



Our Economy and The World

The Weekly Report

Issue: 296 Date: 13th November 2022

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 - Bloomberg: European stocks dip as inflation jitters keep buyers cautious

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Key Global and Regional Developments over the Past Week

BBC: US jobs growth solid but slowing amid inflation fight

Jobs growth in the US is continuing at a solid, though slowing pace, despite rising prices and higher borrowing costs weighing on the economy. Employers added 261,000 jobs in October, while the unemployment rate rose slightly to 3.7%, the US Labor Department said on Friday. The news comes as the economy remains a top concern for voters ahead of next week's midterm elections. Despite a strong labour market, soaring costs have hit public confidence. Consumer prices are rising at a pace not seen since the early 1980s. Inflation, which measures how the cost of living changes over time, is up 8.2% over the 12 months to September.

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Reuters: COP27 - IMF chief says \$75/ton carbon price needed by 2030

The price of carbon needs to average at least \$75 a ton globally by the end of the decade for global climate goals to succeed, the head of the International Monetary Fund told Reuters. Speaking on the sidelines of the COP27 climate talks in the Egyptian coastal resort town of Sharm el-Sheikh, IMF Managing Director Kristalina Georgieva said the pace of change in the real economy was still "way too slow".

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Bloomberg: Sunak to meet with Ireland's Martin in sign of post-Brexit progress

Prime Minister Rishi Sunak and his Irish counterpart Micheal Martin will hold talks Thursday, a further indication that the UK government is pushing hard to end a long-running spat with the European Union over Brexit. UK-EU relations have been strained for months over post-Brexit arrangements in Northern Ireland. But negotiations restarted in October, and there are clear signs of progress on a deal, with Irish Foreign Minister Simon Coveney saying this week that an agreement is "doable" by the end of the year.

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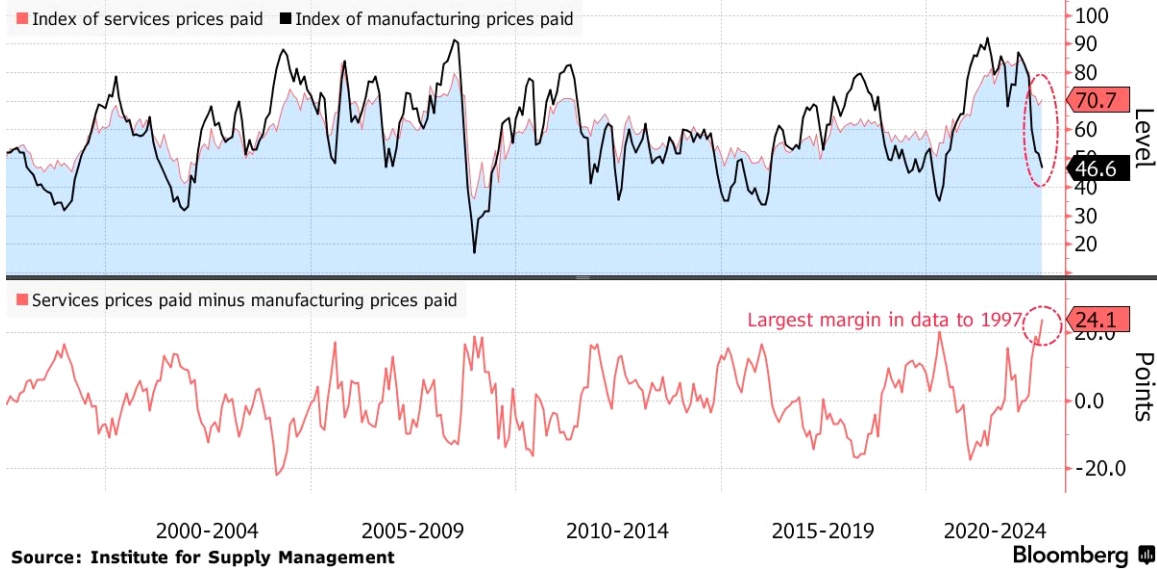
The Weekly Report

Bloomberg: US inflation to cool only slightly, keeping big Fed hike in play

US inflation probably moderated just slightly in October data due Thursday, and yet another above-forecast reading may dash expectations for the Federal Reserve to downshift from steep interest-rate hikes. Economists project the consumer price index and the core measure that excludes food and energy both cooled on an annual basis, but to rates still consistent with persistent and elevated inflation. The overall CPI is seen rising from a month earlier by the most since June.

Services Inflation Remains Elevated

ISM surveys show prices well-elevated for services, while declining for manufacturer



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Eye on Egypt

Fitch: Fitch Revises Egypt's Outlook to Negative; Affirms at 'B+'

Fitch Ratings - Hong Kong - 08 Nov 2022: Fitch Ratings has revised the Outlook on Egypt's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Negative from Stable, and affirmed the IDR at 'B+'. The revision of the Outlook to Negative reflects the deterioration in Egypt's external liquidity position and reduced prospects for bond market access, leaving the country vulnerable to adverse global conditions at a time of high current account deficits (CADs) and external debt maturities.

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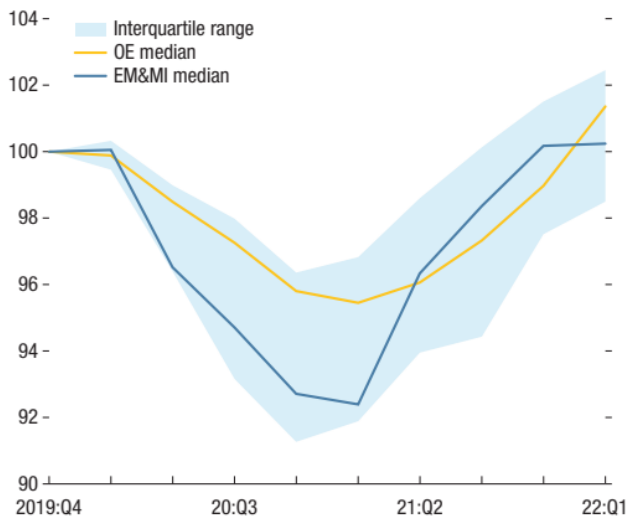
Special Analysis

IMF: Mounting Challenges, Decisive Times

Risks highlighted in the April 2022 WEO have materialized—commodity prices remain high, global financial conditions have tightened faster and by more than previously expected, and a worldwide slowdown is underway.

Economic activity in the ME&CA has been resilient thus far, but inflation surprised on the upside, and the region is facing exceptional uncertainties and downside risks. Multispeed recovery continued in early 2022. Activity in oil exporters is benefiting from still-high energy prices, while the pace of expansion in emerging market and middle-income economies (EM&MIs) appears to be slowing, as these economies face a deep terms-of-trade shock, higher sovereign spreads, and eroded market access. The impact of the war in Ukraine on the CCA has been so far milder than forecast, with some unexpected positive spillovers, including significant inflows and the relocation of workers and firms from Russia, supporting domestic activity. Meanwhile, inflation across ME&CA continued to increase through July and has become broad-based.

Figure 1.1. Real GDP Index
(Index, 2019:Q4 = 100, four-quarter moving sum)



Sources: Haver Analytics; and IMF staff calculations.
Note: EM&MI = emerging market and middle income economies; OE = oil exporter.

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Recent Developments in Financial and Commodity Markets

CNBC: Dow closes more than 600 points lower after indecisive midterms, crypto selloff

Stocks were lower on Wednesday — following recent market gains — as results of the midterm elections provided no clear answers about who would control Congress yet. A crypto selloff also weighed on markets. The Dow Jones Industrial Average fell 646.89 points, or about 1.95%, to 32,513.94. The decline was led by Disney, which fell 13.2% after the entertainment giant missed analysts' estimates on the top and bottom lines. The S&P 500 shed 2.08% to 3,748.57, and the Nasdaq Composite slid 2.48% to 10,353.17.



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Bloomberg: European stocks dip as inflation jitters keep buyers cautious

European stocks fell for the first time in four days as investors turned cautious ahead of key US inflation data, while also monitoring headlines on the war in Ukraine. The Stoxx 600 Index closed down 0.3% after briefly paring declines on news that Russia had ordered its troops to leave the Ukrainian city of Kherson, a highly symbolic setback for President Vladimir Putin. Miners, travel and leisure and energy sectors led the declines, while utilities and health care outperformed.

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Time for a Break

Euro-area blue chips are most overbought in nearly a year



Source: Bloomberg

Bloomberg 

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