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The Egyptian Center for Economic Studies



Our Economy and The World

The Weekly Report

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- BBC: US and Japan agree to cut Trump-era steel tariffs
- Bloomberg: BOE Chief Economist Pill Calls for 'Measured' Approach to Rate Hikes
- Reuters: Strong U.S. wholesale inventories point to upward fourth quarter GDP growth revision

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- American University in Cairo - Alternative Policy Solutions: Background Paper - Can the Private Sector Be the New Employer of Choice?

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- CNBC: Nasdaq jumps for second straight day, gains 2% as tech stocks rebound from January slide
- CNBC: European stocks close higher amid strong earnings; investors await U.S. inflation data

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Key Global and Regional Developments over the Past Week

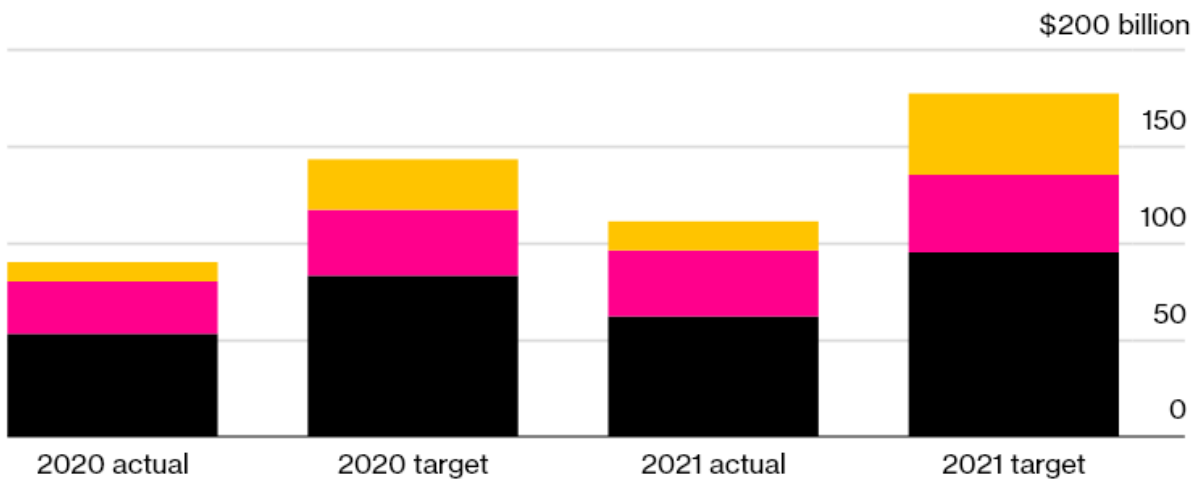
Bloomberg: U.S. Will Make China Account for Trade-Deal Miss, Raimondo Says

The U.S. will hold China to account for failing to meet the purchase targets pledged in trade deal inherited from the Trump administration, President Joe Biden’s commerce chief said. “We intend to hold them to account,” U.S. Secretary of Commerce Gina Raimondo said on Bloomberg Television’s European Close with Guy Johnson, Kailey Leinz and David Westin on Wednesday. U. S. Trade Representative Katherine Tai “is in the thick of those negotiations now,” she said, adding that Beijing “is not playing by the rules” as the government subsidizes companies, limiting American businesses’ ability to compete.

Below Grade

Chinese purchases of U.S. goods fell short of trade-deal commitments

■ Manufacturing ■ Agriculture ■ Energy



Source: U.S. Census Bureau

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BBC: US and Japan agree to cut Trump-era steel tariffs

The US and Japan have agreed to remove Trump-era tariffs from around 1.25 million metric tonnes a year of Japanese steel imports. Under the deal, Japan says it will help to tackle excess

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steel supplies, which push down prices. The agreement is aimed to stamp out "unfair practices" in the global steel industry, which is dominated by China.

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Bloomberg: BOE Chief Economist Pill Calls for 'Measured' Approach to Rate Hikes

Bank of England Chief Economist Huw Pill pushed back against the prospect of bigger-than-usual interest-rate rises as he made the case for a "measured rather than activist approach" to policy making. Addressing the Society of Professional Economists, Pill signalled that the BOE was likely to continue with quarter-point hikes, despite four members of the central bank's rate-setting committee voting for a half-point rise this month.

[\(Read Full Article\)](#)

Reuters: Strong U.S. wholesale inventories point to upward fourth quarter GDP growth revision

U.S. wholesale inventories rose slightly more than initially estimated in December as motor vehicle stocks increased by the most in 10 years, offering hope that supply chain constraints could be easing. The strong inventory build reported by the Commerce Department on Wednesday, including an upward revision to November's data, also suggested fourth quarter economic growth could be revised higher when its Bureau of Economic Analysis (BEA) publishes its second gross domestic product estimate later this month. The report followed news on Tuesday that the trade deficit widened less-than-expected in December.

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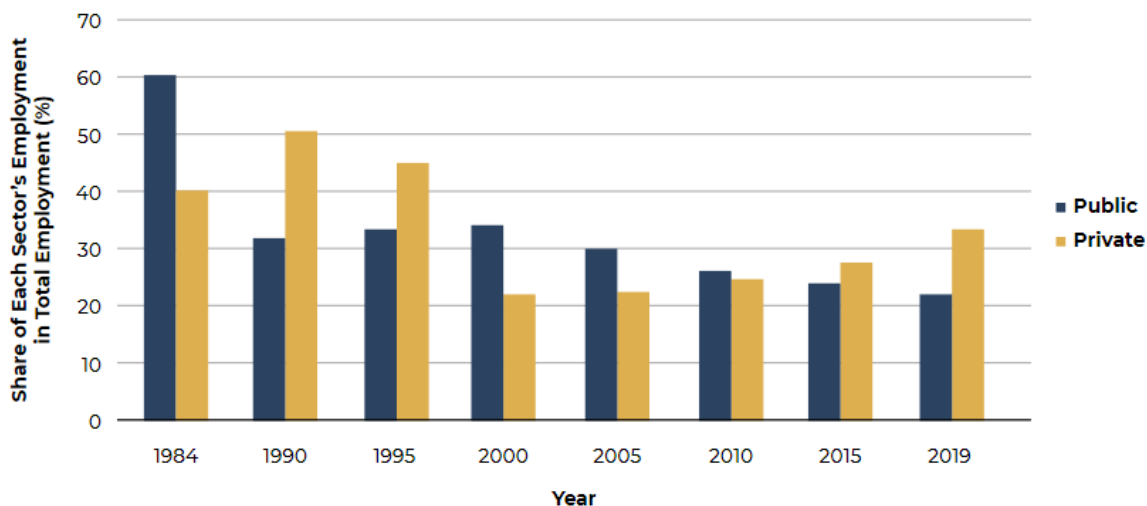
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Eye on Egypt

American University in Cairo - Alternative Policy Solutions: Background Paper - Can the Private Sector Be the New Employer of Choice?

Covid-19 has strongly impacted the Egyptian labor market. Unemployment rates, which had been on the rise in recent years, continued to climb as a result of the pandemic. By June 2020, unemployment had reached 9.7%, up from 7.6% at the same time the preceding year (CAPMAS, 2020b). All economic sectors have suffered from the repercussions of the unexpected crisis, but the services sector has been profoundly affected, shrinking by more than 10%. Specific service sectors like hotels and food service, together with transportation, felt the impact most acutely (Breisinger et al., 2020). Similarly, certain workers suffered more than others. With more than half of Egyptian working women employed in the service sector (Center for Trade Union and Workers Services, 2020), women have been especially hard hit by the decline in education, food service, and tourism. Moreover, all women and particularly single working women have been affected by the prolonged closures of schools and childcare services, forced to cope with the increased burden of care for children and elderly family members.

Figure 1
Share of Public³ and Private Sector⁴ Employment in Total Employment



Source: CAPMAS, 2020a, 2016, 2011, 2006, 2001, 1996, 1991, 1985

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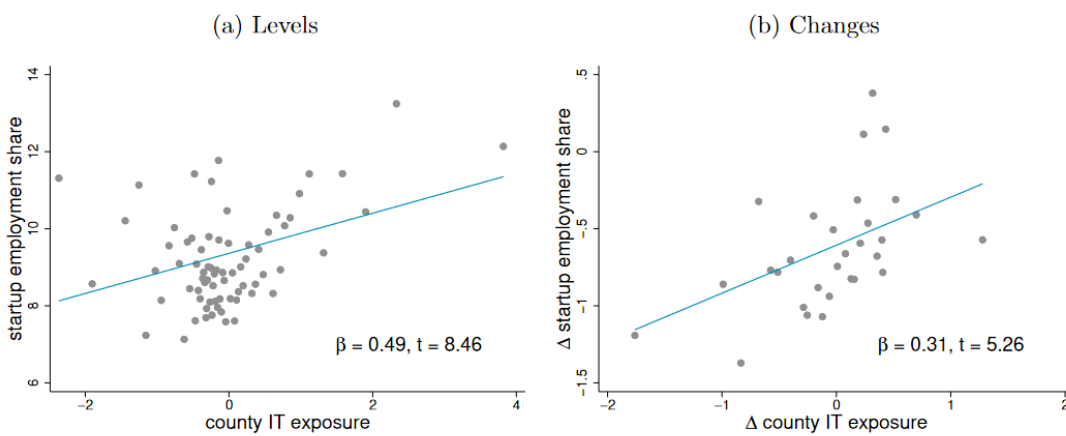


Special Analysis

Bank of International Settlements: Does IT help? Information technology in banking and entrepreneurship

Information technology (IT) has dramatically changed how information is used in the financial sector. This may affect the supply of credit from banks, as a key function of banks is to screen and monitor borrowers. Lending to opaque borrowers, such as young firms and start-ups, is likely to be especially sensitive to such changes in IT. The reason is that young firms have not yet produced sufficient quantitative information, such as balance sheet data. Instead, lenders rely on soft information. As start-ups contribute disproportionately to job creation and productivity, but are often financially constrained, understanding how the IT revolution in banking has affected start-ups' access to finance is of paramount importance. Yet, direct evidence for the impact of lenders' IT capabilities on entrepreneurship is scarce.

Figure 1: Job creation by young firms and banks' IT adoption



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Recent Developments in Financial and Commodity Markets

CNBC: Nasdaq jumps for second straight day, gains 2% as tech stocks rebound from January slide

U.S. stocks rose on Wednesday as tech shares led a broad rally, clawing back some of their losses after a rough start to the year. The Nasdaq Composite jumped 2%, outpacing the other major averages. The S&P 500 gained 1.5%, while the Dow Jones Industrial Average rose 306 points, or 0.9%.

Nasdaq Inc (NDAQ:NASDAQ)

USD
Extended Hours
Last | 4:03 PM EST
179.65 UNCH (UNCH%)
5 Day

Close | 4:00 PM EST
179.65 +1.79 (1.01%%)



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CNBC: European stocks close higher amid strong earnings; investors await U.S. inflation data

The S&P 500 and Nasdaq Composite jumped Friday to finish their best week of the year, as continued strength in earnings reports extended the tech-led rebound from the January rout. The

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broad market index rose 0.5% to 4,500.53, while the and the tech-heavy Nasdaq Composite climbed 1.6% to 14,098.01. The Dow Jones Industrial Average inched lower by 21.42 points, or 0.06%, to 35,089.74.

Europe Stoxx 600 (.STOXX:STOXX)

EUR

Last | 4:50 PM GMT

473.33 +7.99 (1.72%)

5 Day



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