



Our Economy and The World

The Weekly Report

Issue: 265 Date: 6th March 2022

This week's issue of "Our Economy and the World" includes:

- **Key Global and Regional Developments over the Past Week**
 - Bloomberg: U.S. Targets Russian Oil Sector With Equipment-Export Ban
 - Bloomberg: War Shocks Ripple Across One of World's Busiest Trade Lanes
 - Bloomberg: War Risks Raising Food Prices in Asia, Ukraine Envoy Warns
 - Reuters: China Will not Join Sanctions on Russia, Banking Regulator Says
 - The Guardian: Russian Economy Could Shrink by 7% as Result of Ukraine Sanctions
 - BBC: Jerome Powell - US Central Bank Boss Says he Plans to Raise Rates
- **Eye on Egypt:**
 - World Bank: Egypt Economic Monitor, December 2021: The Far-Reaching Impact of Government Digitalization
- **Special Analysis**
 - World Bank: Women Business and the Law
- **Developments in Financial and Commodity Markets in the Past Week**
 - Bloomberg: Oil Tops \$110 With Russian Supplies Struggling for Buyers
 - CNBC: Dow Rebounds Nearly 600 Points Despite Surge in Oil Prices, Treasury Yields
 - CNBC: Wheat Prices Soar to Highest since 2008 on Potential Russia Supply Hit

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The Weekly Report

Key Global and Regional Developments over the Past Week

[Bloomberg: U.S. Targets Russian Oil Sector With Equipment-Export Ban](#)

The Biden administration said Wednesday it is seeking to degrade Russia's status as a leading world producer of oil and natural gas by restricting exports of technology related to the energy sector. The U.S. and its allies "share a strong interest in degrading Russia's status as a leading energy supplier," the White House said in a fact sheet describing new export controls, including restrictions on the sale of oil technology.

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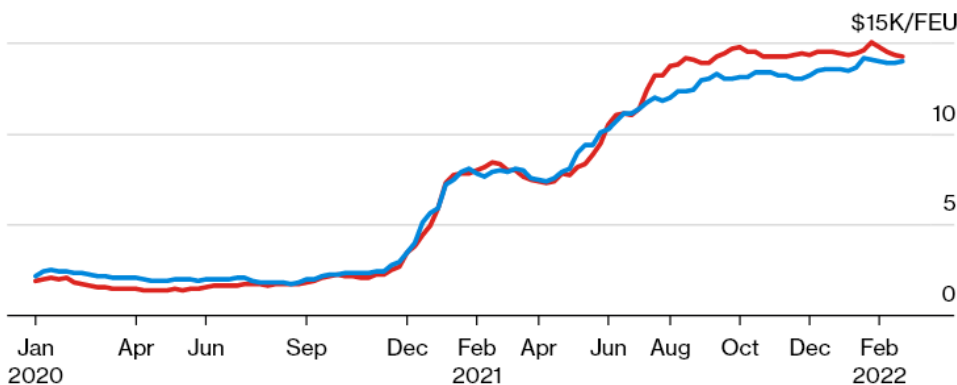
[Bloomberg: War Shocks Ripple Across One of World's Busiest Trade Lanes](#)

Importers from London to Warsaw will soon face higher shipping costs, longer delays and an obstacle course of sanctions to navigate as Russia's widening assault on Ukraine complicates the movement of cargo between Europe and Asia. President Vladimir Putin's invasion, and retaliatory steps designed to paralyze the Russian economy, are heaping new disruptions on supply chains that never recovered from unprecedented shocks caused by the pandemic. Beyond the devastating human toll, the war threatens higher costs for fuel, grain, industrial metals, and other raw materials used in Asian-made consumer goods headed for Europe and beyond.

No Relief at Sea

The spot rate for shipping containers to Europe from Asia is still soaring

China to Europe / China to Mediterranean



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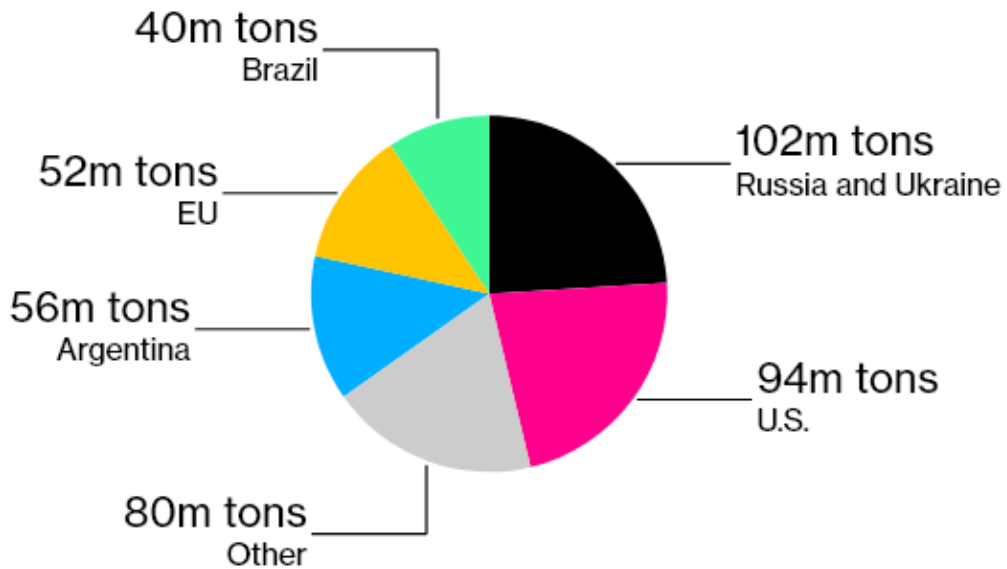


Our Economy and The World

The Weekly Report

Bloomberg: War Risks Raising Food Prices in Asia, Ukraine Envoy Warns

Russia’s invasion of Ukraine could lead to prolonged supply chain disruptions in Asia that could cause a spike in food prices if countries don’t act to support the government in Kyiv, Ukraine’s Ambassador to Singapore Kateryna Zelenko said. The two countries account for more than a quarter of the global wheat trade and about 80% of sunflower oil cargoes. The war is threatening to further disrupt supplies to big buyers such as China and India at a time when food inflation is already high.



Source: International Grains Council
Note: Estimates for the 2021-22 season, for wheat and coarse grains

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Reuters: China Will not Join Sanctions on Russia, Banking Regulator Says

China will not join in sanctions on Russia that have been led by the West, the country's banking regulator said on Wednesday, adding that he believed the impact of the measures on China would

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The Weekly Report

be limited. China, which has refused to condemn Russia's invasion of Ukraine, has repeatedly criticised what it calls illegal and unilateral sanctions.

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[The Guardian: Russian Economy Could Shrink by 7% as Result of Ukraine Sanctions](#)

Russia's economy is expected to plunge into a deeper recession than the one caused by Covid-19 as a result of western sanctions and the country's increasing isolation after invading Ukraine. Economists said measures imposed on Russian banks and companies by the US, EU, UK and their allies were having a severe impact on financial markets in Moscow and would inflict more damage on Russia's wider economy over time. With tougher sanctions under consideration in western capitals as Vladimir Putin gathers troops closer to the Ukrainian capital, Kyiv, after a week of conflict, analysts at Goldman Sachs said the investment bank had cut its forecast for Russian gross domestic product this year from 2% growth to a 7% decline.

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[BBC: Jerome Powell - US Central Bank Boss Says he Plans to Raise Rates](#)

The US central bank's boss has indicated that he plans to press ahead with interest rate increases this month. Speaking in front of Congress, Jerome Powell said he's in favour of a 0.25 point increase, aimed at tackling the surging cost of living. The bank is under pressure to rein in inflation as prices in the US rise at the fastest rate in 40 years. Analysts expect a rate hike in March, which would be the first since 2018.

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Eye on Egypt

World Bank: Egypt Economic Monitor, December 2021: The Far-Reaching Impact of Government Digitalization

The Egyptian economy continues to show the resilience it has displayed throughout the COVID-19 pandemic, due to the macroeconomic and energy sector reforms it has implemented in recent years, along with measures taken to ease monetary conditions, provide selected sectoral support, and mobilize external financing. Real GDP growth and foreign income activities started recovering in Q4-FY2020/21. However, global COVID-related challenges and an uneven recovery across the world continue to restrain the rebound.

Figure 1.1 Growth Decomposition, Demand Side

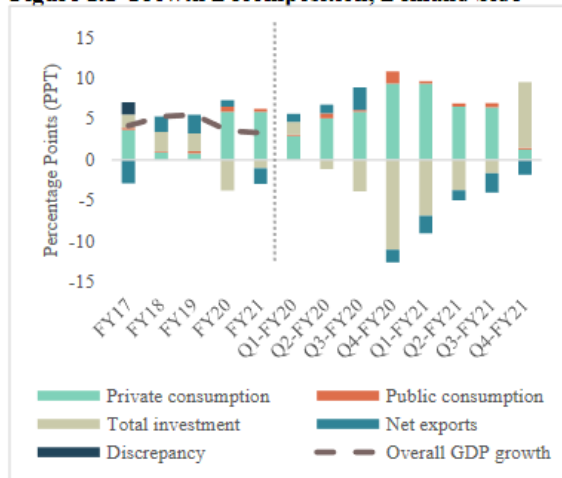
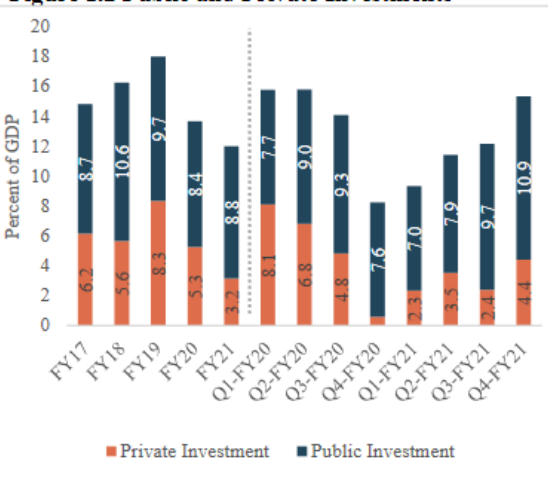


Figure 1.2 Public and Private Investments



Source: World Bank staff estimates based on Ministry of Planning and Economic Development (MPED)

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The Weekly Report

Special Analysis

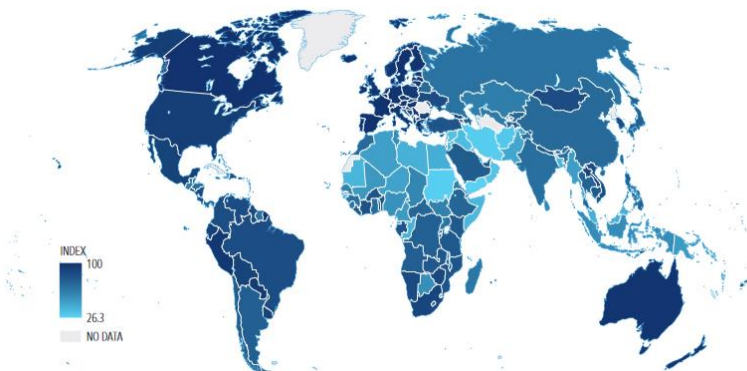
World Bank: Women, Business and the Law

When societies become more equal, economies become more resilient. Besides being the right thing to do, gender equality makes economic sense. The World Bank estimates that, globally, differences between men's and women's total expected lifetime earnings is \$172.3 trillion, equivalent to twice the world gross domestic product (GDP) (Wodon et al. 2020). As such, adopting laws that strengthen women's rights and opportunities is an essential first step toward a more resilient and inclusive world.

Women, Business and the Law 2022 measures global progress toward gender equality in 190 economies by identifying the laws and regulations that restrict and incentivize women's economic participation. Whether a 25-year-old starting her first job, a mother balancing work with caring for her children, or a woman on the verge of retirement, the eight indicators show the ways in which laws affect women throughout their working lives.

The Women, Business and the Law index measures explicit discrimination in the law, legal rights, and the provision of certain benefits, areas in which reforms can bolster women's labor force participation. Governments can use this framework to identify barriers to women's success, remove them, and boost economic inclusion. Amid development challenges that disproportionately affect women, including the ongoing COVID-19 pandemic, a legal environment that supports their work is more important than ever. Yet all over the world, discriminatory laws are exacerbating the effects of an already difficult period.

MAP ES.1 | WOMEN, BUSINESS AND THE LAW 2022 INDEX



Source: Women, Business and the Law database.

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Developments in Financial and Commodity Markets in the Past Week

[Bloomberg: Oil Tops \\$110 With Russian Supplies Struggling for Buyers](#)

Oil extended its relentless rally above \$110 a barrel before an OPEC+ meeting as the severity of disruption to Russian supplies showed signs of growing. Futures in London and New York both jumped above the threshold intraday, with West Texas Intermediate hitting the highest since 2013. The market's structure has moved into super-backwardation, indicating extreme scarcity, while prices have also surged through major option strikes, exacerbating price swings. Russia's flagship Urals crude oil was offered for sale at a record discount but got no bidders, the latest indication that trading of oil from the country's western ports is grinding to a halt. Consultant Energy Aspects said about 70% of Russian crude trade is currently frozen amid banking sanctions, spiking freight rates and wider political risks.

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[CNBC: Dow Rebounds Nearly 600 Points Despite Surge in Oil Prices, Treasury Yields](#)

Stocks rebounded sharply on Wednesday despite a continued surge in oil prices amid the intensifying conflict between Russia and Ukraine. The Dow Jones Industrial Average gained 596.40 points, or 1.79%, to close at 33,891.35. The S&P 500 added 1.86% to 4,386.54, while the tech-heavy Nasdaq Composite rose 1.62% to 13,752.02. The gains effectively reversed losses from Tuesday's session.

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Dow Jones Fut (Mar'22) (@DJ.1:Chicago Board of Trade)

USD
Last | 4:53 PM EST
33,807.00 +540.00 (1.62%
5 Day



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CNBC: Wheat Prices Soar to Highest since 2008 on Potential Russia Supply Hit

The price of wheat on Tuesday climbed to its highest levels in more than a decade, with traders concerned about global supply disruption as Russia's invasion of Ukraine advanced. A convoy of Russian military vehicles is approaching Ukraine's capital of Kyiv, satellite imagery taken Monday indicated. Wheat futures settled up 5.35% at 984 cents per bushel, at the highs of Tuesday's session. That marks the highest price since April 4, 2008, when wheat traded as high as 985.5 cents per bushel.

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