



Our Economy and The World

The Weekly Report

Issue: 278 Date: 26th June 2022

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

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 - BBC: Italy's Eni says Russian gas supply cut by half
 - Reuters: Euro zone yields fall, spreads widen on declining risk appetite
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 - Bloomberg: Bitcoin Lingers Around \$20,000 Again as Risk-Off Mood Remains

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Key Global and Regional Developments over the Past Week

Bloomberg: Yellen urges less dependence on other nations for key supplies

Treasury Secretary Janet Yellen said the US should work on shifting its dependence away from some rival nations for supplies of critical inputs as global supply-chain logjams have hurt the domestic economy. "We saw during the pandemic that our supply chains were very brittle and really lacking in resilience," she said Monday.

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Reuters: Goldman Sachs raises probability of U.S. recession in 2023 to 30%

Goldman Sachs sees a 30% chance of the U.S. economy tipping into recession over the next year, up from its previous forecast of 15%, amid record-high inflation and a weak macroeconomic backdrop fueled by Russia's invasion of Ukraine. The latest forecast comes about a week after the U.S. Federal Reserve rolled out its biggest rate hike since 1994 to stem a surge in inflation and as several other central banks also took aggressive steps to tighten monetary policy.

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BBC: Italy's Eni says Russian gas supply cut by half

Italy has become the latest of a host of European countries to report further cuts in its Russian gas supply. Italian energy giant Eni said it would receive only half of the 63 million cubic metres per day it had requested from Gazprom on Friday, after experiencing shortfalls for two days. Germany has accused Gazprom of attempting to push up energy prices by sharply reducing supplies.

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Reuters: Euro zone yields fall, spreads widen on declining risk appetite

Euro zone government bond yields fell and spreads between core and periphery widened on Wednesday with investors rushing into safe-haven assets as risk appetite dropped on persistent worries about the economic outlook. European equities and U.S. stock futures plunged as concerns about interest rates and inflation remained a key focus for investors.

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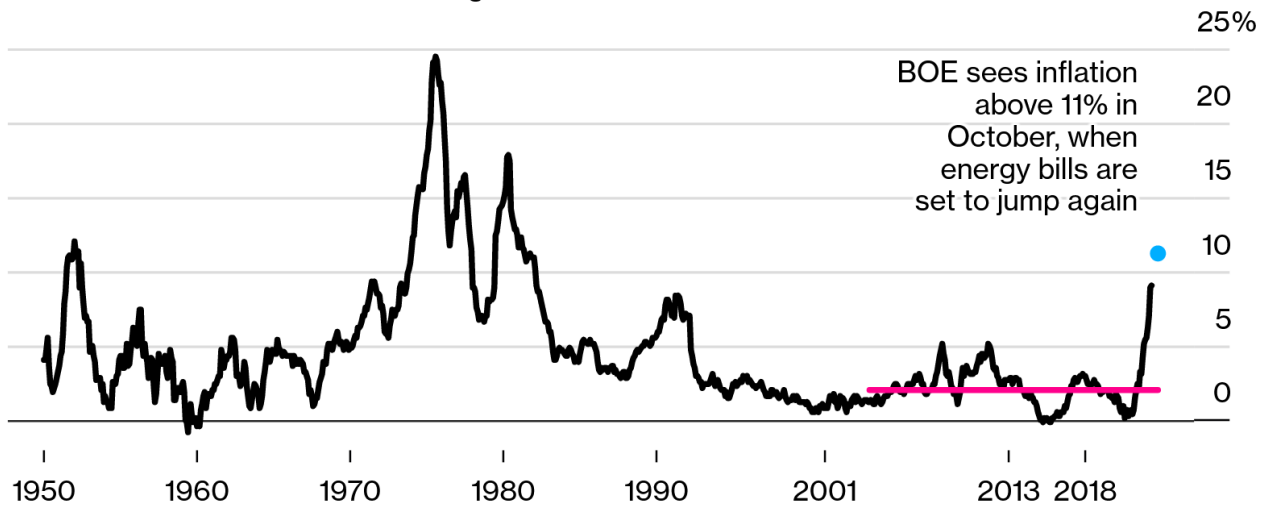
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Bloomberg: UK inflation rises to new 40-year high with more gains expected

UK inflation rose to a fresh four-decade high in May after broad increases in the cost of everything from fuel and electricity to food and beverages. The rate accelerated to 9.1%, from 9% a month earlier, the Office for National Statistics said Wednesday. Retail prices climbed more than expected to 11.7%, and there were also more signs of inflationary pressures building at the wholesale level, with raw material costs increasing the most on record.

/ CPI inflation rate
 / Inflation target since 2003
 / New BOE forecast



Source: Office for National Statistics
Note: Remodelled series from 1950 through 1988

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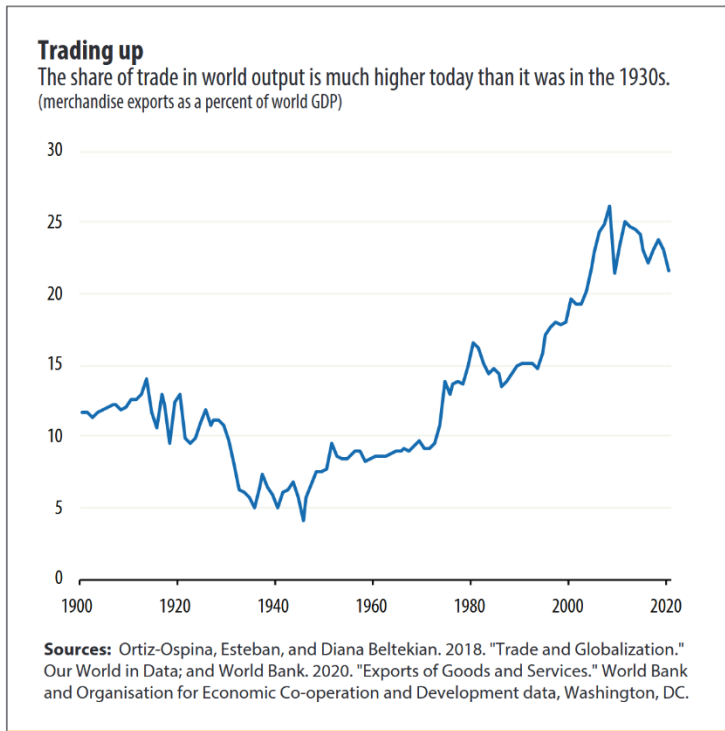
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Special Analysis

IMF: Confronting a Perfect Long Storm

The pandemic, war in Ukraine, the threat to food security, and the resurgence of global poverty. Heatwaves, droughts, and other extreme weather events. These are not random shocks. Nor are they a perfect storm in the conventional sense, a one-off conjuncture of bad events. We face instead a confluence of lasting structural insecurities—geopolitical, economic, and existential—each reinforcing the other. We have entered a perfect long storm. We cannot wish away these insecurities or hope that problems that occupy one part of the world will not rebound on others. COVID-19 and its repeated mutations have brought that reality home, at immense human and economic cost everywhere. We can only restore optimism by recognizing the gravity and collective nature of the threats we face and organizing ourselves more effectively to address them.



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Recent Developments in Financial and Commodity Markets

[CNBC: Dow jumps 600 points, S&P 500 adds 2.5% in comeback from worst weekly loss in 2 years](#)

Stocks rose Tuesday following a brutal week as investors assessed a more aggressive Federal Reserve and rising chances of a recession. The Dow Jones Industrial Average jumped 641.47 points, or 2.15%, to 30,530.25 in its best day for the month. The S&P 500 also climbed 2.45% to 3,764.79, making it the index's best day in June. The Nasdaq Composite popped 2.51% to 11,069.30. U.S. stock markets were closed Monday for Juneteenth.



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[Bloomberg: Bitcoin lingers around \\$20,000 again as risk-off mood remains](#)

Bitcoin traded once again around the \$20,000 level, underperforming stocks amid lingering concerns of a greater shakeout in the crypto market. The largest cryptocurrency declined as much as 4.8% to \$19,832, before settling in around \$20,000 as of 3:11 p.m. in New York. Ether fell by a maximum 6.1% to \$1,053. Solana, Cardano, Polkadot and Dogecoin all declined.

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Like a Magnet

Bitcoin has recently been trading around key round-number levels



Source: Bloomberg

Bloomberg 

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