



Our Economy and The World

The Weekly Report

Issue: 271 Date: 24th April 2022

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

- **Key Global and Regional Developments over the Past Week**
 - BBC: Germany Rules out Immediate end to Russian Oil Imports
 - Wall Street Journal: China's Economy Grew 4.8% in First Quarter, Beating Expectations
 - Bloomberg: Fed Says High Inflation, Geopolitics Are Clouding Outlook
 - Bloomberg: Russia Faces New Urgency to Avoid Default, Sidestep Wall Street
- **Eye on Egypt**
 - Enterprise: IMF upgrades Egypt's GDP growth in 2022 despite a "significant slowdown" globally
- **Special Analysis**
 - IMF: War slows recovery
- **Developments in Financial and Commodity Markets in the past week**
 - Reuters: Oil settles mixed on Russia supply, demand concerns
 - CNBC: Price of corn hits 9-year high as surge in commodities continues

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Key Global and Regional Developments over the Past Week

[BBC: Germany Rules out Immediate end to Russian Oil Imports](#)

Germany is moving "as fast as possible" to end its reliance on Russian energy, but it will take time, the country's finance minister has said. "We have to be patient," Christian Lindner told the BBC. By contrast, Foreign Minister Annalena Baerbock had earlier said Germany would end oil imports by the end of the year, with gas following.

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[Wall Street Journal: China's Economy Grew 4.8% in First Quarter, Beating Expectations](#)

China's economy accelerated in the first quarter of the year, even as lockdowns closed factories and kept tens of millions confined to their homes in March, according to official data that economists say overstates the strength of the world's second-largest economy. China's gross domestic product expanded by an annual 4.8% in the first quarter, China's National Bureau of Statistics said Monday, a faster pace than the 4% expansion recorded in the final three months of 2021 and the 4.6% expansion predicted by economists polled by the Wall Street Journal.

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[Bloomberg: Fed Says High Inflation, Geopolitics are Clouding Outlook](#)

The U.S. economy grew at a moderate pace through mid-April, but rising prices and geopolitical developments created uncertainty and clouded the outlook for future growth, the Federal Reserve said. "Inflationary pressures remained strong since the last report, with firms continuing to pass swiftly rising input costs through to customers," the U.S. central bank said in its Beige Book survey released Wednesday. "Outlooks for future growth were clouded by the uncertainty created by recent geopolitical developments and rising prices."

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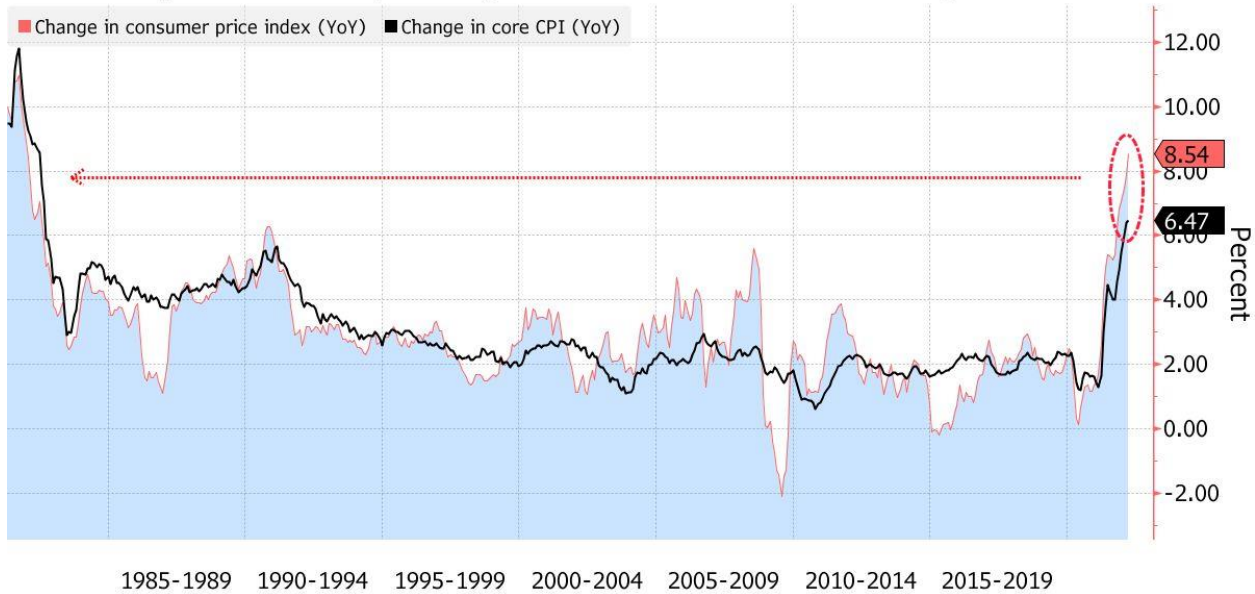


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Hotter Still

Consumer prices in U.S. post largest annual advances since early 1980s



Source: Bureau of Labor Statistics

Bloomberg

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[Bloomberg: Russia Faces New Urgency to Avoid Default, Sidestep Wall Street](#)

The country has been inching closer after JPMorgan Chase & Co., under orders from the U.S. Department of the Treasury, halted interest payments the country owed on two dollar-denominated bonds in recent weeks. The move forced the Russian central bank to make the payments in rubles instead and left it scrambling for ways to sidestep JPMorgan and rival Citigroup Inc. to make good on its debt.

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Eye on Egypt

Enterprise: IMF upgrades Egypt's GDP growth in 2022 despite a "significant slowdown" globally

The IMF has cut its global GDP forecast for this year and the next as surging inflation and economic fallout from the war in Ukraine hit growth prospects. The Fund revised downwards its growth projections for 2022 and 2023 to 3.6% in its latest World Economic Outlook — that's 0.8 percentage points lower for this year (and 0.2 ppt less for next year) than in its last forecast in January. The revision marks a "significant slowdown in global growth" as the Russia-Ukraine war continues to cause "worldwide spillovers through commodity markets, trade, and financial channels.

Egypt seems set to buck the trend this year: The lender revised upwards Egypt's growth for the current fiscal year despite soaring food and energy prices threatening to weigh on economic activity. The IMF now expects the Egyptian economy to expand at a 5.9% clip in FY 2021-2022, up 0.3 percentage points from its previous forecast in January. This is the second time the IMF has upgraded Egypt's growth forecast this year. That's even more optimistic than official figures: The government recently lowered its growth outlook for the current fiscal year to 5.7% from 6.2-6.5% due to the economic impact of the war in Ukraine.

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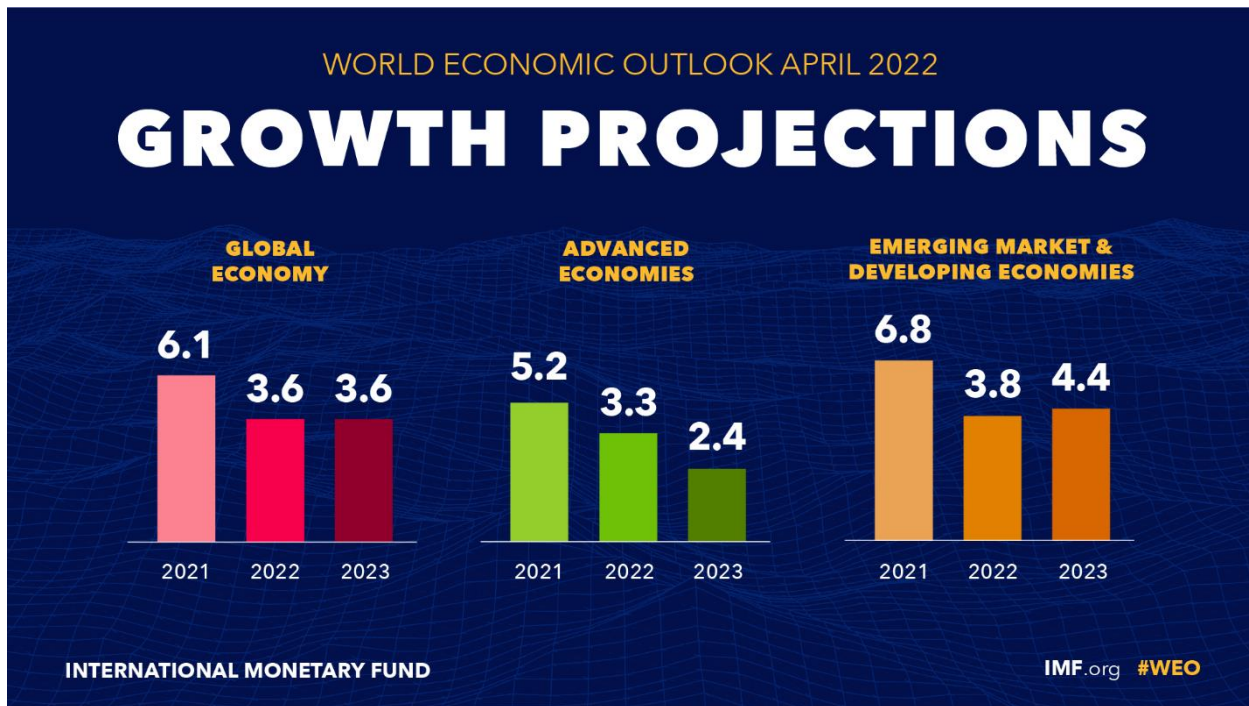
Special Analysis

IMF: War slows recovery

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest.

Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January.

Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected last January. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential.



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Recent Developments in Financial and Commodity Markets

Reuters: Oil settles mixed on Russia supply, demand concerns

Oil settled nearly unchanged on Wednesday as broader concerns about economic growth and oil demand stagnation weighed against tightening supplies. Brent crude futures fell 45 cents, or 0.4 %, to settle at \$106.80 a barrel. The front-month WTI crude futures contract, which expires on Wednesday, rose 19 cents to settle at \$102.75, unchanged. Oil prices have been supported by a tighter supply outlook after sanctions against Russia - the world's second-largest oil exporter and a key European supplier - over its invasion of Ukraine, which Moscow calls a "special operation."



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CNBC: Price of corn hits 9-year high as surge in commodities continues

The surging price of corn hit another milestone on Monday morning as the cost of global commodities continues to push higher. The contracts for July corn futures were trading above \$8 per bushel on Monday, the highest level since September 2012. The contracts were trading near \$6 per bushel at the start of the year. Corn is just one of several agriculture commodities that has

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The Weekly Report

seen surging prices in recent weeks, in part due to the war in Ukraine. Ukraine is a major exporter of wheat and other items, such as sunflower oil, while Russia is a key producer of wheat and many of the chemicals used in fertilizer. That is leading futures traders to bet that higher input costs and more demand for corn as a substitute food item will drive up the price.

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