionality, gradualism and flexibility”
- ❑ Speaking at the IMF-World Bank ‘Spring meetings’ last month, Mme Lagarde **again stressed** differences between the euro area and the US, saying “our economies are moving at a different pace” and “our inflation is fed by different components”

# The Bank of England's Monetary Policy Committee meets again this coming Thursday

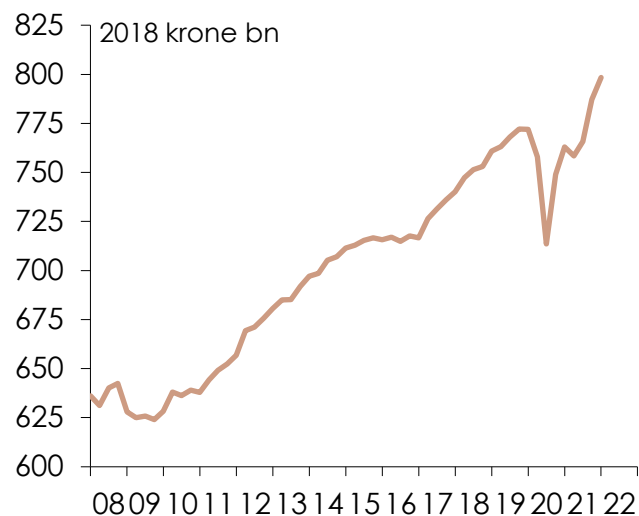
THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ The Bank of England raised its Bank Rate by another 25 bp on 17<sup>th</sup> March, to 0.75% – the third consecutive increase, following increases of 15bp in December and 25bp in February; it meets again this coming Thursday
- ❑ In its post-meeting [Monetary Policy Summary](#) the MPC noted that “developments” since February (principally, the Russian invasion of Ukraine, which the Bank pointedly “condemned” in its first sentence) “are likely to accentuate both the peak in inflation and the adverse impact on economic activity by intensifying the squeeze on household incomes”
  - inflation is now expected to peak at “around 8% in Q2” (cf. around 7¼% previously) “and perhaps even higher later this year”, if sustained increases in energy prices lead to another rise in regulated utility prices in October
  - after then, however, inflation is “expected to fall back materially, and possibly to a greater extent than had been expected in February, as energy prices stop rising and the squeeze on real incomes and demand puts significant downward pressure on domestically generated inflation”
  - the MPC also noted that “UK economic activity had been somewhat stronger than anticipated” and that “the current tightening in the labour market might not reverse direction as quickly as anticipated”, with ‘underlying private sector regular pay growth’ remaining at around 4-4½% cf. pre-pandemic rates of around 3-3½%
- ❑ The prospect of a more significant squeeze on household income and spending has prompted the MPC to become (at least for the time being) *less hawkish* as regards the prospect of further significant monetary policy tightening
  - whereas four of the MPC’s nine members had wanted a 50bp rate increase at the previous meeting, this time none did, and one (the BoE’s Deputy Governor) voted against any increase at all
  - and instead of foreshadowing that “some further modest tightening ... was likely to be appropriate in coming months”, this time the MPC judged that “some further modest tightening *might* be appropriate” in coming months, “there were risks on both sides of this judgement depending on how medium-term prospects for inflation evolved

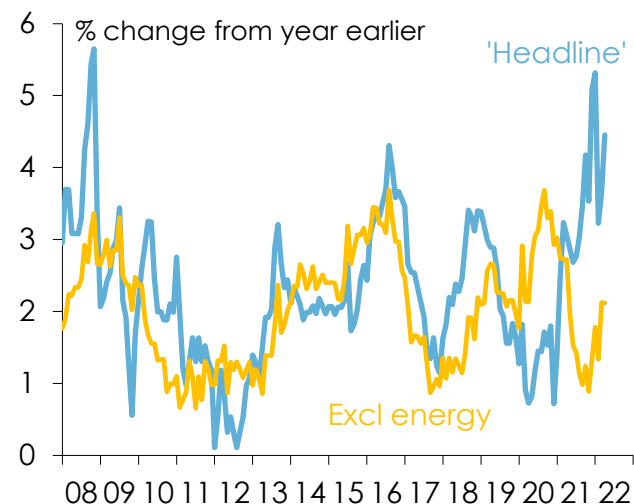
# Norway's central bank raised its policy rate another 25 bp in March, for the third time since last October, and foreshadowed another rise in June

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

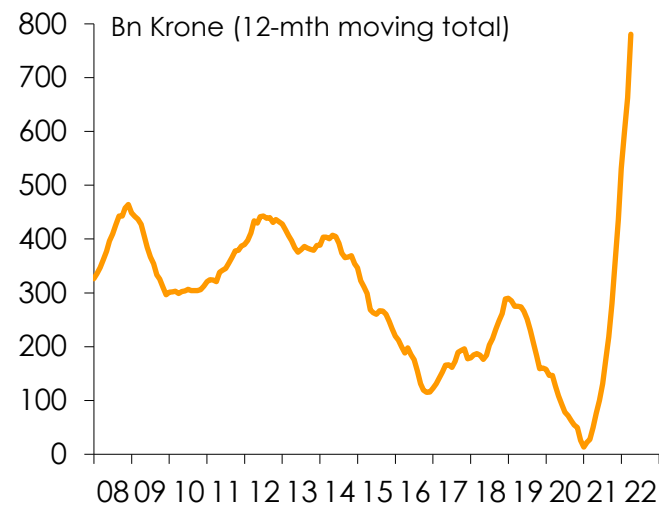
## 'Mainland' real GDP



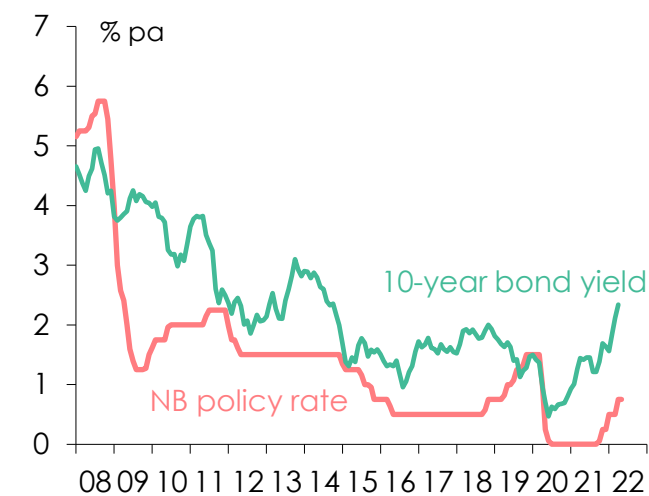
## Inflation



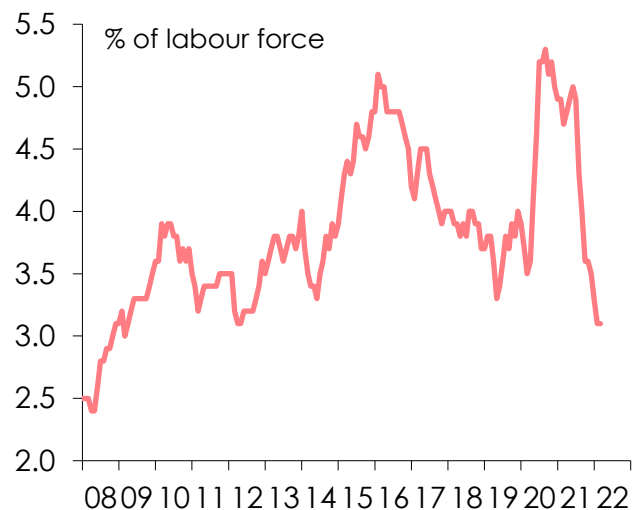
## Trade balance



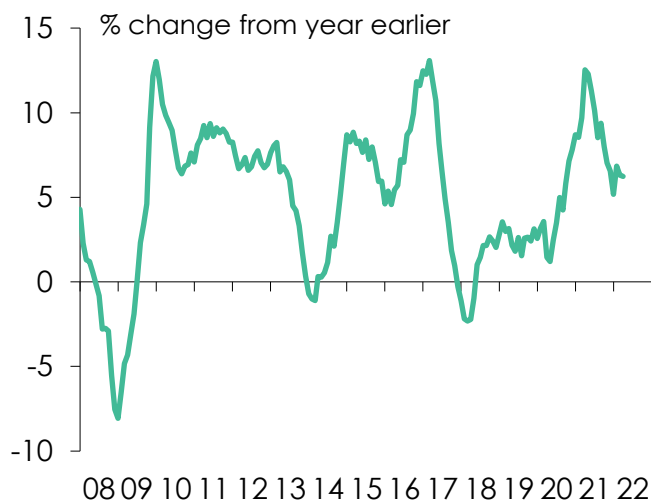
## Interest rates



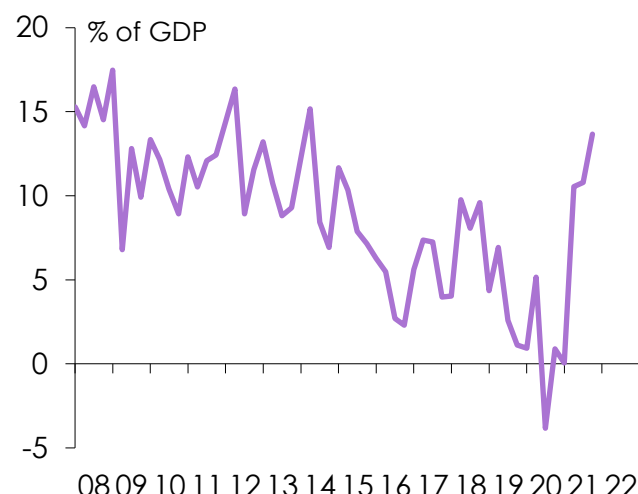
## Unemployment



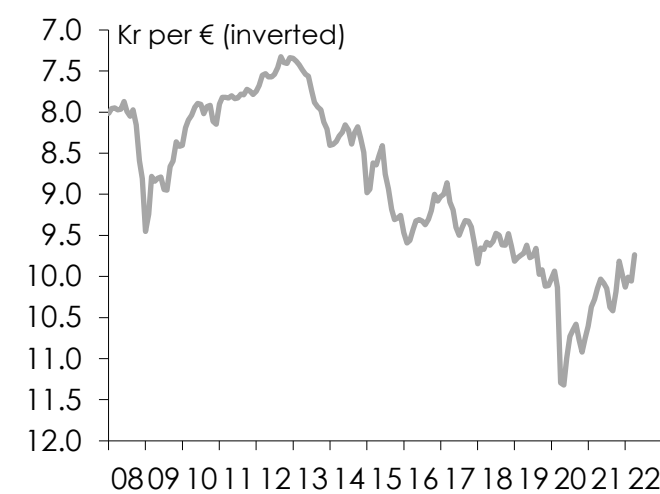
## House prices



## Current account balance



## Krone vs euro

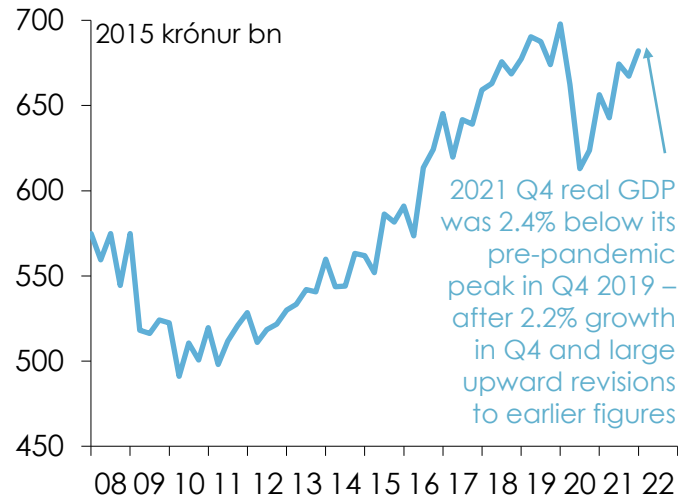


Note: 'mainland' GDP means excluding Norway's oil and gas industry which is entirely located offshore. Sources: [Statistisk sentralbyrå](#); [Norges Bank](#); Refinitiv Datastream.  
[Return to "What's New"](#).

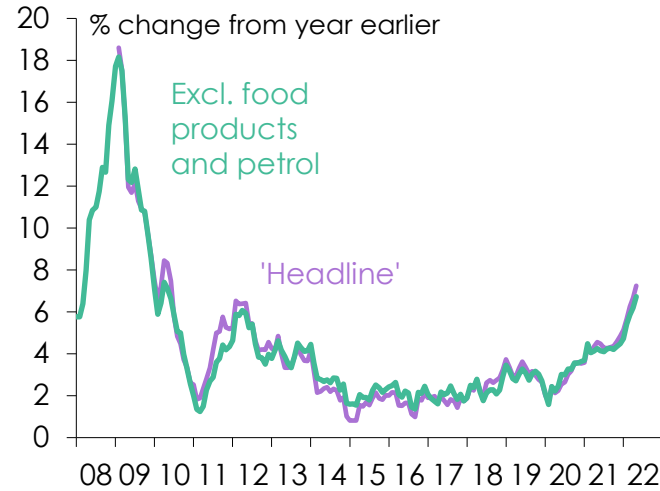
# Iceland's 'headline' inflation rate accelerated to 7.2% in April, the highest since May 2010

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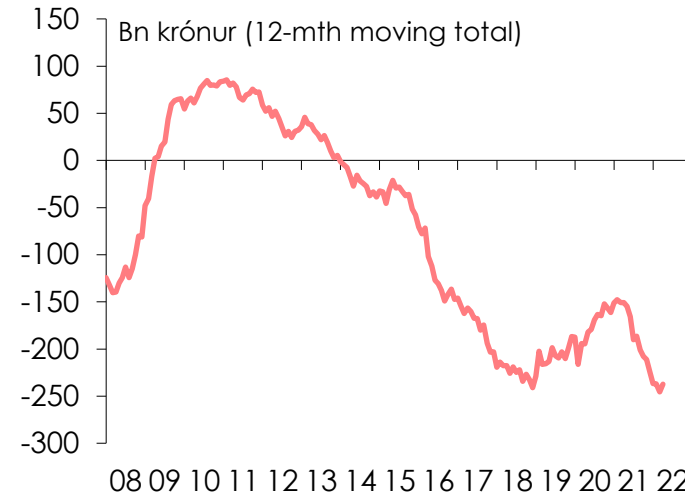
## Real GDP



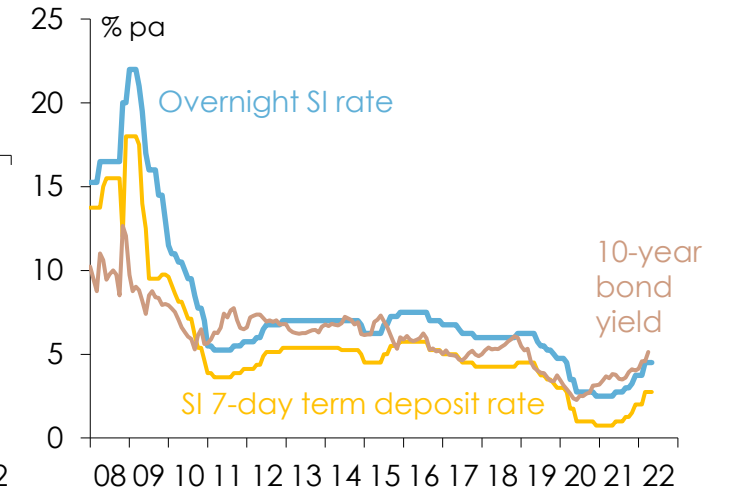
## Inflation



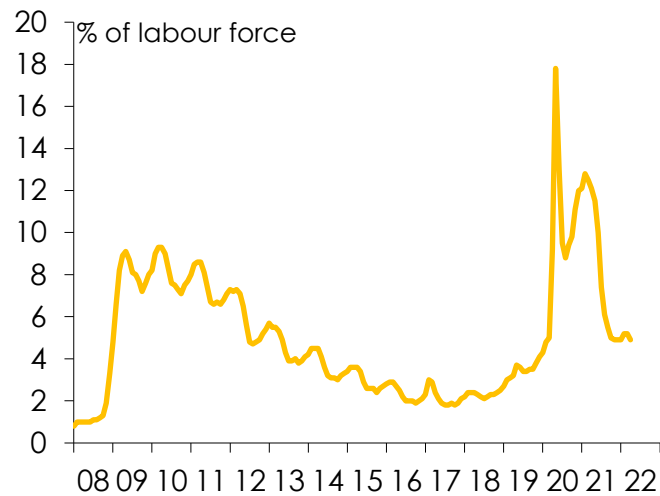
## Trade balance



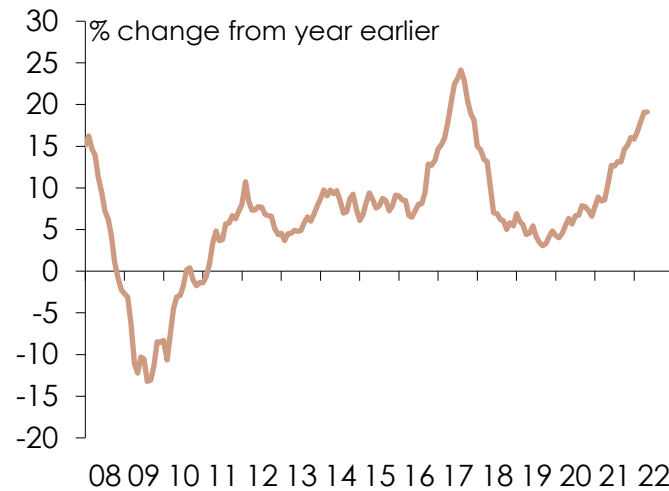
## Interest rates



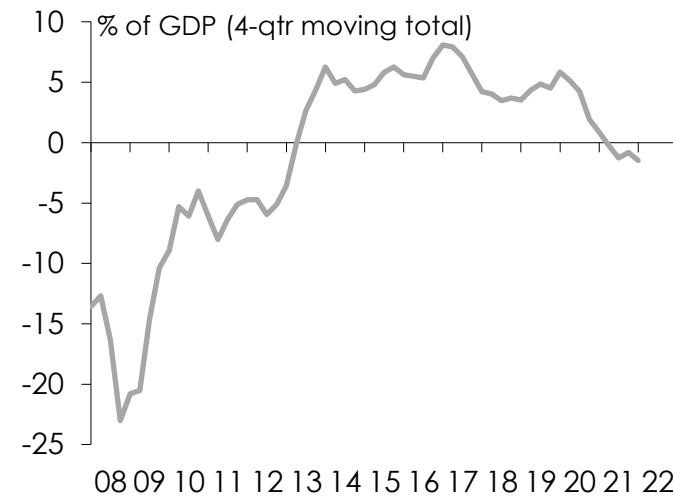
## Unemployment



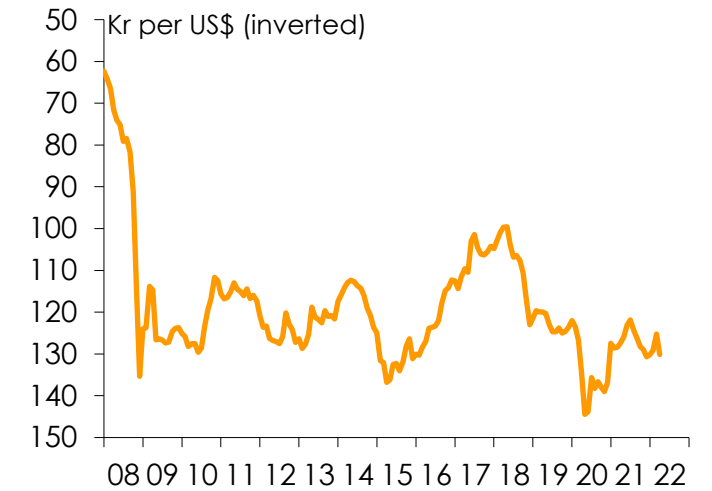
## House prices



## Current account balance



## Króna vs US dollar



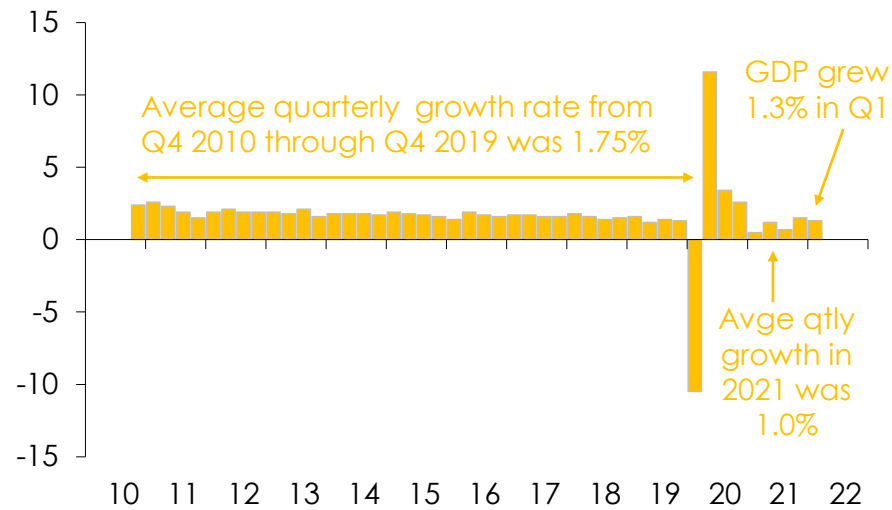


**China**

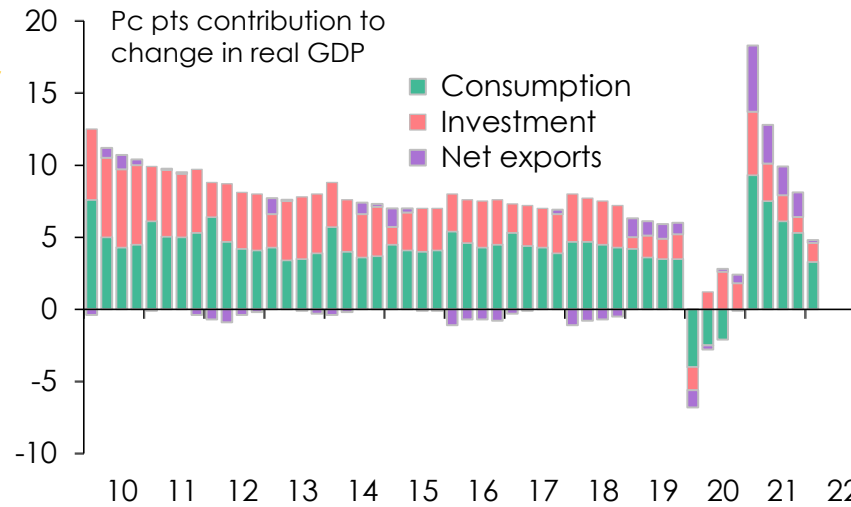
# China's economy grew by 1.3% in Q1, and by 4.8% from Q1 2021, both a bit more than expected, but growth is likely to have slowed sharply in Q2

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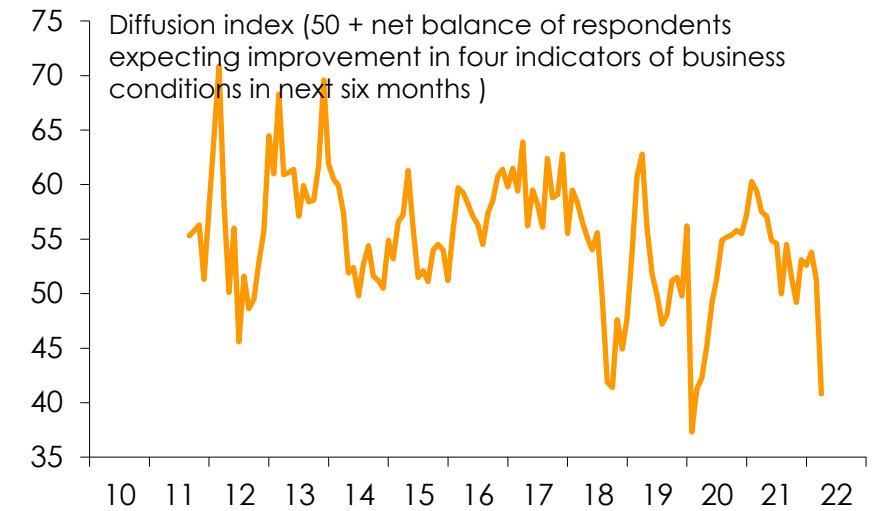
## Quarterly real GDP growth



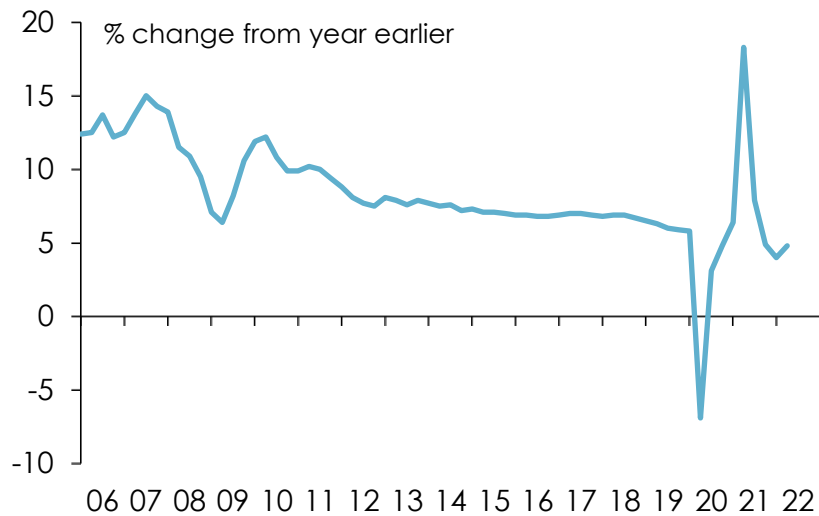
## Contributions to real GDP growth



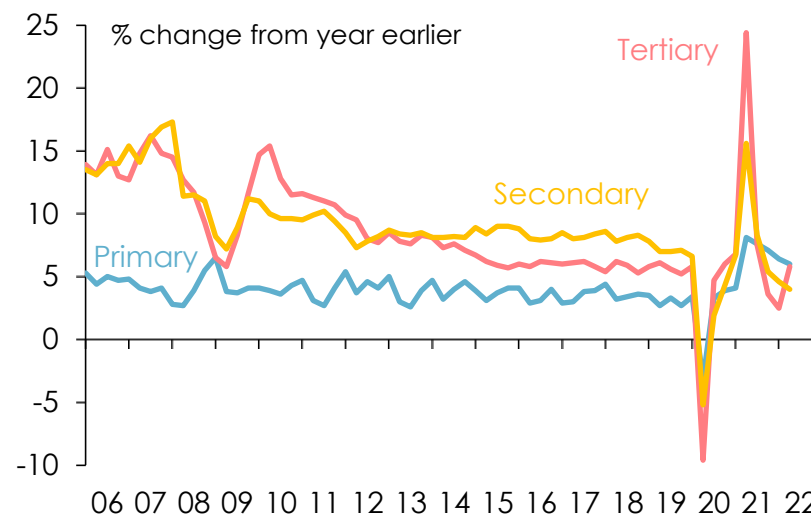
## CKGSB business conditions index



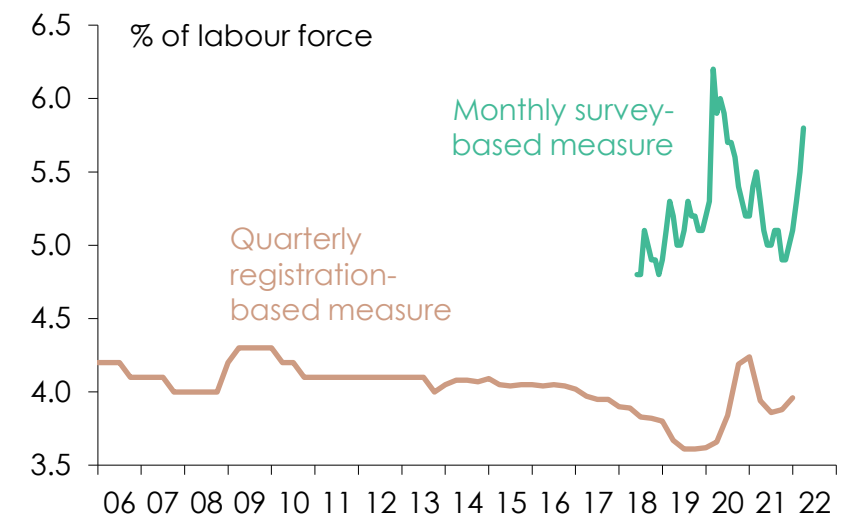
## Annual real GDP growth



## Annual GDP growth by industry



## Urban unemployment rate

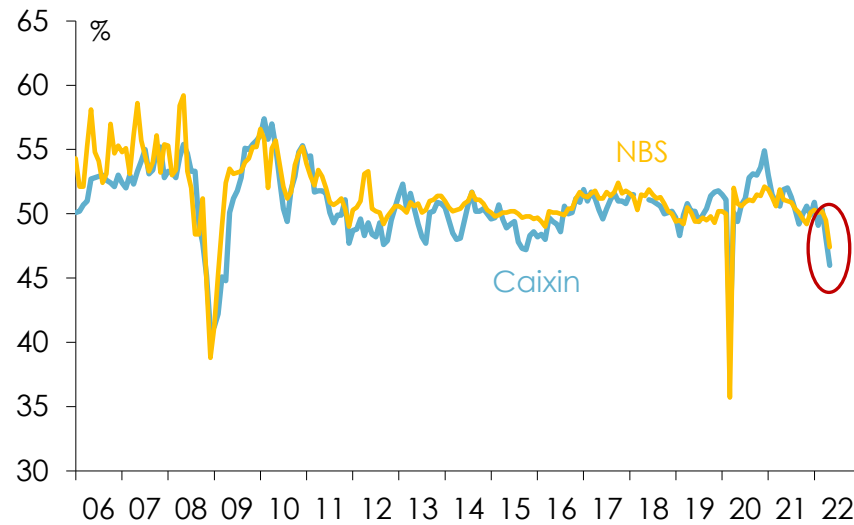


Sources: China National Bureau of Statistics, [National Data - National Accounts](#) and [The Urban Surveyed Unemployment Rate](#); Cheung Kong Graduate School of Business, [Business Conditions Index \(BCI\)](#). Before the monthly unemployment survey was introduced in 2018, the quarterly measure was based on registered job-losers, and excluded people who were not born in the city in which they worked, and people aged over 59; for further details see [here](#). [Return to "What's New"](#).

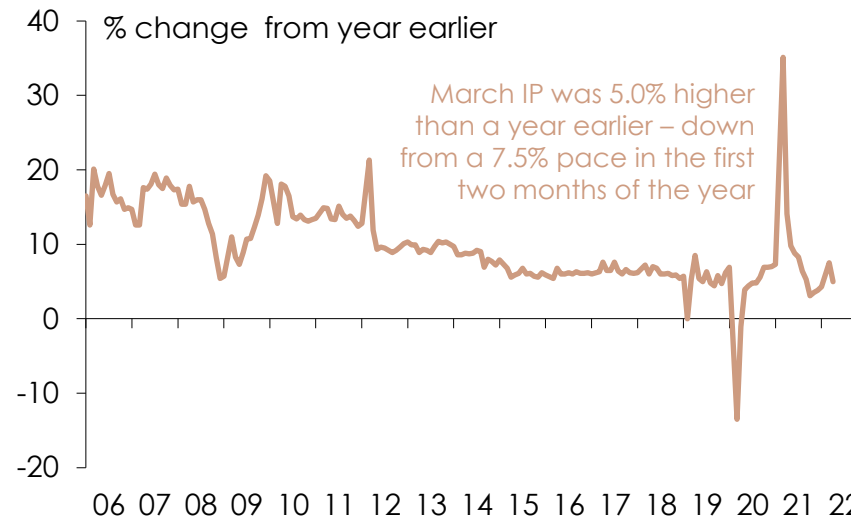
# April PMIs show a sharp slowing in economic activity, especially in services, due to widespread strict lockdowns

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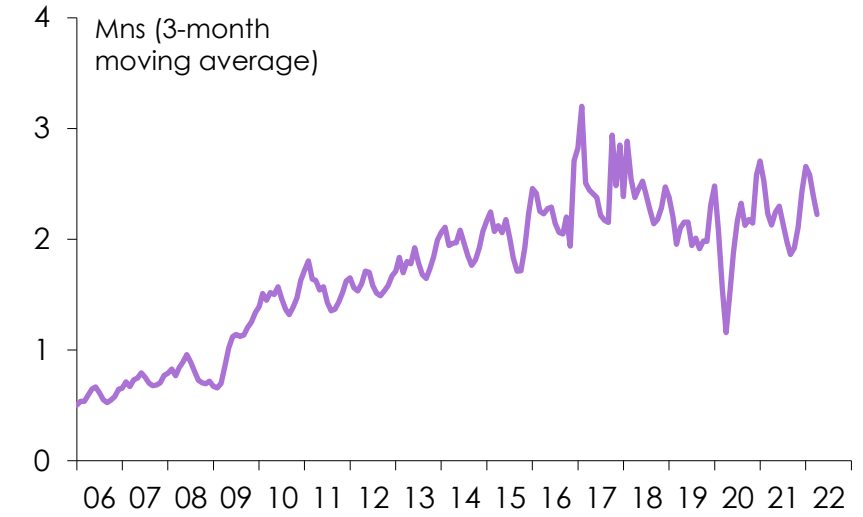
## Manufacturing PMIs



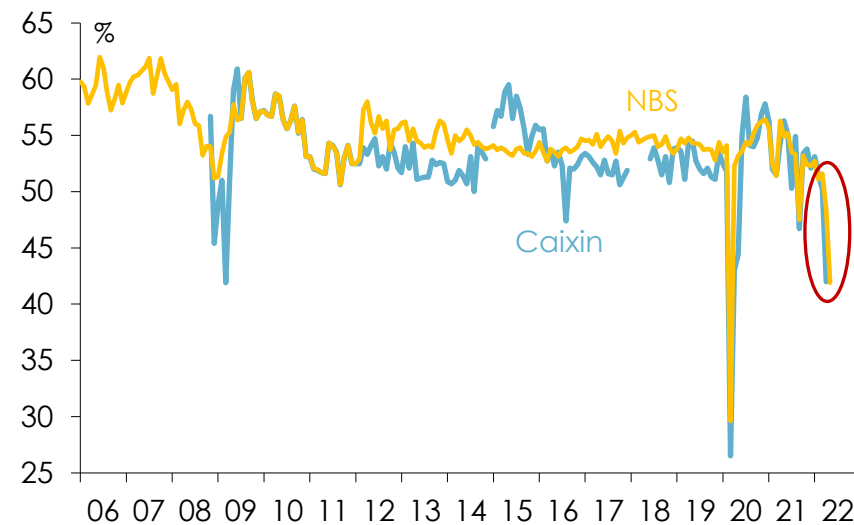
## Industrial production



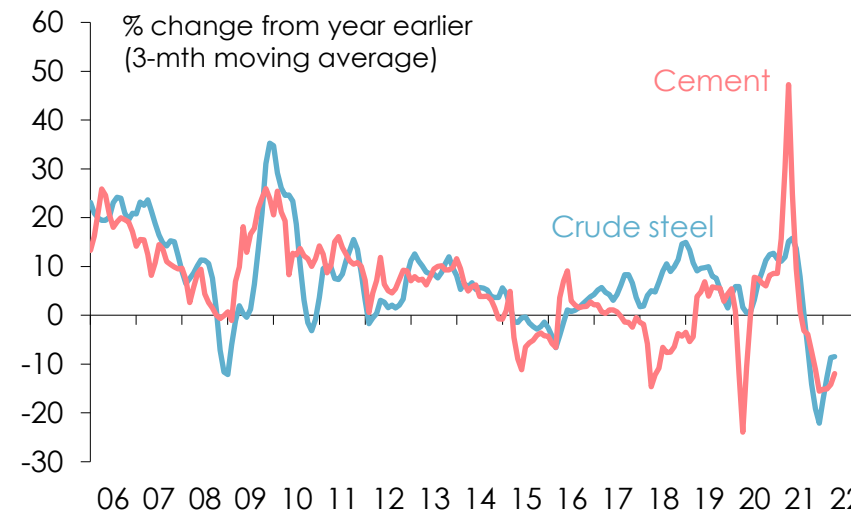
## Motor vehicle production



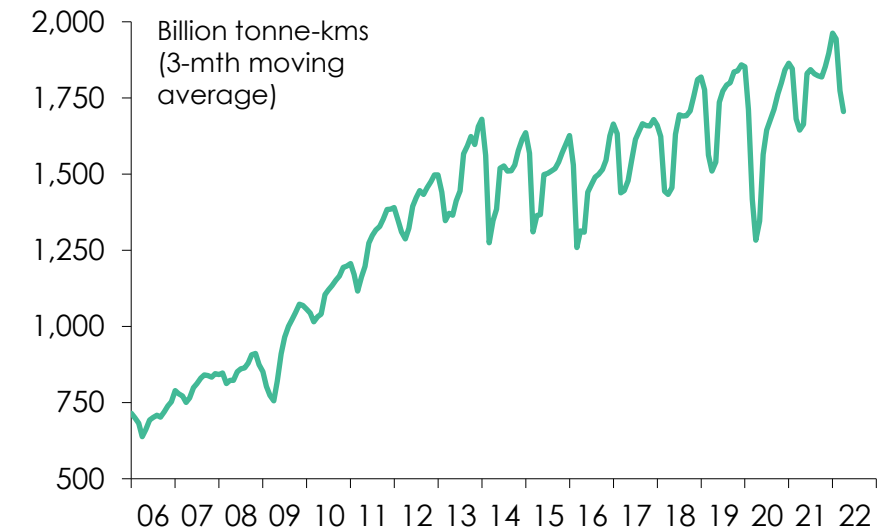
## Non-manufacturing PMIs



## Steel and cement production



## Freight traffic volumes

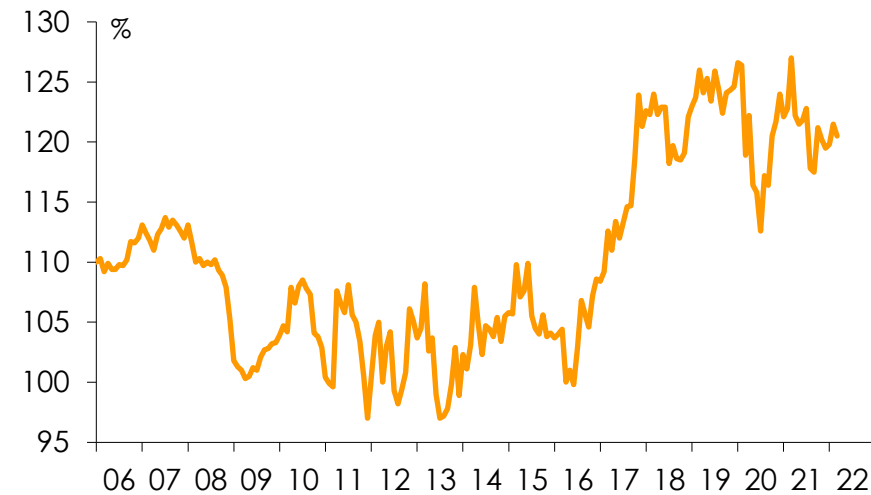


Note: The Caixin PMIs are derived from a survey of around 500, mostly small private, enterprises, while the 'official' NBS PMIs are derived from a survey of about 3,000, mostly state-owned, enterprises; for more detail see [here](#). Sources: China National Bureau of Statistics, [National Data](#); Caixin Global, [Indexes](#); China Association of Automobile Manufacturers, [Production of Automobiles](#). [Return to "What's New"](#).

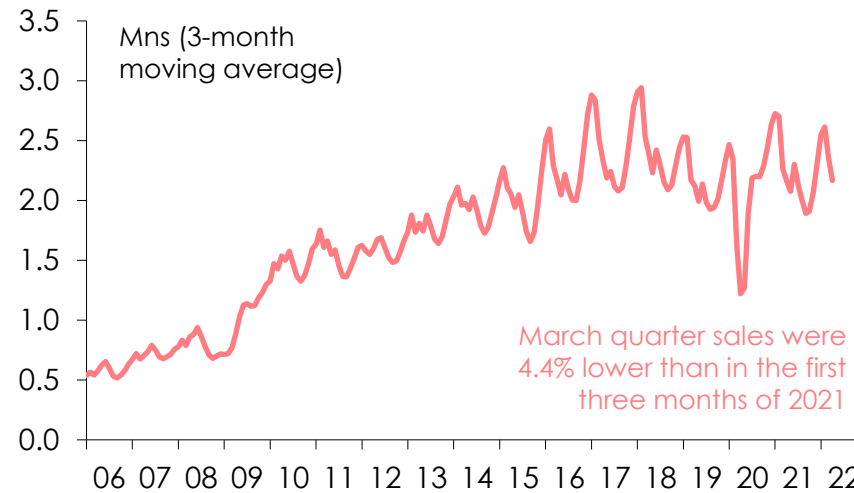
# Retail sales were much weaker in March, due to lockdowns, and property investment continued to slow

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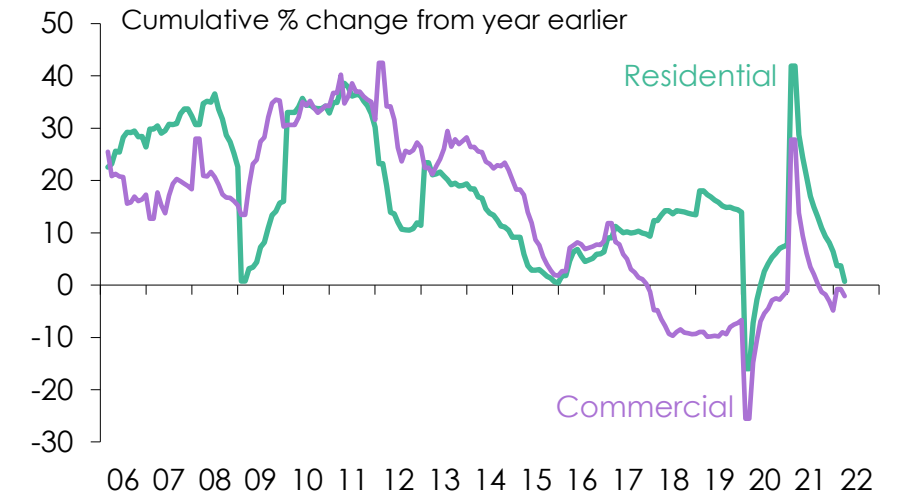
## Consumer sentiment



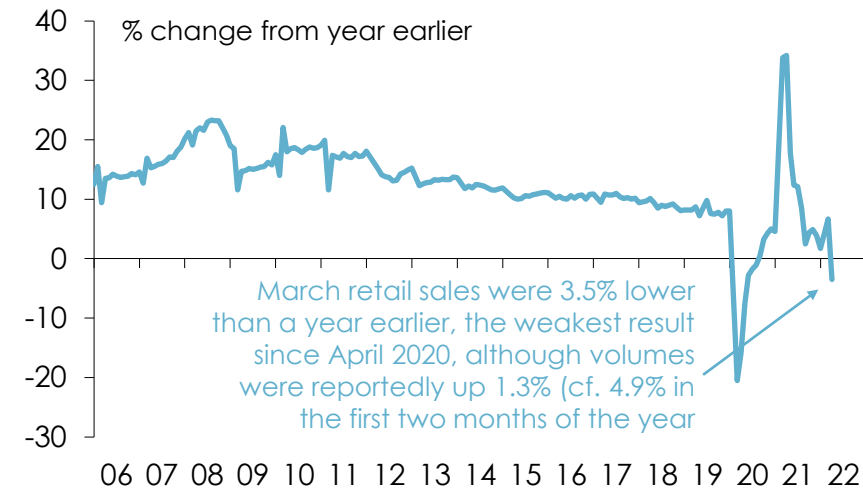
## Motor vehicle sales



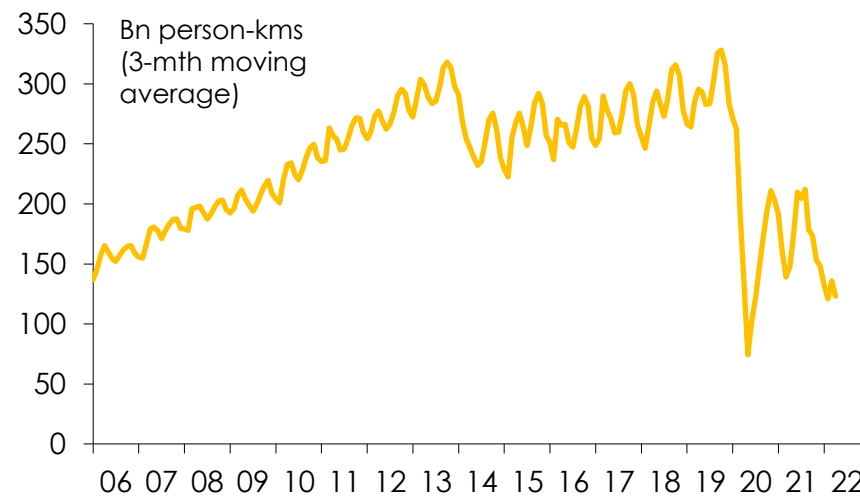
## Real estate investment



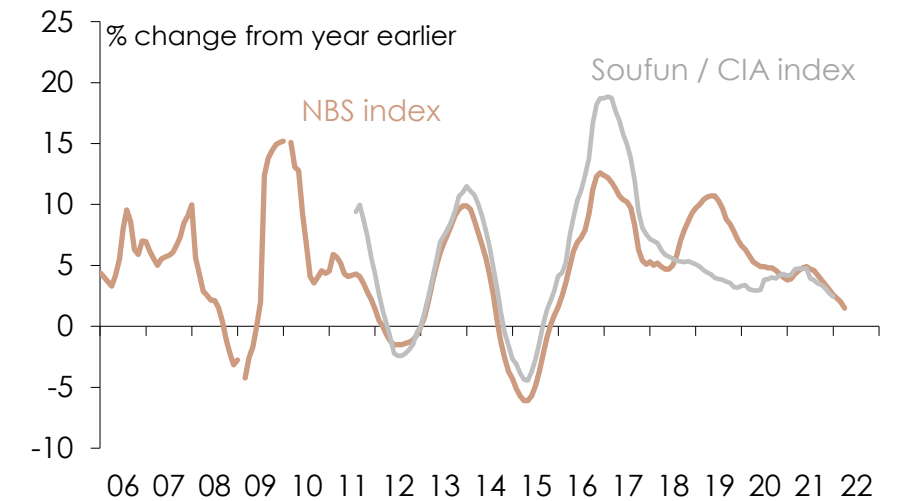
## Retail sales



## Passenger traffic volumes



## Residential real estate prices

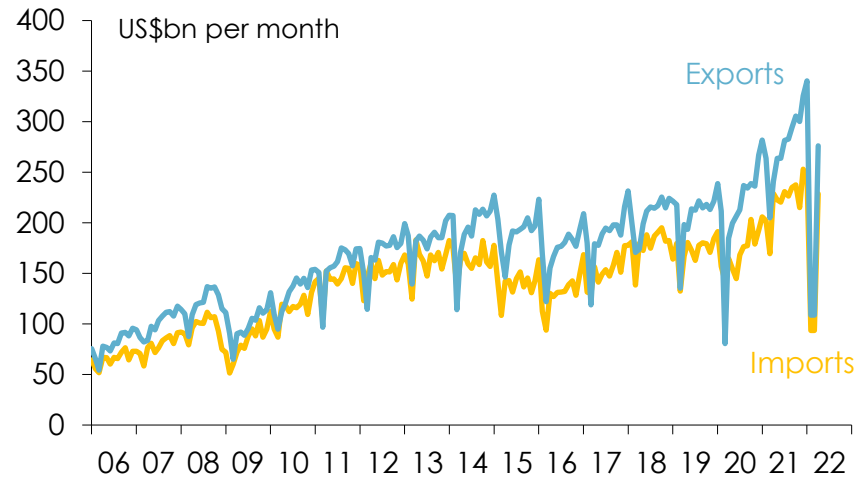


Sources: China National Bureau of Statistics, [National Data](#); China Association of Automobile Manufacturers, [Sales of Automobiles](#); China Index Academy, [CREIS China Residential](#)

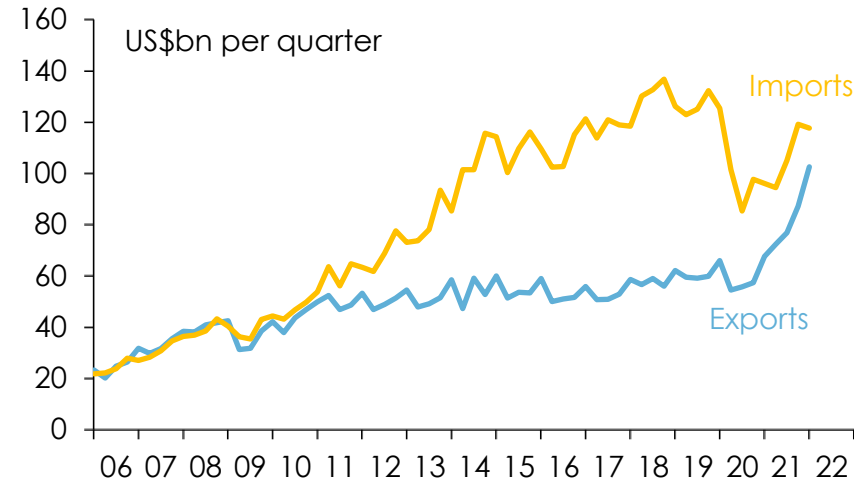
# China recorded its largest-ever March surplus of US\$47.4bn, despite a slowing in export growth, as Covid curbs cut imports across the board

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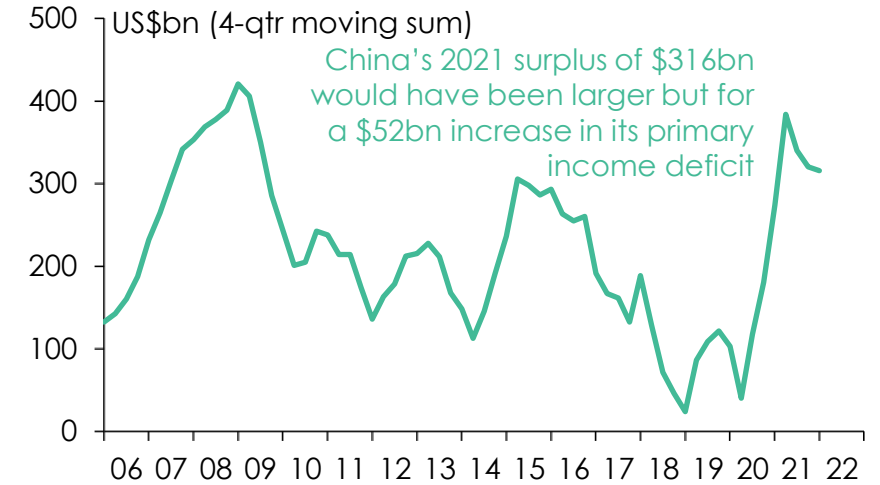
## Merchandise exports and imports



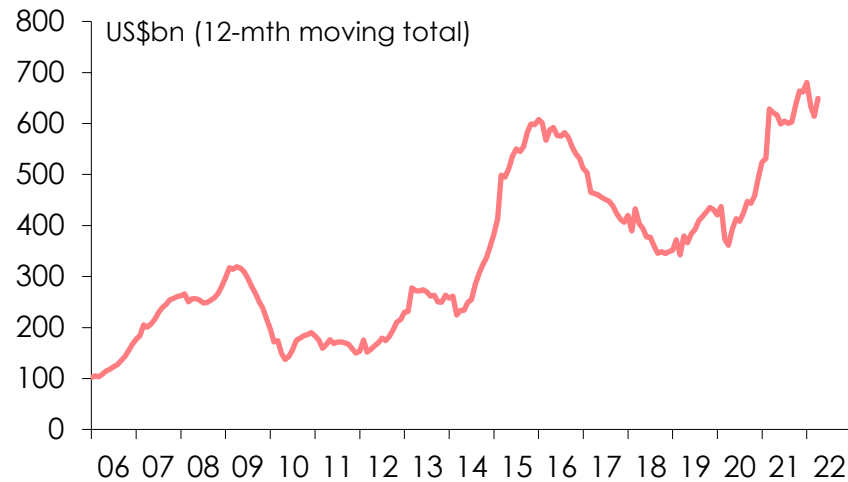
## Services exports and imports



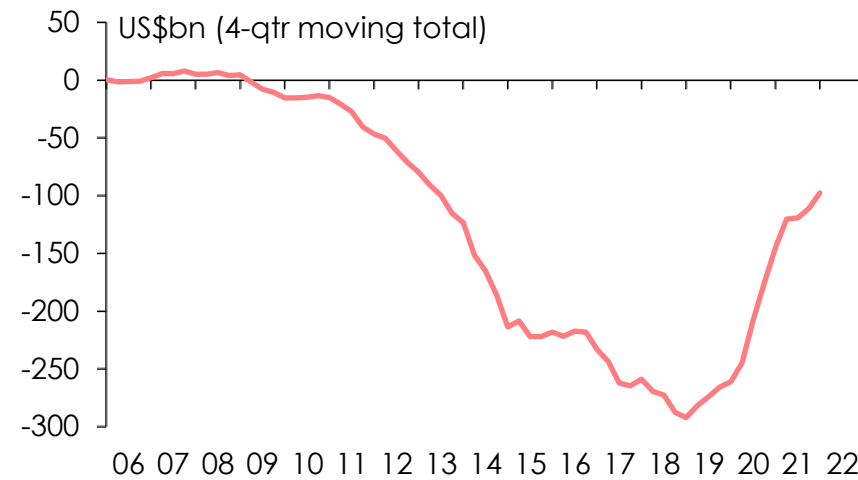
## Current account balance



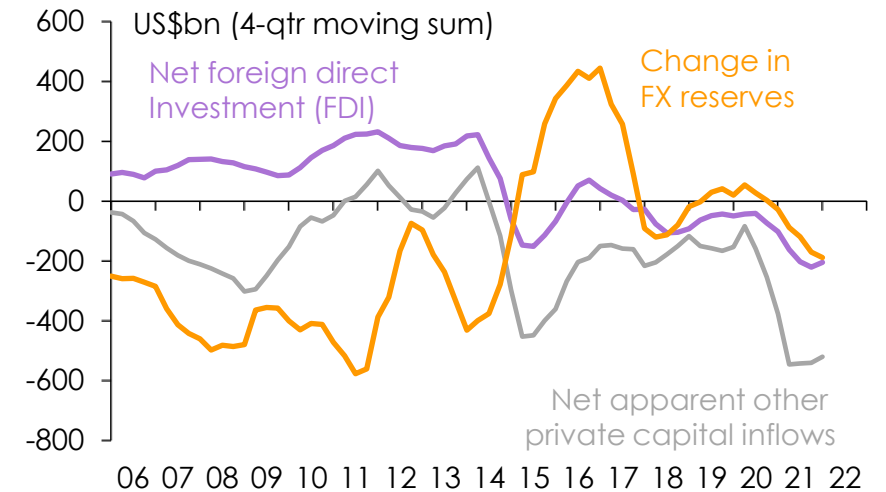
## Merchandise trade balance



## Services trade balance



## Capital flows

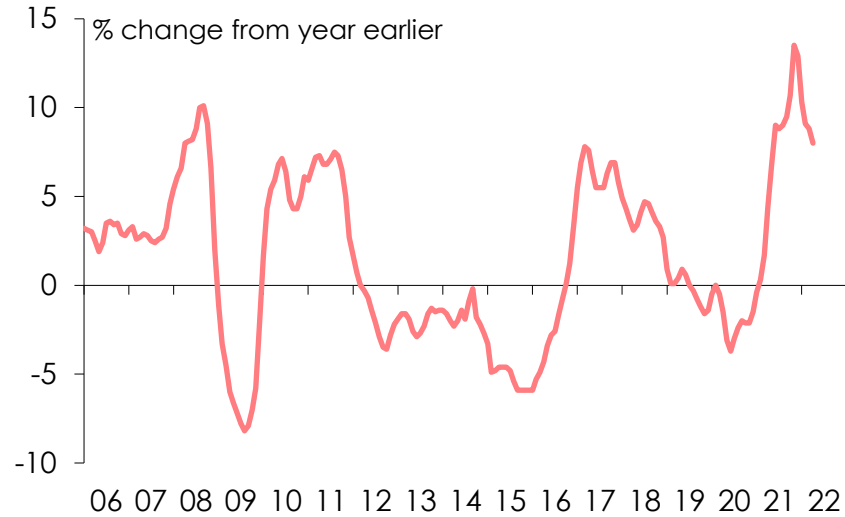


Sources: China General Administration of Customs, [Preliminary Release](#) and [Monthly Bulletin](#); State Administration of Foreign Exchange, [The time-series data of Balance of Payments of China](#). [Return to "What's New"](#).

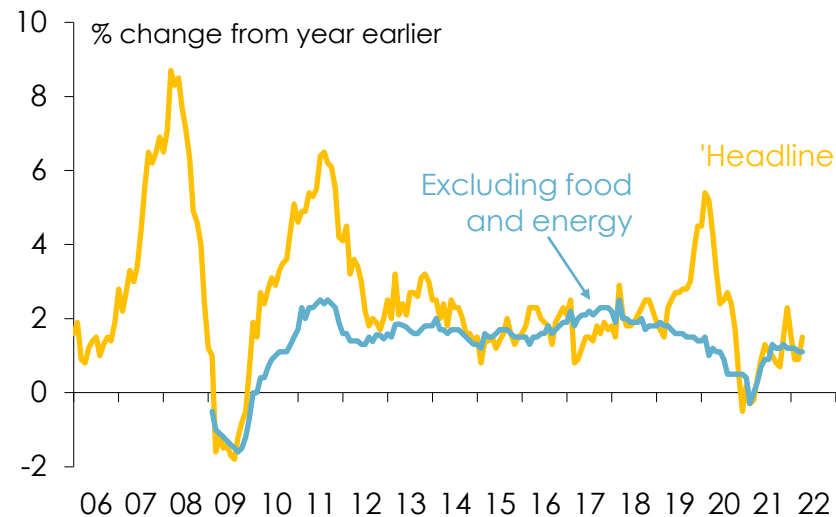
# 'Headline' consumer price inflation picked up slightly to 1.6% in March, mainly due to higher grain prices, but 'core' inflation remained at 1.1%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

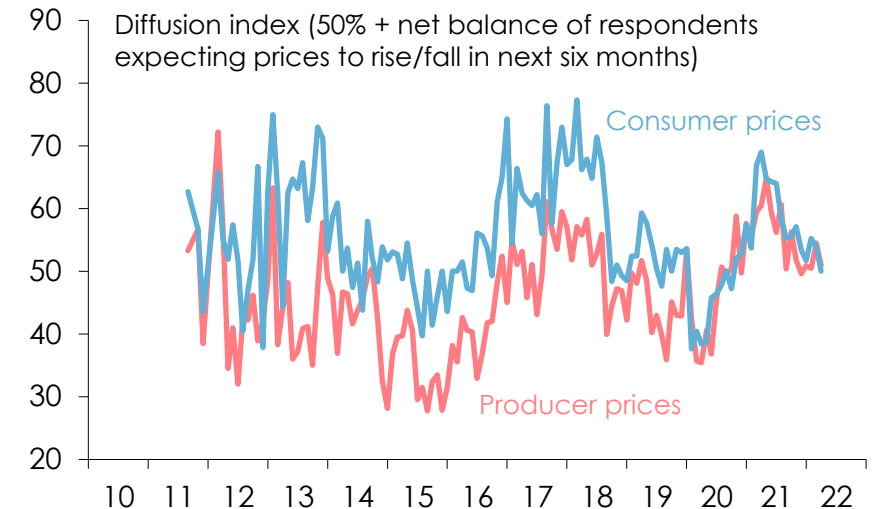
## Producer prices



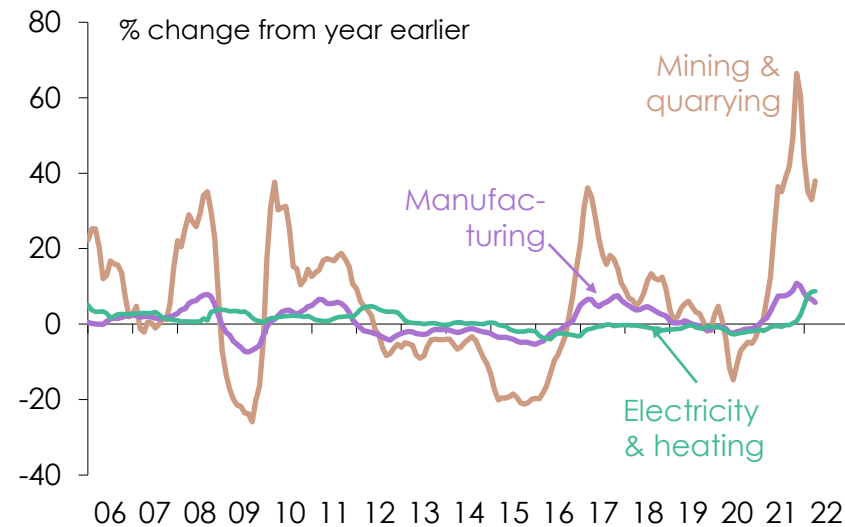
## Consumer prices



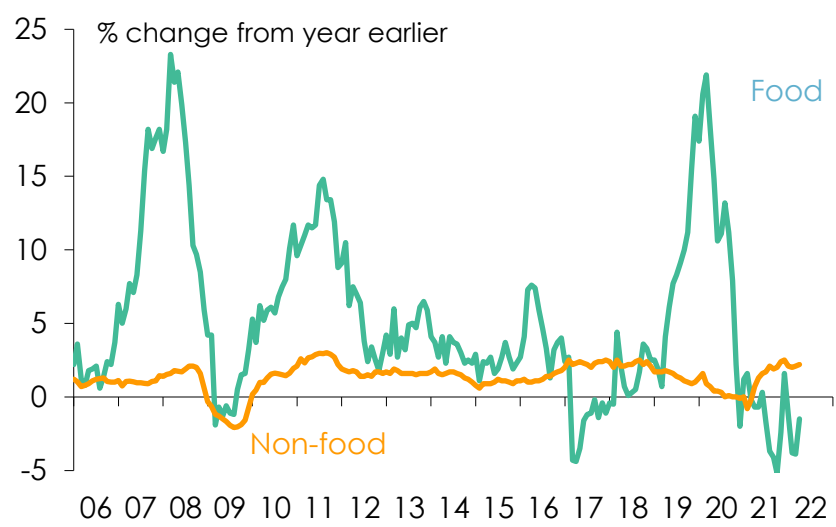
## CKGSB price diffusion indexes



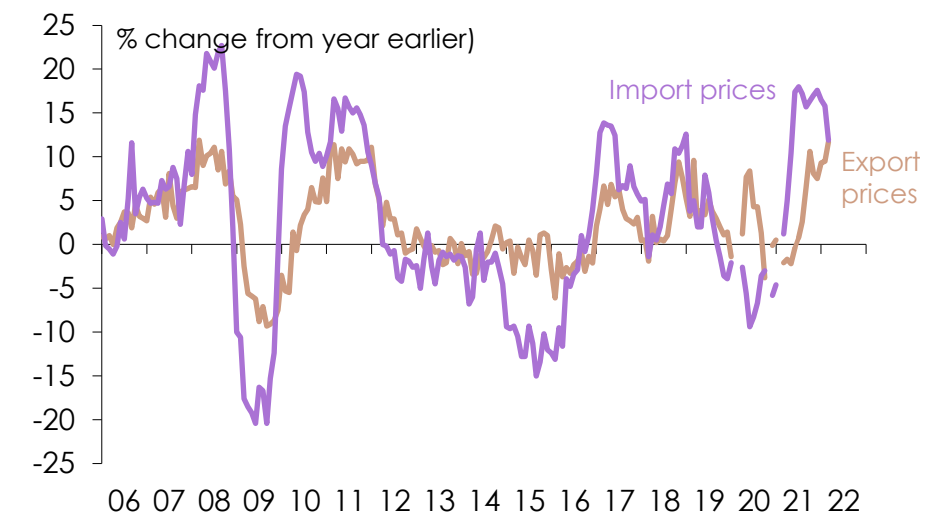
## Producer prices – major categories



## Consumer prices – food and other



## Trade prices



Note: Food accounts for about 33% of China's CPI; for more details see [here](#). The PBoC has an informal inflation target of "about 3%". Sources: China National Bureau of Statistics, [National Data](#); Cheung Kong Graduate School of Business, [Business Conditions Index \(BCI\)](#); and China General Administration of Customs, [Trade Indices](#).  
Return to "What's New".

# China's Politburo signalled an easing of the regulatory crackdown on 'big tech' and property at a meeting last Friday

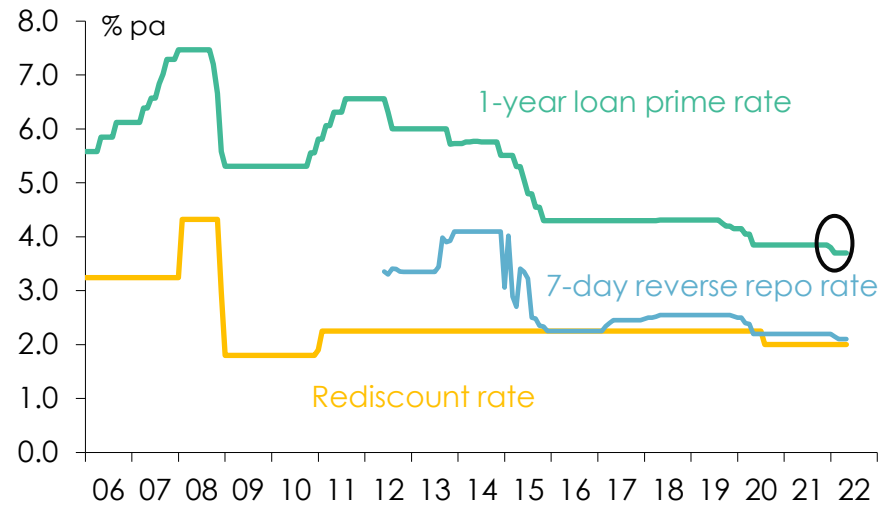
THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ **China's Politburo (chaired by Xi Jinping) signalled a relaxation of its 'crackdown' on China's tech and property sectors at a [meeting](#) on Friday, whilst also re-iterating its 'zero Covid' strategy**
  - the Politburo reportedly agreed to “speed up” the implementation of previously agreed tax cuts and other “supportive policies”, the use of “new monetary policy tools and effective investment”, and to “refining regulatory policies”
  - other [reports](#) indicated that the Politburo had agreed to increase support for China's 'platform economy', and that to that end, Xi and other leaders would host a 'symposium' with internet companies in mid-May
- ❑ **This follows an [Executive Meeting of the State Council](#) on 13<sup>th</sup> April which agreed to a series of measures to boost consumption spending**
  - as foreshadowed at the previous meeting of the full State Council, these focussed on deferrals of social security insurance premiums for five “hard-hit sectors” - food and hospitality, retail, tourism, civil aviation, and road/water/rail transport – with local authorities also “encouraged to intensify support and assistance for these sectors” and to “stabilize more market entities in consumer services”
  - consumption in “priority areas” – medical and health care, elderly care, and child care – will “be expanded”, with more support for private sector providers in these areas “to shore up any weak links”, while spending on “home appliances, automobiles and other big-ticket items will be encouraged”
- ❑ **It indicated that “a variety of monetary policy tools, such as relending, should be used flexibly and timely ... to increase support for the real economy**
  - it agreed to “use monetary policy tools like reserve requirement ratio cuts at an appropriate time” to ensure “a reasonable abundance of liquidity” especially for “virus-hit sectors”, SMEs and self-employed individuals )
- ❑ **The following day the People's Bank of China [announced](#) a 25 bp reduction in banks' reserve requirement ratios (effective from 25<sup>th</sup> April)**

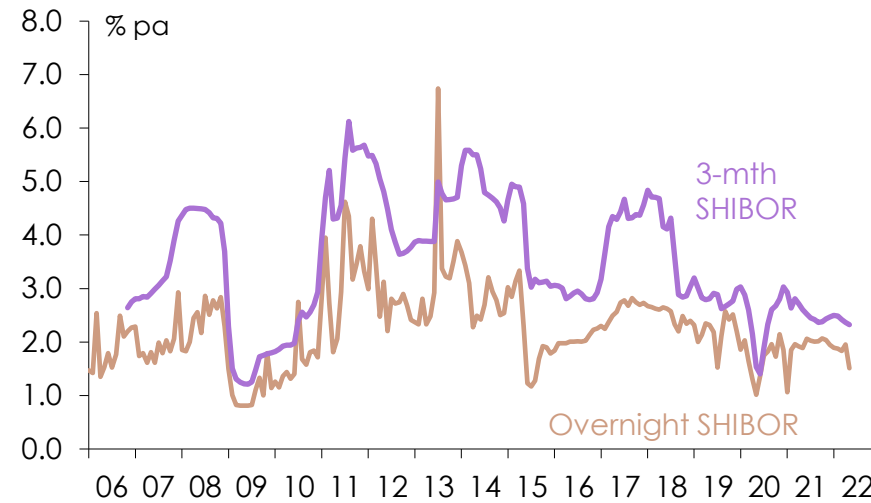
# The PBoC cut banks' reserve requirement ratios by 25 bp effective last week, following decisions of the State Council Executive earlier in April

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

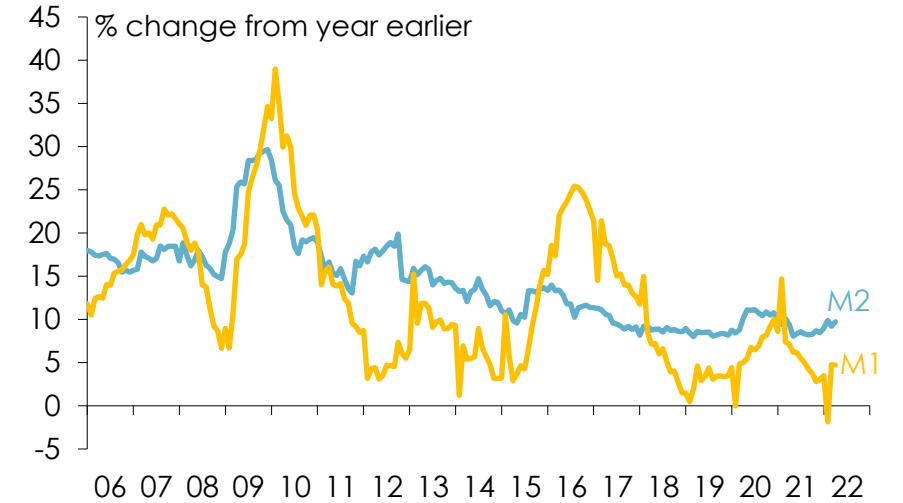
## PBoC policy interest rates



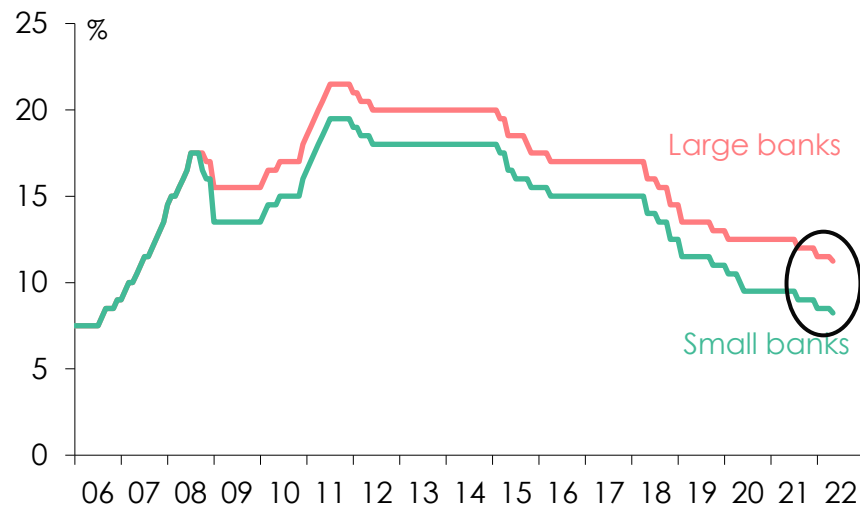
## Short-term market interest rates



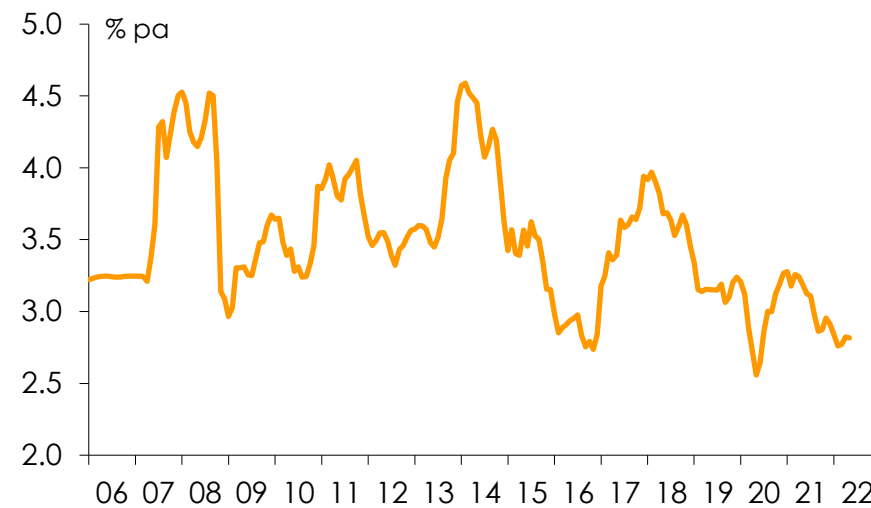
## Monetary aggregates



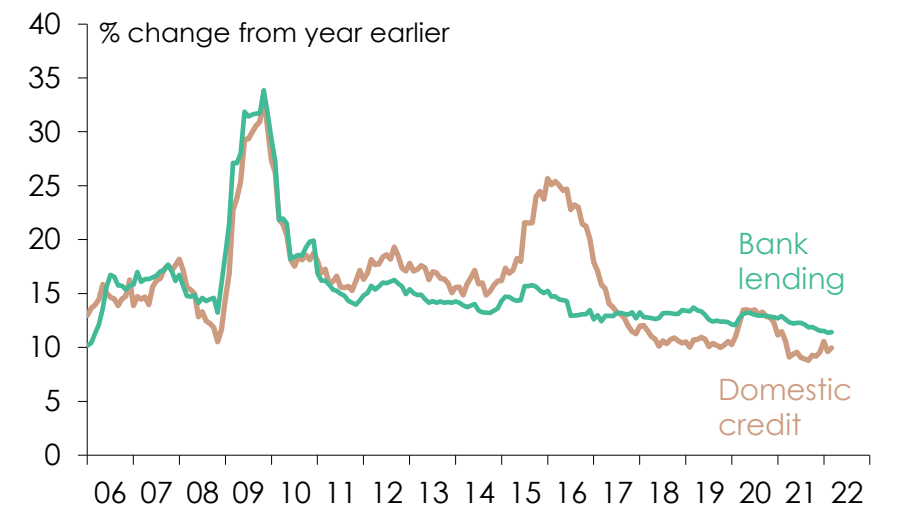
## Bank reserve requirement ratios



## 10-year government bond yield



## Credit growth



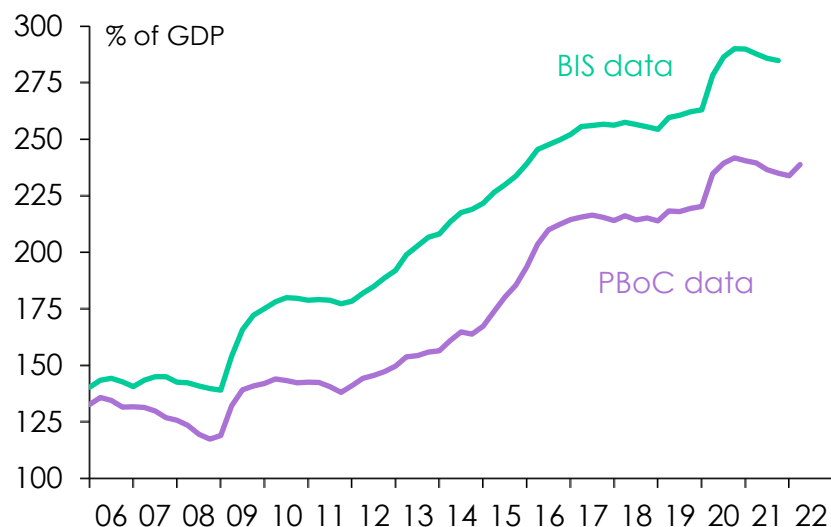
Note: 'SHIBOR' is the Shanghai Inter-Bank Offered Rate. Sources: Refintiv Datastream; People's Bank of China, [Financial Statistics Reports](#) and [Aggregate Financing Reports](#). [Return to "What's New"](#).



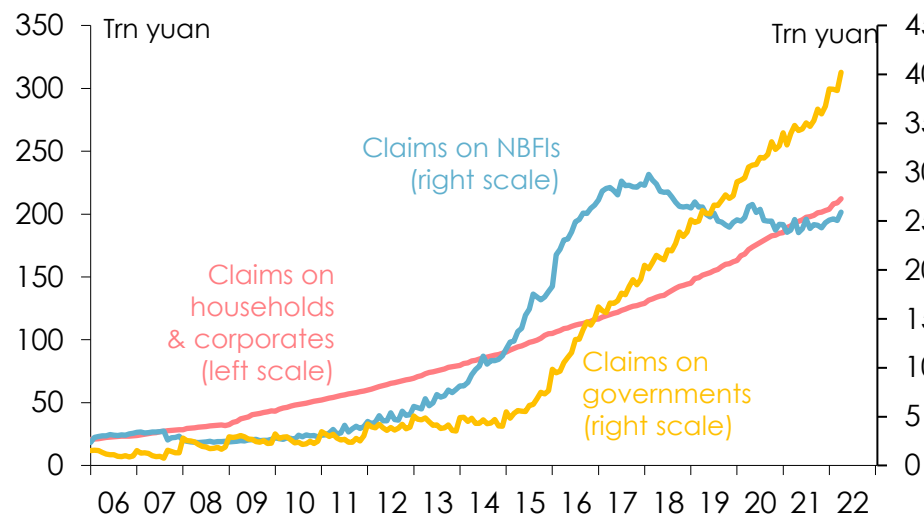
# The Chinese banking system's risk profile has increased significantly over the past decade – particularly on the liabilities side of its balance sheet

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

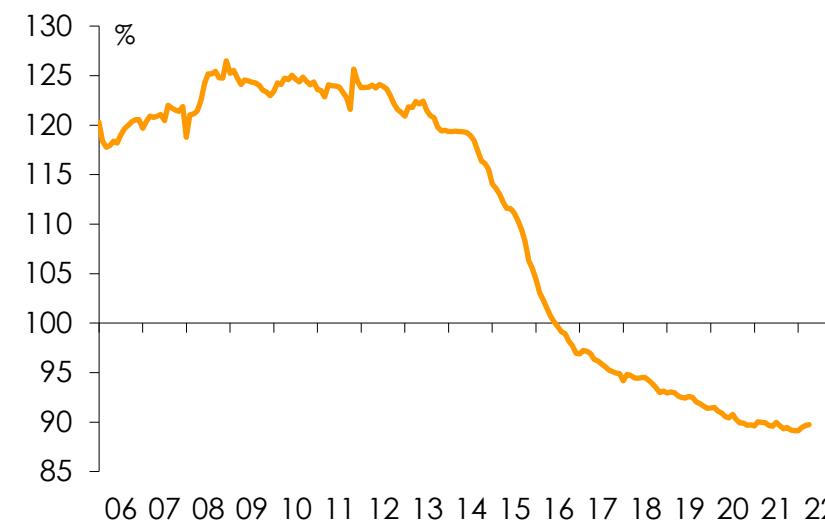
## Credit outstanding as a pc of GDP



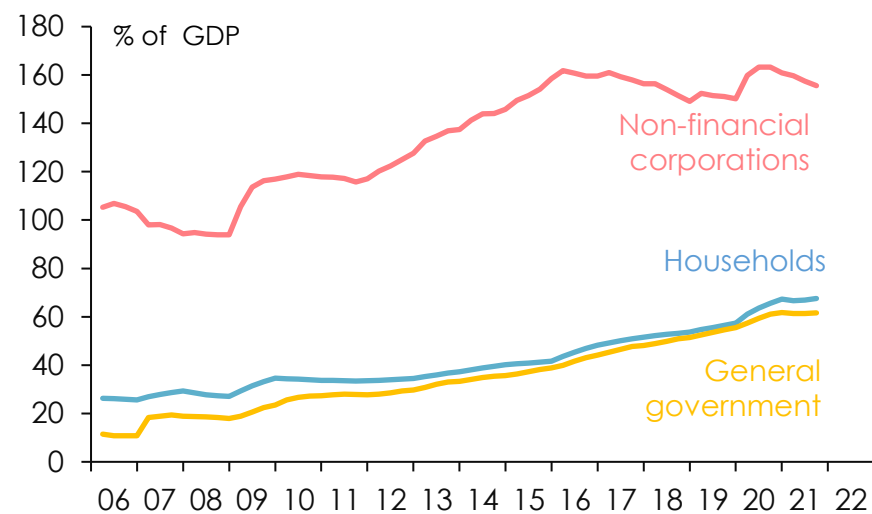
## Banks' assets



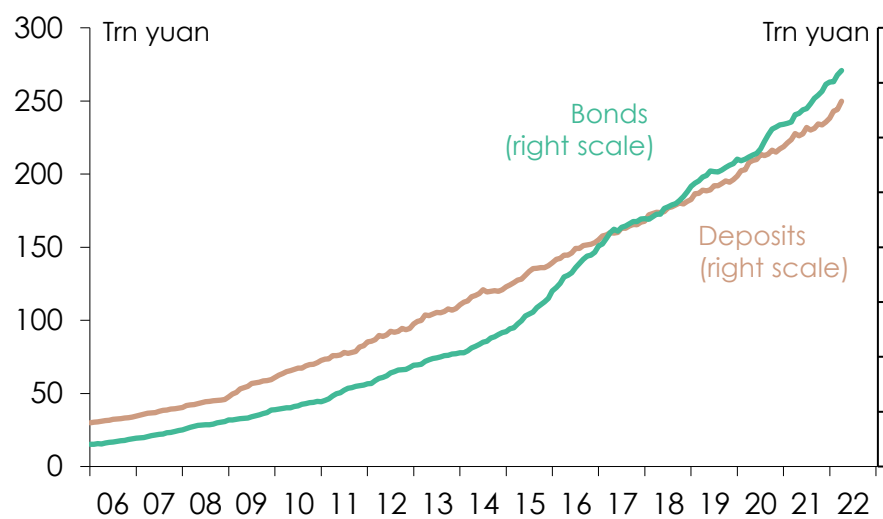
## Banks' deposits-to-loans ratio



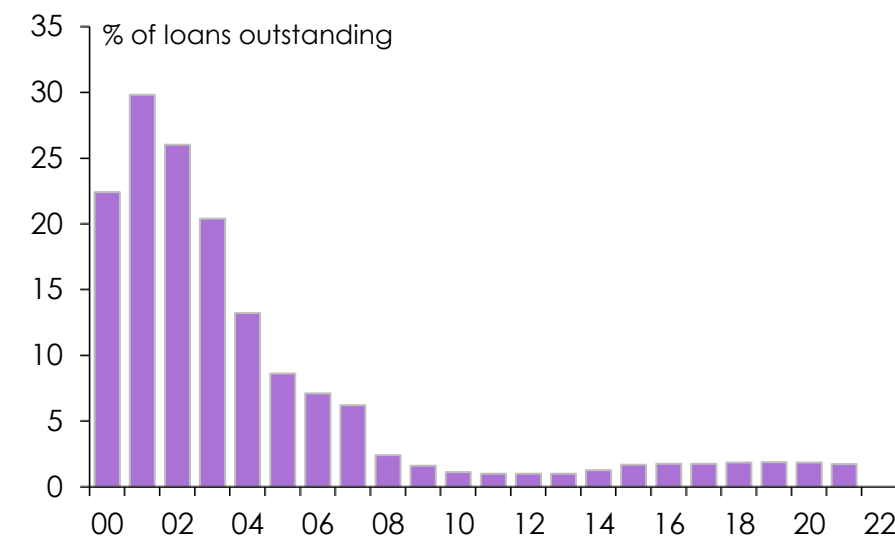
## Credit outstanding by sector



## Banks' liabilities



## Banks NPLs – official estimates

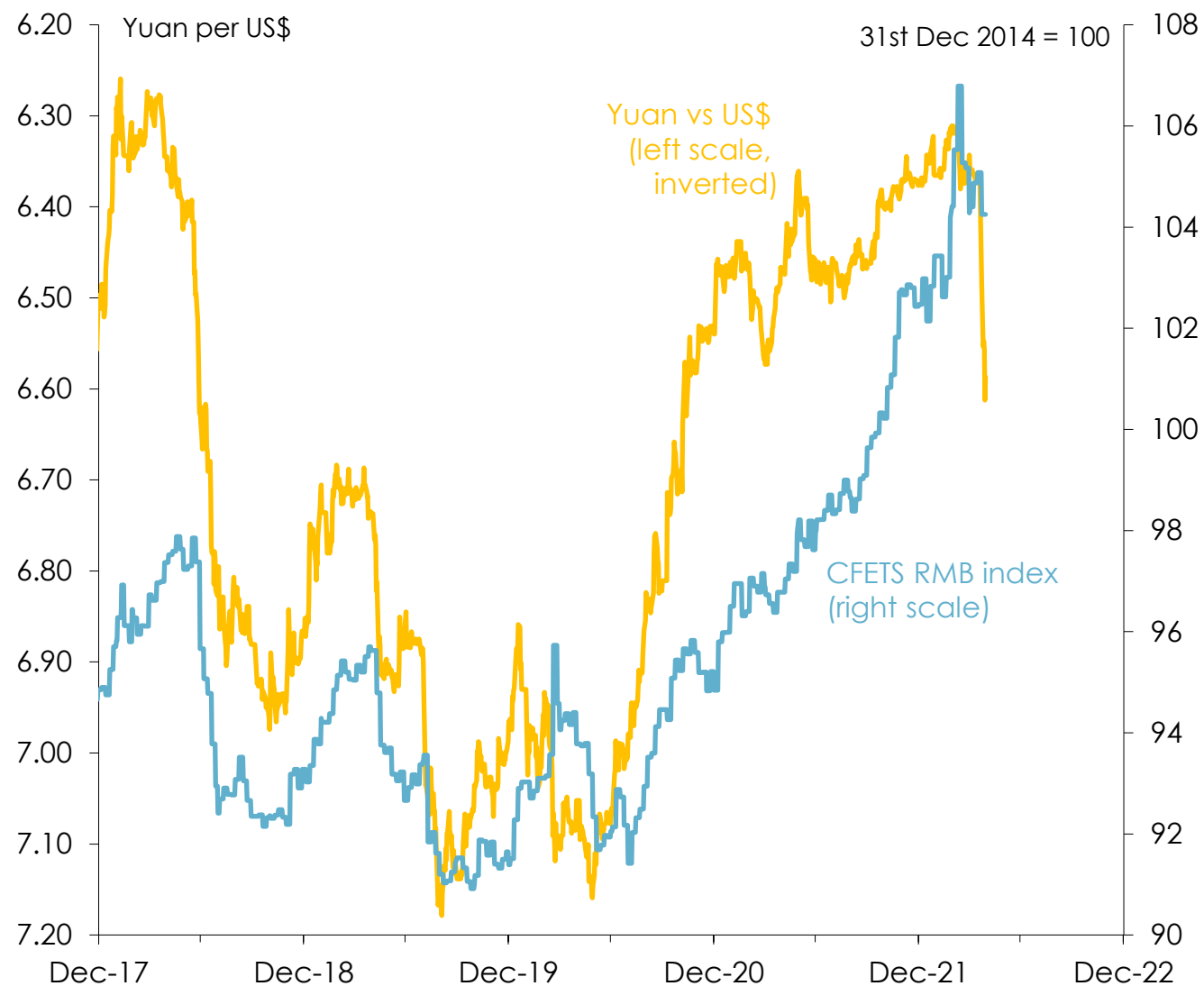


Sources: People's Bank of China, [Financial Statistics Reports](#); Bank for International Settlements, [Credit to the non-financial sector](#); China Banking and Insurance Regulatory Commission, [Supervisory Statistics of the Banking and Insurance Sectors](#). [Return to "What's New"](#).

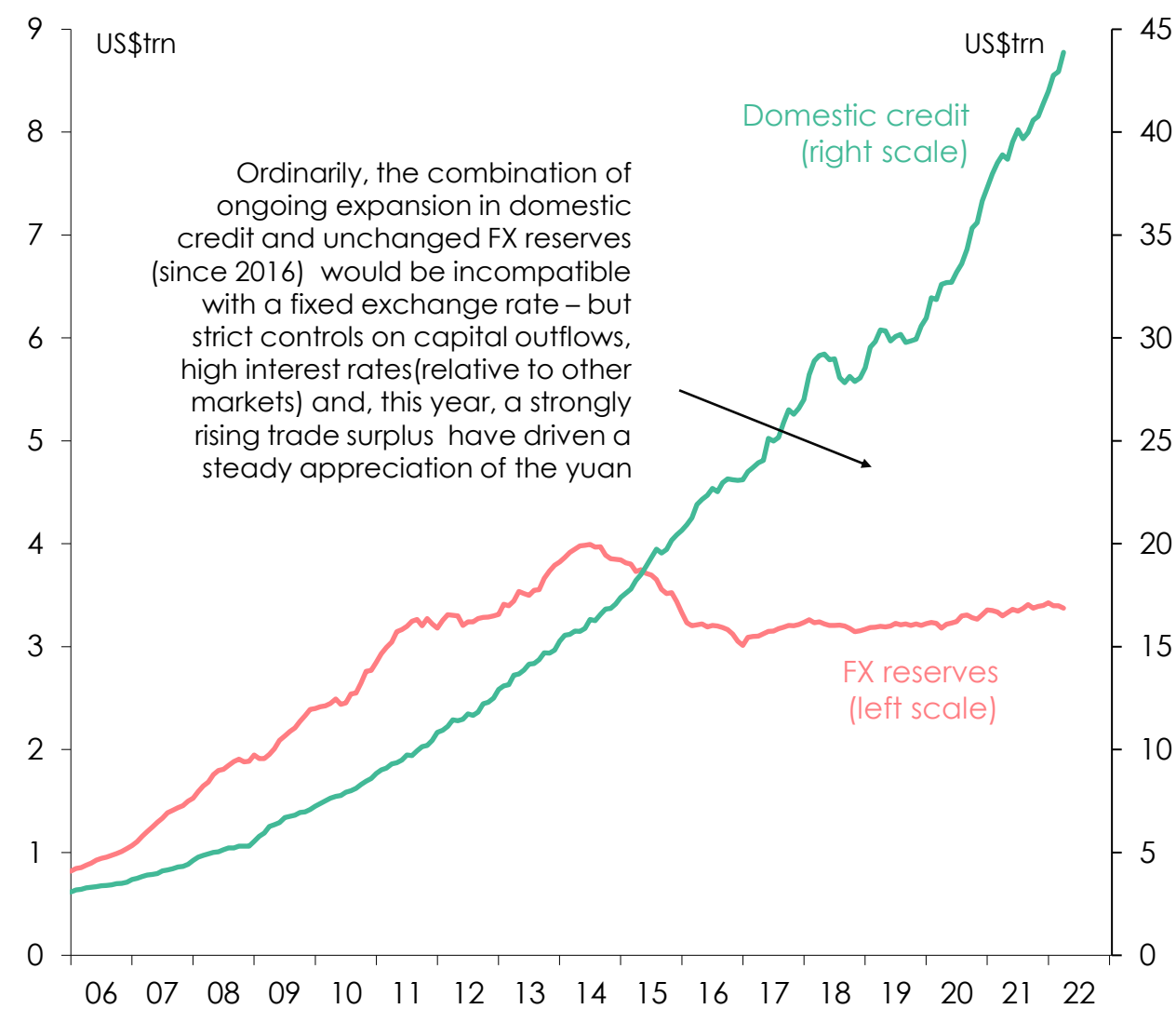
# The yuan fell another 1½% against the US\$ last week (bringing its decline during April to 3.7%) and also fell ¾% on the PBoC's trade-weighted index

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Chinese renminbi vs US\$ and trade-weighted index



## FX reserves and domestic credit



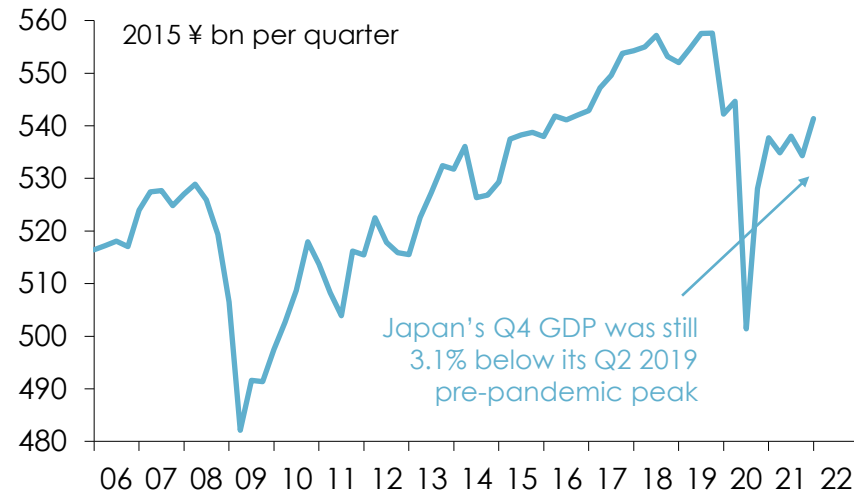
Sources: Refinitiv Datastream; China Foreign Exchange Trading System; People's Bank of China. Exchange rates up to 22<sup>nd</sup> April; FX reserves and credit data up to March.  
[Return to "What's New"](#).

**Japan**

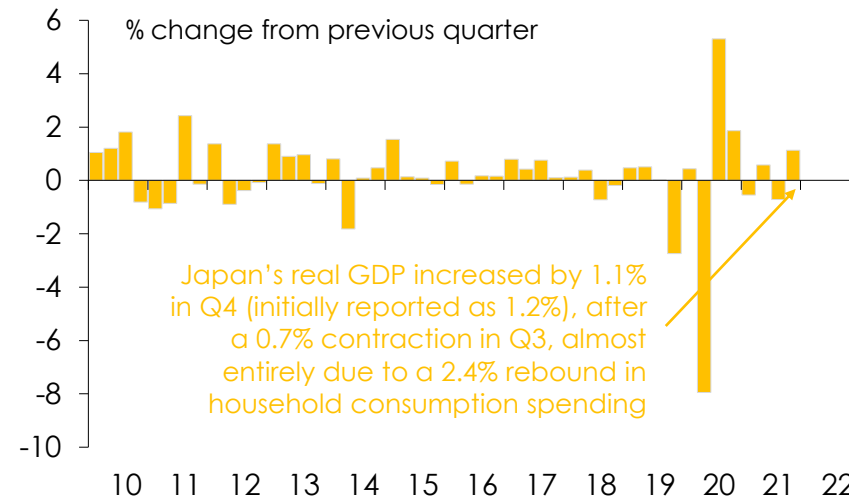
# Japan's real GDP rebounded 1.1% in Q4 last year after falling in two of the three previous quarters but was still 3.1% short of its pre-pandemic peak

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

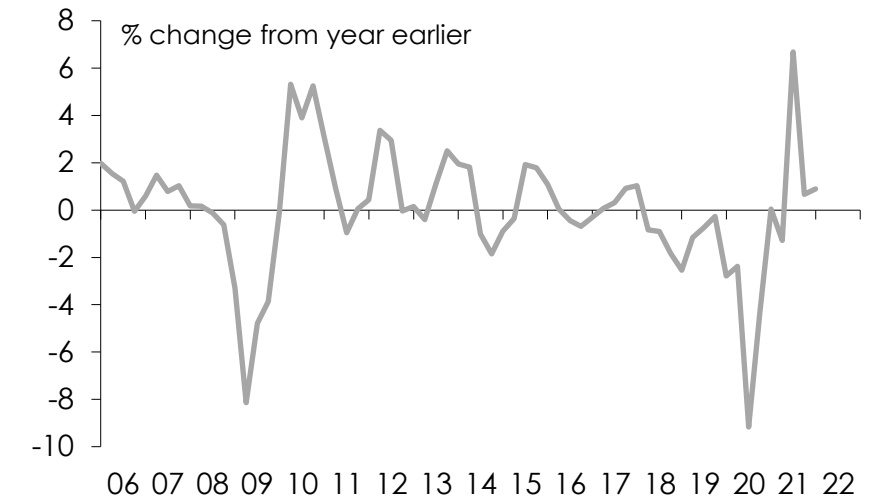
## Level of real GDP



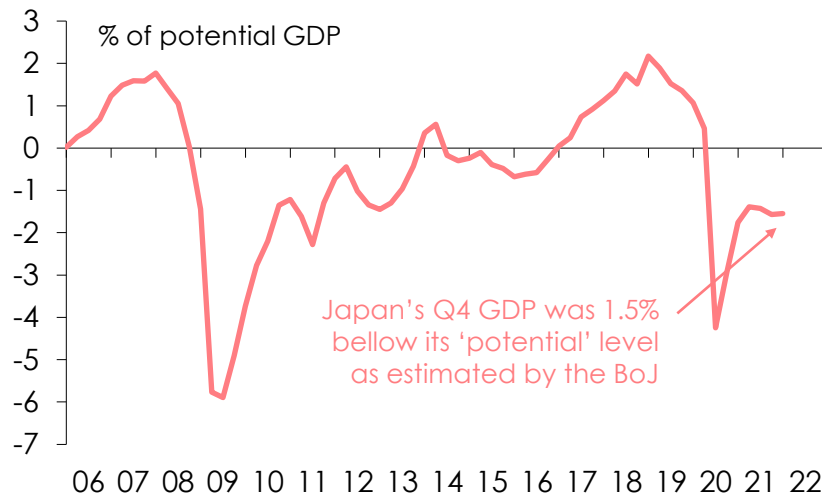
## Quarterly change in real GDP



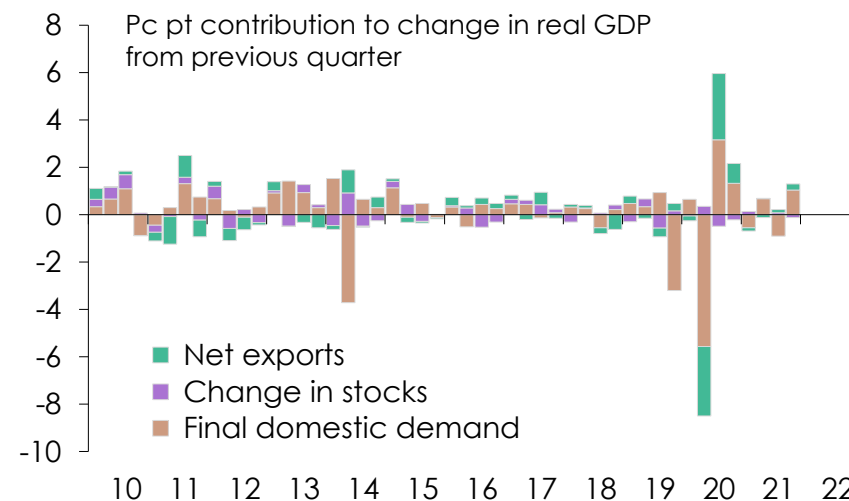
## Labour productivity growth



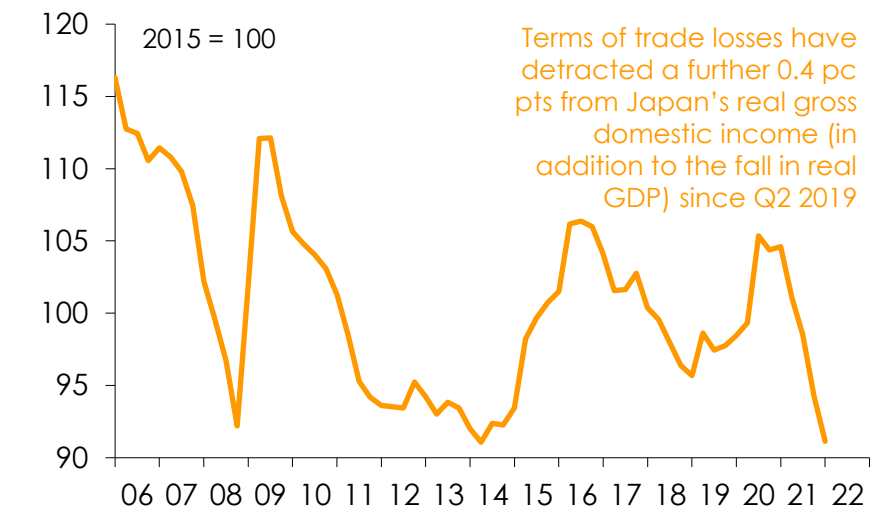
## The 'output gap'



## Contributions to change in real GDP



## Terms of trade

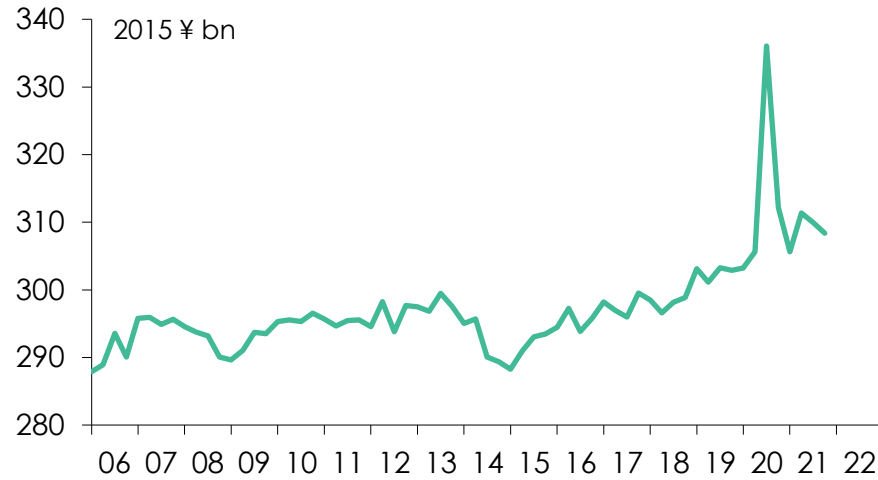


Note: the 'output gap' is the difference between actual and potential GDP (the volume of goods & services that could be produced if the economy were operating at full capacity); the 'terms of trade' is the ratio of the implicit price deflator of exports of goods & services to that of imports of goods & services – it gives an indication of the income gains or losses arising from changes in the prices of goods and services traded between the US and the rest of the world. Sources: Japan Cabinet Office, [Quarterly Estimates of GDP](#); Bank of Japan, [Output Gap and Potential Growth Rate](#); OECD, [Main Economic Indicators](#), Early Estimates of Quarterly ULC Indicators. [Return to "What's New"](#).

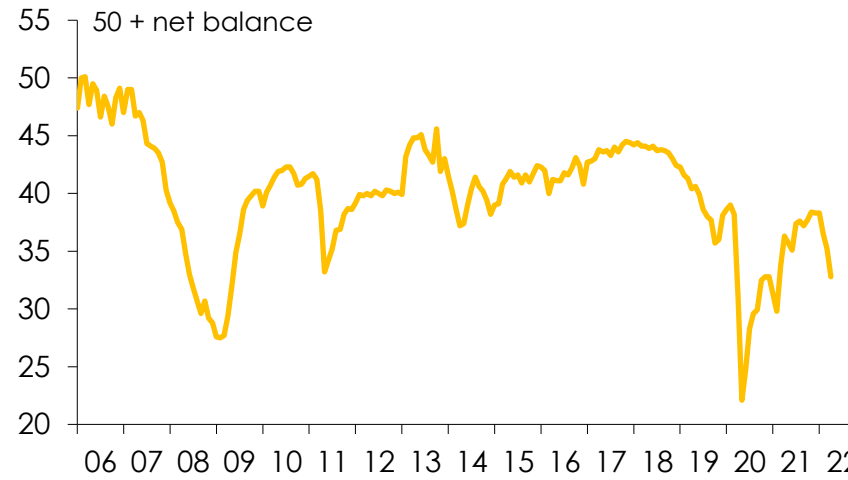
# Household incomes have been supported by fiscal transfers, but much of them have been saved so household spending has remained weak

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

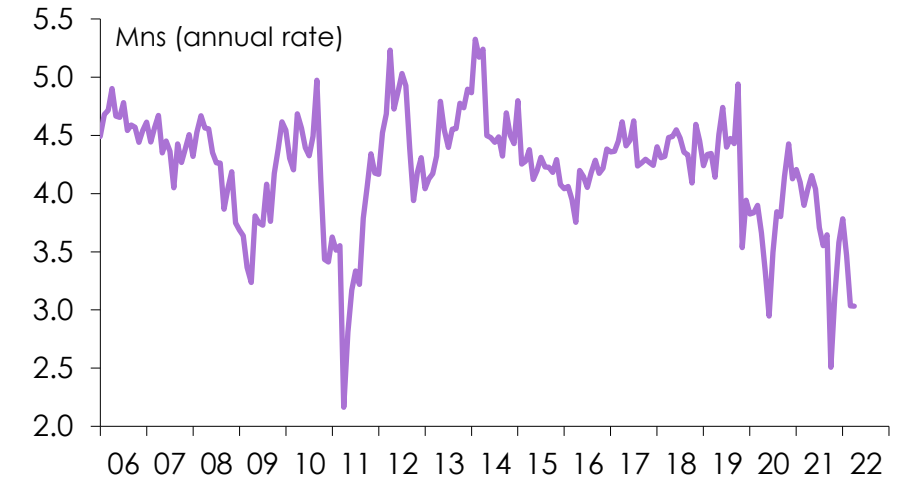
## Real household disposable income



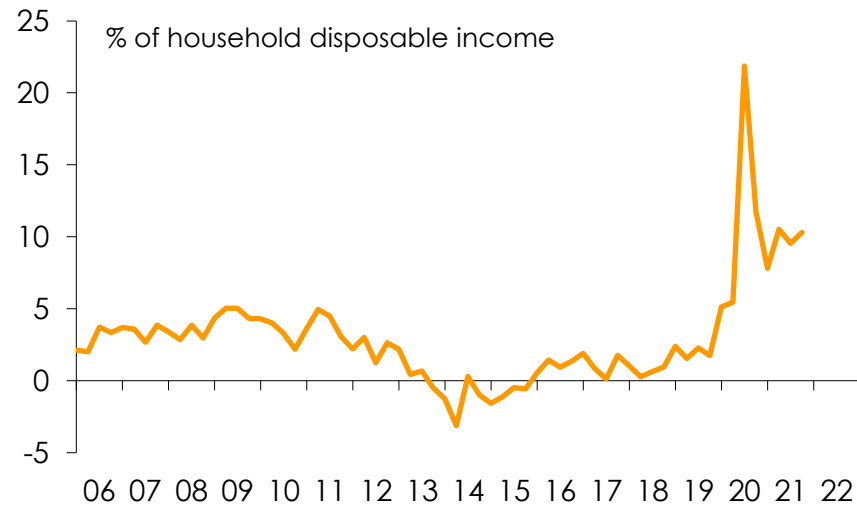
## Consumer confidence



## Motor vehicle sales



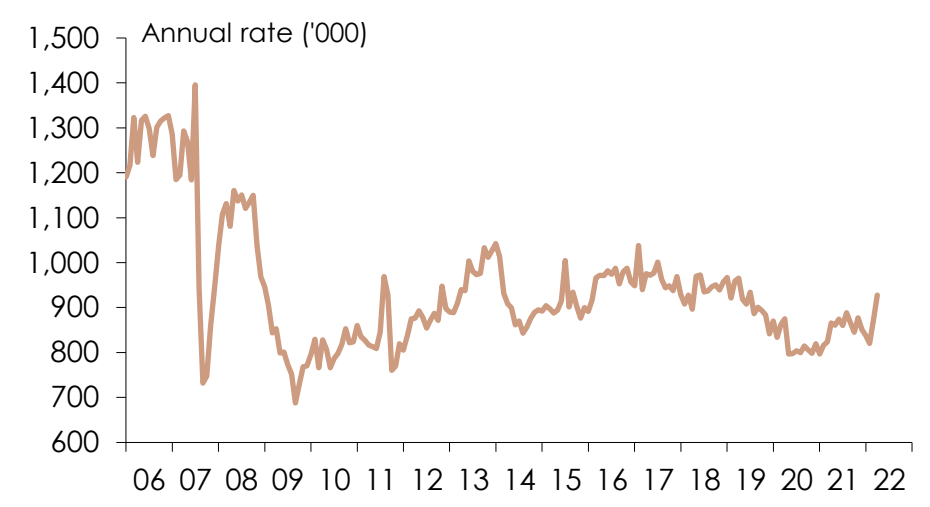
## Household saving



## Consumption activity index



## Housing starts

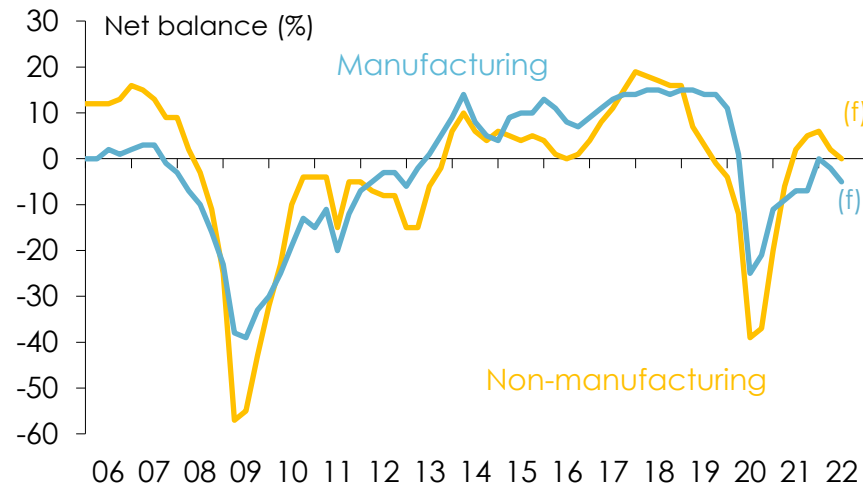


Sources: Japan Cabinet Office, [Quarterly Estimates of Household Disposable Income and Household Saving Ratio](#) and [Consumer Confidence Survey](#); Bank of Japan, [Consumption Activity Index](#); Japan Automobile Dealers Association, [Statistical Data](#); Japan e-Stat, [Building Starts](#). [Return to "What's New"](#).

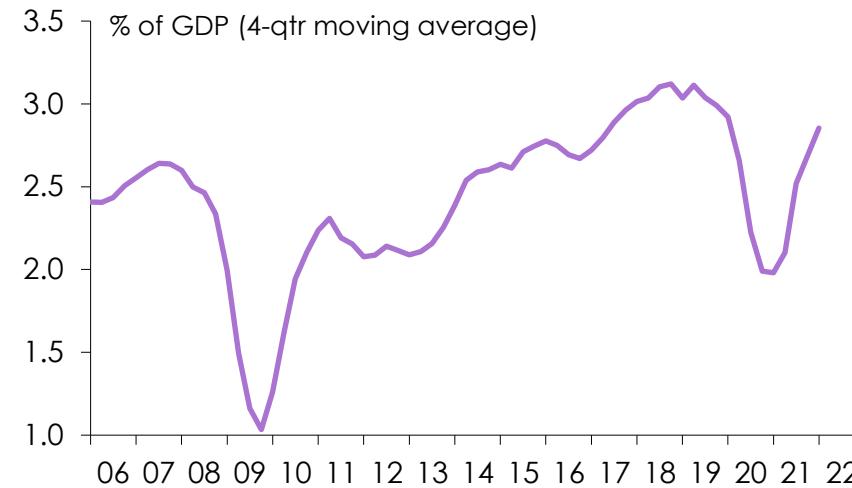
# Japanese business confidence deteriorated in the first quarter of this year according to the BoJ's *tankan* survey, largely reflecting rising input costs

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

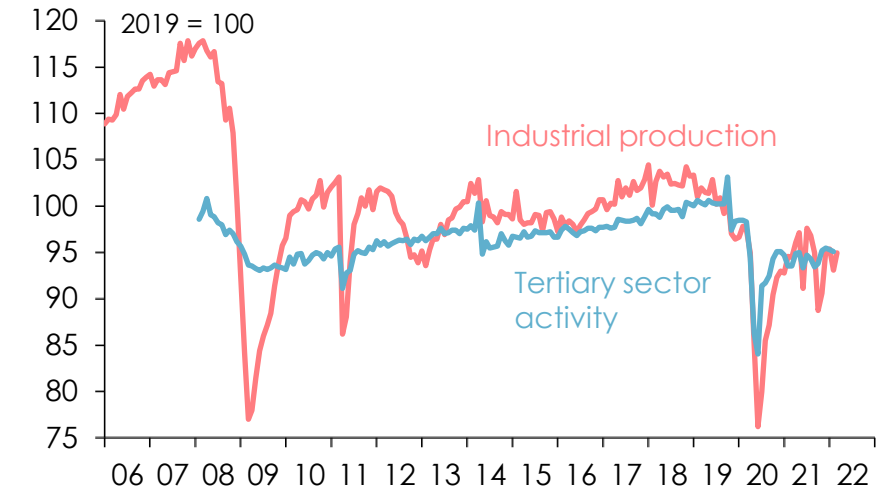
## Business conditions by industry



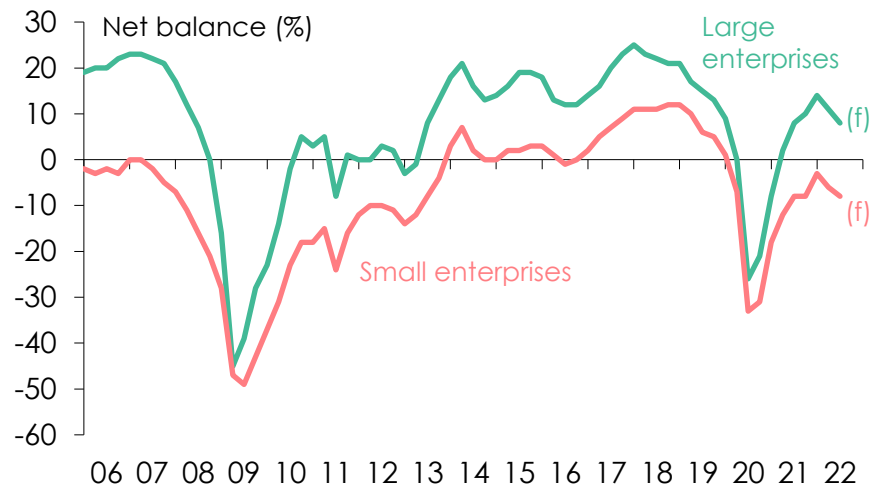
## Corporate operating profits



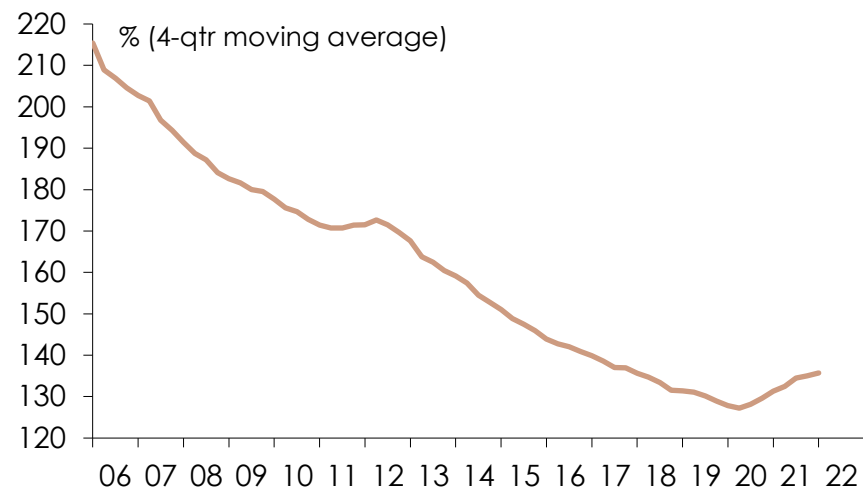
## Indexes of economic activity



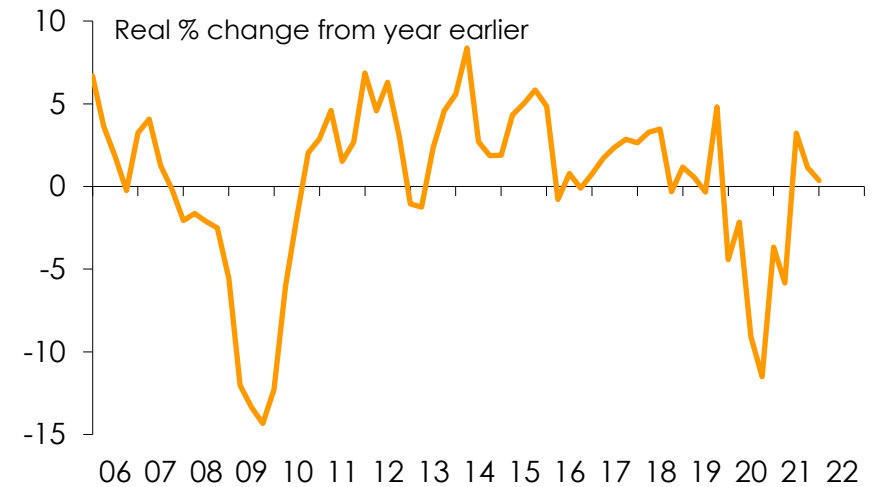
## Business conditions by firm size



## Corporate debt-equity ratio



## Business investment

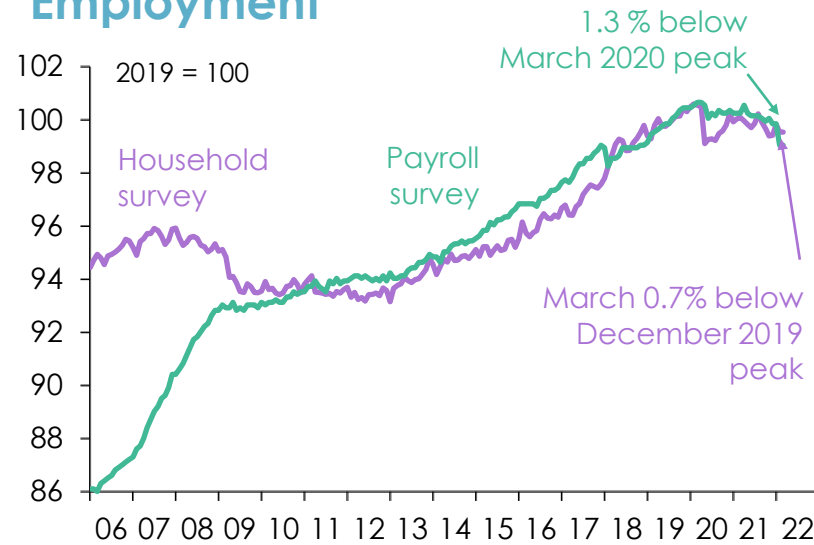


Sources: Bank of Japan, [Short-Term Economic Survey of Enterprises in Japan \('Tankan'\)](#); Policy Research Institute, Ministry of Finance, [Financial Statements Statistics of Corporations by Industry, Quarterly](#); Ministry of Economy, Trade & Industry, [Indices of Industrial Production](#) and [Indices of Tertiary Industry Activity](#); Japan Cabinet Office, [Quarterly Estimates of GDP](#). Return to "What's New".

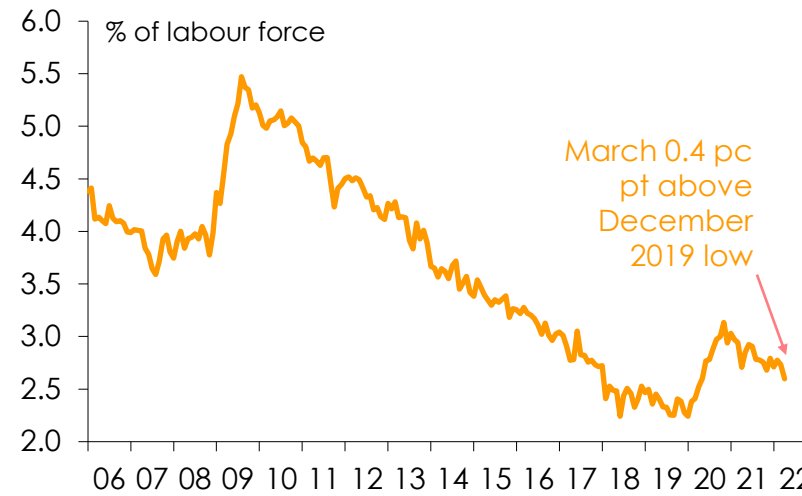
# Employment in Japan rose 0.3% in March, to be 0.7% below its pre-pandemic peak, while the unemployment rate fell 0.1 pc pt to 2.6%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

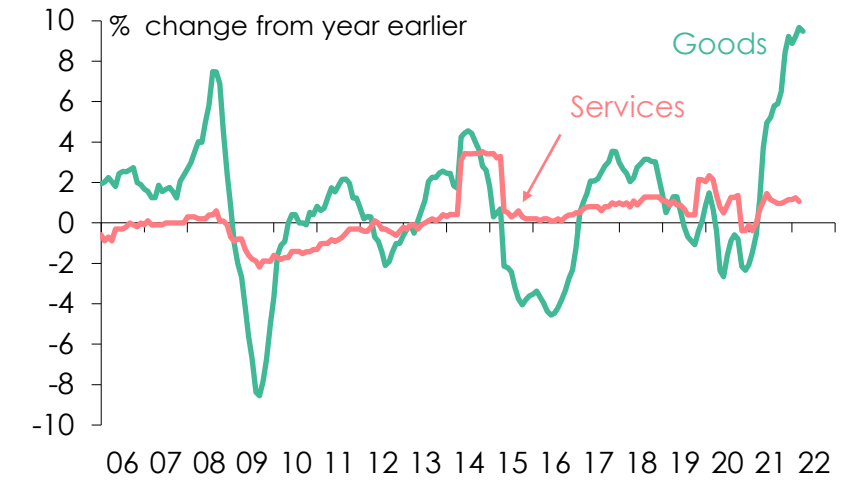
## Employment



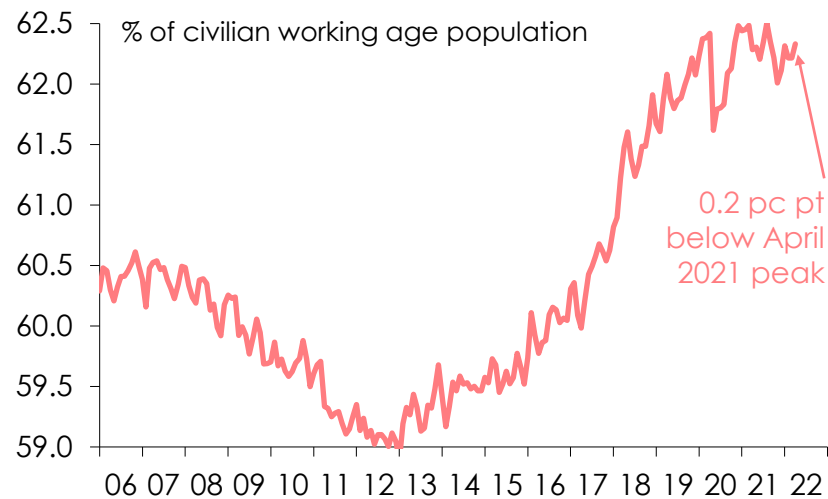
## Unemployment rate



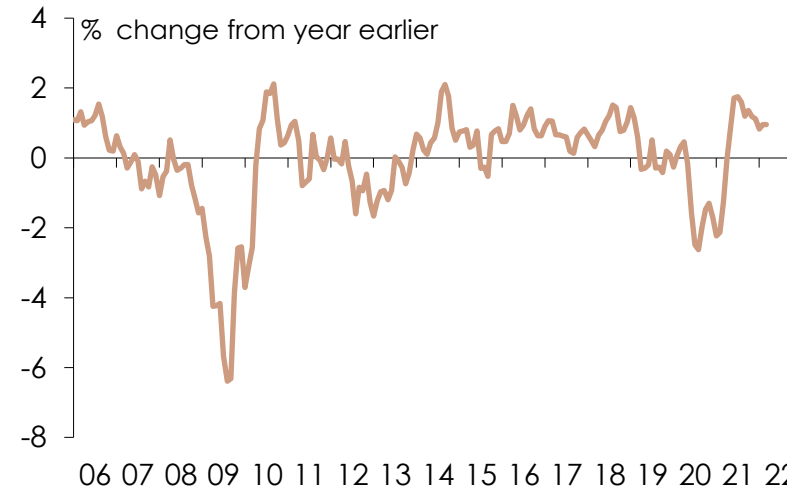
## 'Corporate' (producer) prices



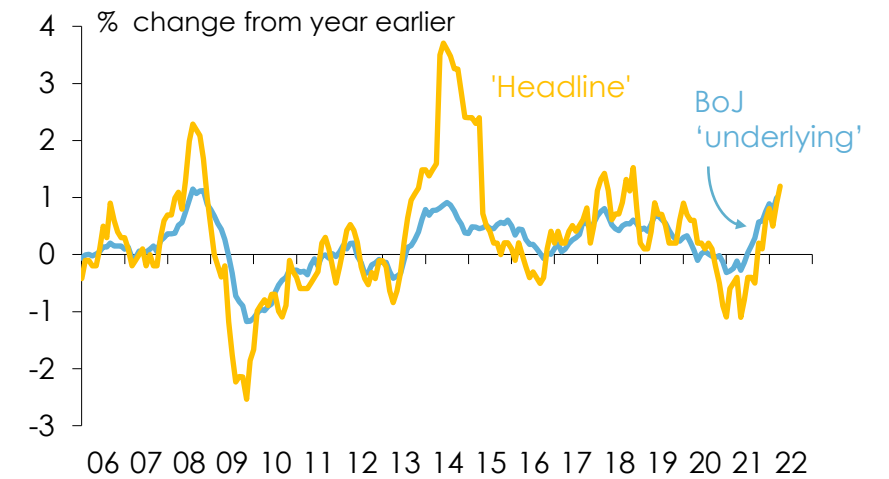
## Labour force participation rate



## Wages growth



## Consumer prices

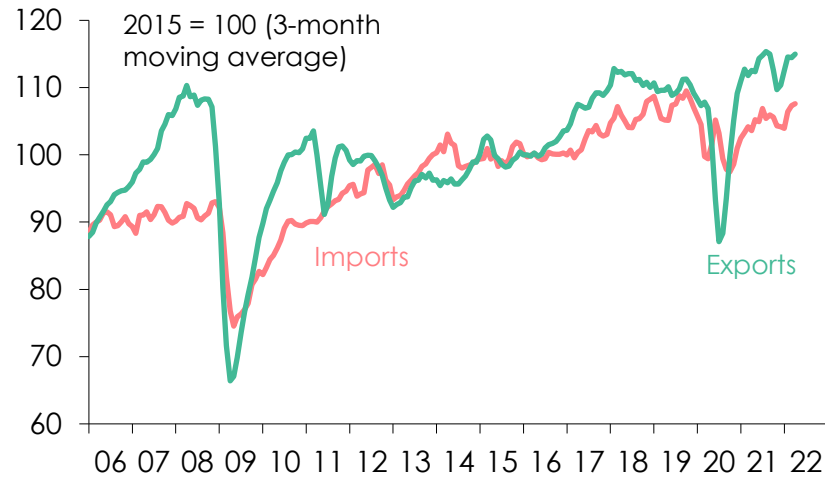


Sources: Statistics Bureau of Japan, [Labour Force Survey](#) and [Consumer Price Index](#); Ministry of Health, Labour and Welfare, [Monthly Labour Survey](#); Bank of Japan, [Prices and Measures of Underlying Inflation](#). [Return to "What's New"](#).

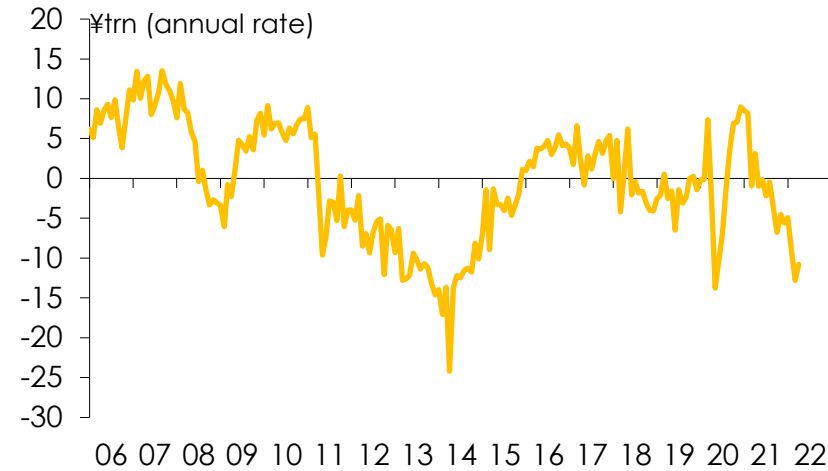
# Japan's auto exports have been impacted by supply-chain difficulties, which together with higher import prices have erased its trade surpluses

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

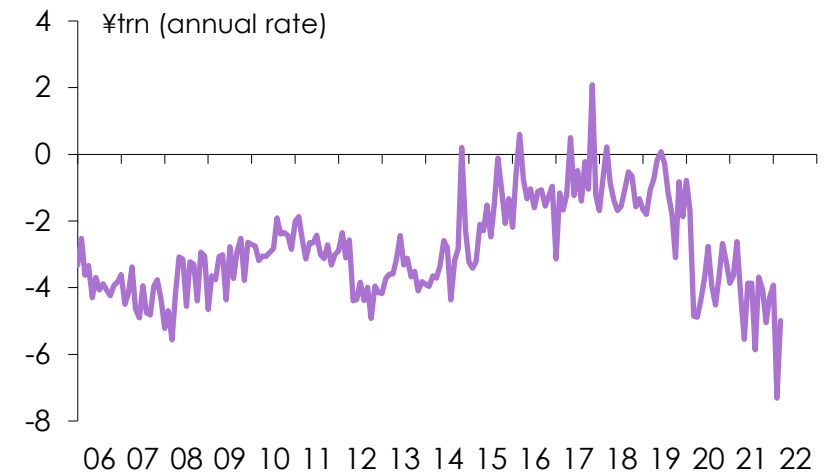
## Merchandise trade volumes



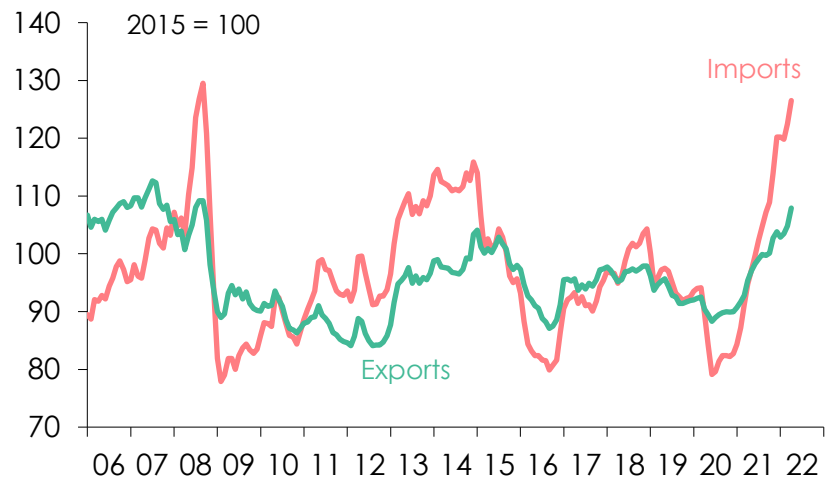
## Merchandise trade balance



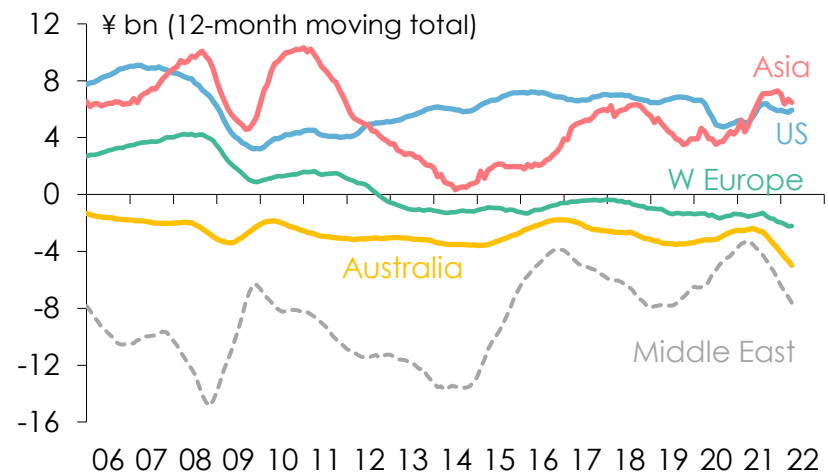
## Services trade balance



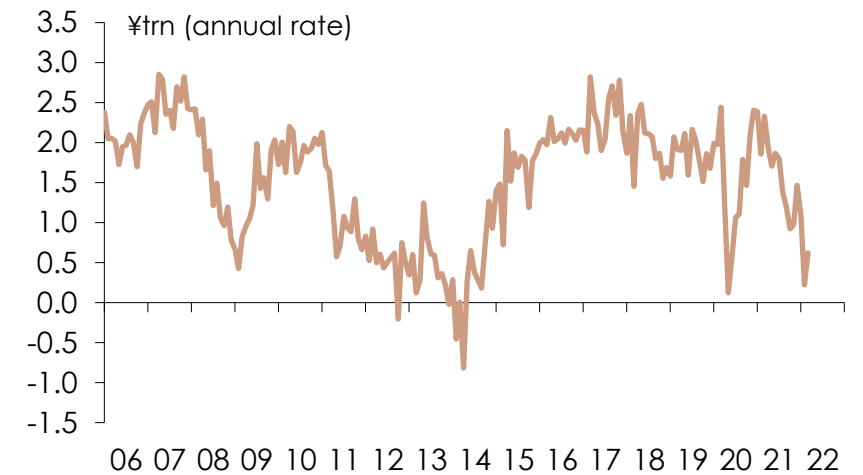
## Merchandise trade prices



## Bilateral goods trade balances



## Current account balance



Sources: Bank of Japan, [Developments in Real Exports and Real Imports](#) and [Balance of Payments Related Statistics](#); Ministry of Finance, [Trade Statistics of Japan](#), [Return to "What's New"](#).



# The Bank of Japan again left its policy settings on hold at last Thursday's Policy Board meeting

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ **The BoJ left its monetary policy settings unchanged at last Thursday's Policy Board meeting**
  - although one of the Board's nine members again dissented in favour of “further strengthen[ing] monetary easing by lowering short- and long-term interest rates”
- ❑ **In its post-meeting Economic Outlook Statement the BoJ lowered its real GDP growth forecast for FY2022 (which began on 1<sup>st</sup> April) to 2.9% (from 3.8% in January), reflecting the effects of the resurgence of Covid-19 at the end of FY2021, the rise in commodity prices and a slowdown in overseas economies**
  - but raised its forecast for FY 2023 growth to 1.9% (from 1.1%), assuming a rebound from the lowered projection for FY2022, and supported by an uptrend in business investment and a high level of government spending
- ❑ **Conversely the BoJ raised its projection for 'headline' CPI inflation in FY 2022 to 1.9% (from 1.1% in January), reflecting the impact of higher energy prices, while leaving the projection for FY 2023 unchanged at 1.1%**
  - it noted as risks to its inflation outlook “uncertainties over firms' price- and wage-setting behaviour” arising from upward pressure on costs, balanced against “deeply entrenched” expectations that prices and wages won't increase, and from “future developments in FX rates and commodity prices”, and “the extent to which such developments feed into domestic prices”
  - this was the only reference to the recent weakness in the yen
- ❑ **The BoJ sees the risks to economic activity and inflation as being “skewed” to the downside and upside, respectively, “for the time being”, but “generally balanced” thereafter”**
  - but it also re-iterated that it “expects short- and long-term policy interest rates to remain at their present or lower levels” and that it “would not hesitate to take additional easing measures if necessary”, without saying anything about the circumstances in which it might consider raising rates

# Other East Asian economies

# The IMF & ADB made small downward revisions to growth forecasts for most Asian economies in 2022 (except for HK), but revised inflation forecasts up

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## IMF and Asian Development Bank forecasts for East Asian economies

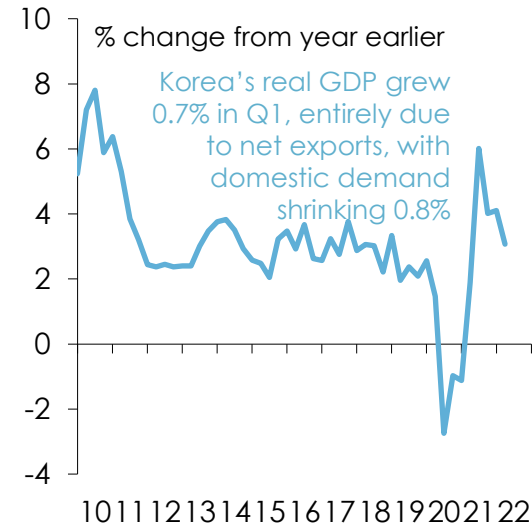
	Real GDP growth							Inflation						
	Actual		IMF			ADB		Actual		IMF			ADB	
	2010-19*	2020	2021	2022	2023	2022	2023	2010-19*	2020	2021	2022	2023	2022	2023
Korea	3.3	-0.9	4.0	2.5	2.9	3.0	2.6	1.7	0.5	2.5	4.0	2.4	3.2	2.0
Taiwan	3.6	3.1	5.9	3.2	2.9	3.8	3.0	1.0	-0.2	1.8	2.3	2.2	1.9	1.6
Hong Kong	2.8	-6.1	6.4	0.5	4.9	2.0	3.7	3.3	0.3	1.6	1.9	2.1	2.4	2.0
Singapore	4.9	-5.4	6.0	4.0	2.9	4.3	3.2	1.6	-0.2	2.3	3.5	2.0	3.0	2.3
Indonesia	5.4	-2.1	3.3	5.4	6.0	5.0	5.2	4.7	2.0	1.6	3.3	3.3	3.6	3.0
Philippines	6.4	-9.6	4.6	6.5	6.3	6.0	6.3	3.0	2.6	3.9	4.3	3.7	4.2	3.5
Thailand	3.6	-6.1	1.3	3.3	4.1	3.0	4.5	1.6	-0.8	1.2	3.5	2.8	3.3	2.2
Malaysia	5.4	-5.6	3.5	5.6	5.5	6.0	5.4	2.1	-1.1	2.5	3.0	2.4	3.0	2.5
Vietnam	6.5	2.9	3.8	6.0	7.2	6.5	6.7	6.0	3.2	1.9	3.8	3.2	3.8	4.0
Cambodia	7.0	-3.1	2.2	5.1	5.9	4.2	3.6	3.1	2.9	3.0	3.0	3.0	1.6	1.0
Laos	7.1	-0.4	3.2	3.5	4.5	3.4	3.7	3.7	5.1	3.8	6.2	5.0	5.8	5.0
Myanmar	3.1	-8.0	-17.9	1.6	3.0	-0.3	2.6	6.1	5.7	3.6	14.1	8.2	8.0	8.5

Note: \* Pp per annum. Sources : International Monetary Fund (IMF), [World Economic Outlook](#), 19<sup>th</sup> April 2022; Asian Development Bank, [Asian Development Outlook](#), 6<sup>th</sup> April 2022. [Return to "What's New"](#).

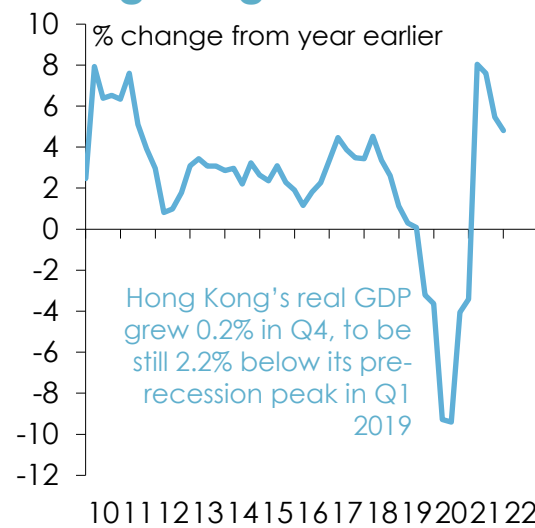
# Korea's economy grew 0.7% in Q1 and Taiwan's by 1.6% to be 3.7% and 11.7% respectively above their pre-pandemic peaks

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Korea



## Hong Kong



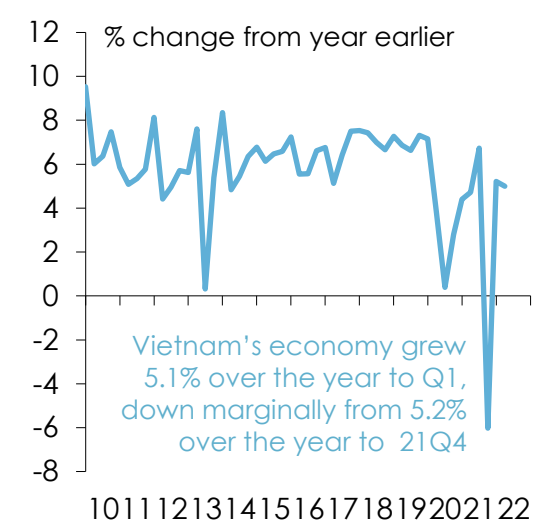
## Indonesia



## Thailand



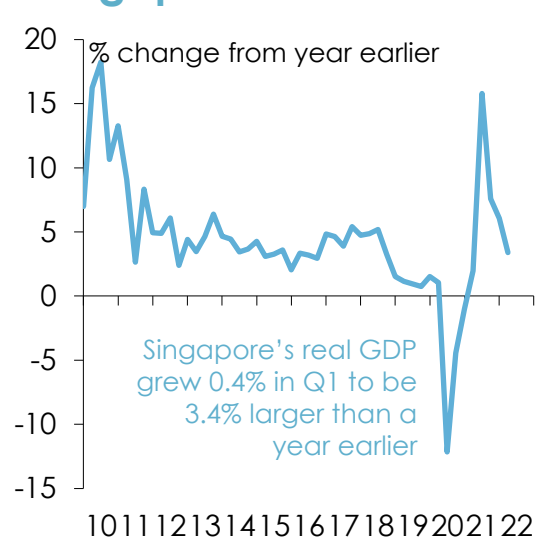
## Vietnam



## Taiwan



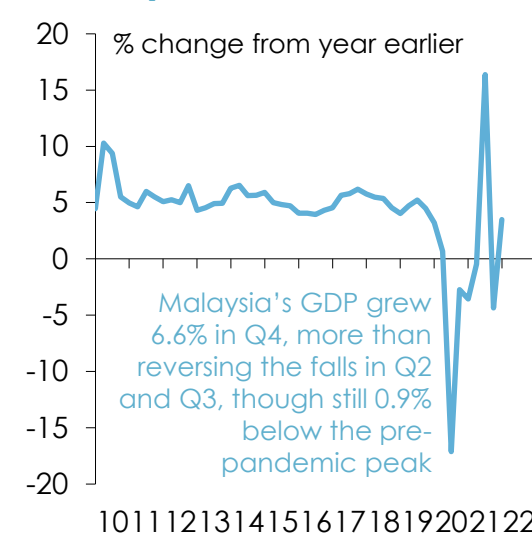
## Singapore



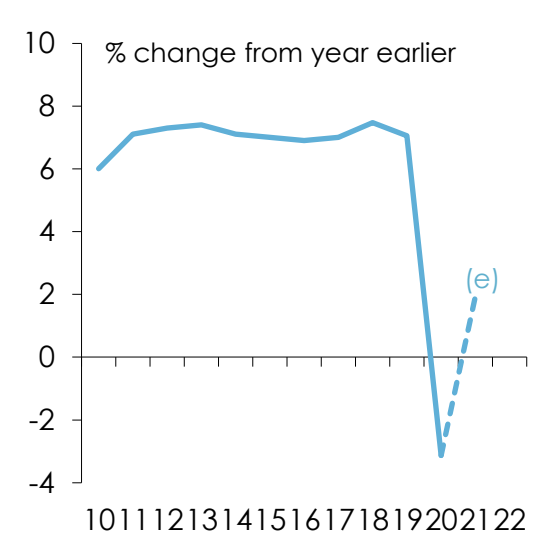
## Philippines



## Malaysia



## Cambodia

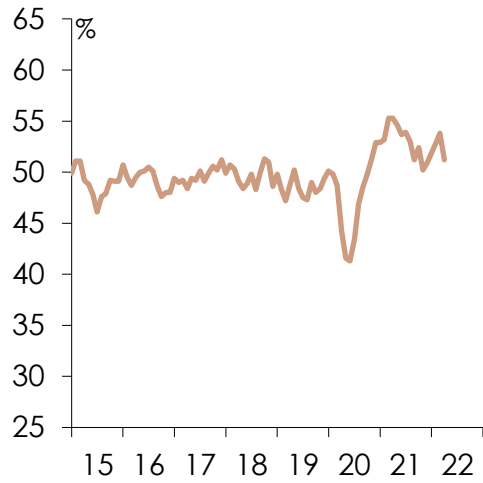


Sources: Bank of Korea; Taiwan Directorate-General of Budget, Accounting & Statistics; Hong Kong Census & Statistics Department; Singapore Ministry of Trade and Industry; Department of Statistics Malaysia; Office of the National Economic & Social Development Council of Thailand; Statistics Indonesia; Philippine Statistics Authority; General Statistics Office of Viet Nam; Cambodia National Institute of Statistics; OECD and IMF. [Return to "What's New"](#).

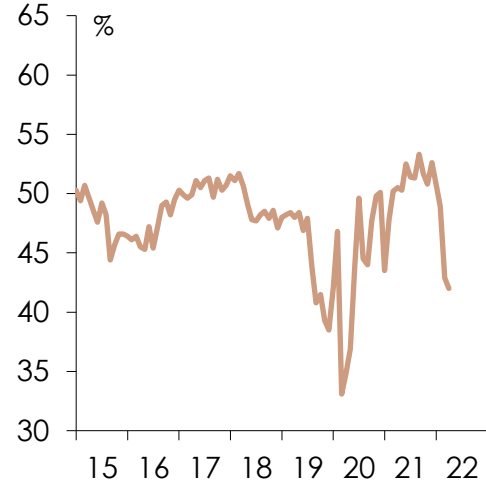
# March PMIs indicate a softening in manufacturing activity in most east Asian economies, except for Indonesia and the Philippines

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

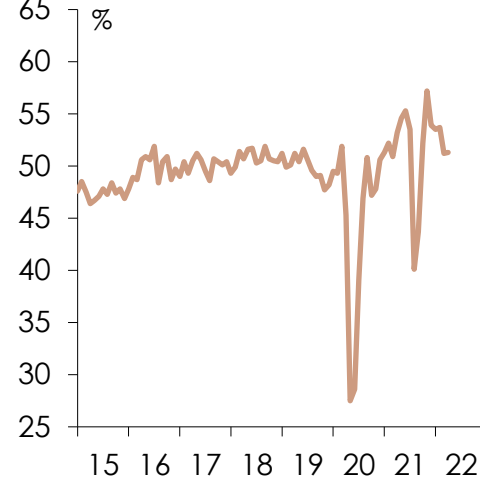
**Korea**



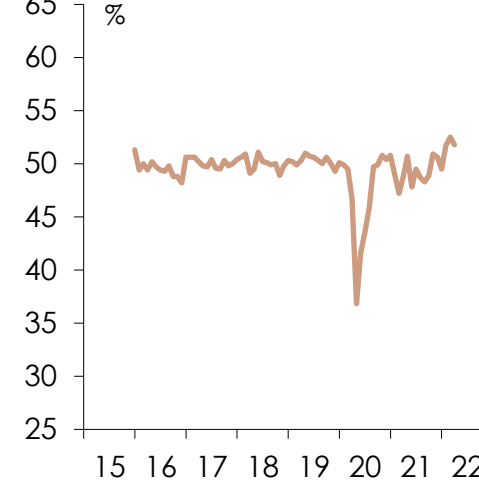
**Hong Kong**



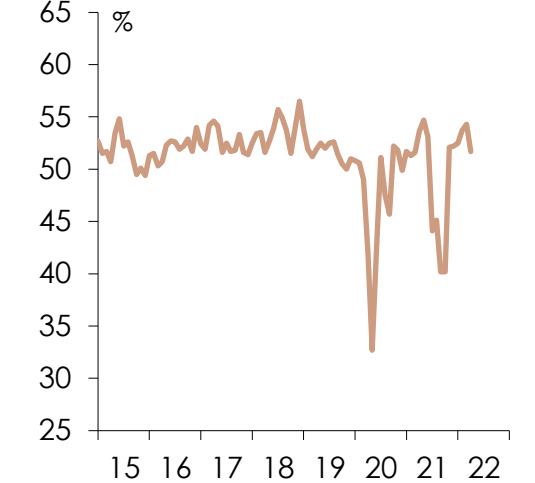
**Indonesia**



**Thailand**



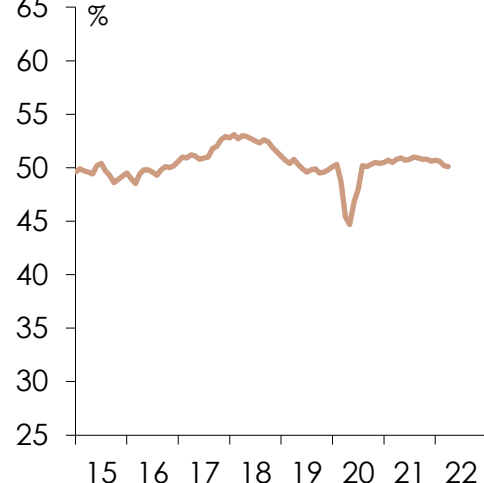
**Vietnam**



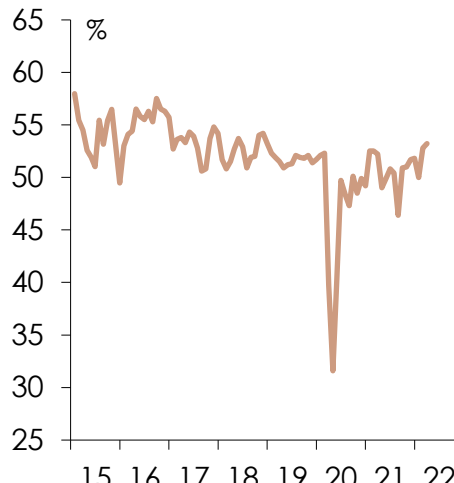
**Taiwan**



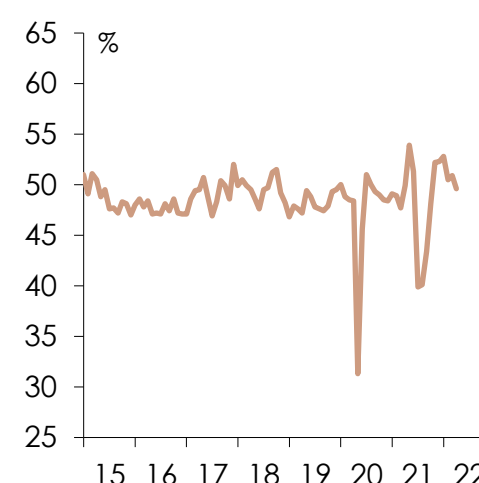
**Singapore**



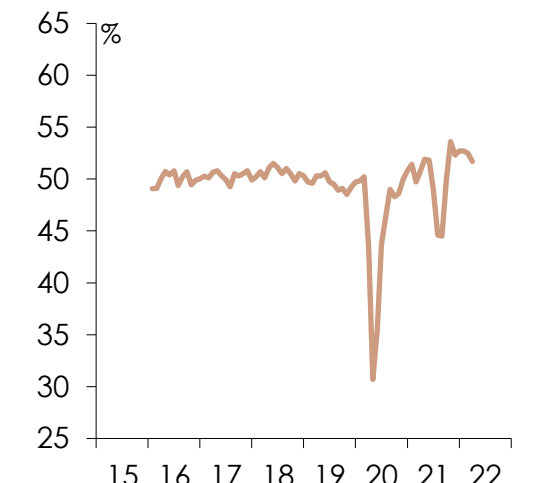
**Philippines**



**Malaysia**



**ASEAN**

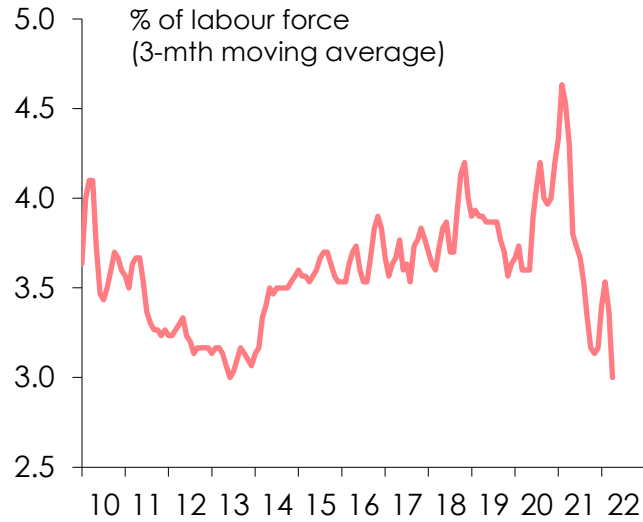


Note: Purchasing Managers' Indexes (PMIs) are derived from surveys of senior executives, who are asked to report whether various dimensions of business activity recorded an increase, decrease or no change compared with the previous month. A reading of 50 indicates an overall increase cf. the previous month, and a reading of less than 50 indicates a decrease. Surveys are for manufacturing sector only, except for Hong Kong which is 'whole economy'. Latest data are for February. Sources: [IHS Markit](#); [Singapore Institute of Purchasing and Materials Management](#); Refinitiv Datastream. [Return to "What's New"](#).

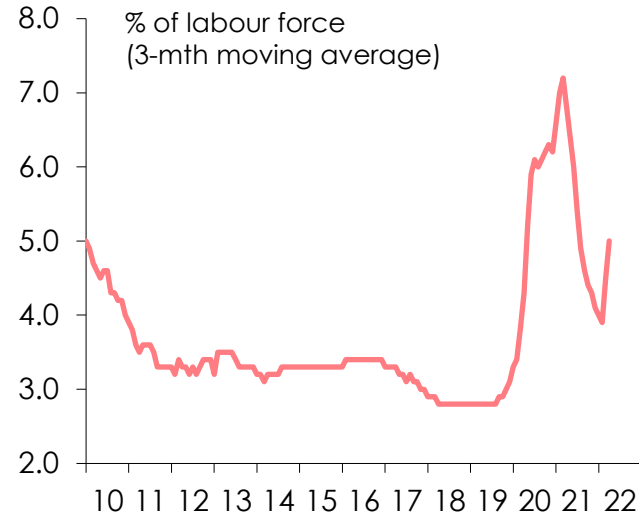
# Unemployment rose sharply in most Asian economies last year but is now falling in most of them (except for Hong Kong)

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

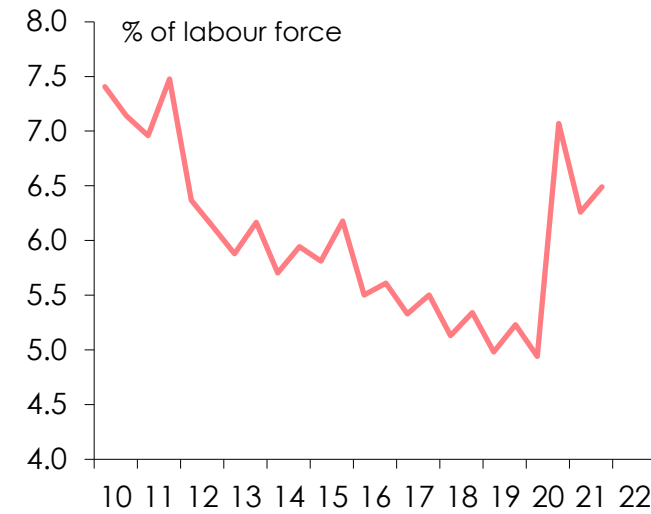
## Korea



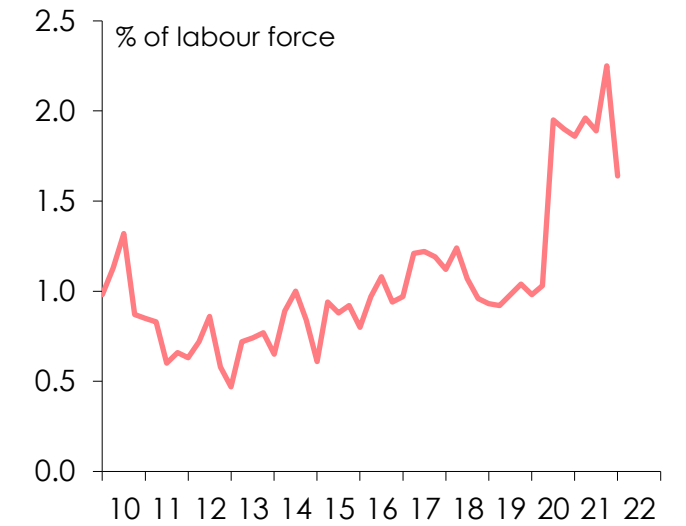
## Hong Kong



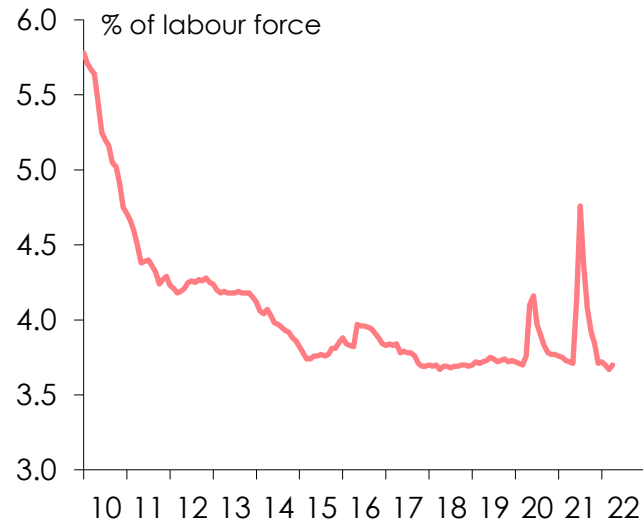
## Indonesia



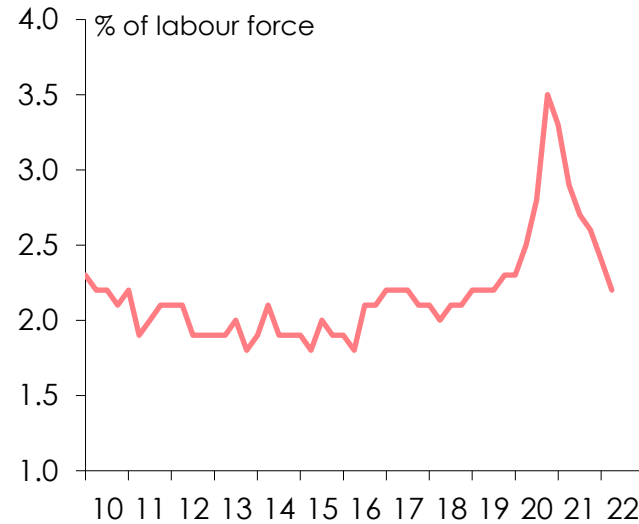
## Thailand



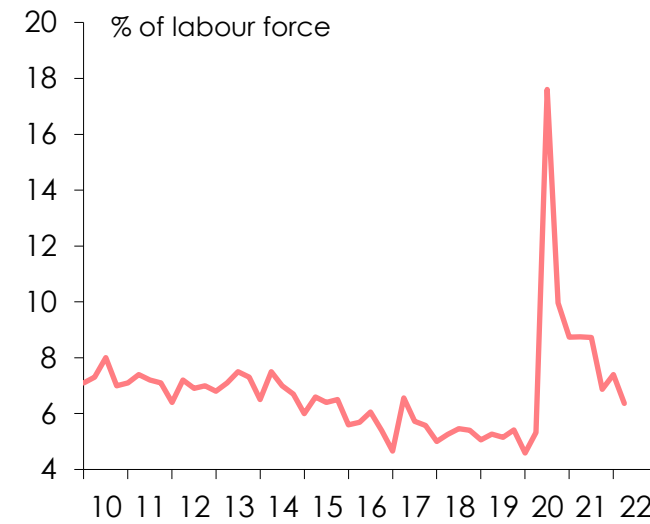
## Taiwan



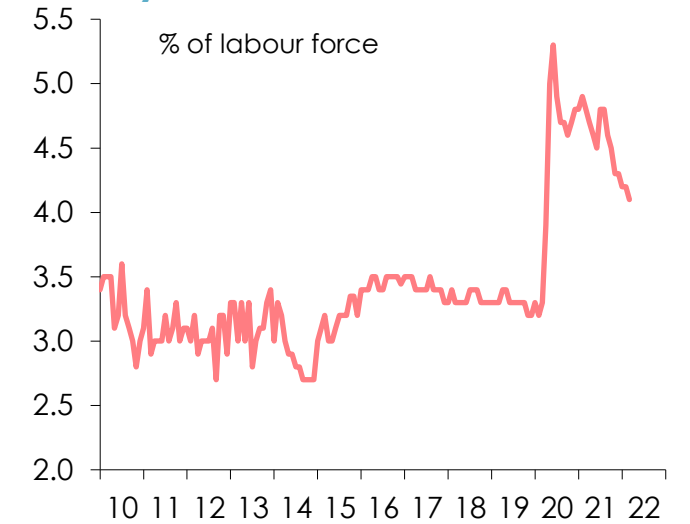
## Singapore



## Philippines



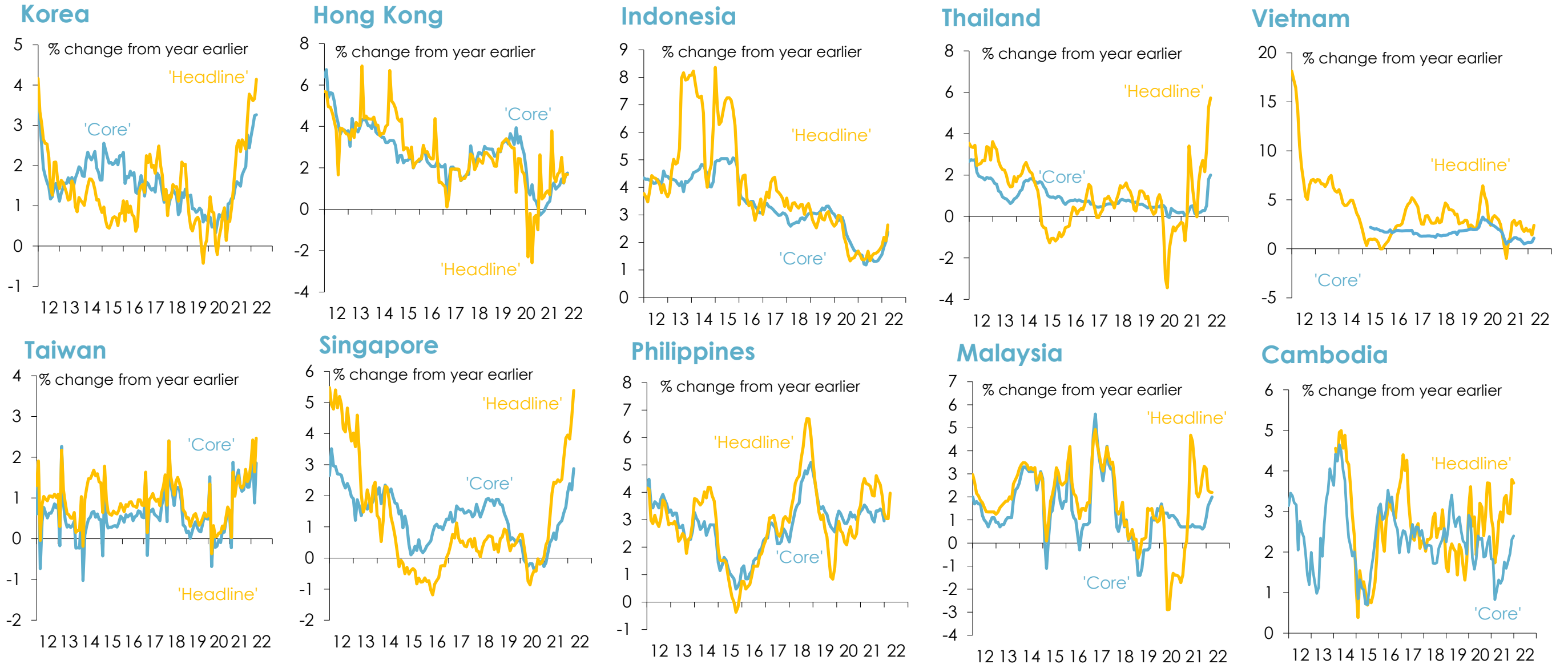
## Malaysia



Note: Unemployment data is published monthly in Korea, Taiwan, Hong Kong, and Malaysia; quarterly in Singapore, Thailand and the Philippines; semi-annually (February and August) in Indonesia. Sources: national statistical agencies. [Return to "What's New"](#).

# 'Core' inflation is rising in a growing number of Asian economies, including now Korea, Indonesia, Thailand, Malaysia and Singapore

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

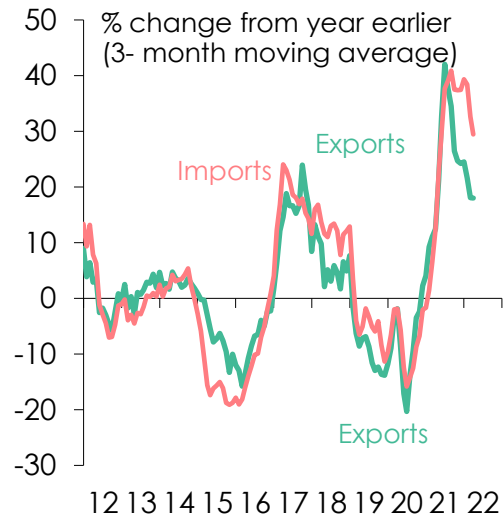


Note: 'Core' inflation in Korea excludes agricultural products and oil; in Taiwan it excludes fresh fruit, vegetables and energy; in Singapore it excludes accommodation and private transport; and in Hong Kong it excludes the effect of 'one-off government relief measures'. 'Core' inflation in Indonesia excludes 'volatile foods' and changes in 'administered prices' (such as fuel subsidies, transport fares and electricity prices); in the Philippines it excludes rice, corn, meat, fish, cultivated vegetables and fuels; in Thailand it excludes fresh or raw food and energy; in Malaysia it excludes fresh food and 'administered' prices; in Vietnam it excludes 'volatile items'; and in Cambodia it excludes food, non-alcoholic beverages and oil products. Sources: national statistical agencies and central banks. [Return to "What's New"](#).

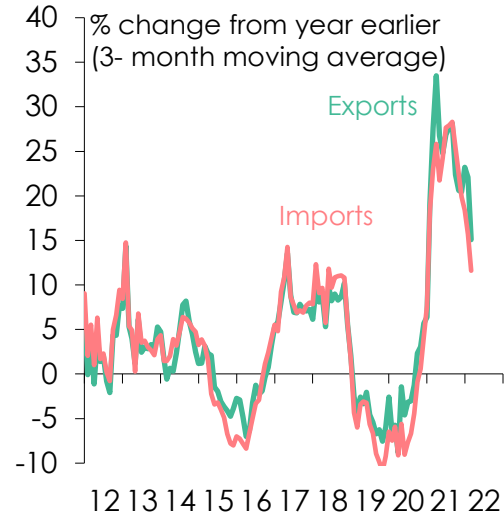
# Asian exports are returning to more 'normal' growth rates following the 'bump' in 2021 inflated by comparison with 2020

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

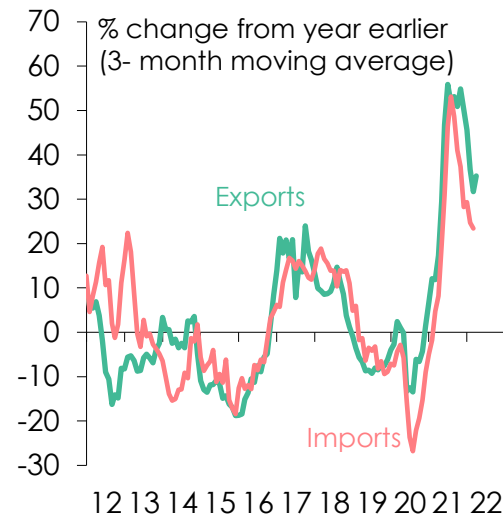
## Korea



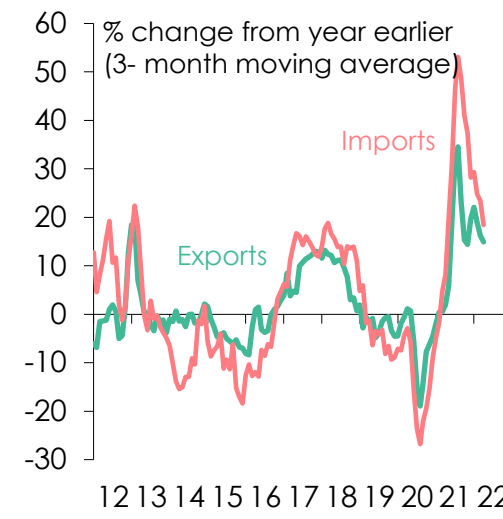
## Hong Kong



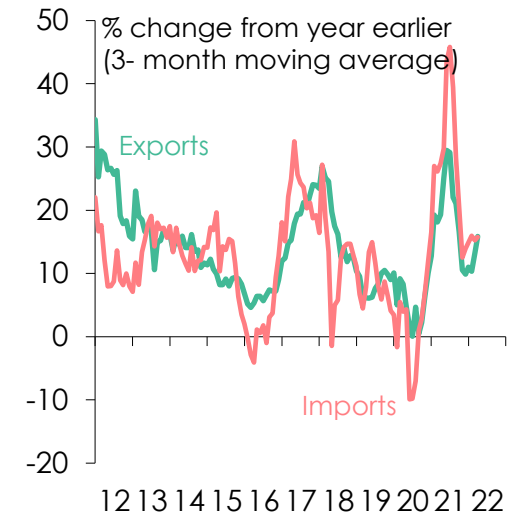
## Indonesia



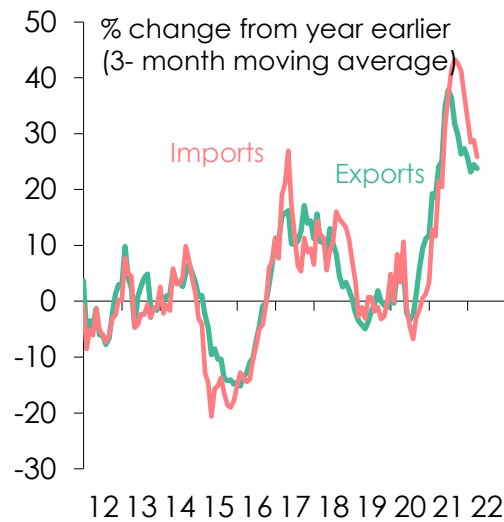
## Thailand



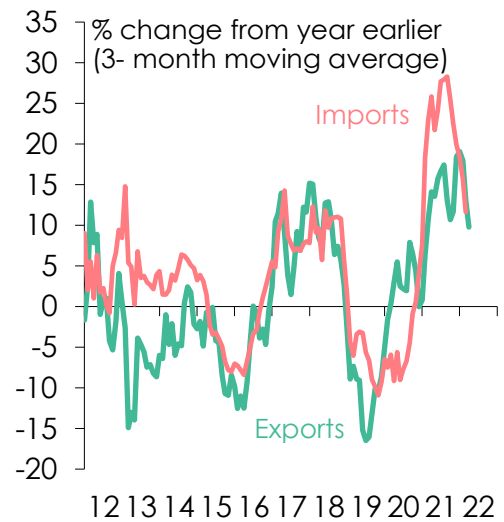
## Vietnam



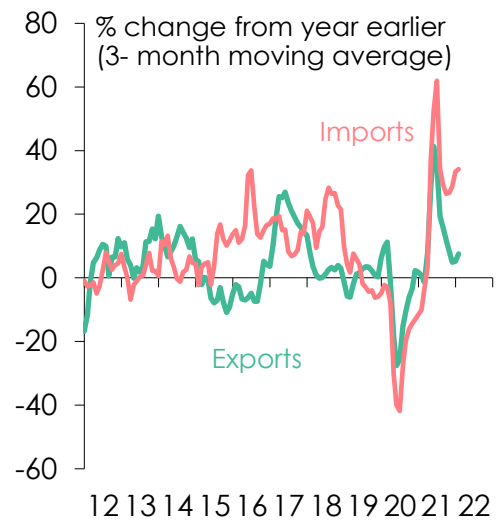
## Taiwan



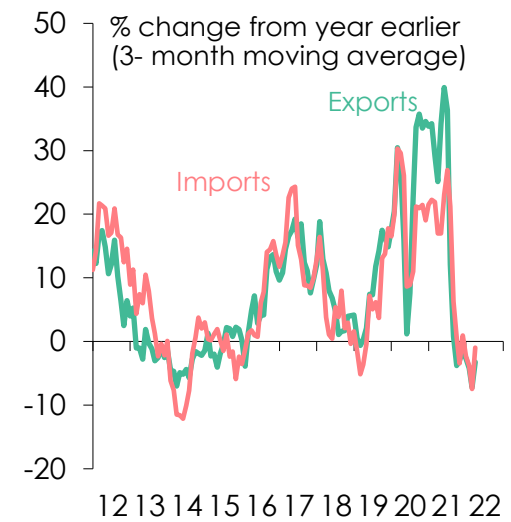
## Singapore



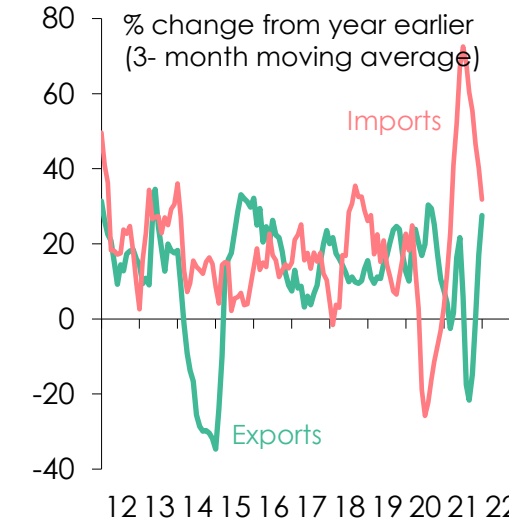
## Philippines



## Malaysia



## Cambodia



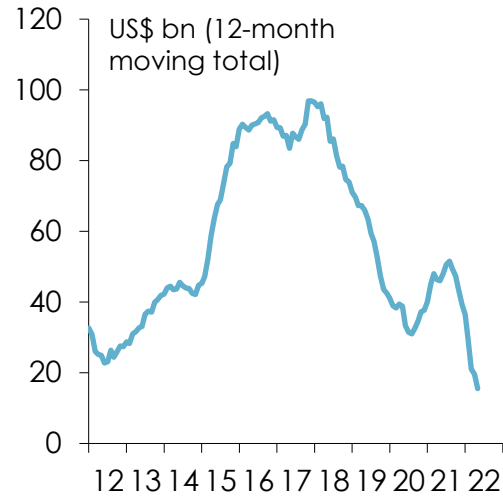
Note: Data for Hong Kong, Singapore and Malaysia are published in national currencies and converted to US dollars by Corinna using month-average exchange rates. Sources: national statistical agencies and central banks. [Return to "What's New"](#).



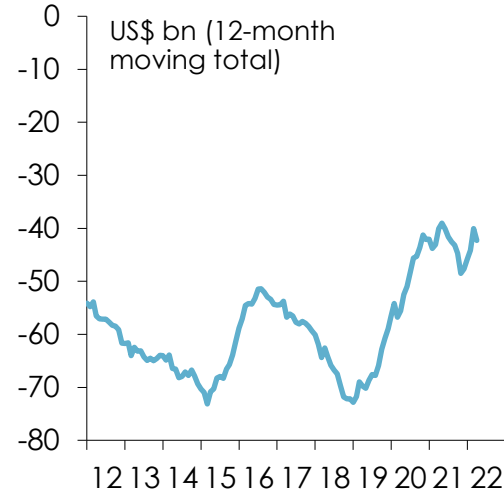
# Most Asian economies – except for Indonesia, Malaysia and Singapore – are experiencing some deterioration in their trade balances

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

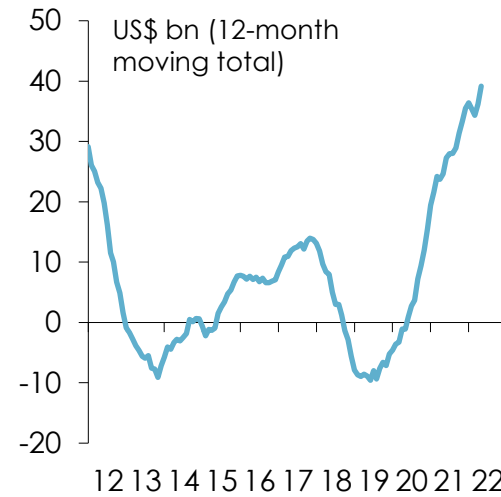
## Korea



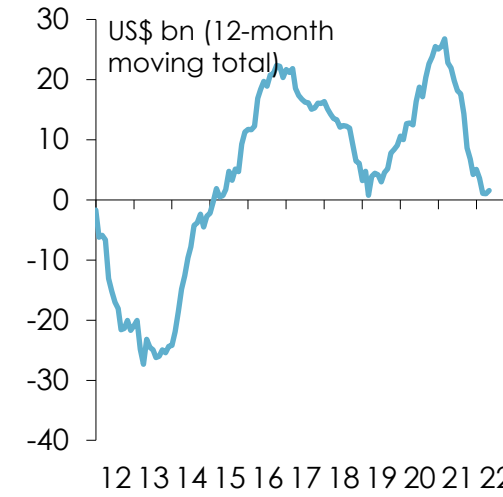
## Hong Kong



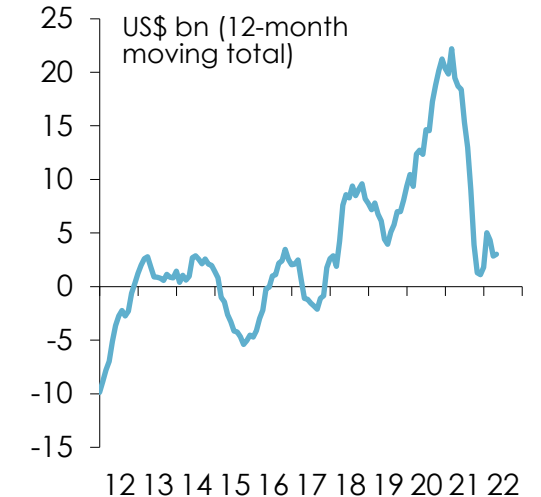
## Indonesia



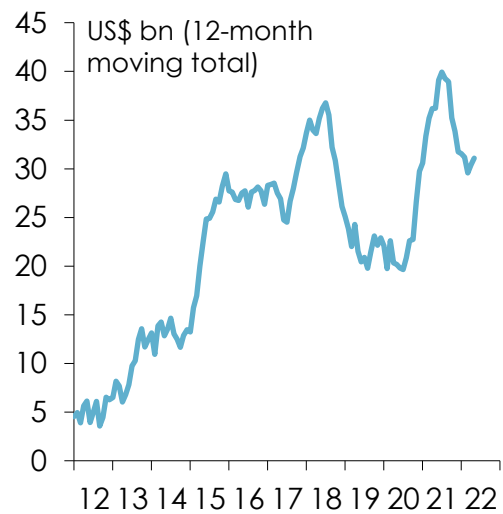
## Thailand



## Vietnam



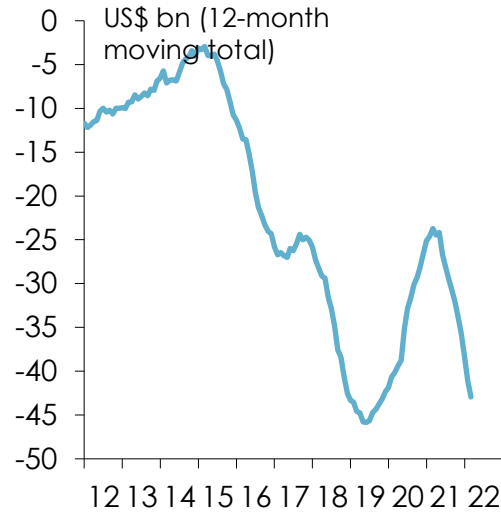
## Taiwan



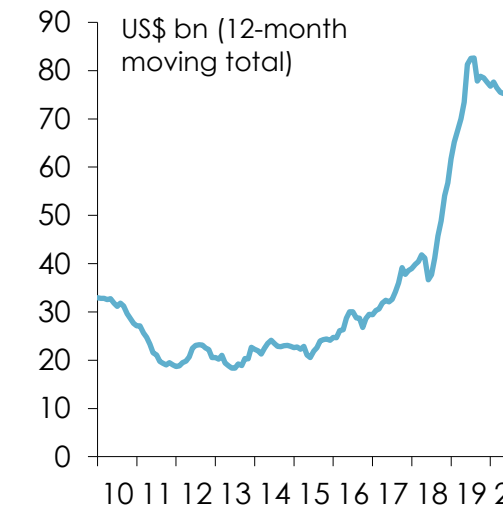
## Singapore



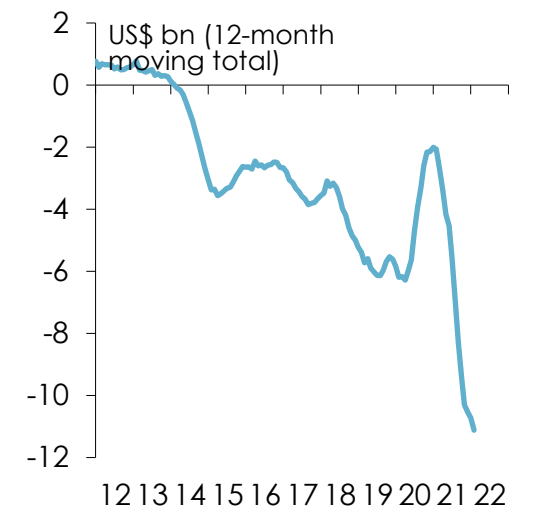
## Philippines



## Malaysia



## Cambodia

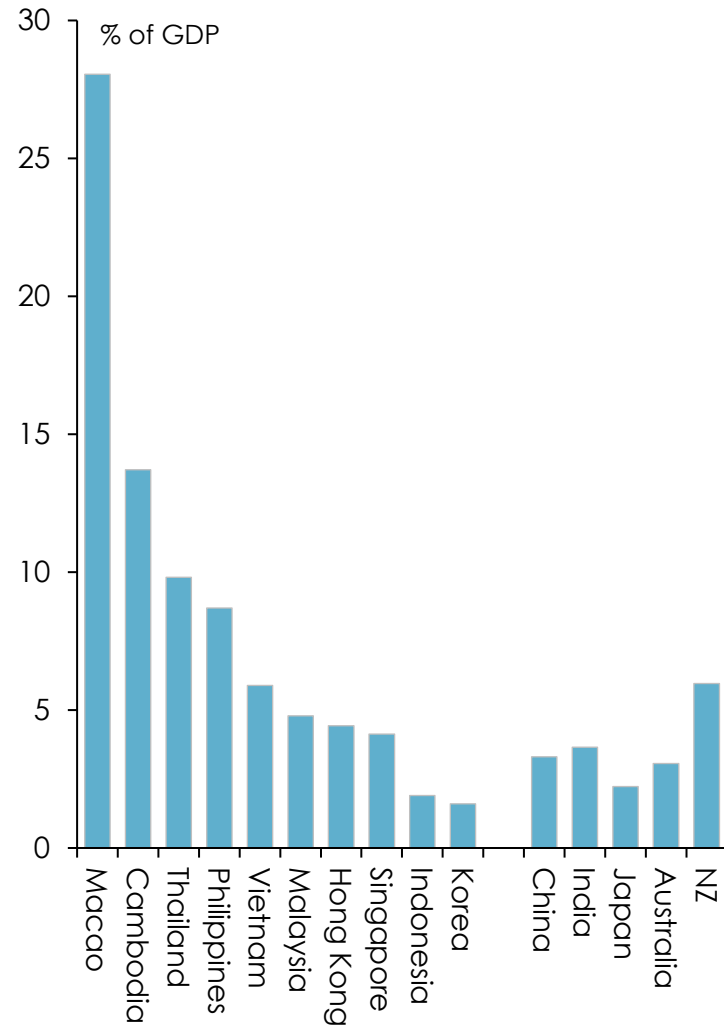


Note: Data for Hong Kong, Singapore and Malaysia are published in national currencies and converted to US dollars by Corinna using month-average exchange rates. Sources: national statistical agencies and central banks. [Return to "What's New"](#).

# Many Asian economies, particularly Macao, Thailand, the Philippines and Hong Kong, have been hard hit by the demise of international tourism

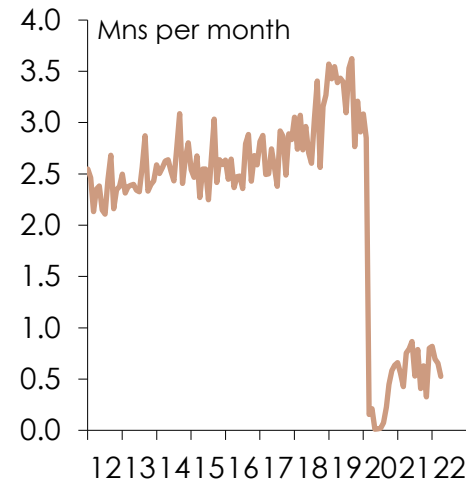
THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## International tourism direct contribution to GDP, 2018

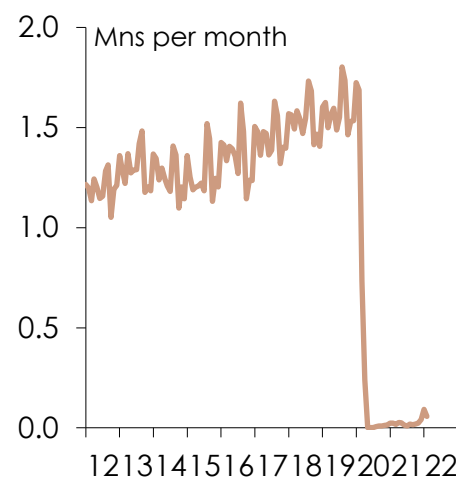


## International visitor arrivals

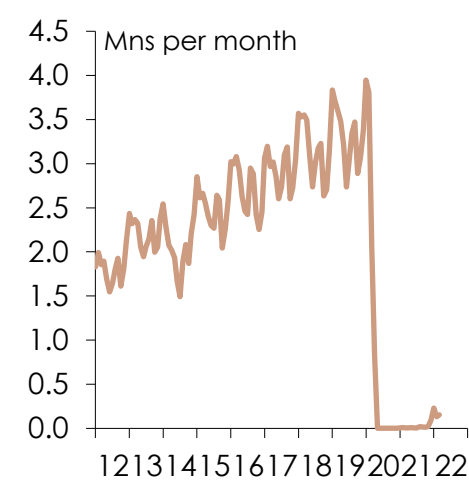
### Macao



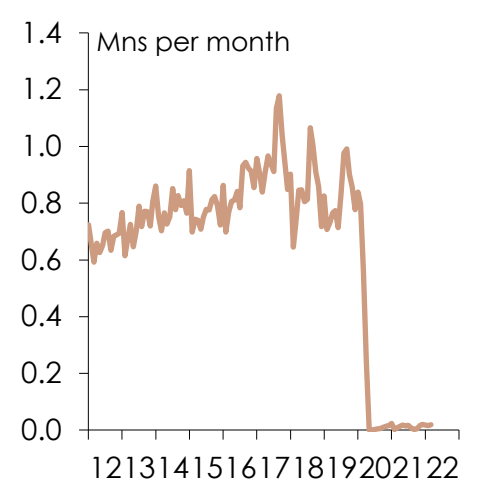
### Singapore



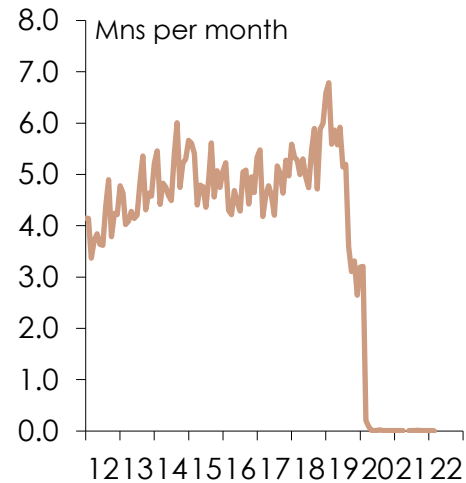
### Thailand



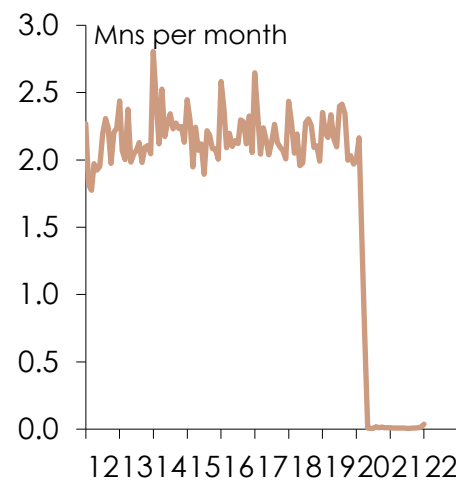
### Indonesia



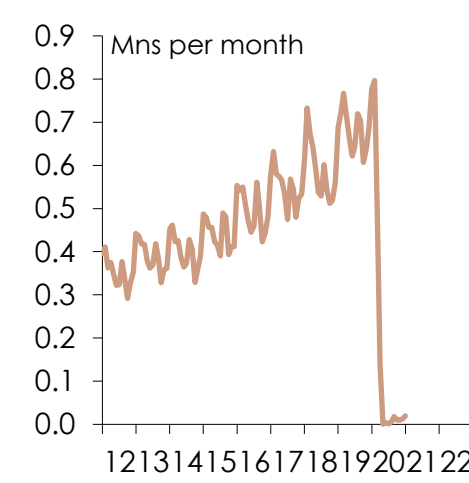
### Hong Kong



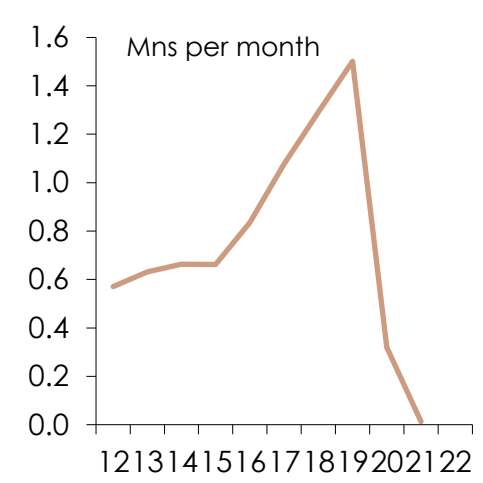
### Malaysia



### Philippines



### Vietnam

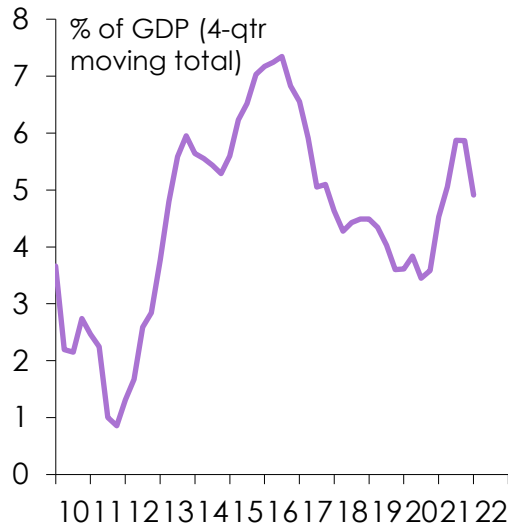


Note: Visitor arrivals data for Vietnam is only published annually. The Philippines stopped publishing data on visitor arrivals in December 2020.  
Sources: The World Bank, [ICdata360](#); national statistical agencies. [Return to "What's New"](#).

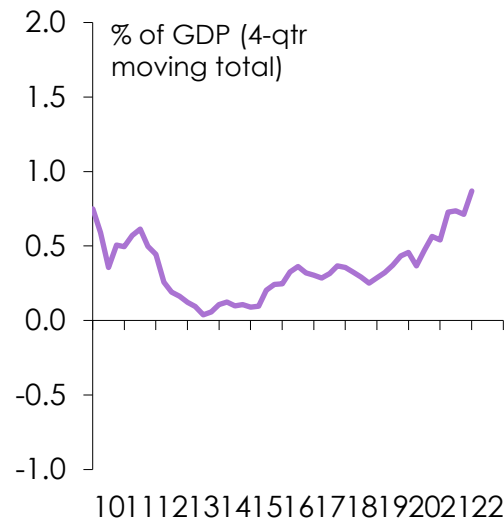
# The more 'advanced' Asian economies have strong current account positions, Indonesia's is much improved but others have deteriorated

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

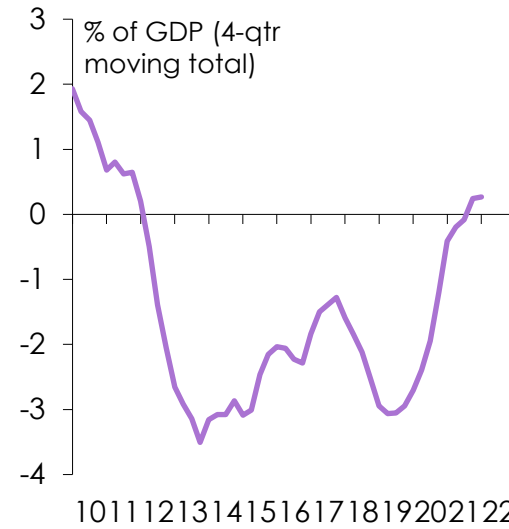
## Korea



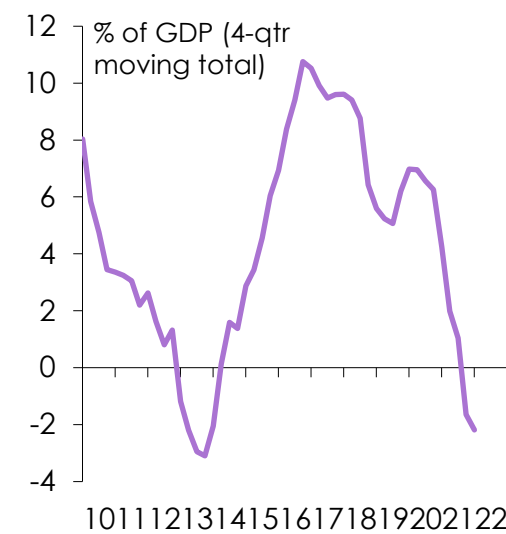
## Hong Kong



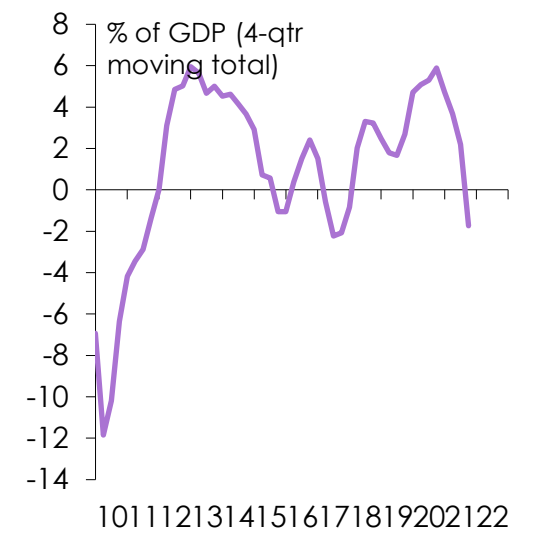
## Indonesia



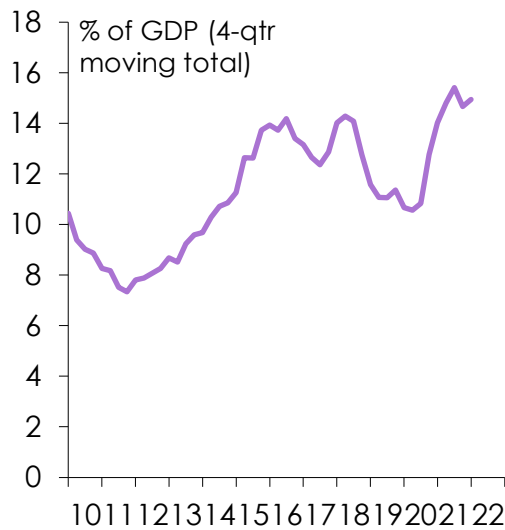
## Thailand



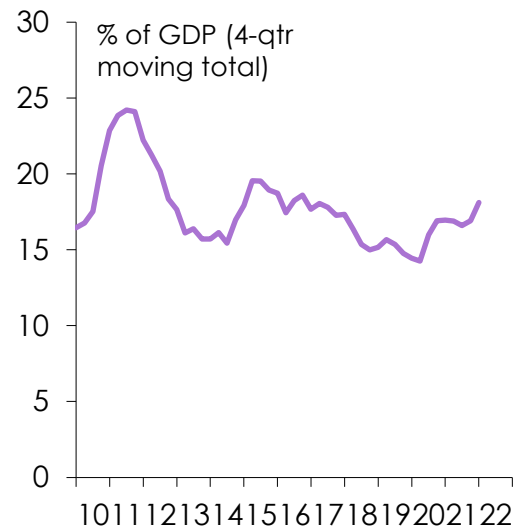
## Vietnam



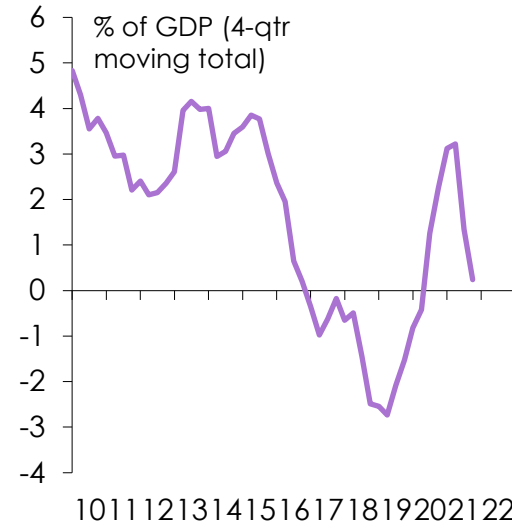
## Taiwan



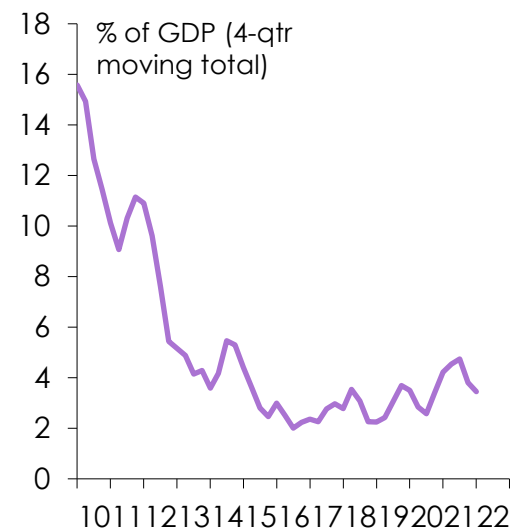
## Singapore



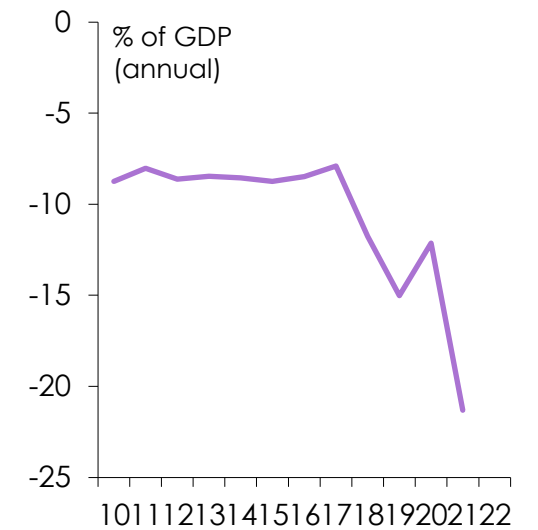
## Philippines



## Malaysia



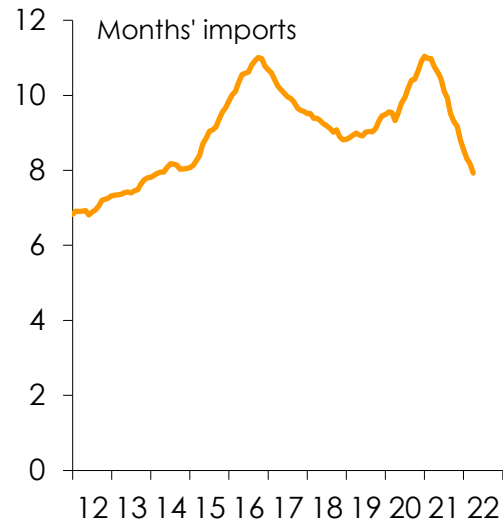
## Cambodia



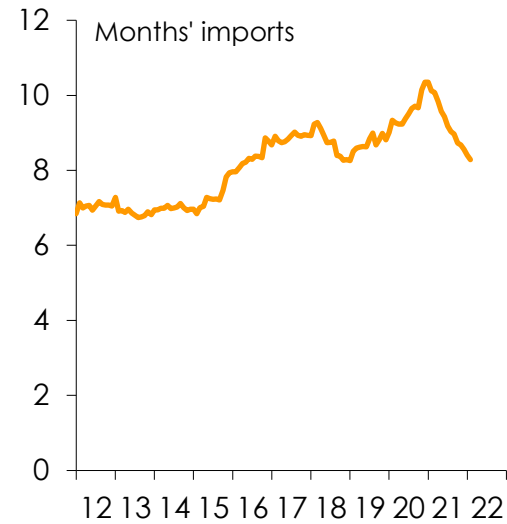
# Most Asian economies have sought to maintain high levels of FX reserves since the 1997-98 crisis – although Malaysia's have deteriorated recently

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

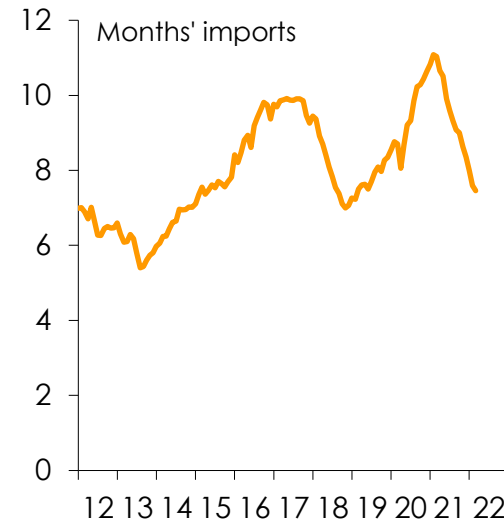
## Korea



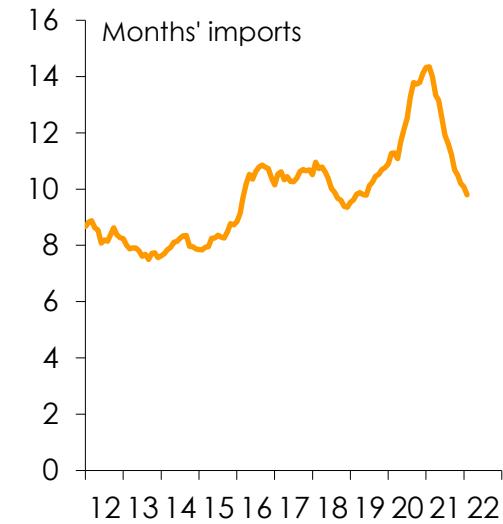
## Hong Kong



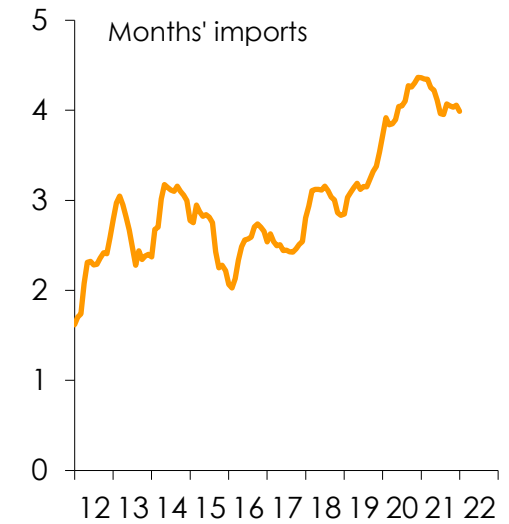
## Indonesia



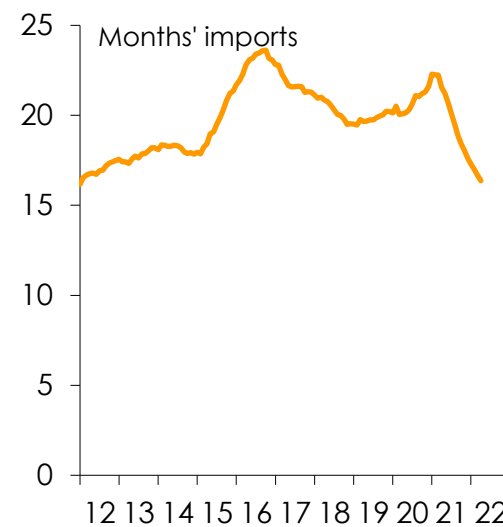
## Thailand



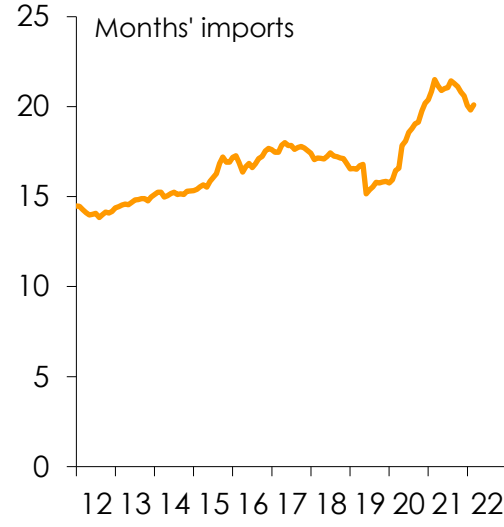
## Vietnam



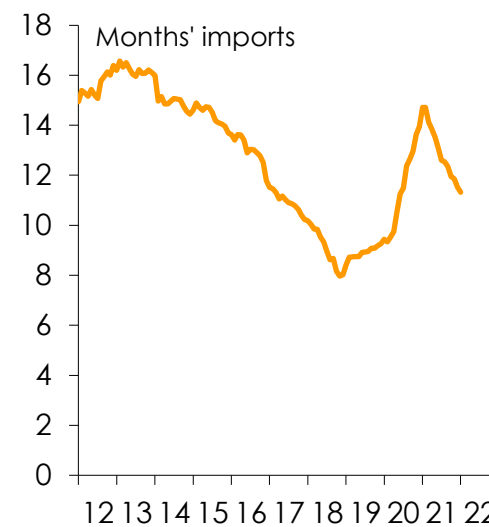
## Taiwan



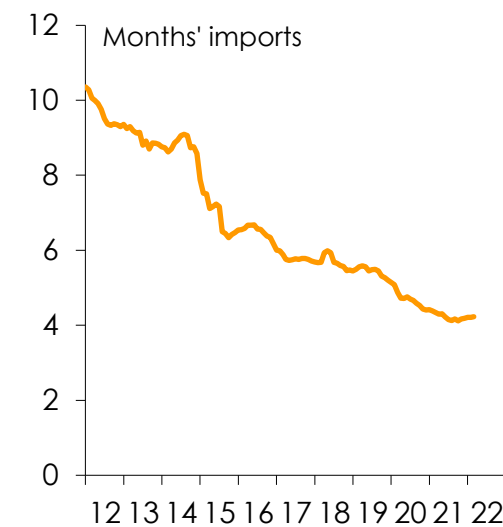
## Singapore



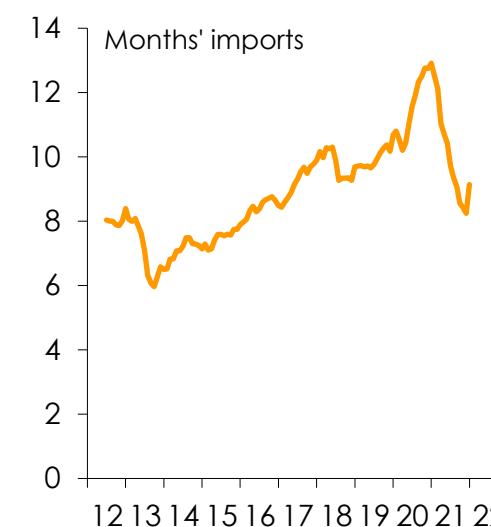
## Philippines



## Malaysia



## Cambodia



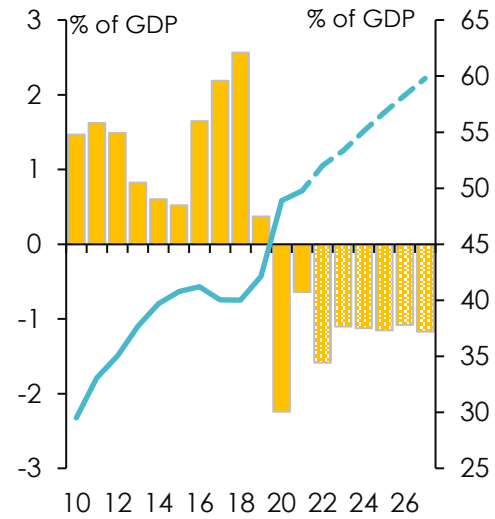
Note: Foreign exchange reserves in the above charts are shown as a multiple of average monthly imports (measured in US\$) over the preceding 12 months.

Sources: national statistical agencies and central banks; IMF; Refinitiv Datastream. [Return to "What's New"](#).

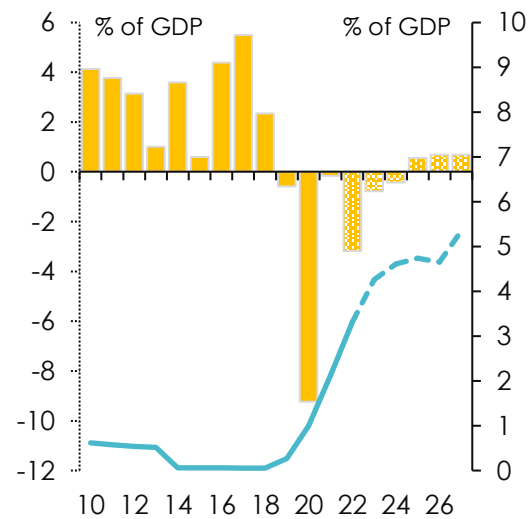
# Most Asian governments, apart from Korea, Taiwan, Malaysia and Vietnam, will be tightening fiscal policy over the next few years

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

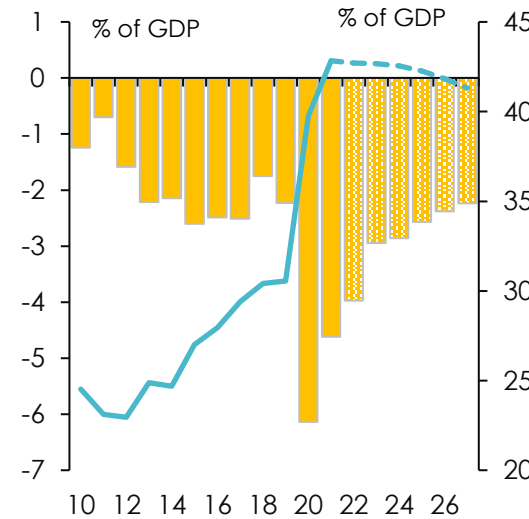
## Korea



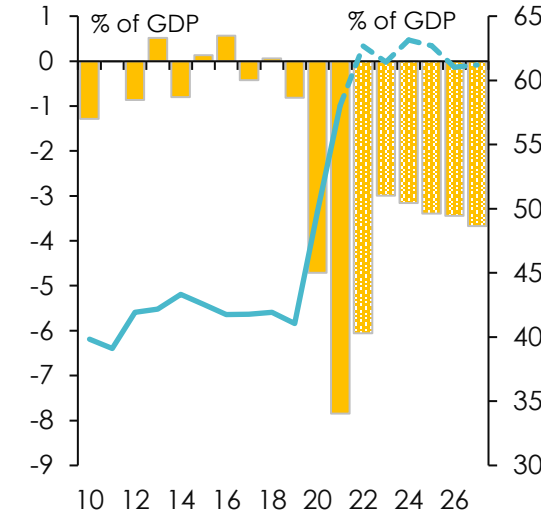
## Hong Kong



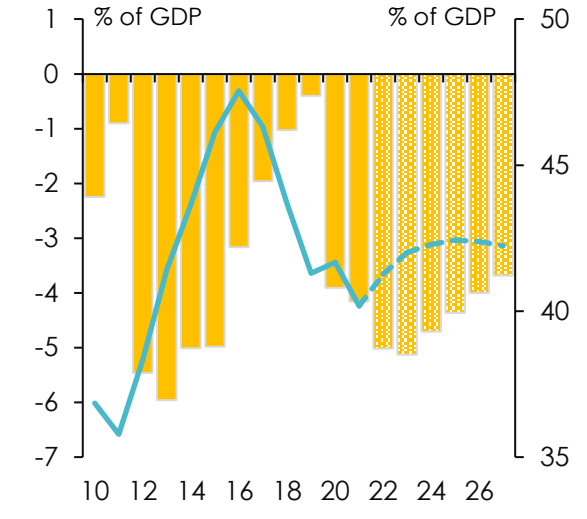
## Indonesia



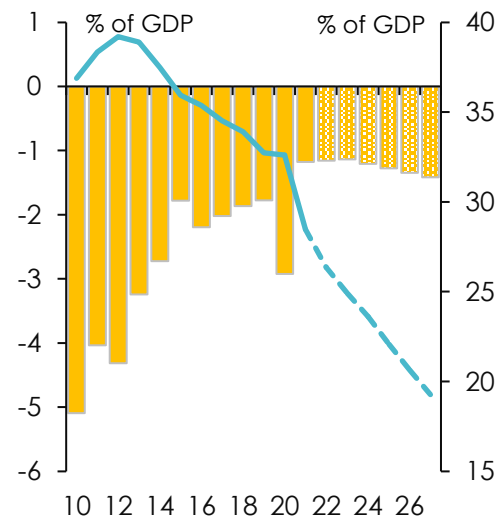
## Thailand



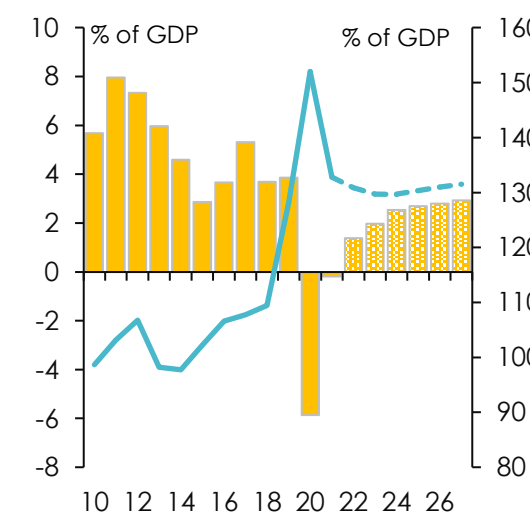
## Vietnam



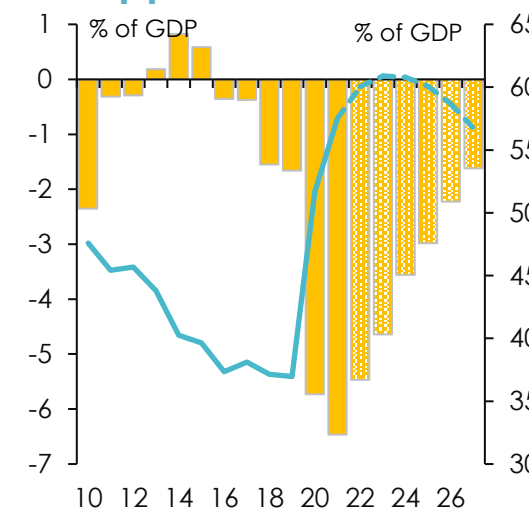
## Taiwan



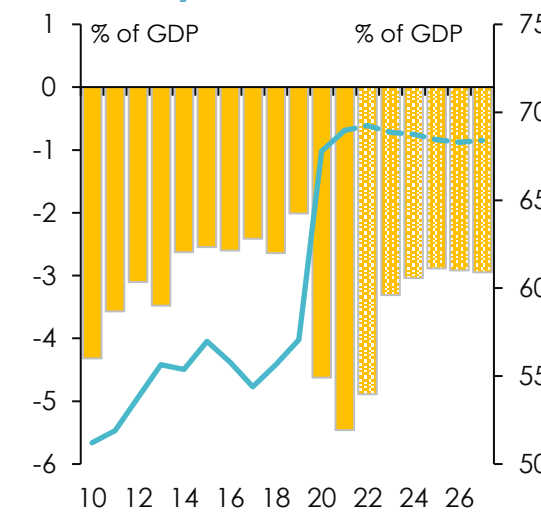
## Singapore



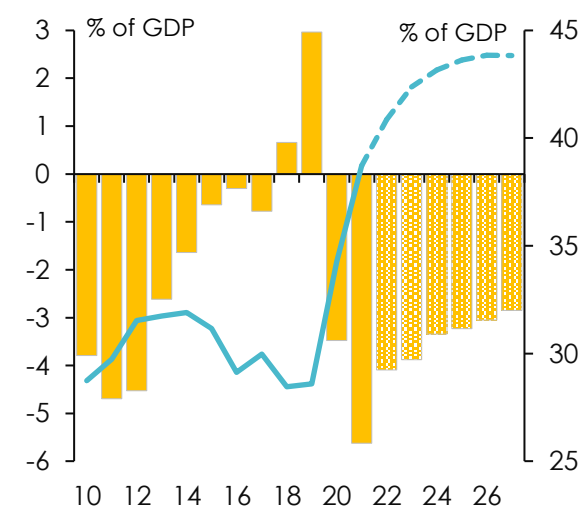
## Philippines



## Malaysia



## Cambodia



General government overall fiscal balance (left scale)



General government gross debt (right scale)

Source: International Monetary Fund, *Fiscal Monitor*, and *World Economic Outlook*, April 2022. [Return to "What's New"](#)

# Bank Indonesia left its monetary policy settings 'on hold' last month, after the BoK and MAS tightened policy the week before

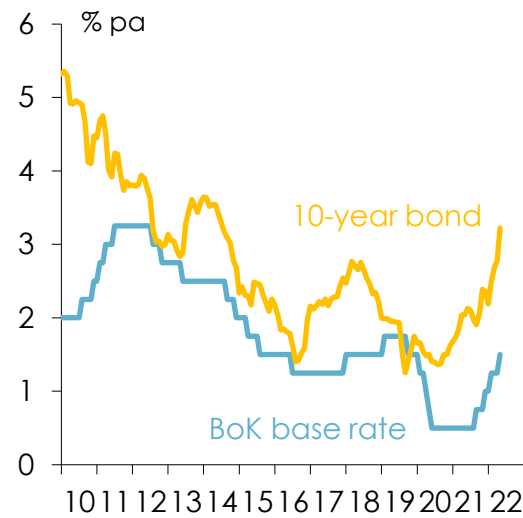
THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ **Bank Indonesia** left its seven-day repo rate unchanged at 3.50%, as it has been since February 2021, at last month's Board of Governors meeting
  - BI **characterized** this decision as “in line with the need to maintain exchange rate stability and inflation control, as well as efforts to keep boosting economic growth, amid heightened external pressures related to Russian-Ukrainian geopolitical tensions and accelerated normalization of monetary policy in developed countries”
  - BI shaved its projection for real GDP growth in 2022 by  $\frac{1}{4}$  pc pt to 4½-5¾%, and (thanks to higher commodity prices) its forecast for the current account deficit by  $\frac{1}{2}$  pc pt of GDP to ½-1¼% of GDP, but expects inflation to remain within its  $3 \pm 1\%$  target band “in line with the still adequate supply side in responding to the increase in the demand side, the control of inflation expectations and stability of the rupiah exchange rate”
- ❑ The **Bank of Korea** lifted its base rate by another 25 bp, to 1.50% at its Monetary Policy Board meeting on 14<sup>th</sup> April, the fourth such increase since August last year, for a total of 100 bp ([slide 111](#))
  - **explaining** its decision, the BoK forecast that consumer price inflation would “remain high in the 4% range for some time, and run substantially above the February forecast of 3.1% for the year overall”, with core inflation also “forecast to remain around 3% for a considerable time” (cf. BoK's inflation target of 2%)
  - it foreshadowed further adjustments to the “degree of monetary policy accommodation” given that “the Korean economy is expected to continue its recovery and inflation to run above the target level for a considerable time”
- ❑ The **Monetary Authority of Singapore** announced a **further tightening** of monetary policy on 14<sup>th</sup> April, by ‘re-centring’ the mid-point of its exchange rate policy band at its current TWI level (which is about 1% above its level in October when the MAS first began tightening), and “increasing slightly” the rate of appreciation of the policy band “to exert a continuing dampening effect on inflation”
  - the MAS raised its forecasts for ‘headline’ and ‘core’ inflation to 4½-5½% and 2½-3½% (from 2½-3½% and 2-3% previously)
- ❑ The next Asian central bank meeting is Bank Negara Malaysia on 11<sup>th</sup> May, followed by the Bank of Thailand and Bangko Sentral ng Pilipinas on 18<sup>th</sup> and 19<sup>th</sup> May, respectively

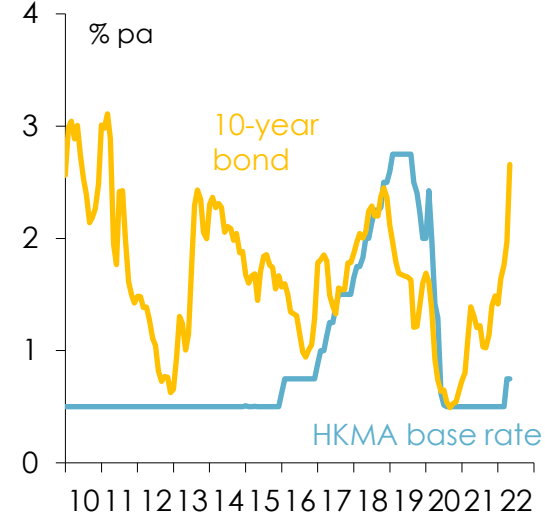
# The Bank of Korea raised rates again in April, for the fourth time, the CBoC (Taiwan) and HKMA raised rates in March and others may eventually follow

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

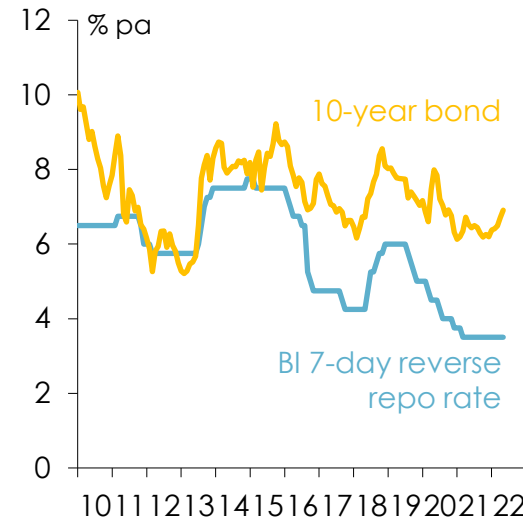
## Korea



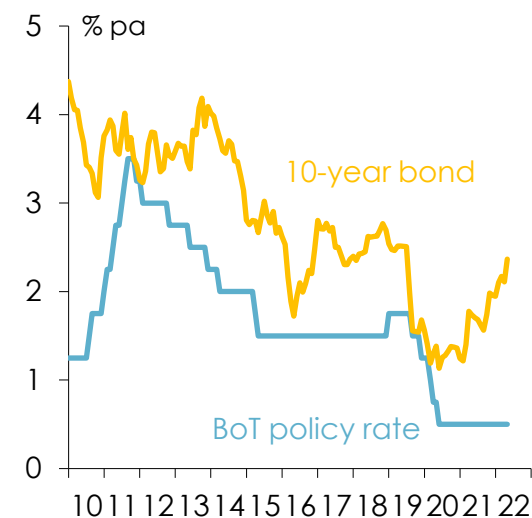
## Hong Kong



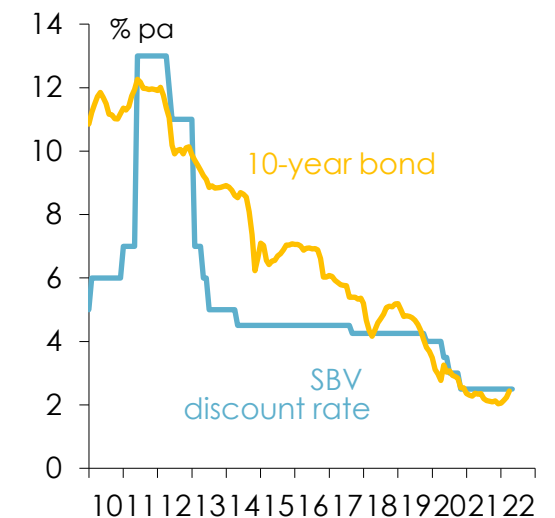
## Indonesia



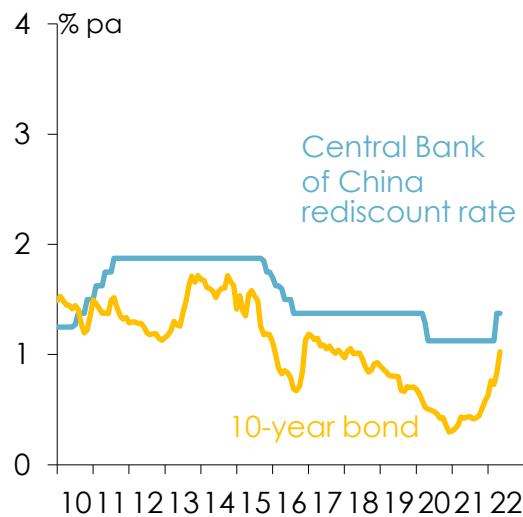
## Thailand



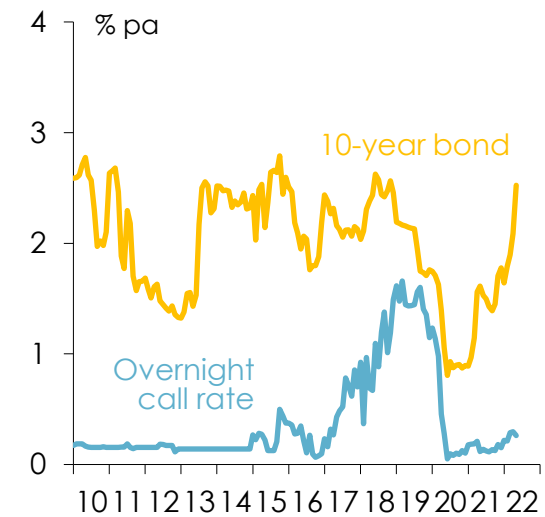
## Vietnam



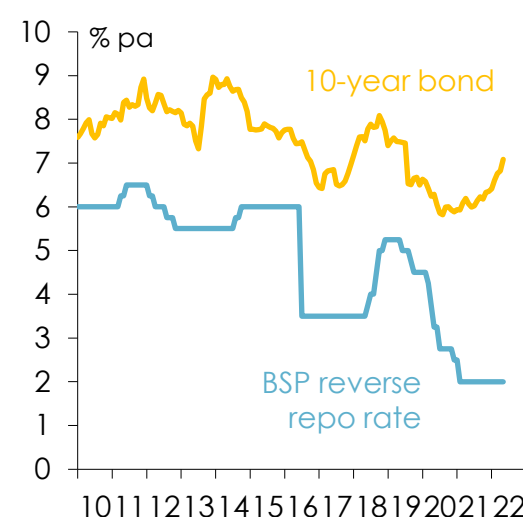
## Taiwan



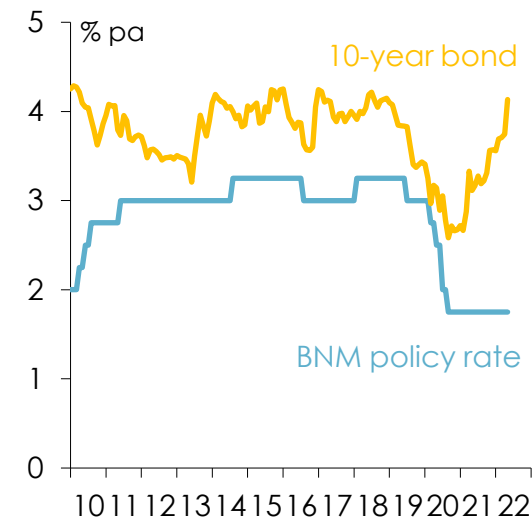
## Singapore



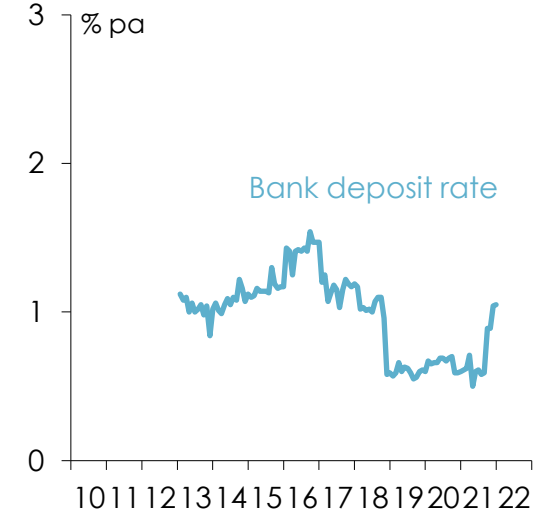
## Philippines



## Malaysia



## Cambodia

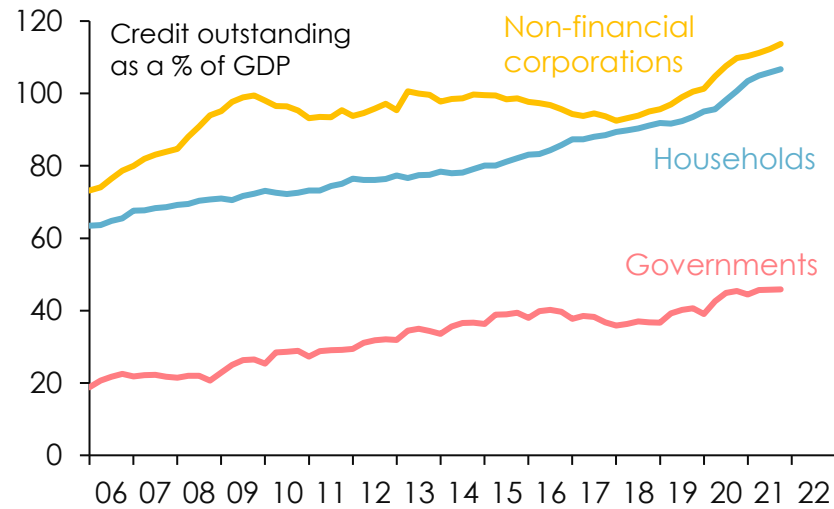


Note: Neither Hong Kong nor Singapore use a monetary policy indicator interest rate. Hong Kong has a currency board system, under which the HKMA base rate moves in line with a pre-set formula based on the US fed funds rate; the Monetary Authority of Singapore uses the (effective) exchange rate as its principal monetary policy instrument. The National Bank of Cambodia administers monetary policy primarily through changes in bank reserve requirement ratios. Data are monthly averages up to 29<sup>th</sup> April 2022. Sources: national central banks; Refinitiv Datastream. [Return to "What's New"](#).

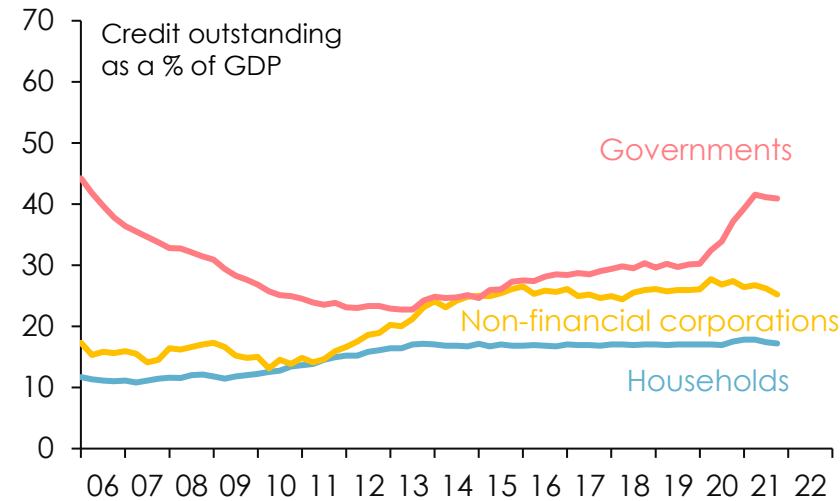
# In Asia, Hong Kong, Singaporean and Korean corporates, and Korean households, have the greatest exposure to any increases in interest rates

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

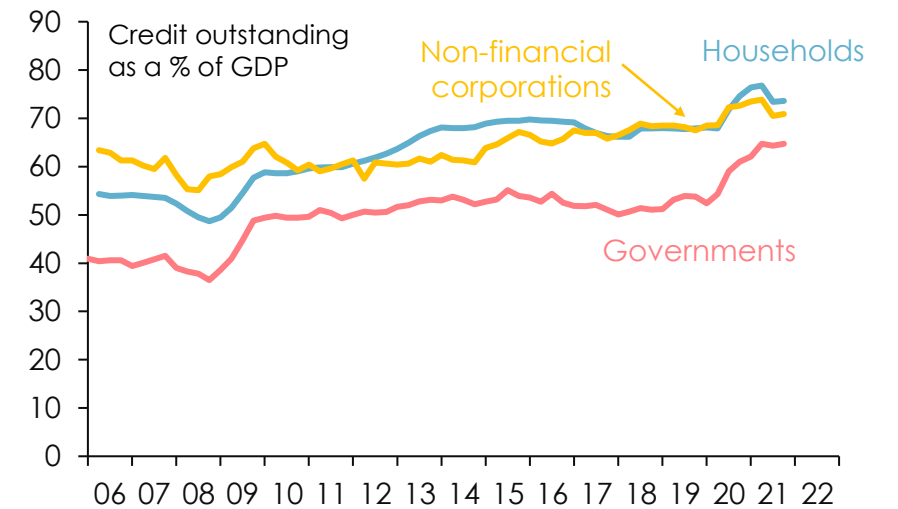
## Korea



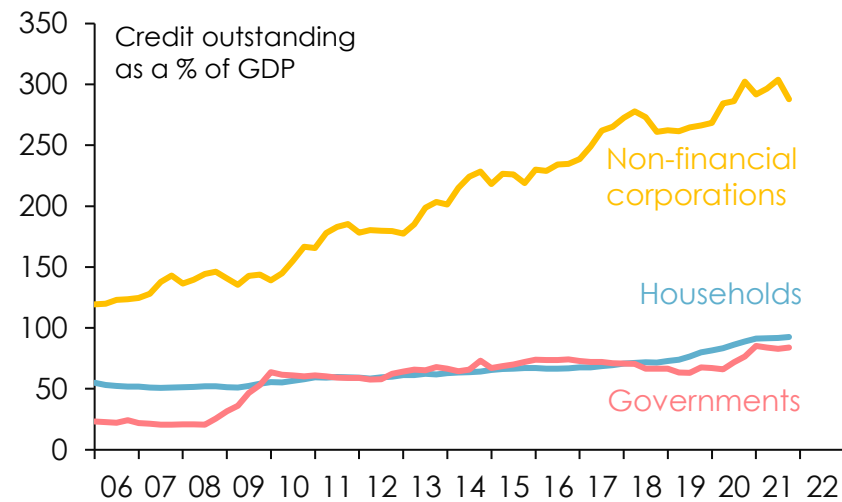
## Indonesia



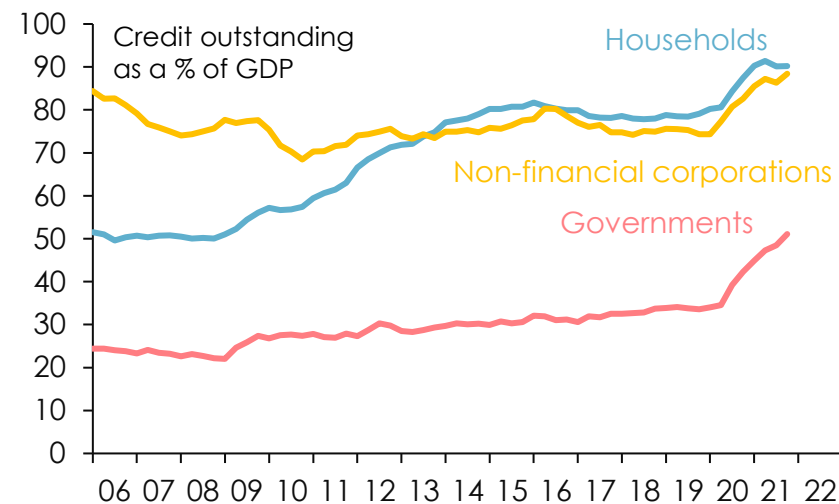
## Malaysia



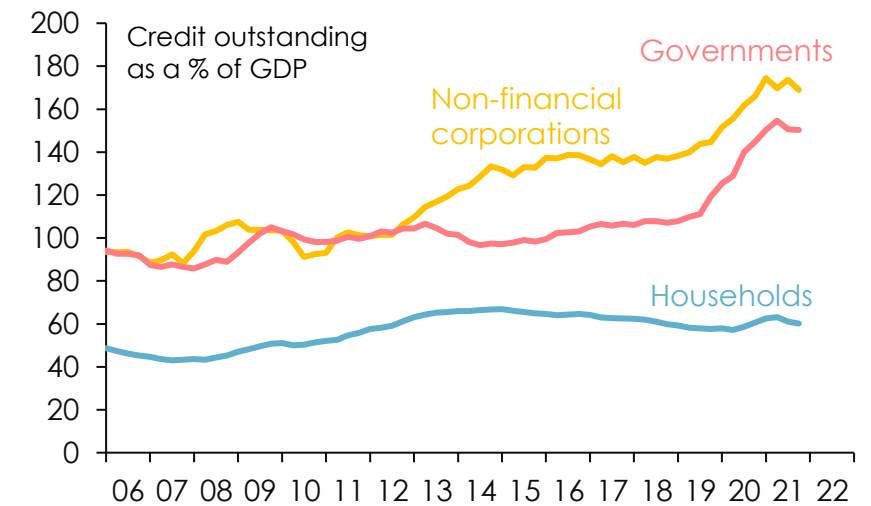
## Hong Kong



## Thailand



## Singapore



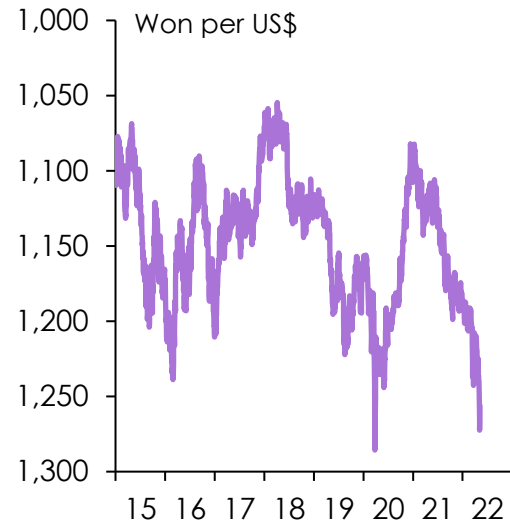
Source: Bank for International Settlements, [Credit Statistics](#); latest data are for Q3 2021, Q4 data will be released on 13<sup>th</sup> June. [Return to "What's New"](#).



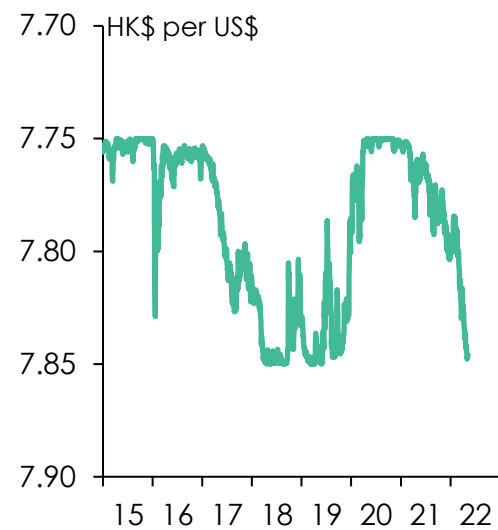
# Asian currencies (apart from the HK\$ and peso) fell against a strong US\$ last week, with the won down 1.3% and the rupiah falling 1%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

### Korean won



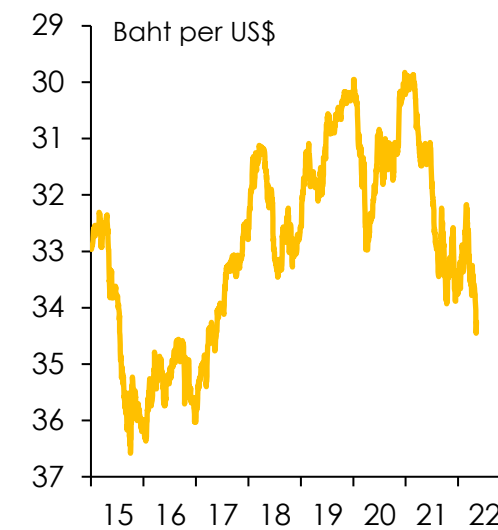
### Hong Kong dollar



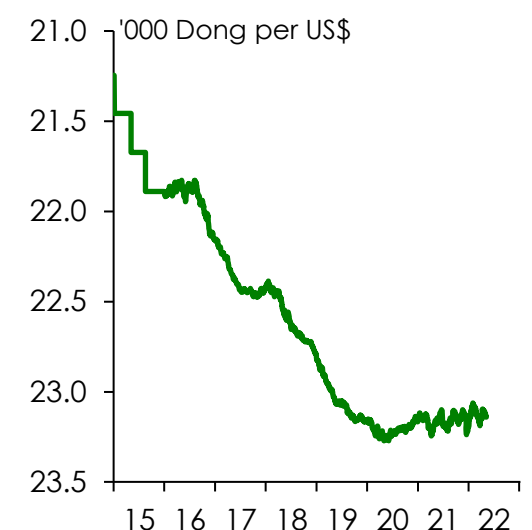
### Indonesian rupiah



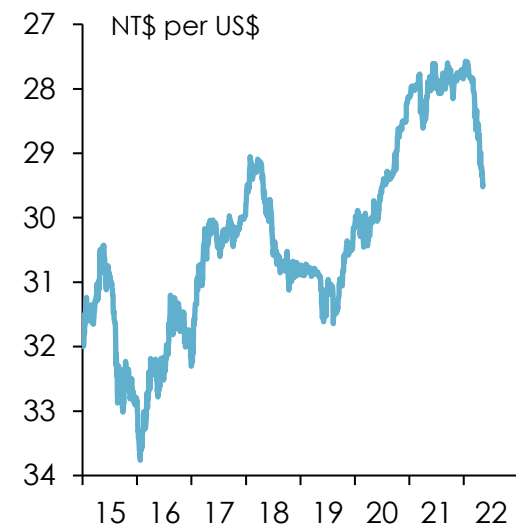
### Thai baht



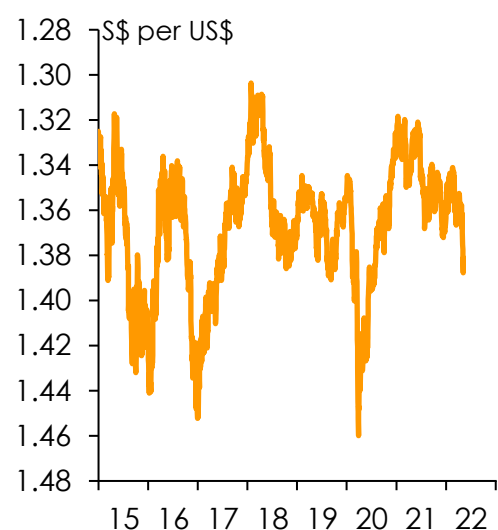
### Vietnamese dong



### New Taiwan dollar



### Singapore dollar



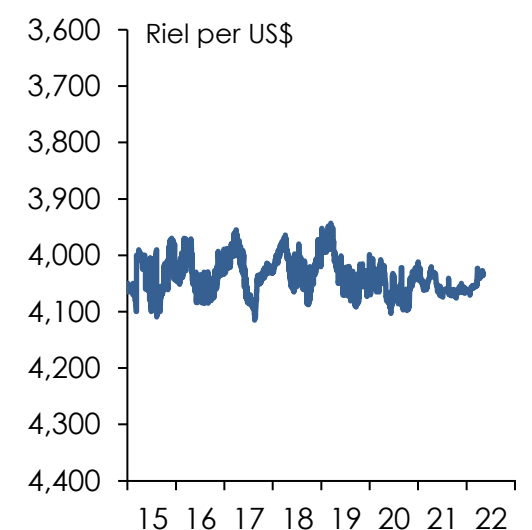
### Philippine peso



### Malaysian ringgit



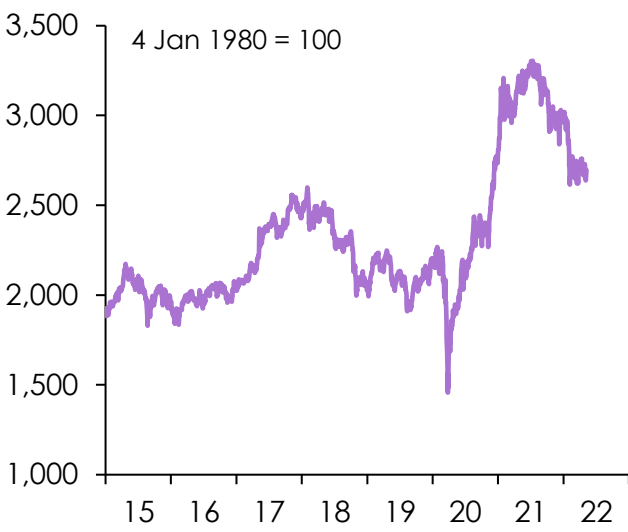
### Cambodian riel



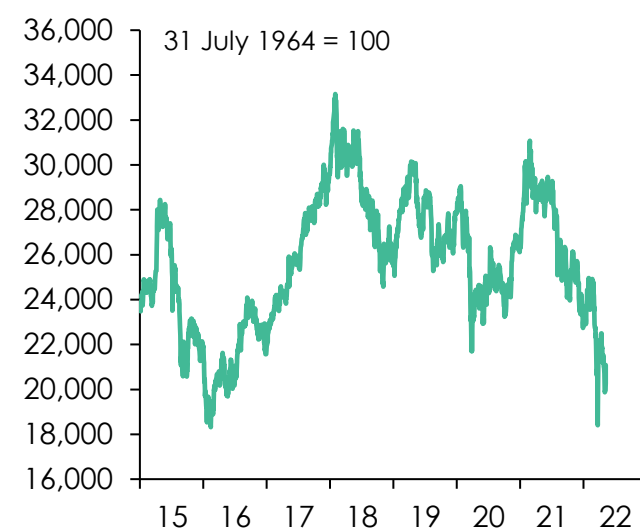
# Asian stockmarkets were mostly lower last week, except for HK which gained from reports of an easing in China's crackdown on tech companies

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

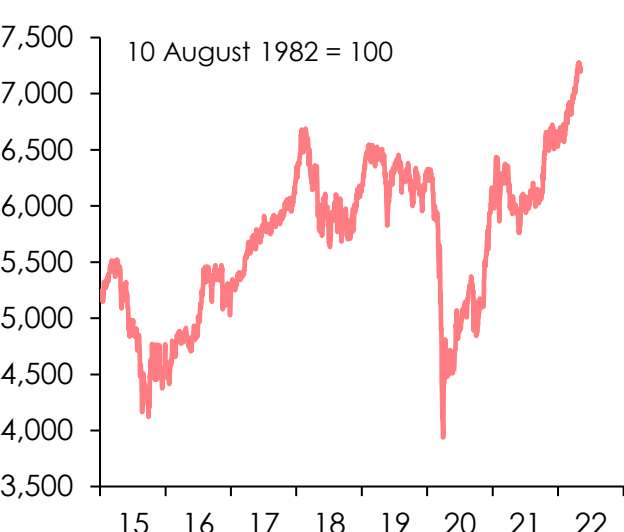
**KOSPI**



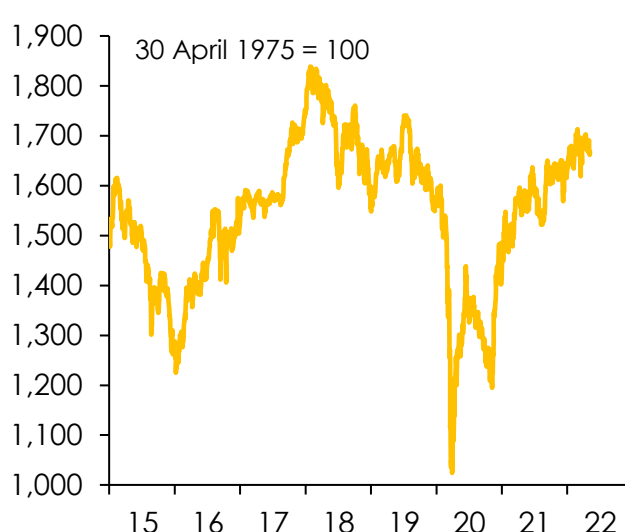
**Hang Seng Index**



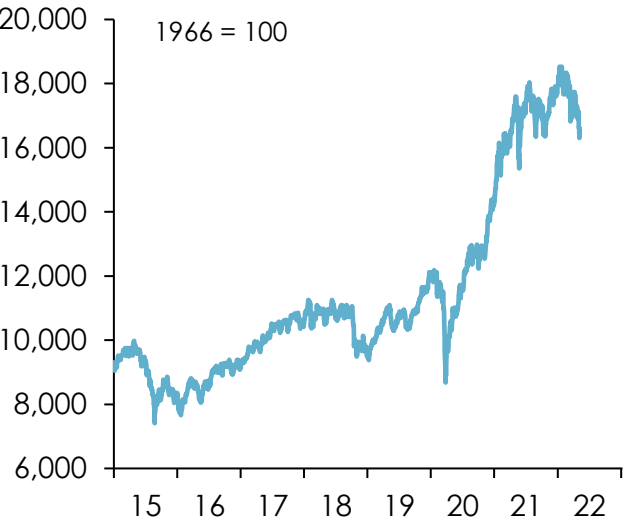
**JCI**



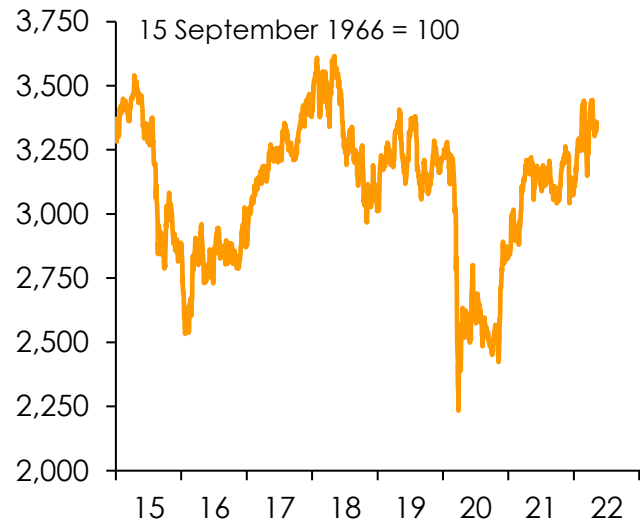
**SETI**



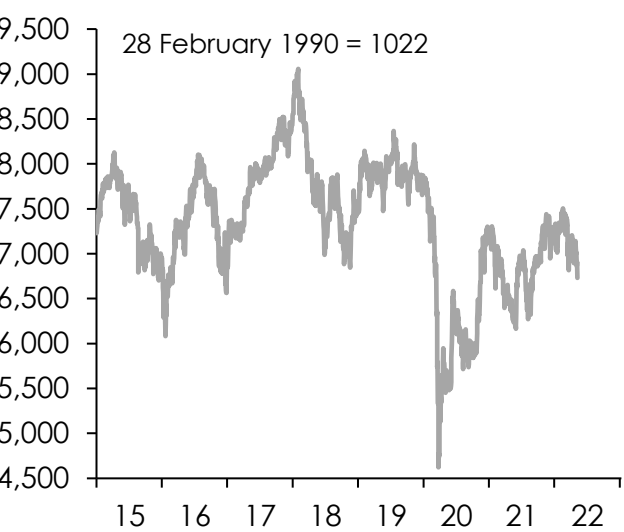
**TAIEX**



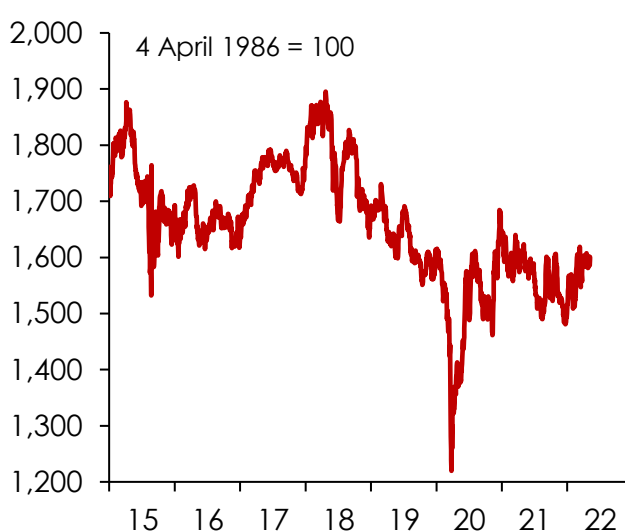
**Straits Times Index**



**PSE i**



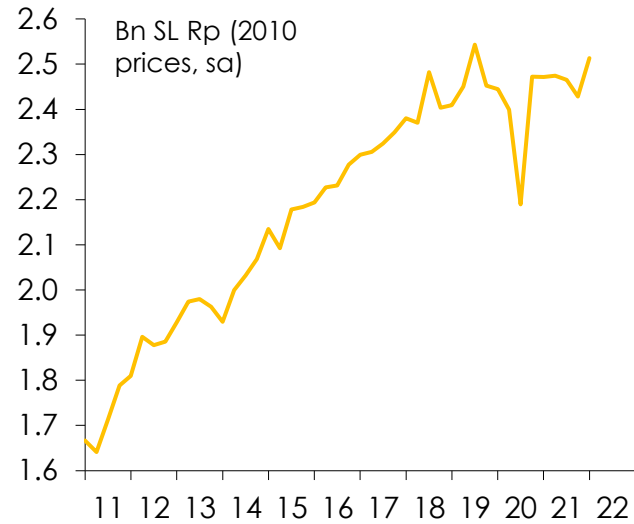
**KLCI**



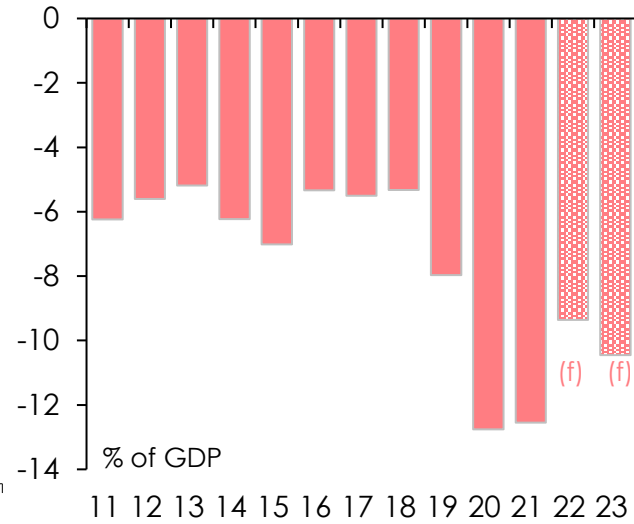
# Sri Lanka has requested financial assistance from the IMF, after its currency dropped 40% and its central bank raised interest rates by 700 bp

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

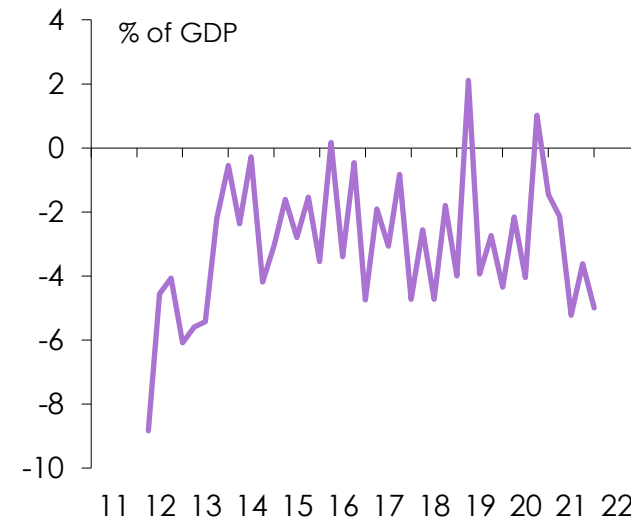
## Real GDP



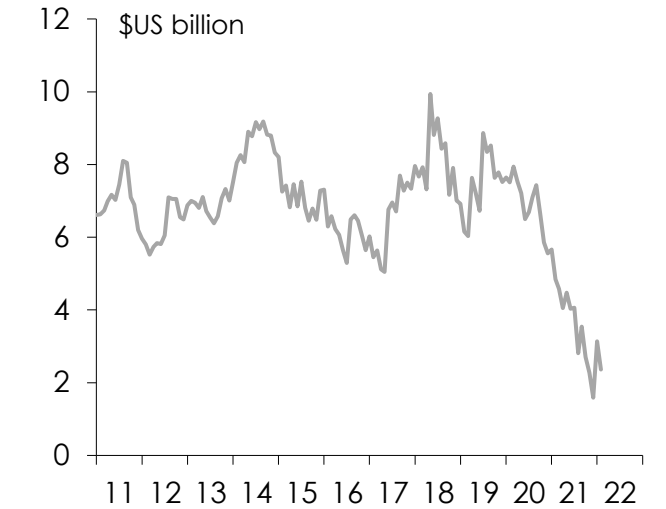
## Fiscal balance



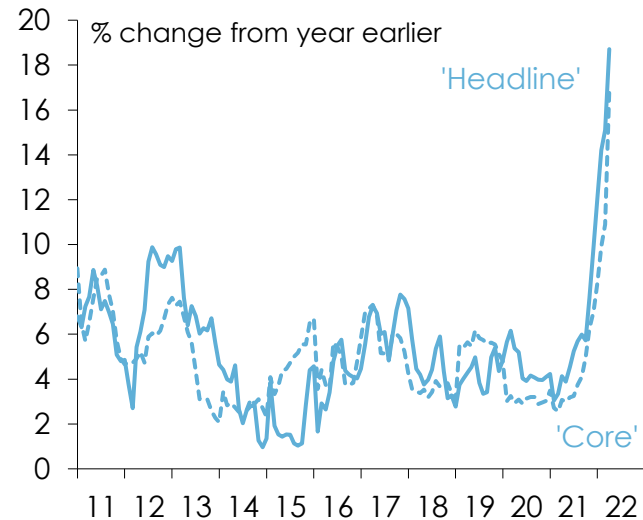
## Current account balance



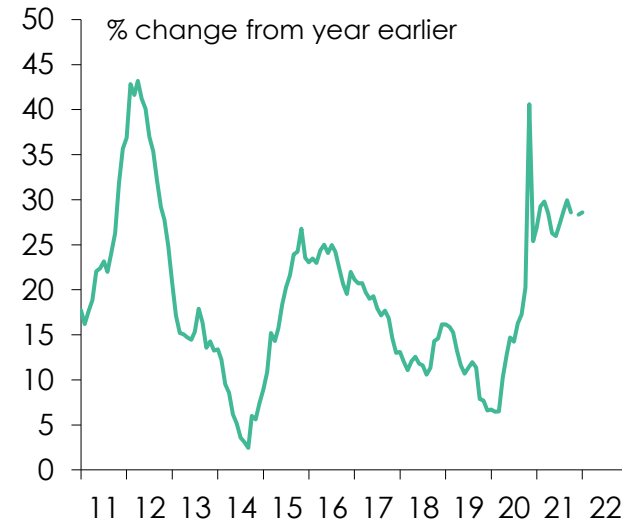
## FX reserves



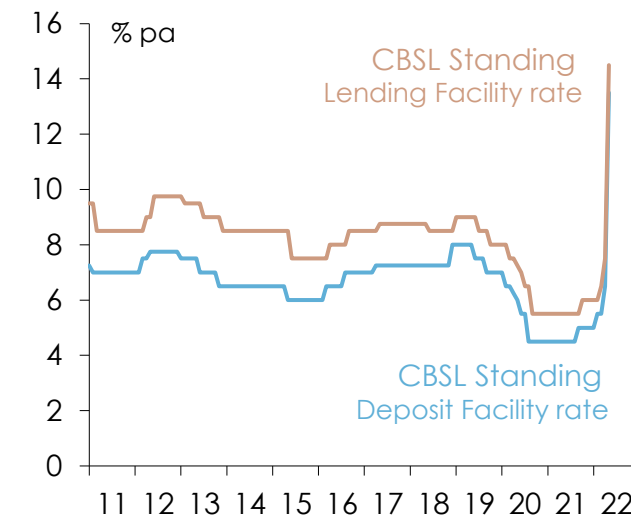
## Consumer prices



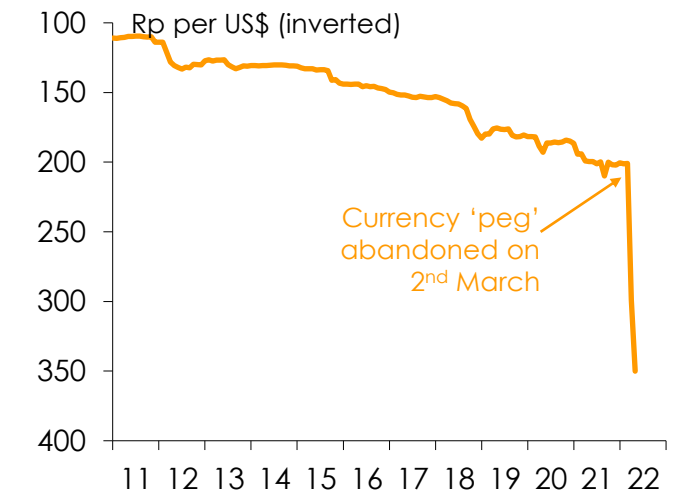
## Credit growth



## Interest rates



## SL rupee vs US\$



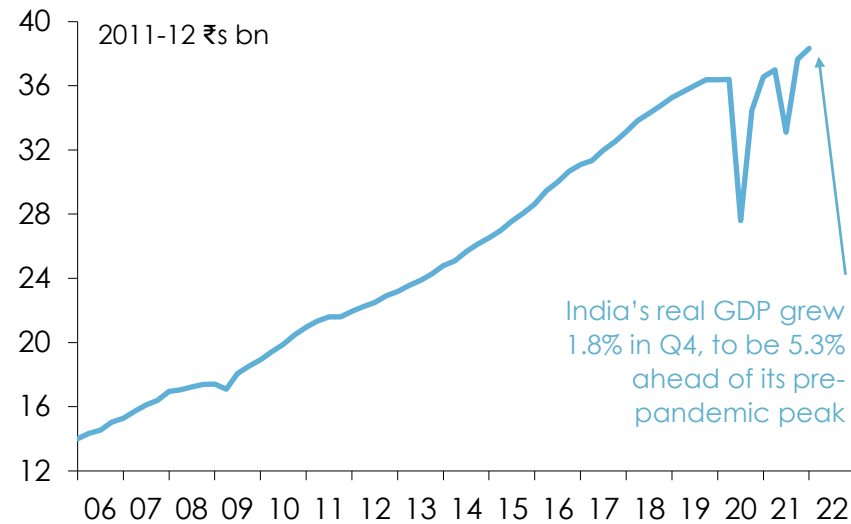
Note: GDP data seasonally adjusted using Refinitiv Datastream; CPI data are for Colombo. Sources: [Sri Lanka Department of Census and Statistics](#); [Central Bank of Sri Lanka](#); IMF, [Fiscal Monitor](#), April 2022; Refinitiv Datastream. [Return to "What's New"](#).

**India**

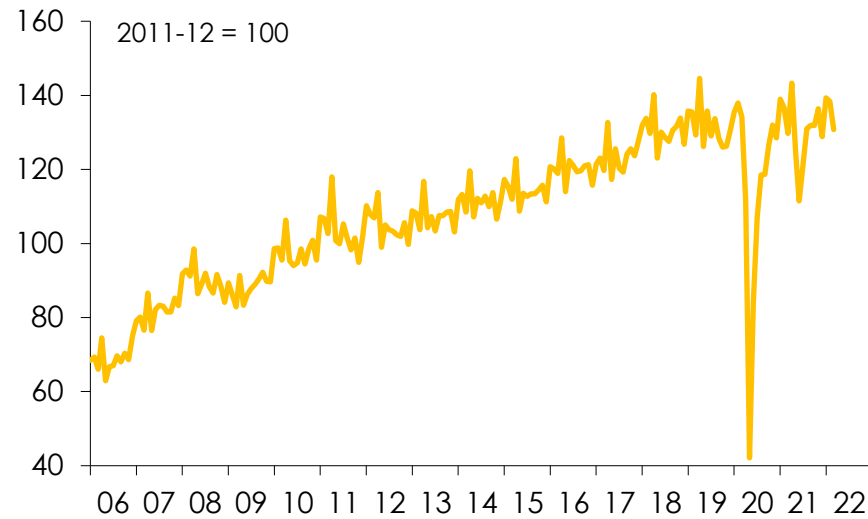
# India's economy is recovering from two waves of virus-induced contractions in Q2 2020 and Q2 2021

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

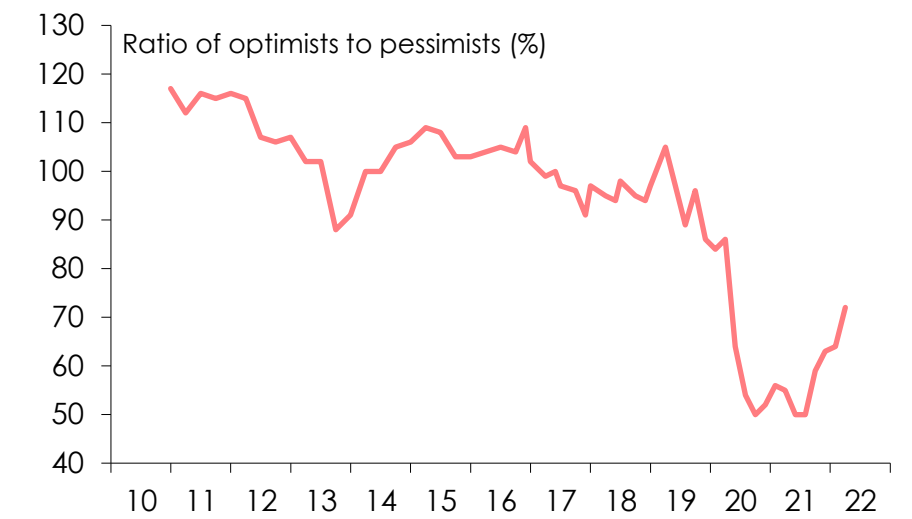
## Quarterly real GDP



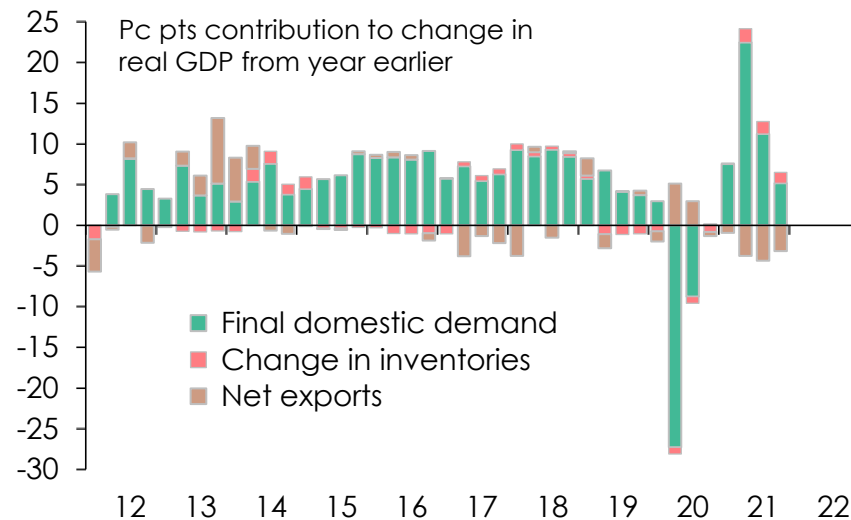
## Manufacturing production



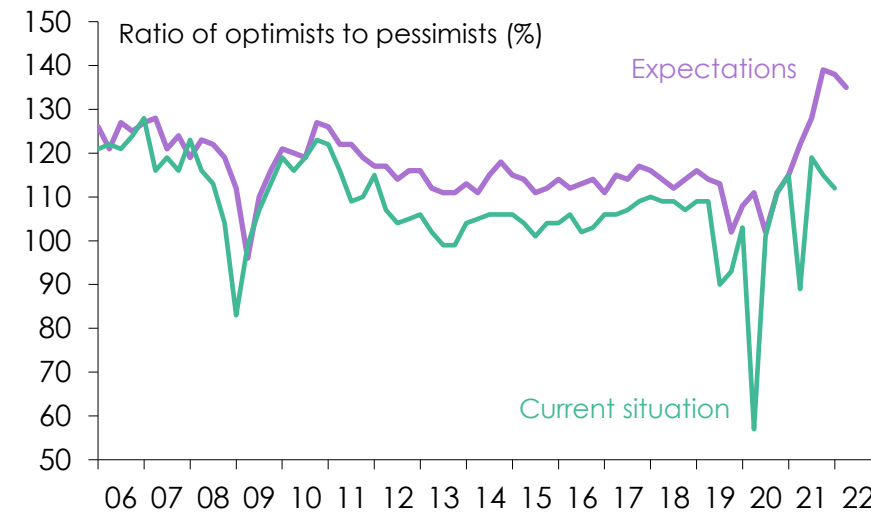
## Consumer confidence



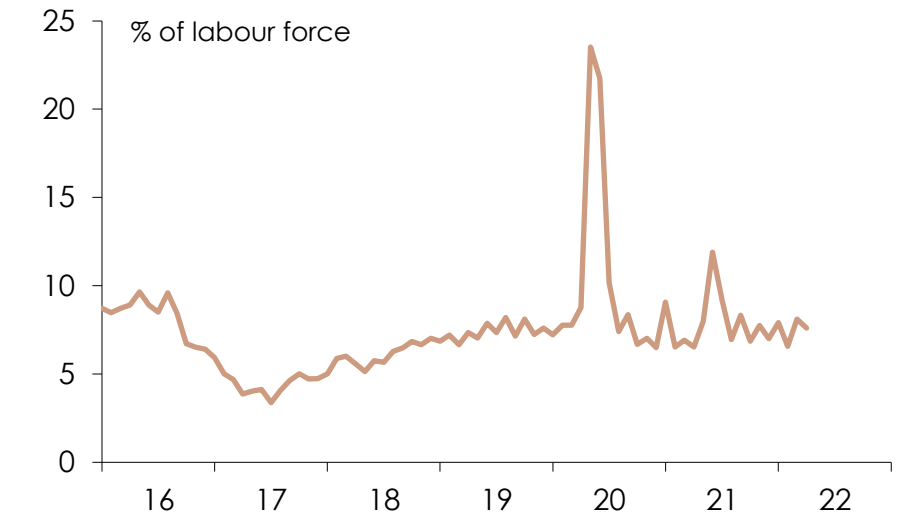
## Contributions to real GDP growth



## Industrial sector sentiment



## Unemployment rate

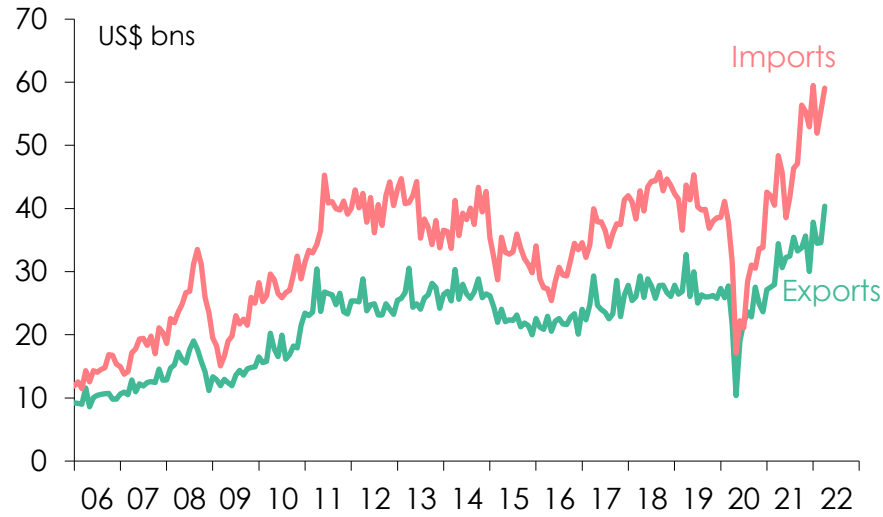


Sources: OECD, [Quarterly National Accounts dataset](#); Government of India, Ministry of Statistics and Programme Implementation, [National Accounts Data](#), and [IIP Data](#); Reserve Bank of India, [Quarterly Industrial Outlook Survey](#) and [Consumer Confidence Survey Bi-Monthly](#); Centre for Monitoring the Indian Economy, [Unemployment Rate in India](#).  
Return to "What's New".

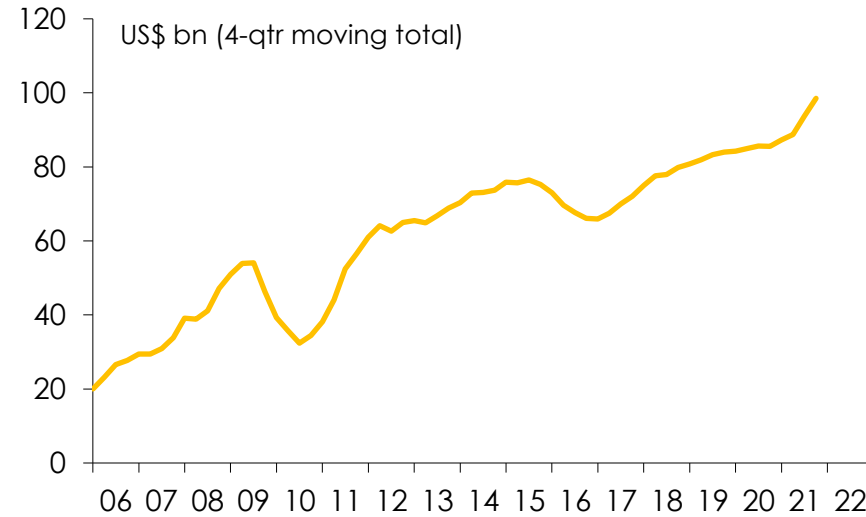
# India's merchandise trade deficit has deteriorated sharply due to higher oil prices but its overall external position remains relatively stable

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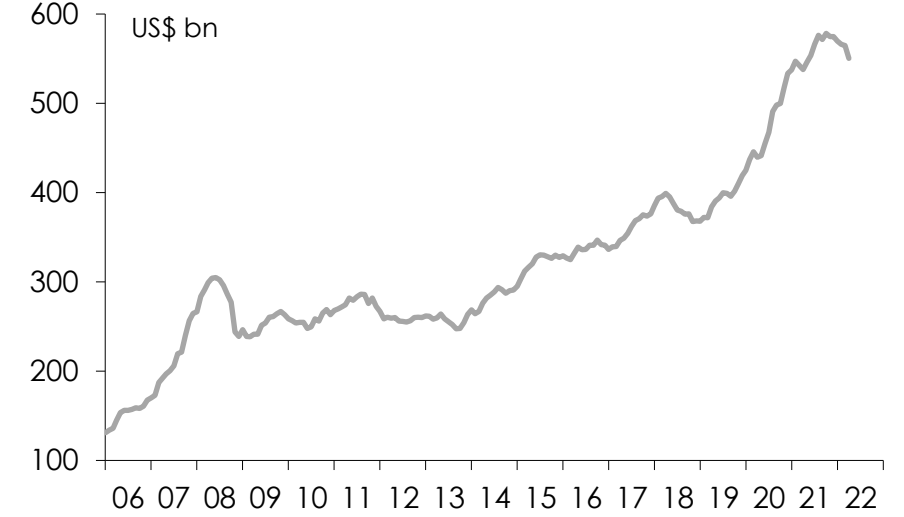
## Merchandise exports and imports



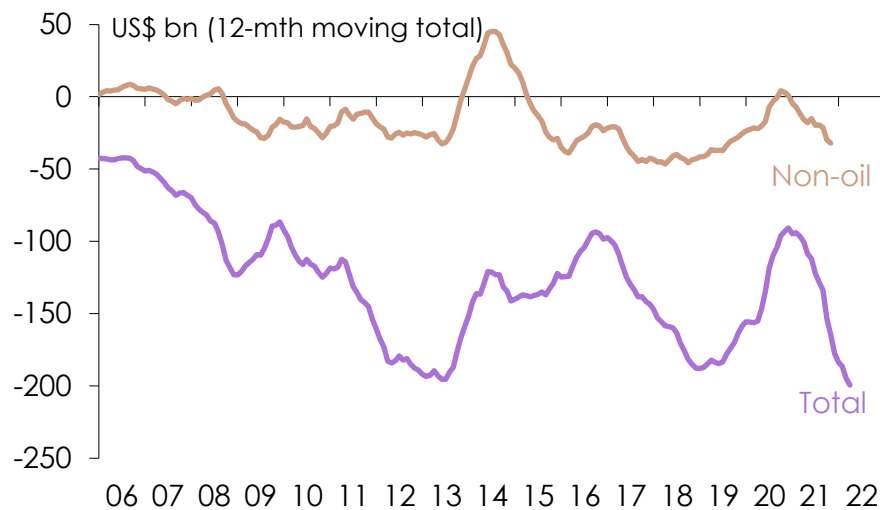
## Services trade balance



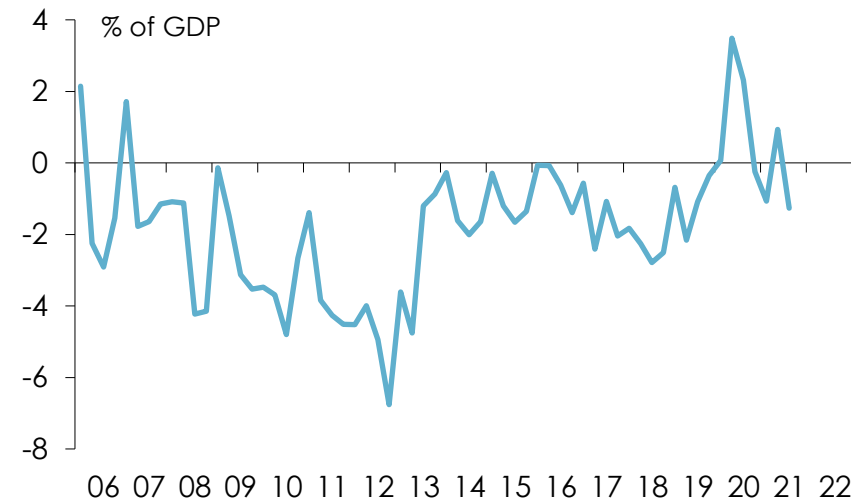
## Foreign exchange reserves



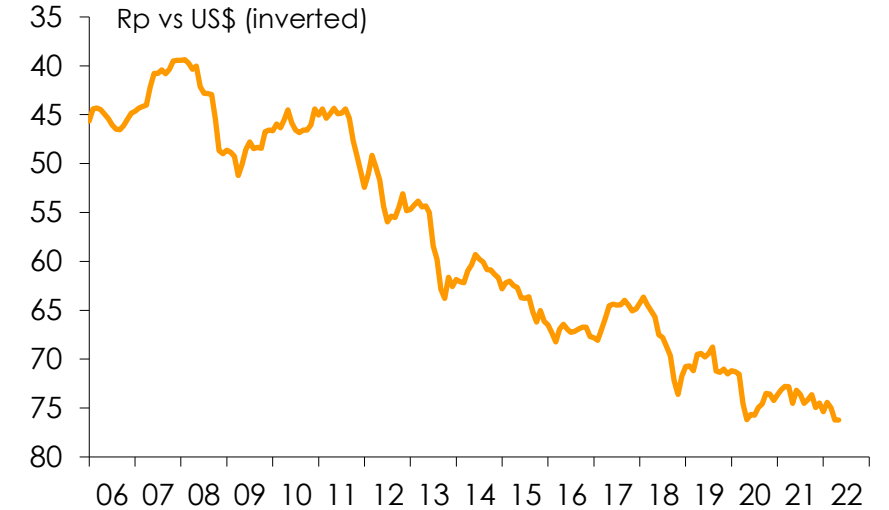
## Merchandise trade balance



## Current account balance



## Rupee vs US dollar

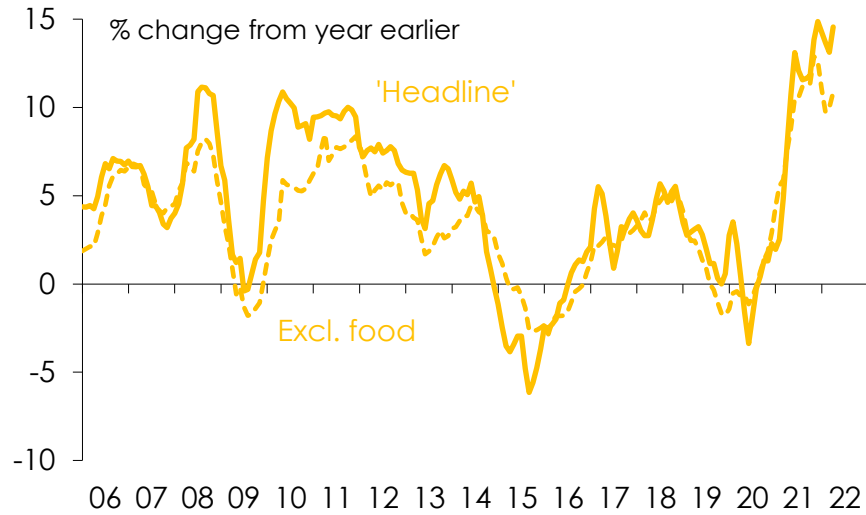


Sources: Government of India, Ministry of Commerce and Industry, [Trade Statistics](#); Reserve Bank of India, [Special Data Dissemination Standards - Balance of Payments](#) and [Weekly Statistical Supplement - Extract](#); Refinitiv Datastream. [Return to "What's New"](#).

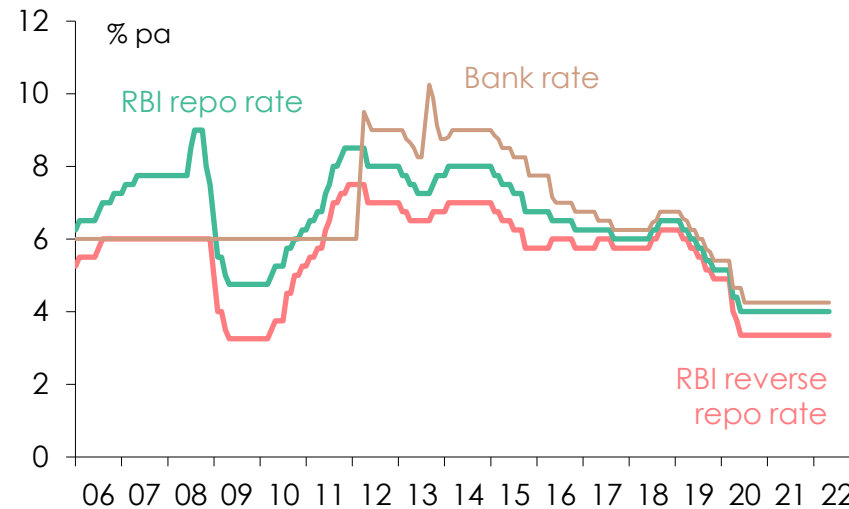
# India's consumer prices rose 7.0% over the year to March – well above the RBI's 2-6% target band, yet the RBI has done nothing

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

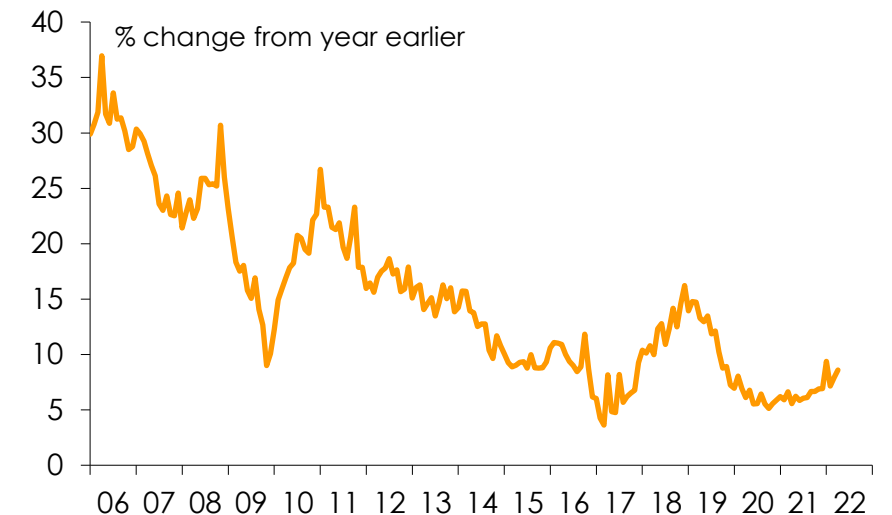
## Wholesale prices



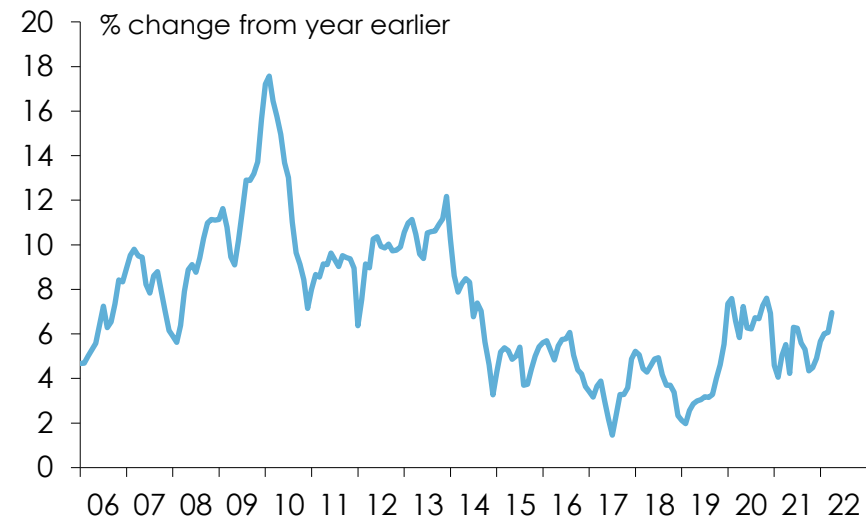
## RBI policy interest rates



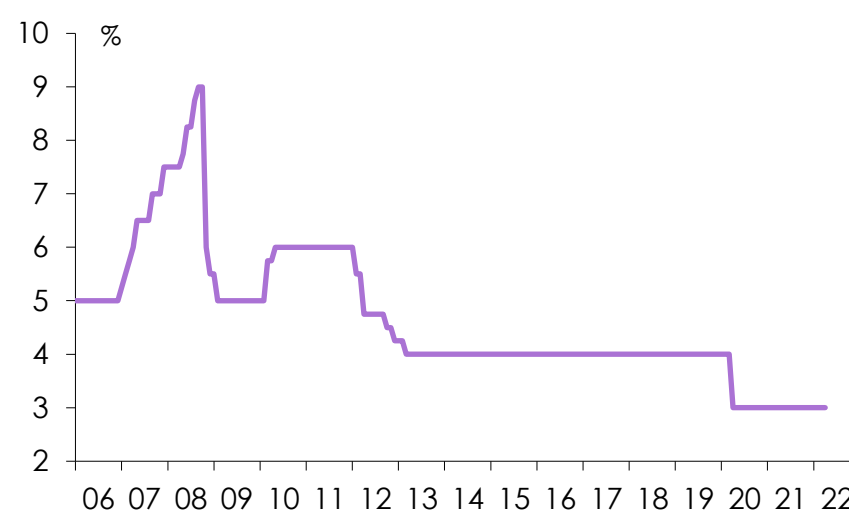
## Bank lending



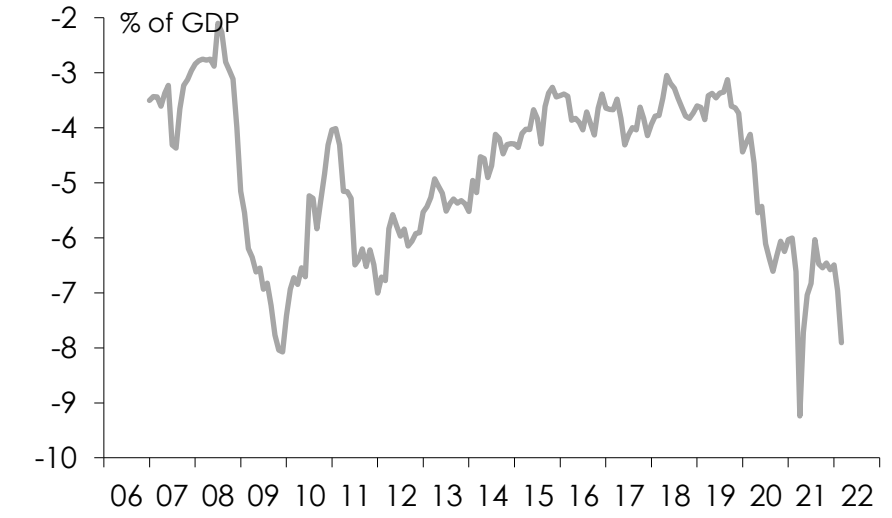
## Consumer prices



## RBI cash reserve ratio



## Central government fiscal balance

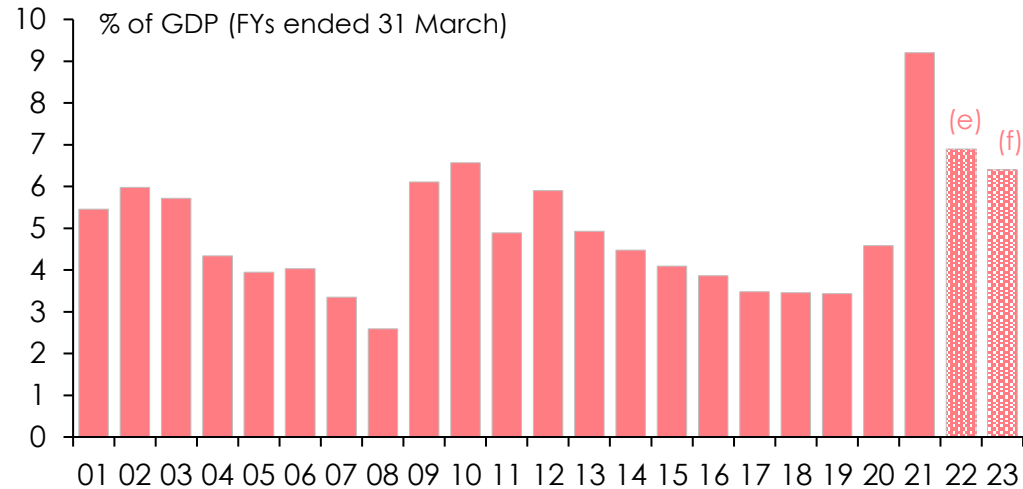


Note: The RBI's inflation target is 4% ± 2 pc points. Sources: Government of India, Office of the Economic Adviser, Ministry of Commerce and Industry, [WPI Press Release](#); Ministry of Statistics and Programme Implementation, [CPI](#); Reserve Bank of India, [Monetary Policy](#) and [RBI Bulletin](#); Ministry of Finance, [Controller-General of Accounts](#).  
[Return to "What's New"](#).

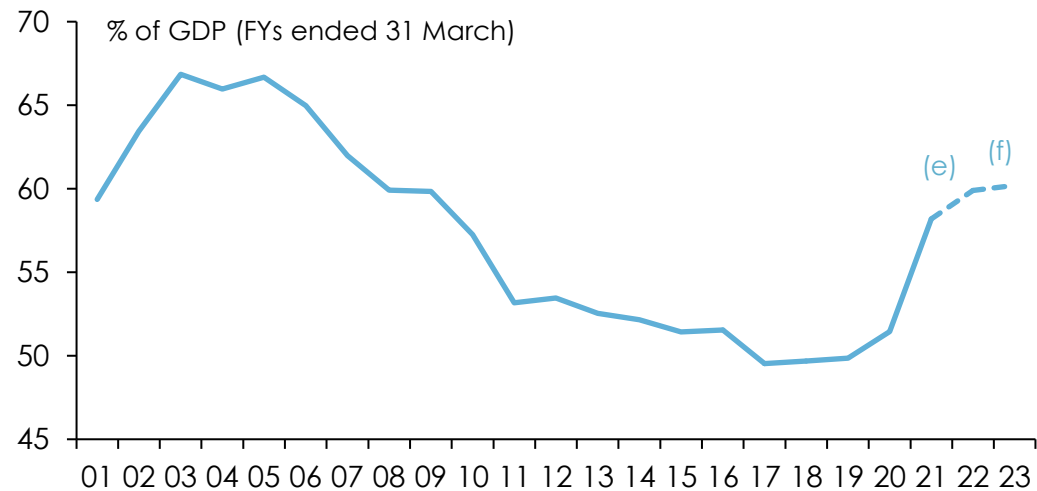
# India's 2022-23 Budget maintains a deficit of over 6% of GDP in order to fund another large increase in capital spending

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Central government fiscal deficit



## Central government gross debt



- ❑ Finance Minister Nirmala Sitharaman presented the Modi Government's 2022-23 Budget on Wednesday, 2<sup>nd</sup> February
- ❑ The main feature of the 2022-23 Budget is a projected 35.4% increase in capital outlays, which following an estimated 34.5% increase in FY 2021-22 will take total capital spending to ₹7.5 trn (2.9% of projected GDP) in FY 2022-23, more than double the level of capital spending in FY 2019-20
  - the [PM Gati Shakti](#) plan emphasizes roads, railways, airports, ports, ass transport, waterways, and logistics infrastructure
  - according to Ms Sitharaman's Budget Speech, "the virtuous cycle of investment requires public investment to crowd-in private investment", and "public investment must continue to take the lead and pump-prime the private investment and demand in 2022-23"
- ❑ The Budget included some protectionist measures, in particular the phasing out of customs duty exemptions for a range of capital goods, items used in major mining and infrastructure projects and "items which are or can be manufactured in India"
- ❑ The 'revenue deficit' (which excludes capital spending) is forecast to decline to 3.8% of GDP in FY 2022-23, from 4.7% of GDP in 2021-22 and 7.3% of GDP in 2021-22 – but, reflecting the increase in capital spending, the overall fiscal deficit will decline more modestly, to 6.4% of GDP in 2022-23 from 6.9% of GDP in 2021-22 and 9.2% of GDP in 2020-21
- ❑ Gross central government debt is forecast to rise to 60.2% of GDP by the end of FY 2022-23, from 59.9% of GDP at the end of the current fiscal year

Sources: Reserve Bank of India, [Handbook of Statistics on the Indian Economy](#); Government of India Ministry of Finance, [Budget at a Glance 2022-23](#); Nirmala Sitharaman, Minister of Finance, [Statement of Fiscal Policy as required under the Fiscal Responsibility and Budget Management Act 2003](#), February 2022. [Return to "What's New"](#).



**Canada, Australia and New Zealand**

# The Bank of Canada and the RBNZ both raised their policy rates by 50 bp in April, and the RBA may do so for the first time this week

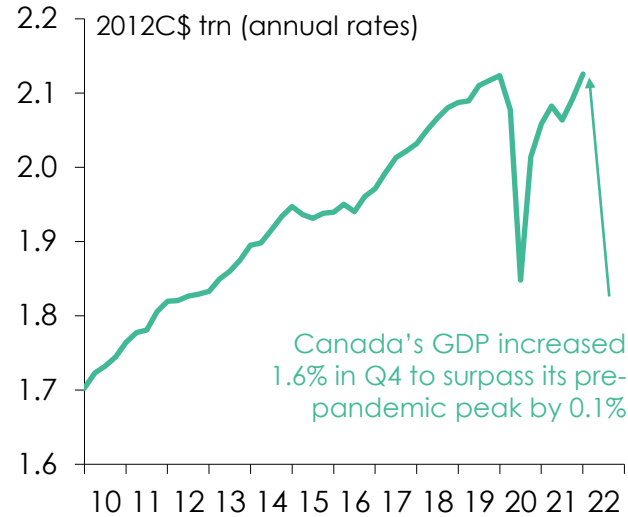
THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ The [Reserve Bank of Australia](#) is now much more likely to raise its official cash rate (for the first time since November 2010) at this Tuesday's Board meeting, despite it being less than three weeks before the election
  - this is as the result of a much-higher-than-expected 2.1% increase in the CPI in the March quarter, reported Wednesday, pushing the annual 'headline' inflation rate to a near 20-year high of 5.1%, and the RBA's preferred measure of 'underlying' inflation to a 13-year high of 3.7% ([slide 124](#))
  - this would be only the second time that the RBA has changed monetary policy settings during an election campaign (the first was in 2007) and hence is bound to be controversial – but the RBA now risks credibility if it doesn't move this week
- ❑ The [Bank of Canada](#) lifted its policy rate by 50bp, to 1.0%, at its Governing Council meeting on 12 April ([slide 123](#))
  - the decision follows [upward revisions](#) to the BoC's near-term forecast for inflation, which is now expected to peak at 5¾% in Q2, and average 5.3% this year (up from 4.2% previously) before declining to 2½% in H2 2023 and then 2% in 2024
  - BoC Governor Tiff Macklem [warned](#) that “Canadians should expect interest rates to continue to rise toward more normal settings”, which he explained meant “within the range we consider for a neutral rate of interest”, ie “between 2% and 3%”
  - the BoC [also indicated](#) that it would commence 'quantitative tightening' on 25<sup>th</sup> April, by ceasing re-investment of maturing bonds from its portfolio
- ❑ The [Reserve Bank of New Zealand](#) raised its official cash rate (OCR) by 50bp, to 1.50%, at its Monetary Policy Committee meeting on 13<sup>th</sup> April, the fourth increase, for a cumulative 125bp, since last October ([slide 125](#))
  - with 'headline' inflation now expected to peak at 7% in the current half (cf. 5.9% in Q4, and the target of 1-3%), “capacity pressures apparent across a wide range of indicators”, and “employment above its maximum sustainable level”, the MPC [concluded](#) that the “path of least regret” was “to increase the OCR by more now, rather than later”
  - the MPC indicated that it hadn't changed its view of where the OCR would peak, but believed that moving to “a more neutral stance sooner” would “reduce the risk of rising inflation expectations” and “provide more policy flexibility ahead in light of the highly uncertain global economic environment”

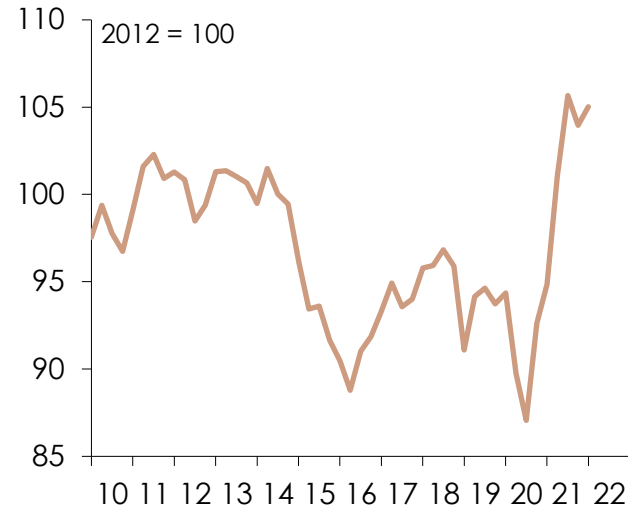
# Canada's annual 'headline' inflation rate rose to 6.4% in March, the highest since April 1983, with 'core' inflation at 4.6%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

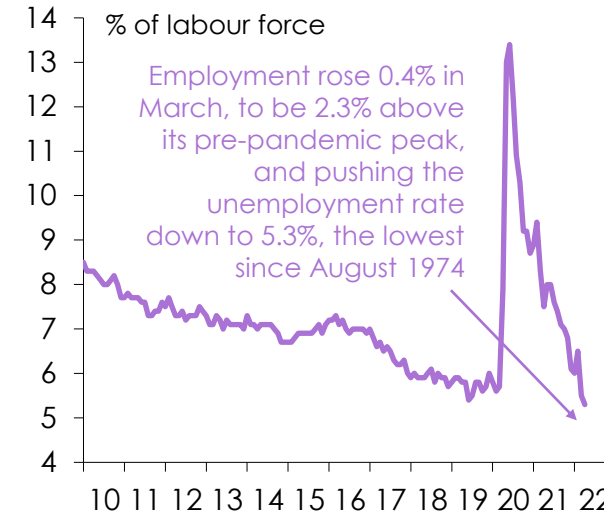
## Real GDP



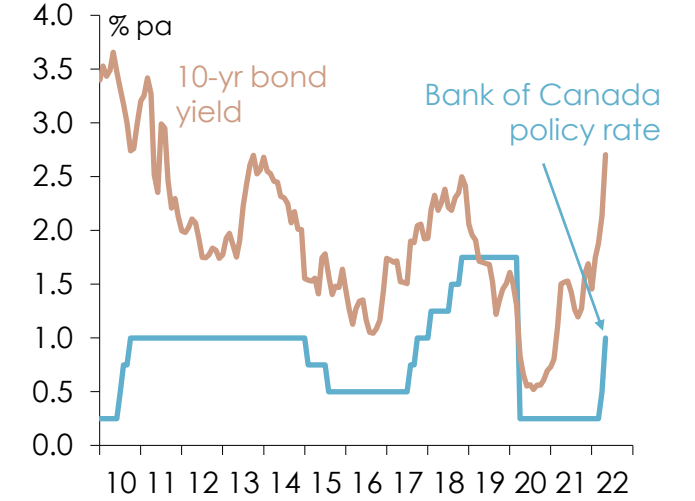
## Terms of trade



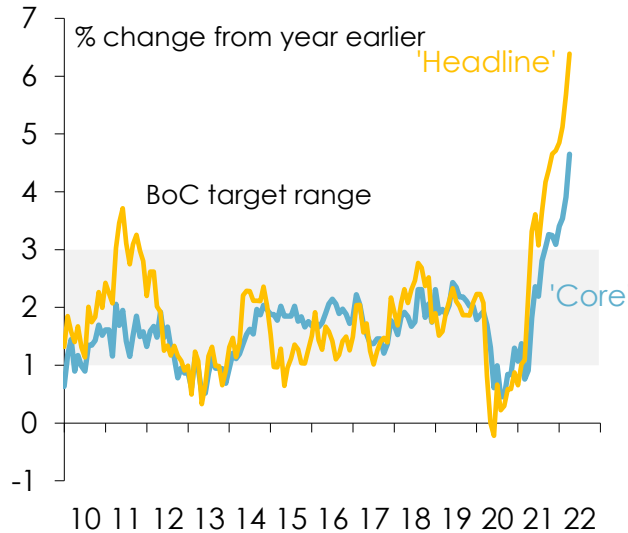
## Unemployment



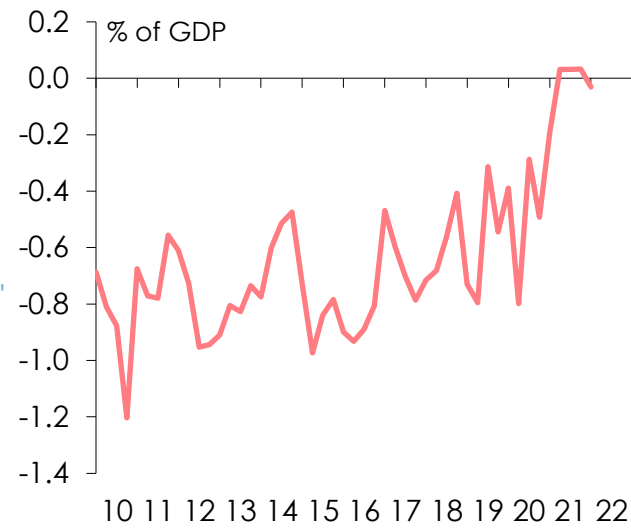
## Interest rates



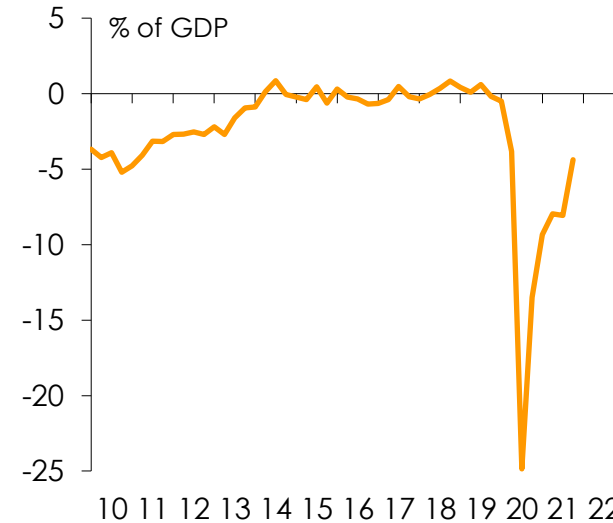
## Consumer prices



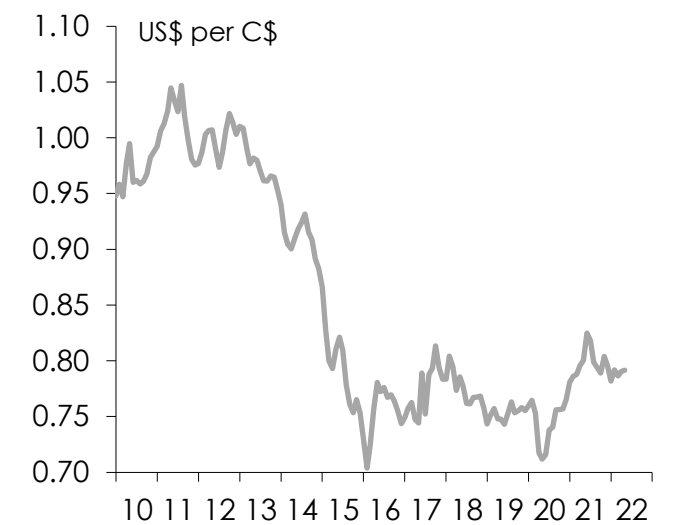
## Current account balance



## Government net lending



## C\$ vs US\$

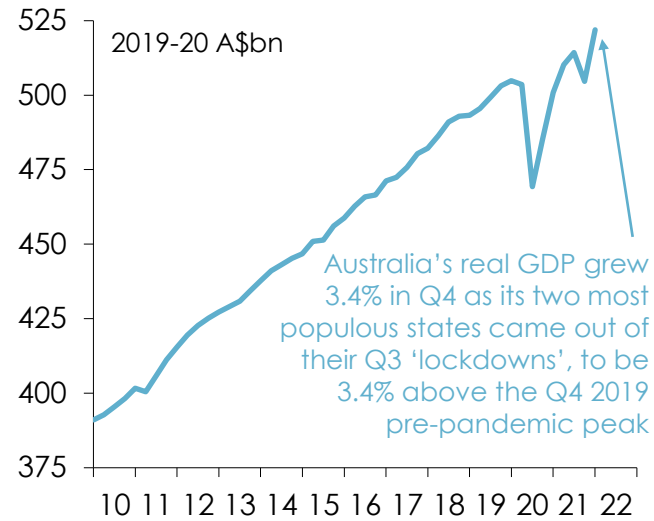


Sources: Statistics Canada, [National Gross Domestic Product \(GDP\) by Income and by Expenditure Accounts](#); [Consumer price index portal](#); [Canada's Balance of International Payments](#); [Labour Statistics](#); Bank of Canada, [Policy Interest Rate](#); Refinitiv Datastream. [Return to "What's New"](#).

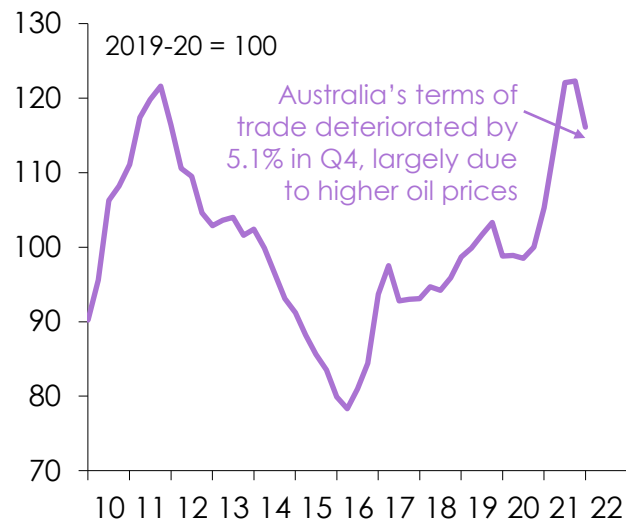
# Australia's 'headline' inflation rate rose to 5.1% over the year to Q1, while the RBA's 'underlying' measure reached a 13-year high of 3.7%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

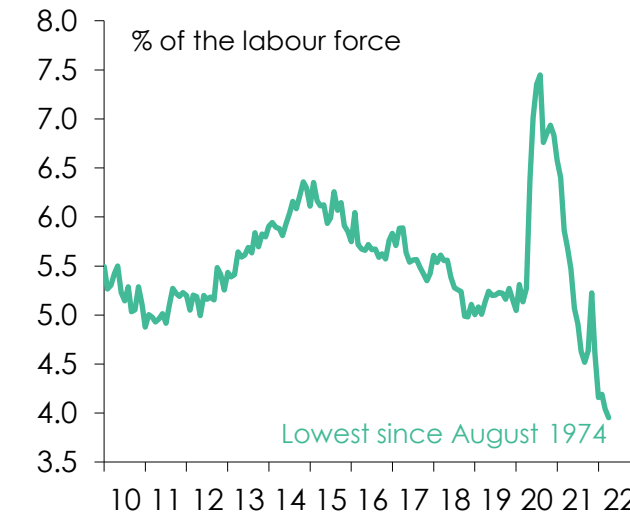
## Real GDP



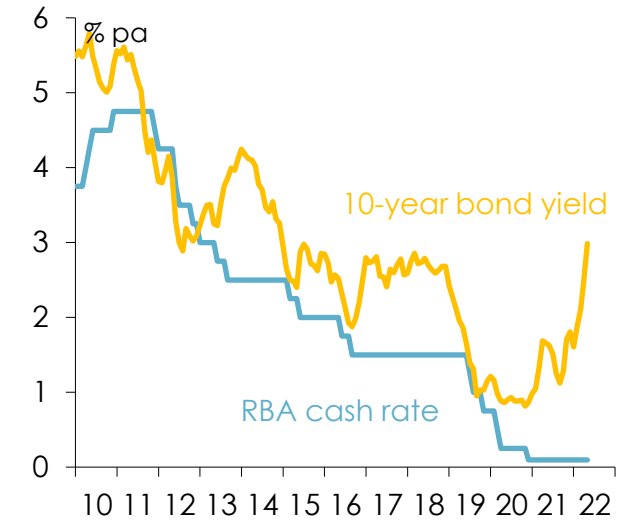
## Terms of trade



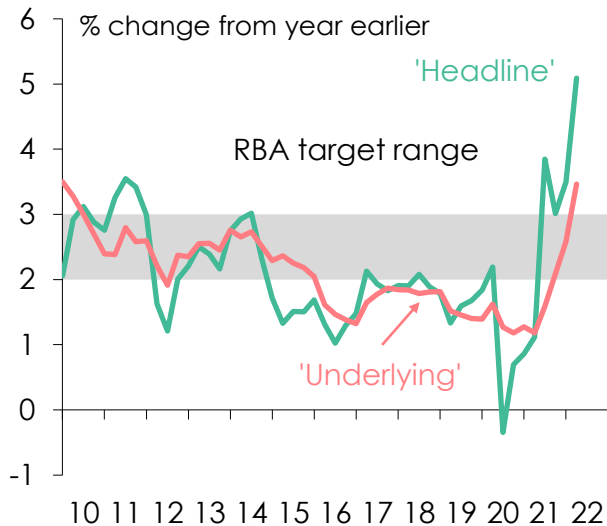
## Unemployment



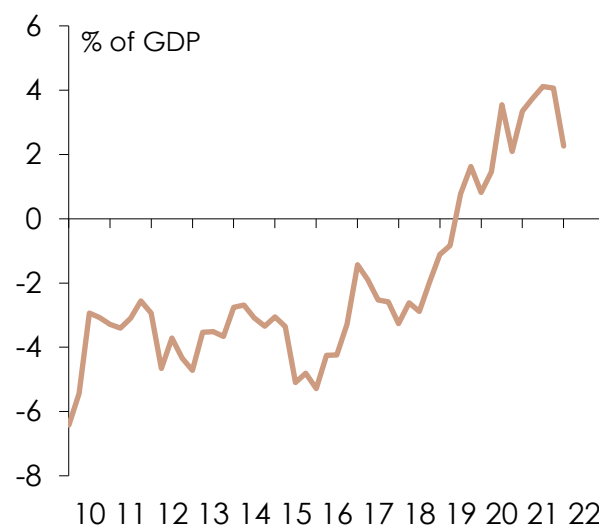
## Interest rates



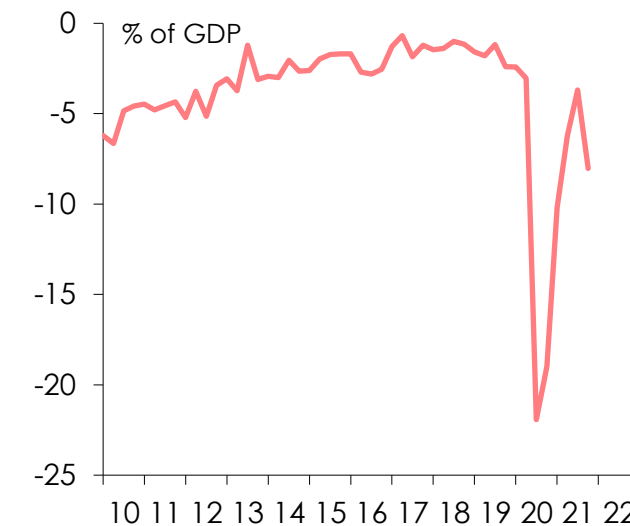
## Consumer prices



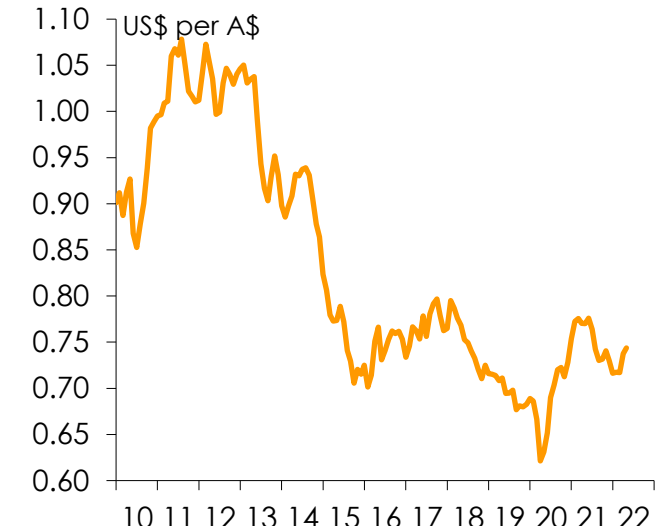
## Current account balance



## Government net lending



## A\$ vs US\$

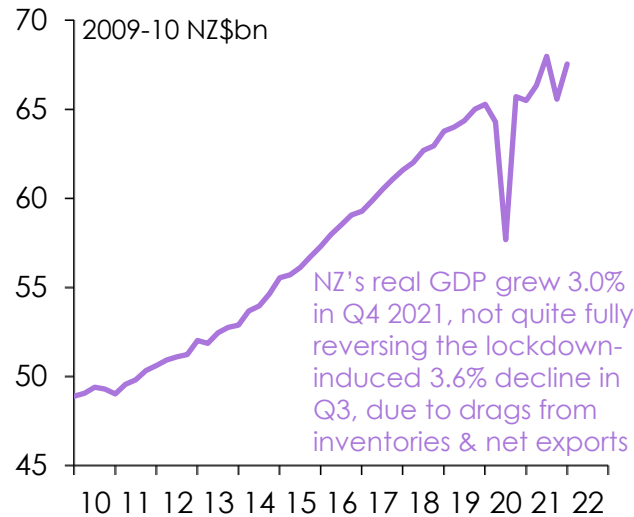


Note: The measure of 'underlying' inflation shown here is the trimmed mean. Sources: Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product](#); [Consumer Price Index](#); [Balance of Payments and International Investment Position](#); [Labour Force](#); [Australian National Accounts: Finance and Wealth](#); Reserve Bank of Australia, [Monetary Policy Changes](#); Refinitiv Datastream. For more detailed coverage of Australia see [The Australian Economy this Week](#). [Return to "What's New"](#).

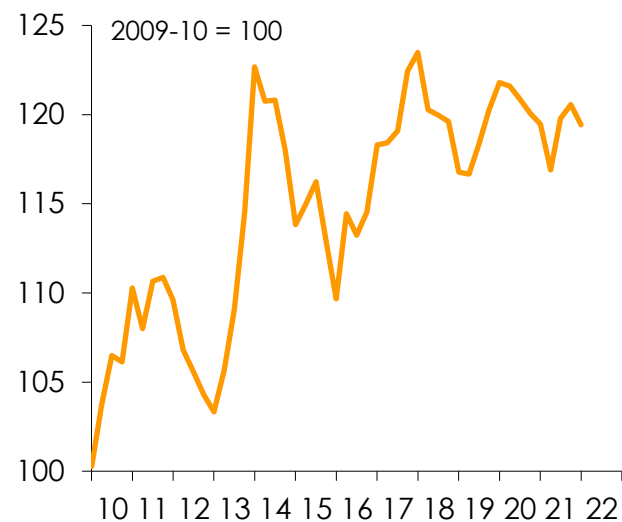
# New Zealand's annual 'headline' inflation rate reached 6.9% in Q1, the fastest since Q2 1990, with the RBNZ's 'underlying' measure at 4.2%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

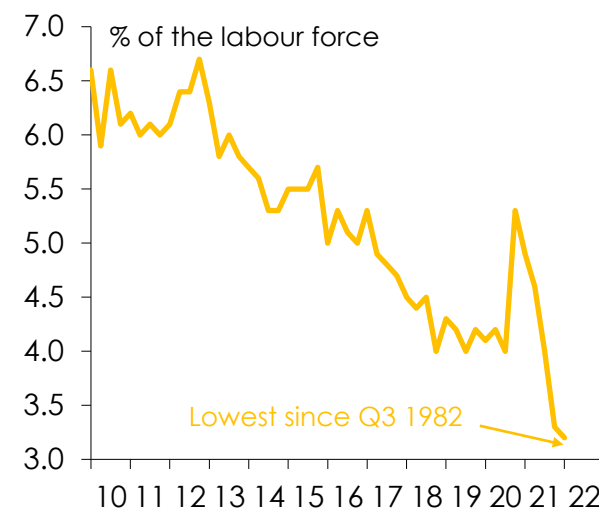
## Real GDP



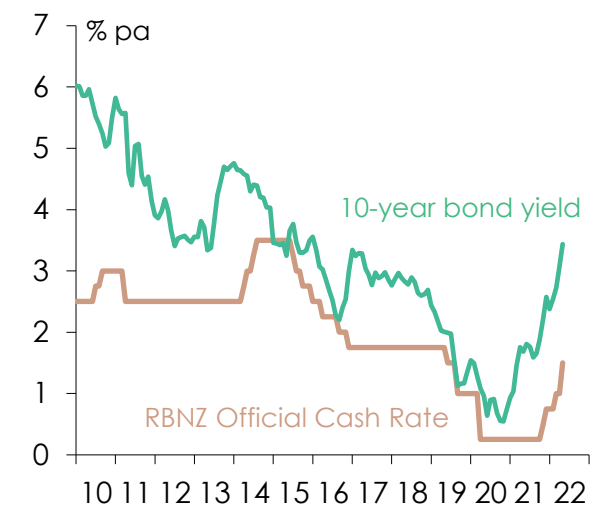
## Terms of trade



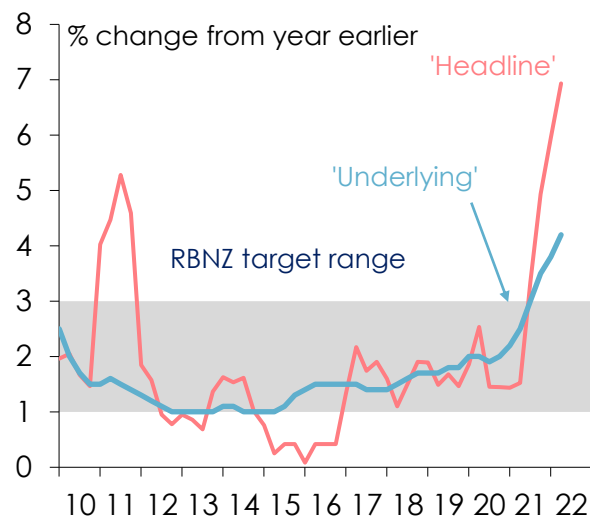
## Unemployment



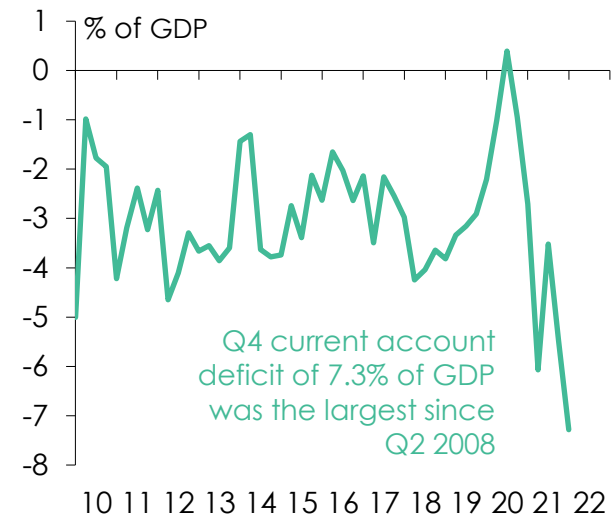
## Interest rates



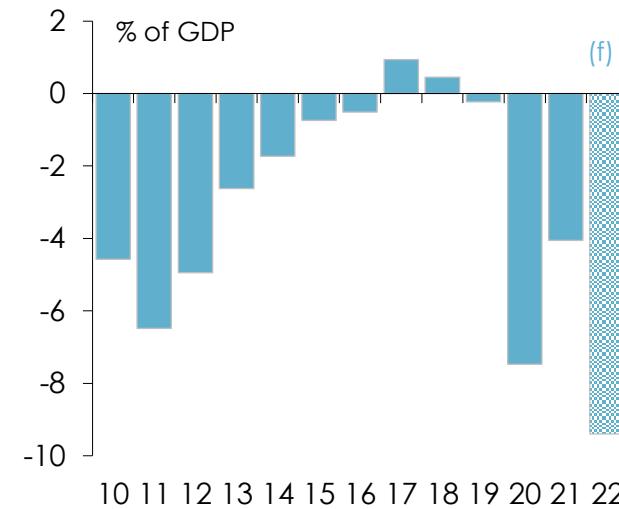
## Consumer prices



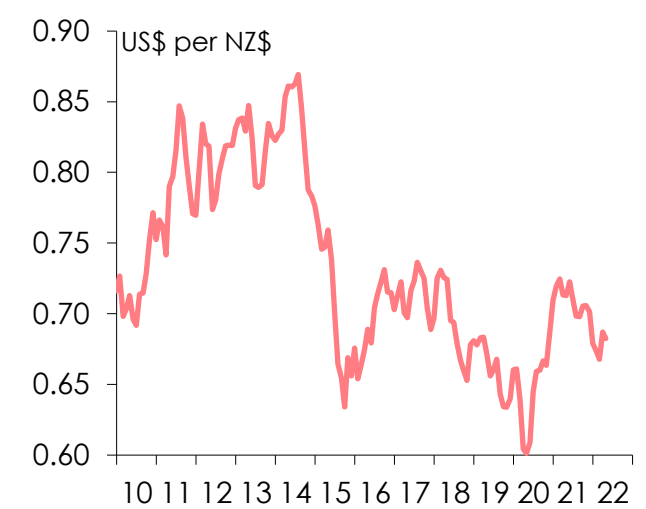
## Current account balance



## Government cash balance



## NZ\$ vs US\$



Note: The most commonly-used measure of real GDP in New Zealand is the production-based measure. The measure of 'underlying' inflation shown here is the RBNZ's [sectoral factor model](#). Sources: Statistics NZ, [Gross domestic product](#); [Consumers price index](#); [Balance of payments](#); and [Labour market](#); RBNZ, [Prices \(M1\)](#); NZ Treasury, [Half Year Economic and Fiscal Update 2021](#); Refinitiv Datastream. For more detailed coverage of New Zealand see [The New Zealand Economy this Month](#). [Return to "What's New"](#).

**The rest of the world**

# Russia's central bank cut its key rate another 300bp last week, while Hungary's and Colombia's central banks raised theirs by 100bp each

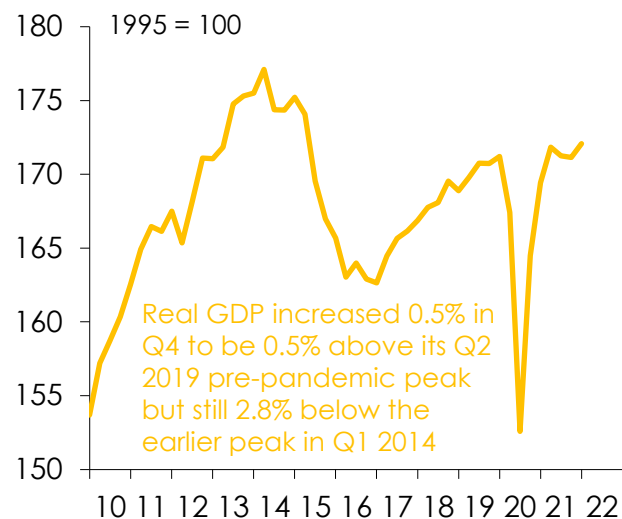
THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

- ❑ **Magyar Nemzeti Bank** (Hungary's central bank) raised its base rate by 100bp at its Monetary Council meeting on 26<sup>th</sup> April ([slide 131](#)), the 11<sup>th</sup> increase since last June, for a total of 480 bp
  - the Monetary Council characterized the move as “a decisive step in order to anchor inflation expectations and mitigate second-round inflation risks”, given the “much higher than usual” risk to the inflation outlook arising from the Russia-Ukraine war, making it “necessary to continue the tightening of monetary conditions and to continue the base rate tightening”
  - it anticipated that “strong negative supply effects” would likely raise inflation further in the current quarter, before returning to MNB's ‘tolerance band’ of 2-4% in the second half of 2023 and reaching the target of 3% in the first half of 2024
  - despite what is now a significant tightening of monetary policy MNB assesses that “the Hungarian economy continues to have a strong ability to grow”, and expects GDP growth to rebound to 4-5% in 2023 after slowing to 2.5-4.5% this year
- ❑ The **Central Bank of Russia** cut its key rate by 300bp, to 14%, at Friday's Board of Directors meeting, following a similar reduction on 8<sup>th</sup> April ([slide 11](#))
  - explaining the decision, CBR Governor Elvira Nabulliana asserted that “inflationary pressure and inflation expectations are declining” as a result of the recovery in recent weeks, and that “economic activity is declining”, with real GDP expected to drop by 8-10% this year
  - she indicated that the CBR has “no intention to quickly bring inflation back to its target of 4%, because the “structural transformation of the economy” resulting from the “disruptions in technological, production and logistics chains and the termination by some foreign companies of their operation in Russia” would be “hampered” by “squeezing demand”
  - and forecast that inflation would rise to 18-23% this year before slowing to 5-7% in 2023, returning to the target of 4% in 2024
- ❑ **Banco Central de la República Colombia** raised its policy interest rate by 100bp to 6.0% at its Board of Directors meeting on Friday, the sixth increase since September last year, for a total of 425bp ([slide 131](#))
  - the decision continues “continues the gradual but firm process of monetary policy adjustment to ensure a progressive return of inflation to the 3% annual target” (from 8.5% in March)

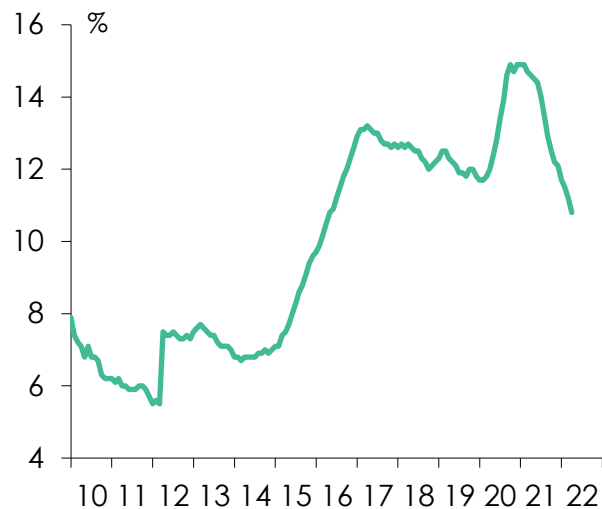
# Banco Central do Brazil raised its policy rate another 100bp in March, for a total of 975 bp over the past 12 months, and with more to come

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

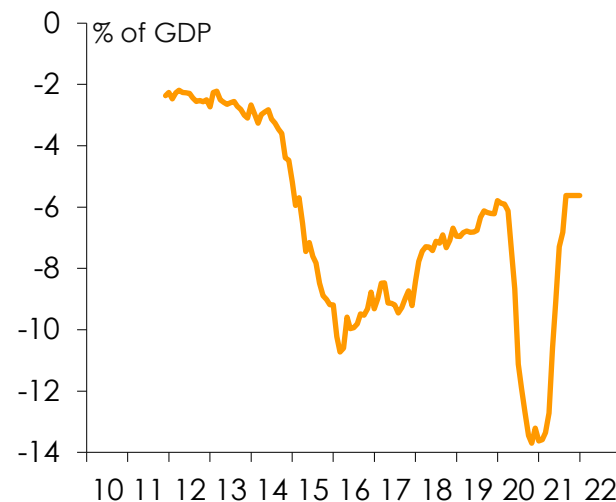
## Real GDP



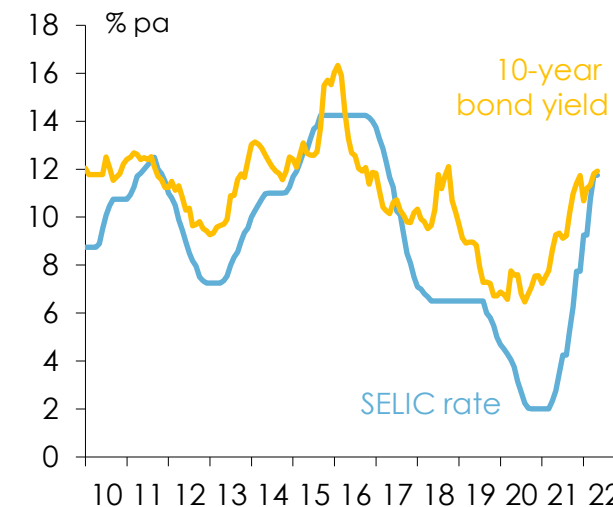
## Unemployment



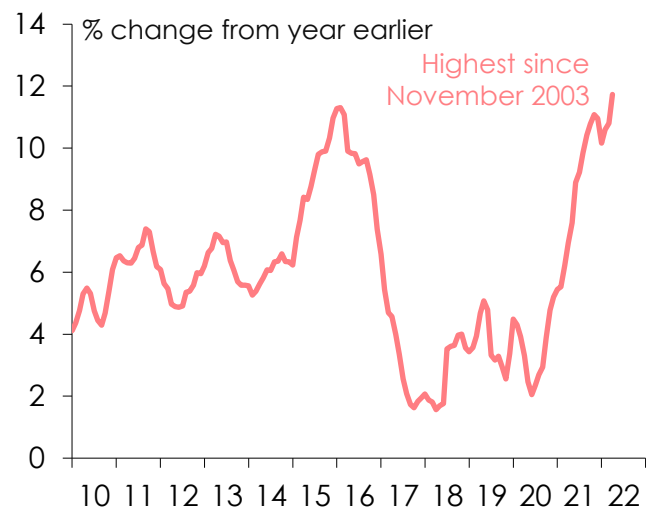
## Public sector borrowing



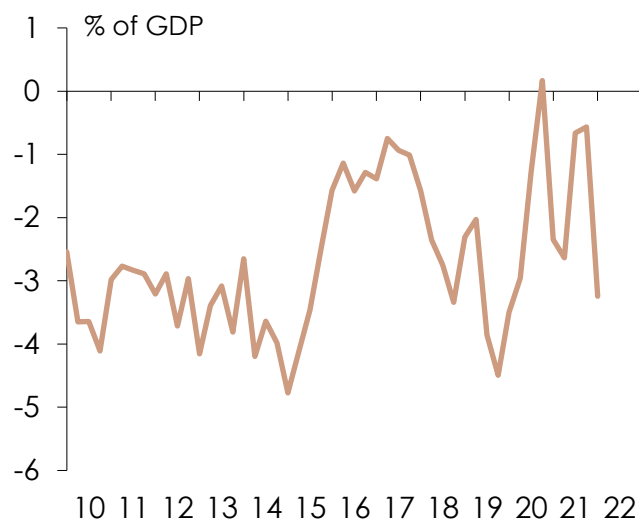
## Interest rates



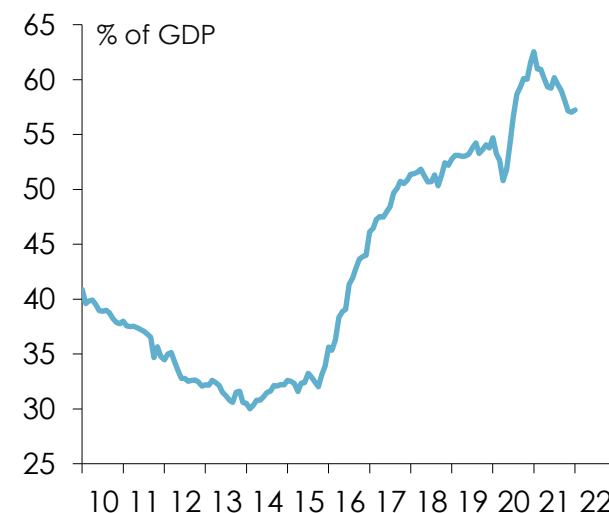
## Inflation



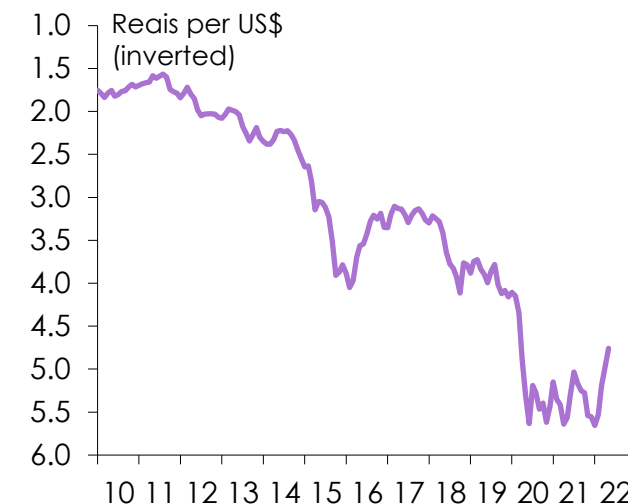
## Current account balance



## Public sector net debt



## Brazilian real vs US\$



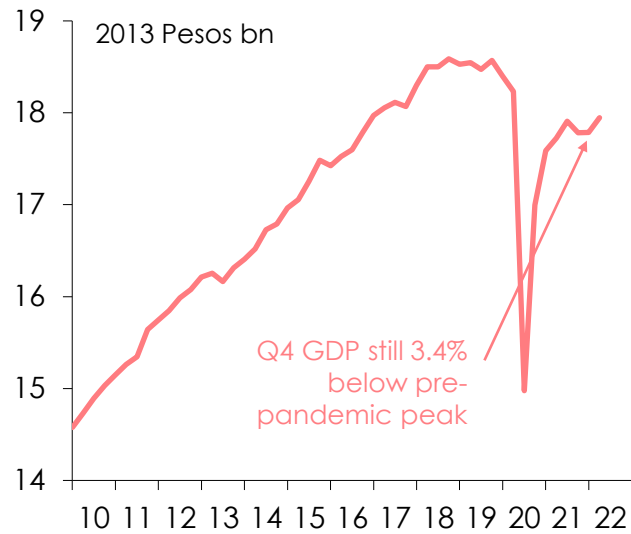
Sources: [Instituto Brasileiro de Geografia e Estatística](#) (IBGE); [Banco Central do Brasil](#); Refinitiv Datastream. [Return to "What's New"](#).



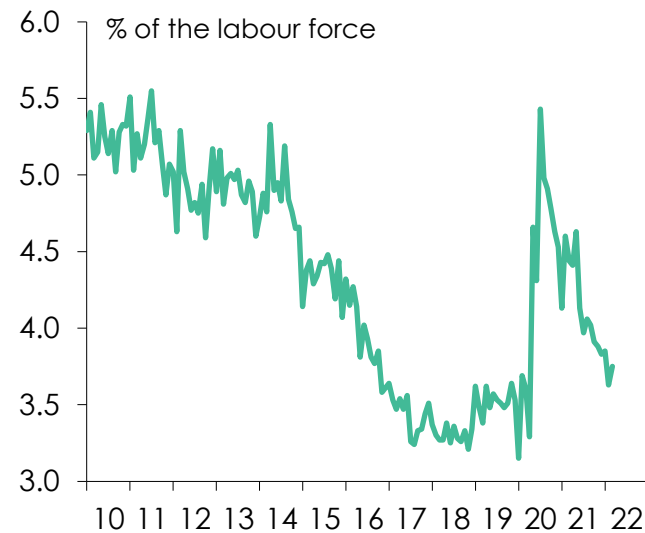
# Mexico's real GDP grew a slightly weaker-than-expected 0.9% in Q1, leaving it still 3.4% smaller than its pre-pandemic peak level

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

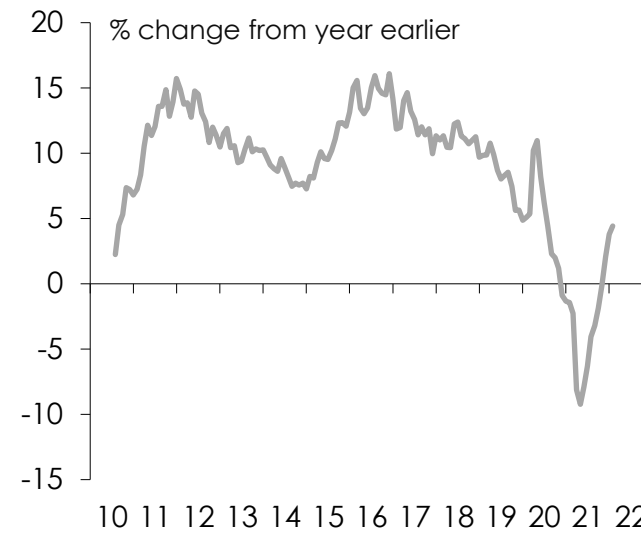
## Real GDP



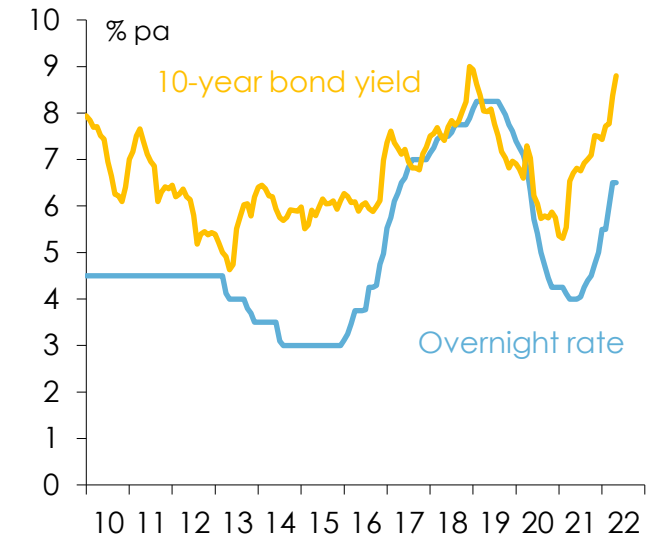
## Unemployment



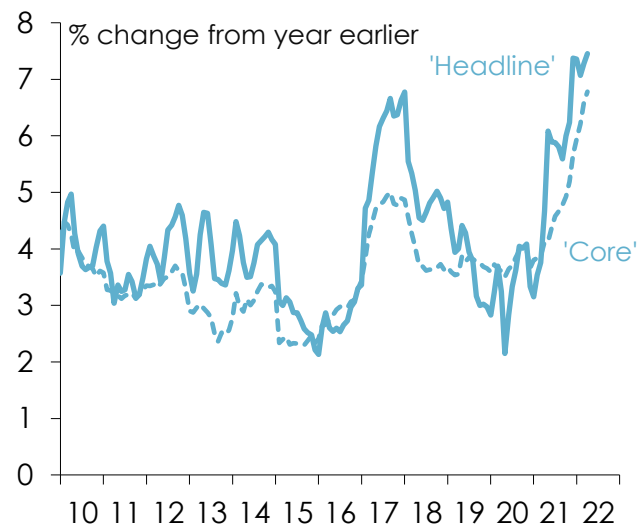
## Bank lending



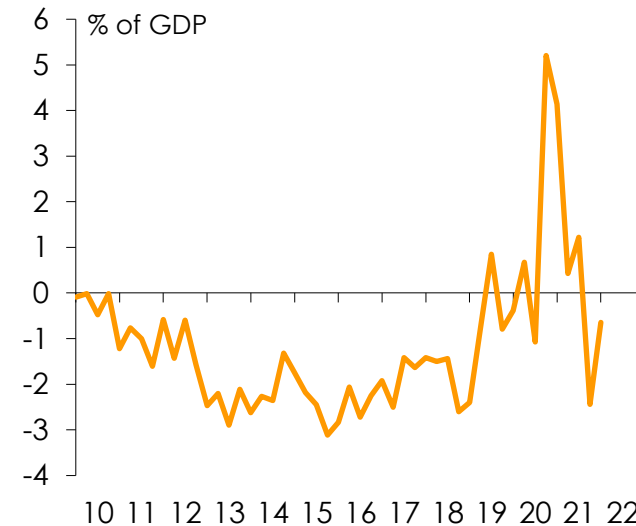
## Interest rates



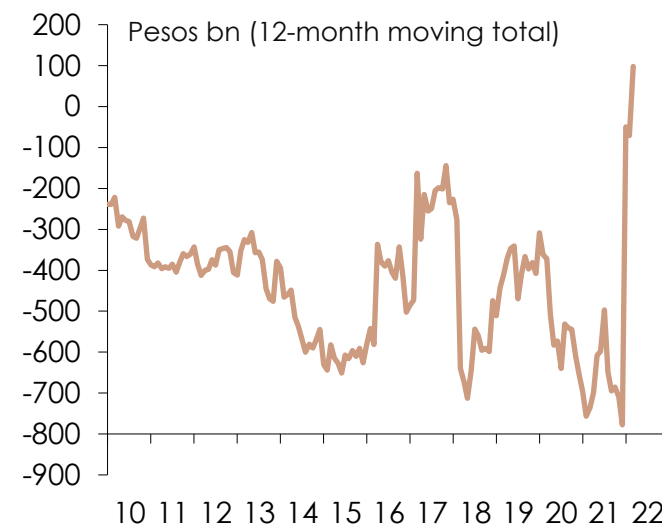
## Inflation



## Current account balance



## Federal budget deficit



## Mexican peso vs US\$

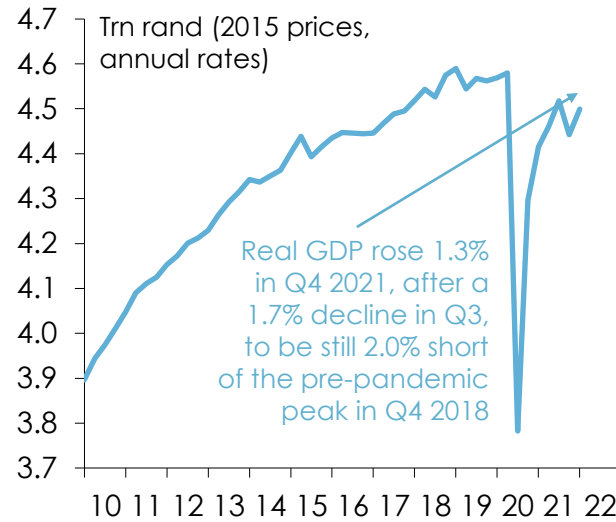


Sources [Banco de México](#); [Instituto Nacional de Estadística y Geografía \(INEGI\)](#); Refinitiv Datastream.. [Return to "What's New"](#).

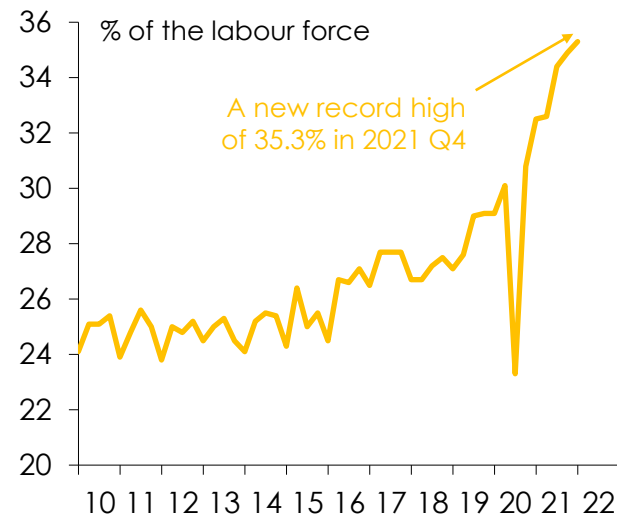
# South Africa's CPI rose 5.9% over the year to March, the highest in five years, while the annual 'core' inflation rate rose to 3.8%

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

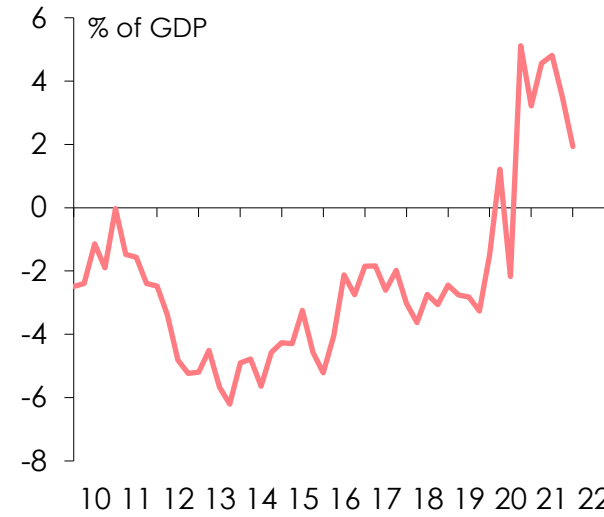
## Real GDP



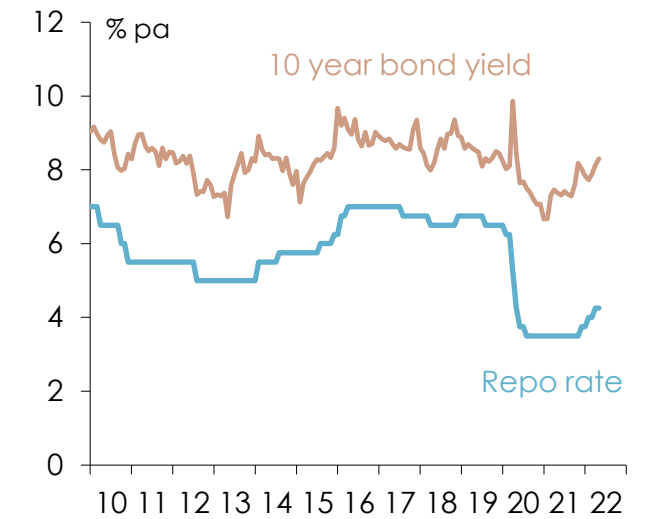
## Unemployment



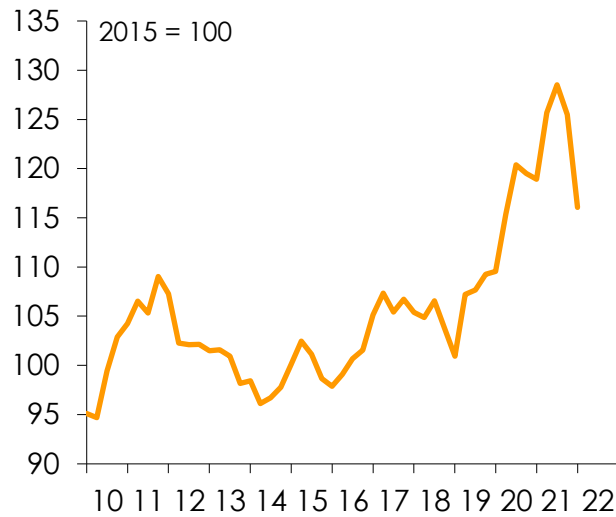
## Current account balance



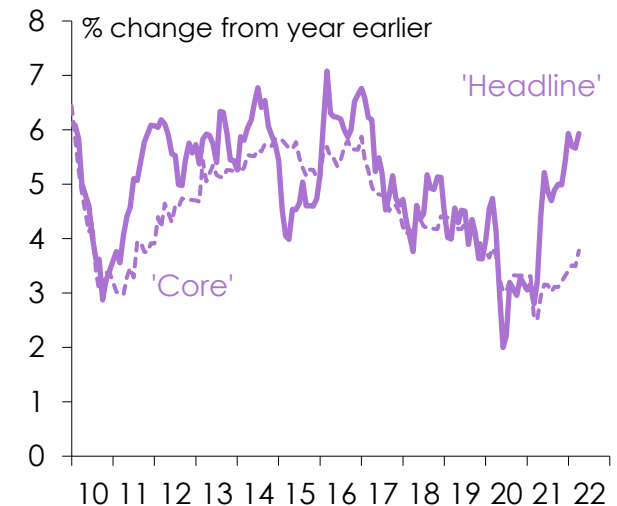
## Interest rates



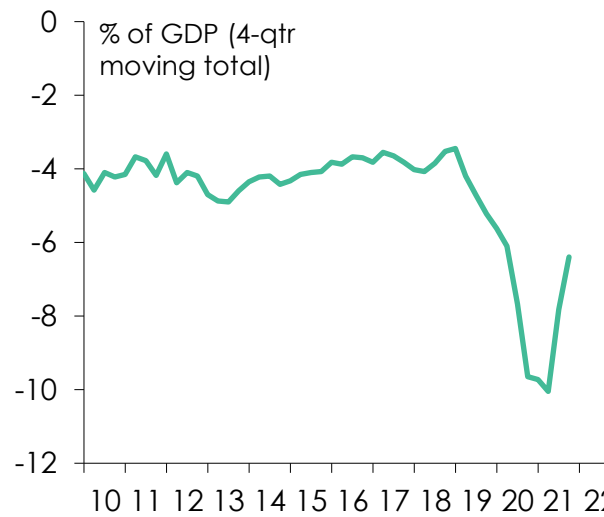
## Terms of trade



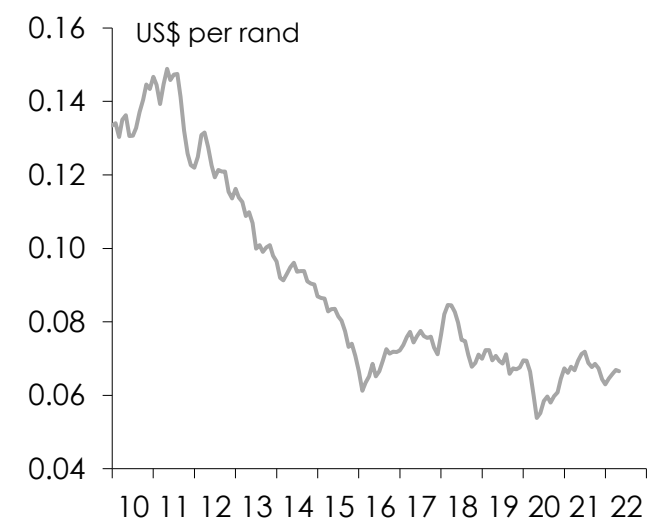
## Inflation



## Budget deficit



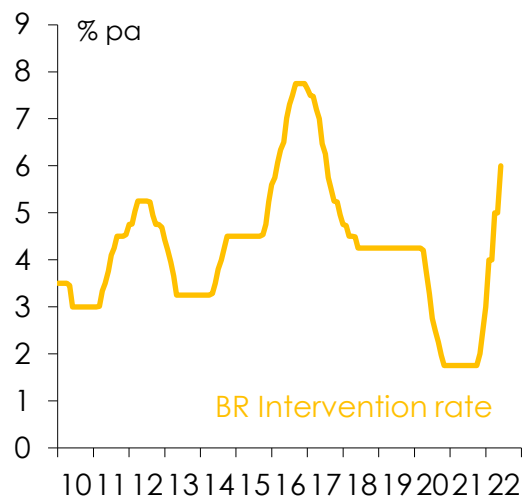
## Rand vs US\$



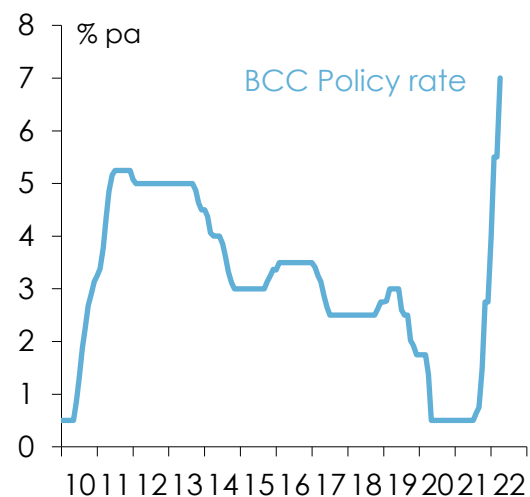
# A growing number of other 'emerging' market central banks have begun tightening monetary policy

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

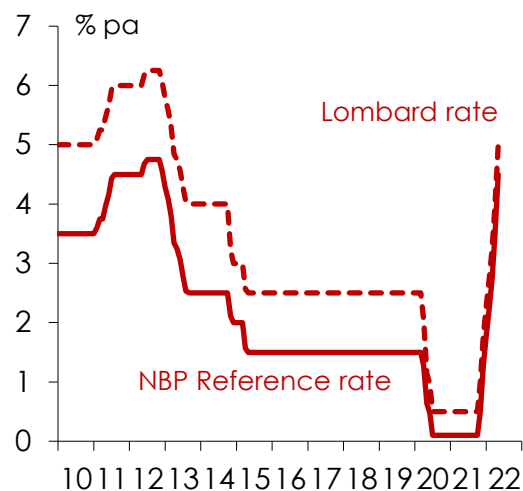
## Colombia



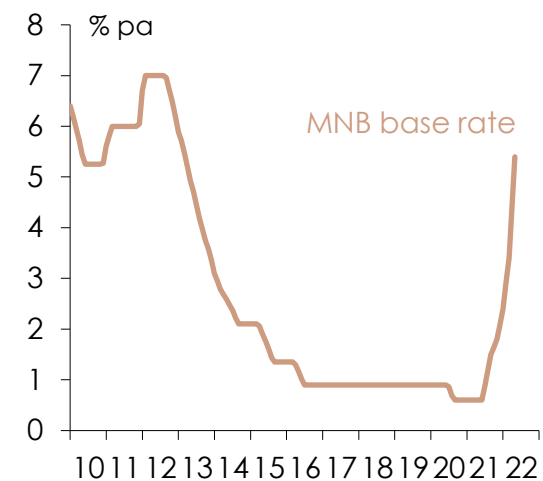
## Chile



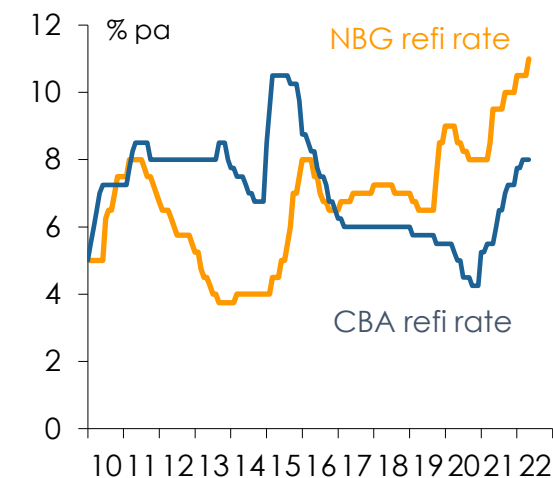
## Poland



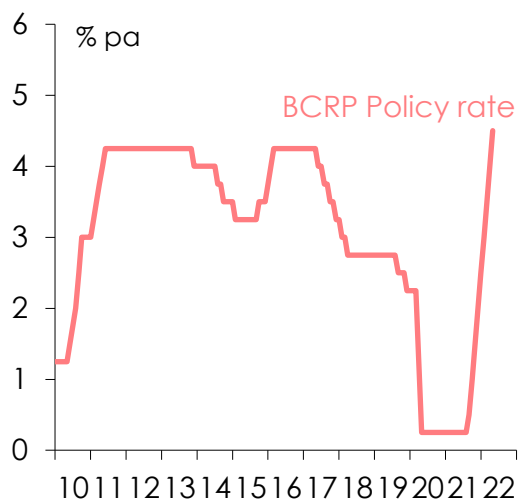
## Hungary



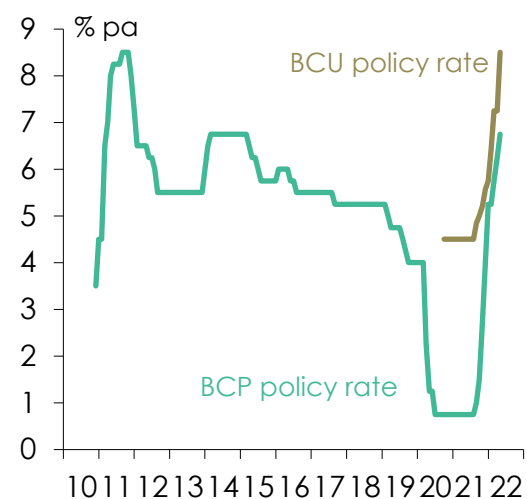
## Georgia & Armenia



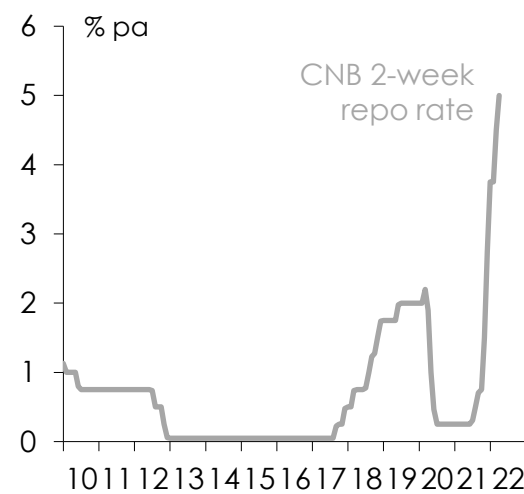
## Peru



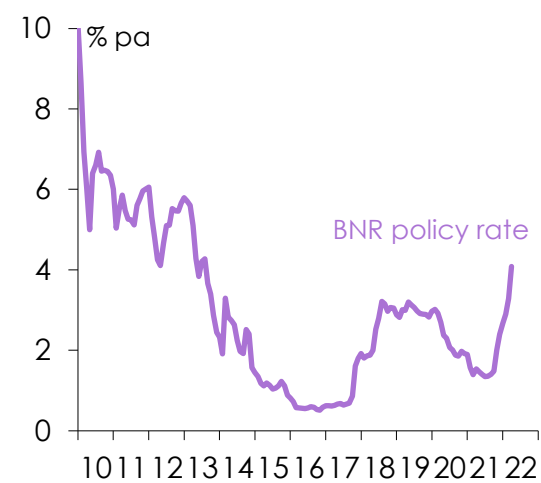
## Paraguay & Uruguay



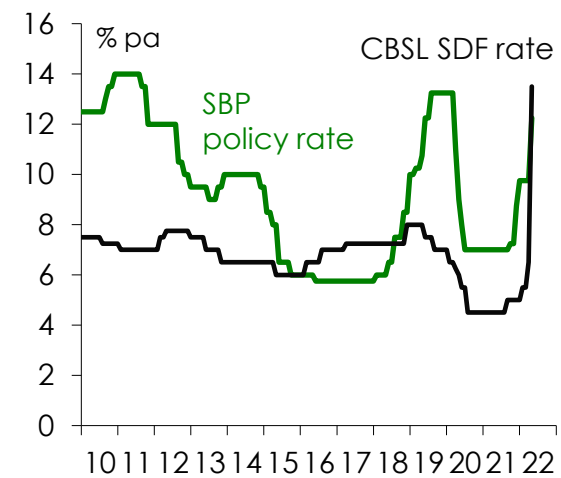
## Czech Republic



## Romania



## Pakistan & Sri Lanka

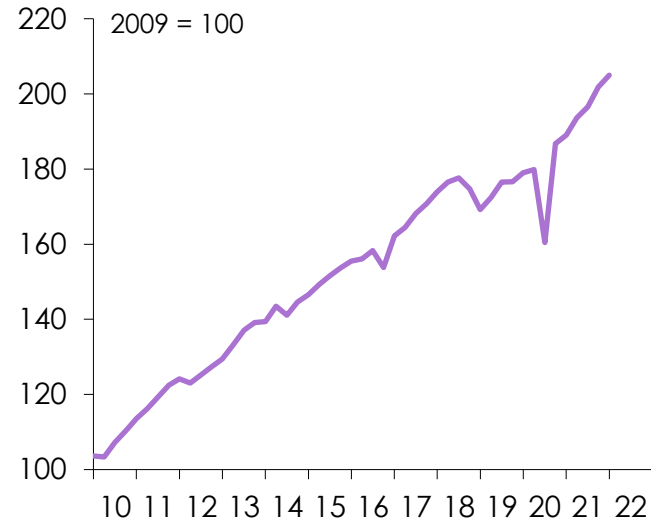


Sources: [Banco de la República Colombia](#); [Banco Central de Reserva del Perú](#); [Banco Central de Chile](#); [Banco Central del Uruguay](#); [Banco Central del Paraguay](#); [Narodowy Bank Polski](#); [Česká Národní Banka](#); [Magyar Nemzeti Bank](#); [Banca Națională a României](#); [Sakartvelos Erovnuli Bank'i](#); [Hayastani Kentronakan Bank](#); [State Bank of Pakistan](#); [Central Bank of Sri Lanka](#). Return to "What's New".

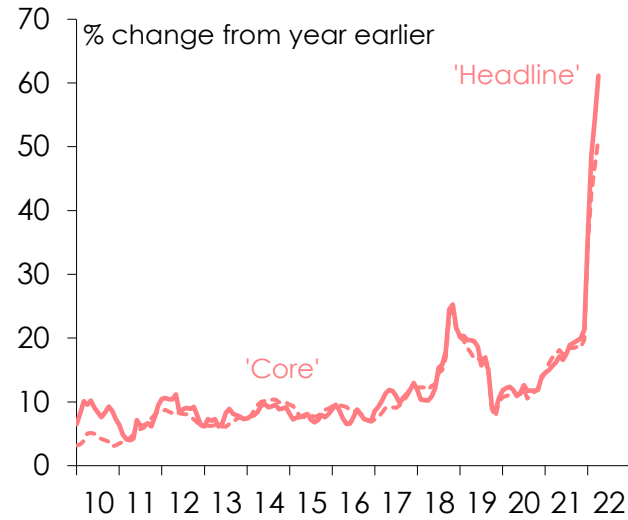
# Turkey's central bank has cut interest rates by 500 bp since last September, despite inflation accelerating to 61% over the year to March

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

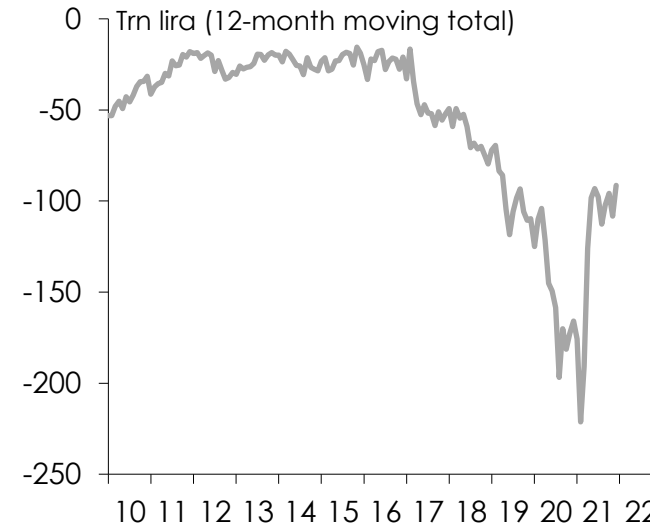
## Real GDP



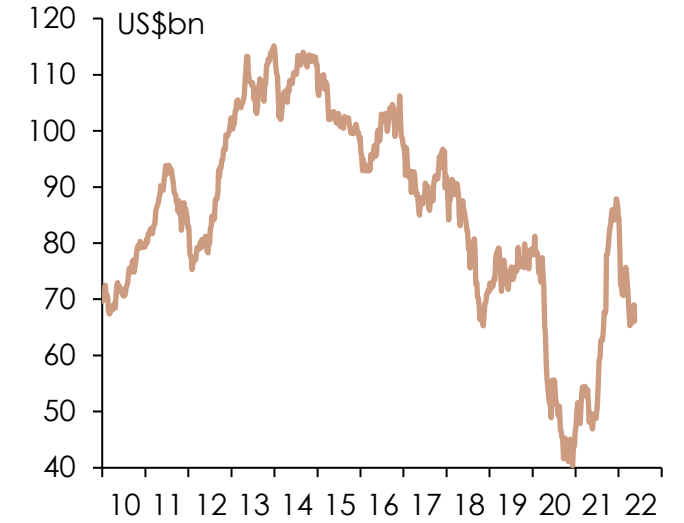
## Inflation



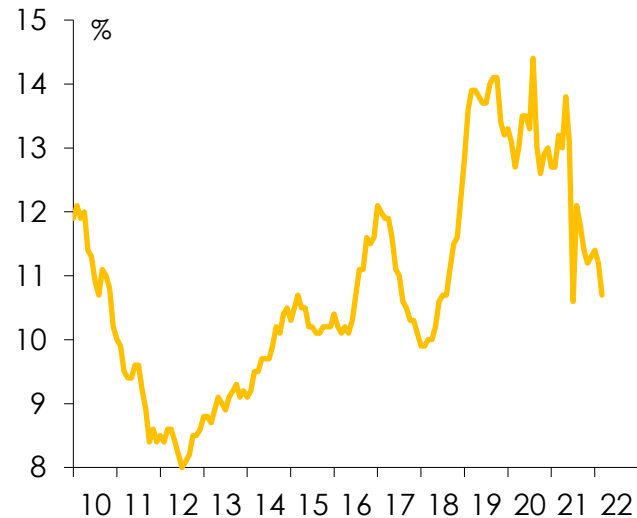
## Budget balance



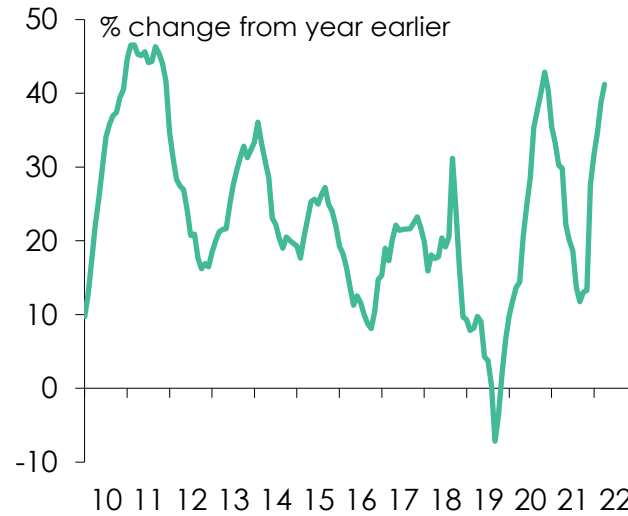
## FX reserves



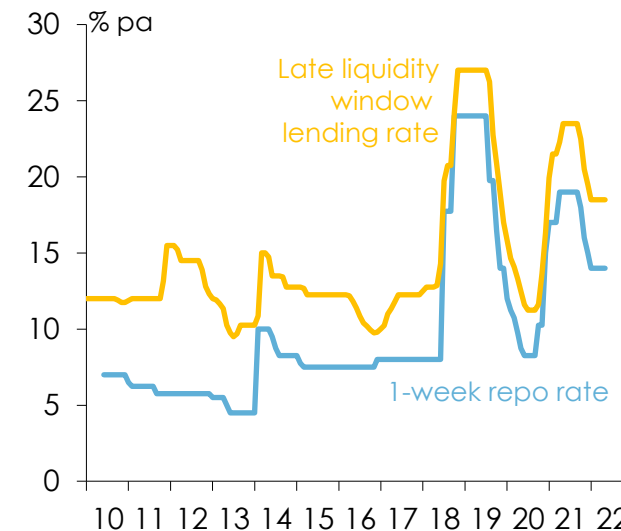
## Unemployment rate



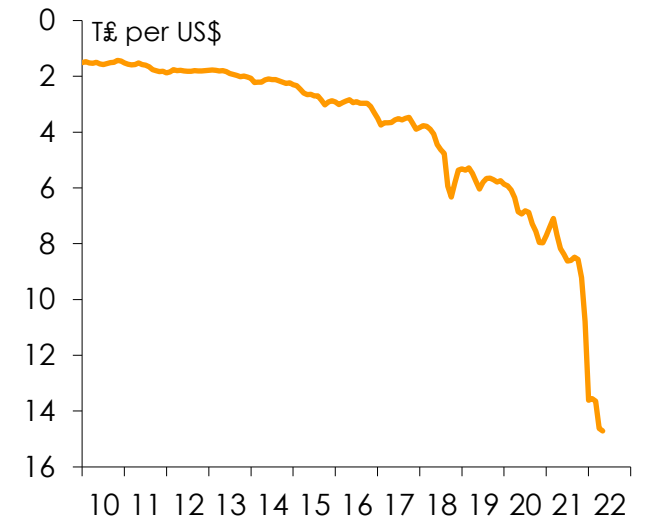
## Bank lending



## Interest rates



## Turkish lira vs US\$



# Key data and events this week

# Key data and events for week ended 6<sup>th</sup> May

THE WORLD ECONOMY THIS WEEK – 2<sup>ND</sup> MAY 2022

## Monday 2<sup>nd</sup> May

**Most Asian economies** April manufacturing PMIs; **Japan** April consumer confidence; **India** April merchandise trade (p); **euro area** April business confidence and April manufacturing PMI; **US** April manufacturing ISM index and March construction spending; **Brazil** Q2 CBI business sentiment; **US** March Chicago Fed national economic activity index; **Brazil** April business confidence; **Peru** April CPI

## Tuesday 3<sup>rd</sup> May

**New Zealand** March building permits; **Korea** April CPI; **Australia** **RBA Board meeting**; **Hong Kong** Q1 GDPP (p); **Germany** April unemployment; **UK** April manufacturing PMI; **euro zone** March unemployment & PPI; **US** March job vacancies & labour turnover, and March factory orders; **Brazil** March industrial production

## Wednesday 4<sup>th</sup> May

**New Zealand** RBNZ Financial Stability Report; Q1 employment & unemployment, and labour cost index; **Australia** March housing finance commitments & retail sales; **Indonesia** April PMI; **Russia** manufacturing PMI; **euro zone** April services PMI and March retail sales; **Norway** April house prices; **Iceland** SI meeting; **US** **FOMC meeting**, April services ISM index and March goods & services trade; **Canada** March merchandise trade; **Brazil** BCB meeting and April services ISM index

## Thursday 5<sup>th</sup> May

**Australia** March building approvals and goods & services trade; **Singapore** March retail sales; **Philippines** April CPI; **Thailand** April CPI; **China** April 'unofficial' services PMI; **India** services PMI; **Turkey** April CPI & PPI; **Norway** **Norges Bank meeting**; **UK** **Bank of England meeting** and April services PMI; **US** Q1 labour productivity & unit labour costs; **Argentina** March industrial production

## Friday 6<sup>th</sup> May

**Australia** April services PMI and RBA Statement on Monetary Policy; **Japan** April Tokyo CPI; **Taiwan** April CPI & PPI; **Philippines** Q1 unemployment; **Russia** April services PMI; **UK** April house prices; **US** April employment, unemployment & average earnings; **Canada** April employment & unemployment and April PMI; **Chile** April CPI

Note: This calendar includes data releases and policy events which are likely to be included in next week's edition of this Chart Pack. [Return to "What's New"](#).

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