



Our Economy and The World

The Weekly Report

Issue: 266 Date: 13th March 2022

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Key Global and Regional Developments over the Past Week

Bloomberg: U.S. Weighs Sanctions on Russian Nuclear Power Supplier Rosatom

The Biden administration is considering imposing sanctions on Russia's state-owned atomic energy company, Rosatom Corp., a major supplier of fuel and technology to power plants around the world, according to people familiar with the matter. No final decision has been made and the White House is consulting with the nuclear power industry about the potential impact, said the people, who were granted anonymity to discuss private deliberations. Rosatom is a delicate target because the company and its subsidiaries account for about 35% of global uranium enrichment and has agreements to ship the nuclear fuel to countries across Europe.

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Bloomberg: OPEC+ Member UAE Says Group Should Boost Oil Output Faster

The United Arab Emirates said it will call on its fellow OPEC+ members to boost oil output faster, a dramatic U-turn that could set the country against fellow members of the alliance led by Saudi Arabia and Russia. "We favor production increases and will be encouraging OPEC to consider higher production levels," Yousef al-Otaiba, the UAE's ambassador to Washington, said in a statement on Wednesday, which was first reported by the Financial Times.

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CNBC: Retailers Start to Warn of Business Impact from Russia's Invasion of Ukraine

Rising inflation and global supply chain strains remain top of mind for retailers as they navigate the post-holiday earnings season. But also making its way into conversations with analysts and investors is Russia's invasion of Ukraine, which entered its second week on Thursday. A number of retailers have temporarily halted operations in Russia, either as a signal of corporate condemnation of the war or because these companies are unable to carry on business in the country due to imposed sanctions impacting logistics.

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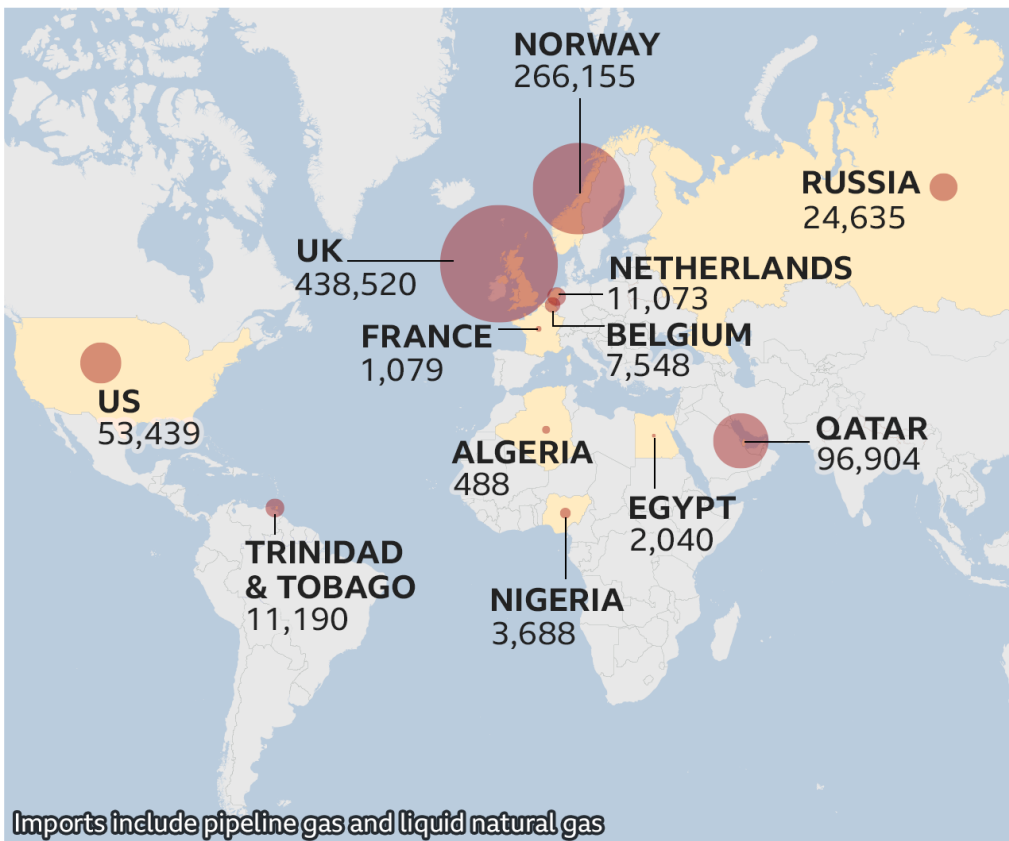
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BBC: Russia Says it May Cut Gas Supplies if Oil Ban Goes Ahead

Russia has said it may close its main gas pipeline to Germany if the West goes ahead with a ban on Russian oil. Deputy Prime Minister Alexander Novak said a "rejection of Russian oil would lead to catastrophic consequences for the global market," causing prices to more than double to \$300 a barrel. The US has been exploring a potential ban with allies as a way of punishing Russia for its invasion of Ukraine. But Germany and the Netherlands rejected the plan on Monday.

Where does the UK get its natural gas?

UK production and imports in 2020 (GWh)



Source: Dept for Business, Energy and Industrial Strategy



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[Reuters: Biden to Order Studies on Regulating, Issuing Cryptocurrency - Source](#)

U.S. President Joe Biden is expected to sign a long-awaited executive order this week directing the Justice Department, Treasury and other agencies to study the legal and economic ramifications of creating a U.S. central bank digital currency, a source familiar with the matter said on Monday. Biden's order sets an 180-day deadline for a series of reports on "the future of money" and the role that cryptocurrencies will play in the evolving landscape. The White House last year said it was considering a wide-ranging oversight of the cryptocurrency market - including an executive order - to deal with growing threat of ransomware and other cyber crime.

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Eye on Egypt

Coface Trade: Egypt - Economic Analysis

Despite the COVID-19 crisis, the economy recorded positive, albeit slacker, growth in fiscal years 2020 and 2021. The rebound in activity, which began in the second half of 2021, is expected to accelerate in 2022, helped by the ongoing easing of health measures and the global recovery. Despite higher inflation, mainly due to energy prices, household consumption (85% of GDP) is expected to rebound thanks to remittances and the introduction of a minimum wage for the private sector in July 2021. Household consumption will also depend on the gradual revival of the services sector (55% of GDP), particularly in trade, transport, and accommodation, which are recovering in step with the global economy, giving a lift to the many family businesses that support half of all households. Investment picked up in 2021 thanks to the development of gas and port facilities. With continued support from international funding, public investment in particular will continue in transport (rail and Suez Canal), seawater desalination, rural development, social housing and the creation of the new administrative capital east of Cairo.

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Special Analysis

Credit Suisse: Bretton Woods III

We are witnessing the birth of Bretton Woods III – a new world (monetary) order centered around commodity-based currencies in the East that will likely weaken the Eurodollar system and also contribute to inflationary forces in the West. A crisis is unfolding. A crisis of commodities. Commodities are collateral, and collateral is money, and this crisis is about the rising allure of outside money over inside money. Bretton Woods II was built on inside money, and its foundations crumbled a week ago when the G7 seized Russia's FX reserves.

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Recent Developments in Financial and Commodity Markets

CNBC: Oil Drops 12% for Worst Day Since November as Wild Ride Triggered by Russia Disruption Continues

Oil prices dropped in a sudden move on Wednesday, giving back some of the rally this month amid supply disruptions stemming from Russia's invasion of Ukraine. WTI crude oil tumbled more than 12%, or \$15, to settle at \$108.7 per barrel, registering its worst day since Nov. 26. Earlier this week, WTI topped \$130 per barrel briefly — a 13-year high — during escalated geopolitical tensions. Brent crude oil, the international benchmark, fell a similar 13%, or \$16.8 to \$111.1, for its biggest one-day drop since April 2020. Brent has just hit \$139 on Monday, its highest since 2008.



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CNBC: Major Mainland China Markets Lead Losses in Mixed Asia Trading Day

Shares in Asia-Pacific were mixed on Wednesday, as markets in mainland China and Hong Kong struggled to recover from losses seen earlier in the week. The Shanghai composite in mainland China closed 1.13% lower at 3,256.39 and the Shenzhen component declined 1.122% to 12,107.17. The CSI 300 index, which tracks the largest mainland-listed stocks, shed 0.92% to 4,226.35. All three indexes had earlier fallen more than 3% each.

Shanghai (.SSEC:Shanghai Stock Exchange)

CNY
Last | 3:59 PM CTT
3,256.39
5 Day

-37.14 (1.13%)



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Bloomberg: Wheat Prices Plunge in Chicago With Global Stockpiles Rising

Wheat markets remained locked limit down after a key U.S. report forecast bigger ending stockpiles even as the Ukraine war disrupts supplies out of the key Black Sea region. Overall impacts from the war on global grain supplies were relatively minimal in the U.S. Department of Agriculture report. World wheat ending stocks were raised slightly, thanks to a bigger Australian crop. This may speak to relatively muted market reaction, with wheat unmoved and corn back within its pre-report trading range. Benchmark wheat futures in Chicago were down by the exchange limit, or 6.6%, to \$12.015 a bushel, after soaring to a multiyear high the prior day. Prices are still up more than 50% since the start of the year, a tremendous gain. Meanwhile, corn futures fell 2.8% to \$7.3225 a bushel, and soybeans also fell.

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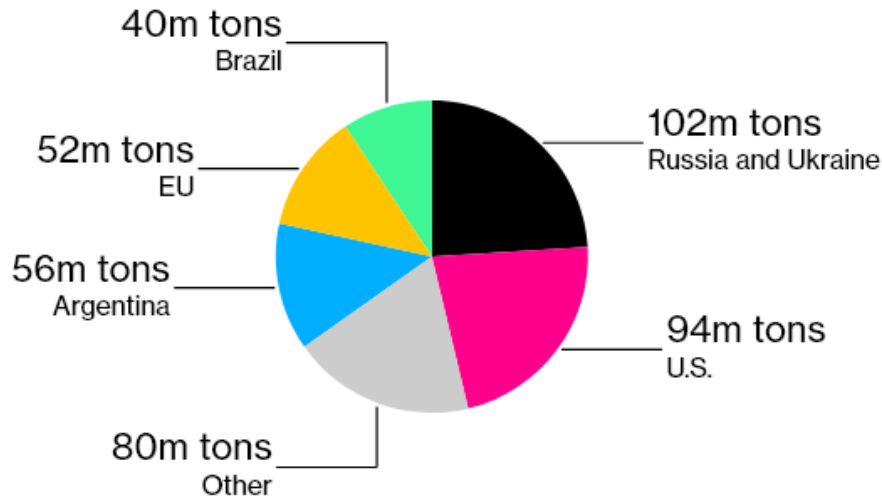


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Breadbasket to the World

Russia and Ukraine account for a quarter of global grains trade



Source: International Grains Council

Note: Estimates for the 2021-22 season, for wheat and coarse grains

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