



Our Economy and The World

The Weekly Report

Issue: 298 Date: 27th November 2022

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 - Bloomberg: Oil sinks as EU discusses a softer Russian price cap at \$65-\$70

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Key Global and Regional Developments over the Past Week

Bloomberg: China tightens Covid restrictions in big cities as cases climb

China is seeing near-record numbers of Covid cases, spurring major cities from Beijing to Shanghai to revert to broad restrictions on people's movements and mass testing exercises to contain swelling outbreaks. There were 28,183 new infections recorded nationwide for Tuesday, up from 27,307 on Monday and just shy of the record 28,973 reached in April when Shanghai locked down amid an out-of-control case surge. The spike in infections comes at a pivotal moment for China, with top leaders' directions for a more targeted approach to containing Covid spurring confusion and backtracking on the ground. After initially easing off on testing and movement restrictions -- in line with a new 20-point virus playbook issued by Beijing -- officials in some places are again imposing mass testing orders and lockdowns, as they strive to meet the overriding objective of suppressing Covid.

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Reuters: U.S. business activity weakens further; euro zone downturn eases slightly

U.S. business activity contracted for a fifth straight month in November as higher interest rates slowed demand but the downturn in euro zone business activity ebbed slightly as the world braces for a recession-hit year ahead, surveys showed on Wednesday. S&P Global said its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, fell to 46.3 this month from a final reading of 48.2 in October. A reading below 50 indicates contraction in the private sector. Activity is slumping under the weight of the Federal Reserve's most aggressive interest rate-hiking cycle since the 1980s aimed at curbing inflation by dampening economic demand. By the U.S. central bank's preferred measure, inflation is still running at more than three times its 2% goal.

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BBC: Brexit: Rishi Sunak rules out deal that relies on EU law alignment

The UK will not pursue any post-Brexit relationship with the EU "that relies on alignment with EU laws", Prime Minister Rishi Sunak has said. It follows reports that some in government want to move towards a Swiss-style deal, with less trading friction and more migration. Switzerland can trade easily with the bloc, but must follow some EU rules. Mr. Sunak told business leaders that control of migration was one of the immediate benefits of Brexit.

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CNBC: Fed's Waller says he's open to a half-point rate hike at December meeting

Federal Reserve Governor Christopher Waller said Wednesday he's open to reducing the level of interest rate increases soon, so long as the economic data cooperates. The rate-setting Federal Open Market Committee is set to meet Dec. 13-14. Market expectations are running high that policymakers will approve another rate hike, but this time opting for a 0.5 percentage point, or 50 basis point, move. That would come after approving four consecutive 0.75 percentage point increases.

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Bloomberg: Ukraine blackouts threaten pipeline bringing gas to Europe

The trickle of natural gas still flowing through Ukraine to Western Europe is at risk after Russia's attacks on energy infrastructure led to blackouts in much of the region. Emergency power cuts imposed by Ukraine after a barrage of Russian missile strikes against production plants and other infrastructure threatens to paralyze a pipeline that ships gas through the region, Sergiy Makogon, head of Ukraine's Gas Transmission System Operator, said in an interview.

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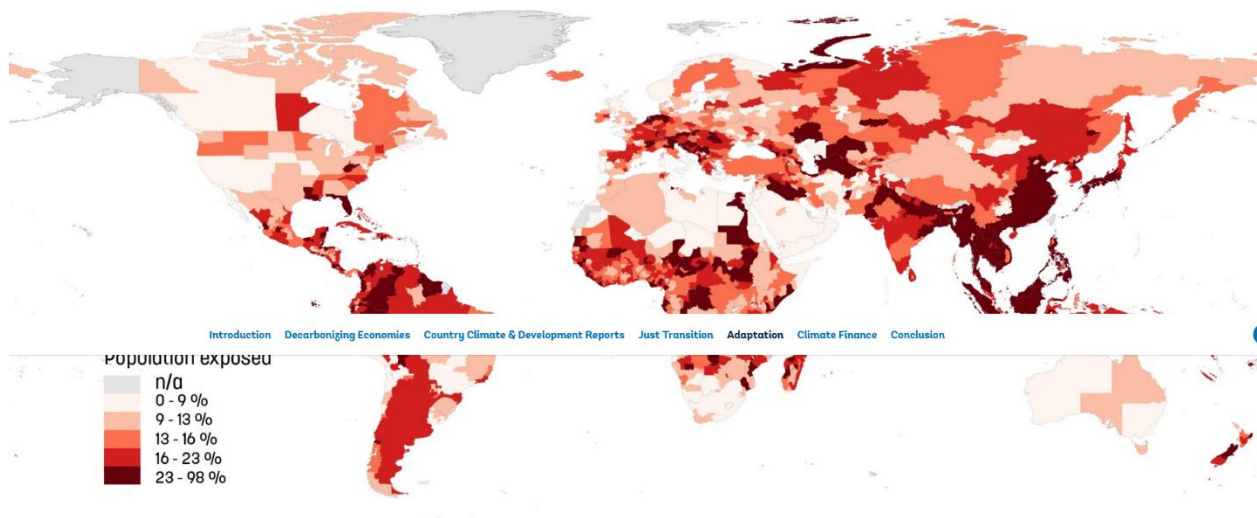
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Special Analysis

World Bank: Acting Now for a Safer Future

In November, representatives from government, businesses and civil society gathered in Sharm El Sheikh, Egypt, for the 27th Conference of the Parties, COP27, amid growing urgency to tackle the climate crisis. The negotiations focused on the need to strengthen and implement climate pledges, significantly increase the flow of climate finance into projects on the ground, and address critical adaptation needs. In addition to country delegations, the COP also brought together representatives from businesses, multilateral institutions, civil society and youth. The World Bank Group in Sharm el-Sheikh took part in discussions and broadcasted over 70 live events from its very own pavilion, over the two weeks.

The share of population that is flood-exposed



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Developments in Financial and Commodity Markets over the Past Week

[Yahoo Finance: Stocks rise after Fed minutes signal rate hike slowdown](#)

Stocks rose on Wednesday after the minutes from the Federal Reserve's latest policy meeting signaled a likely slowdown in the central bank's pace of interest rate increases next month. When the closing bell rang on Wall Street, all three major indexes were in green figures, with the S&P 500 up 0.6%, the Dow up 0.3%, and the Nasdaq higher by 1%. Wednesday marked the week's final full trading session for U.S. investors. U.S. markets was closed for Thanksgiving, and markets were open for just a half day on Black Friday.



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[Bloomberg: Oil sinks as EU discusses a softer Russian price cap at \\$65-\\$70](#)

Oil tumbled to near a two-month low as traders assessed a higher-than-expected price cap on Russian crude between \$65 and \$70 a barrel and a surprise build in US products. The European Union's proposed range would be well above Russia's cost of production and higher than some countries have been paying for its oil. As Russia is already selling its crude at discounts of \$20 a barrel in recent months, a high cap may have minimal impact on trading, keeping the nation's supplies flowing into the global market. Talks were bogged down Wednesday as EU nations were split over how to design the plan.

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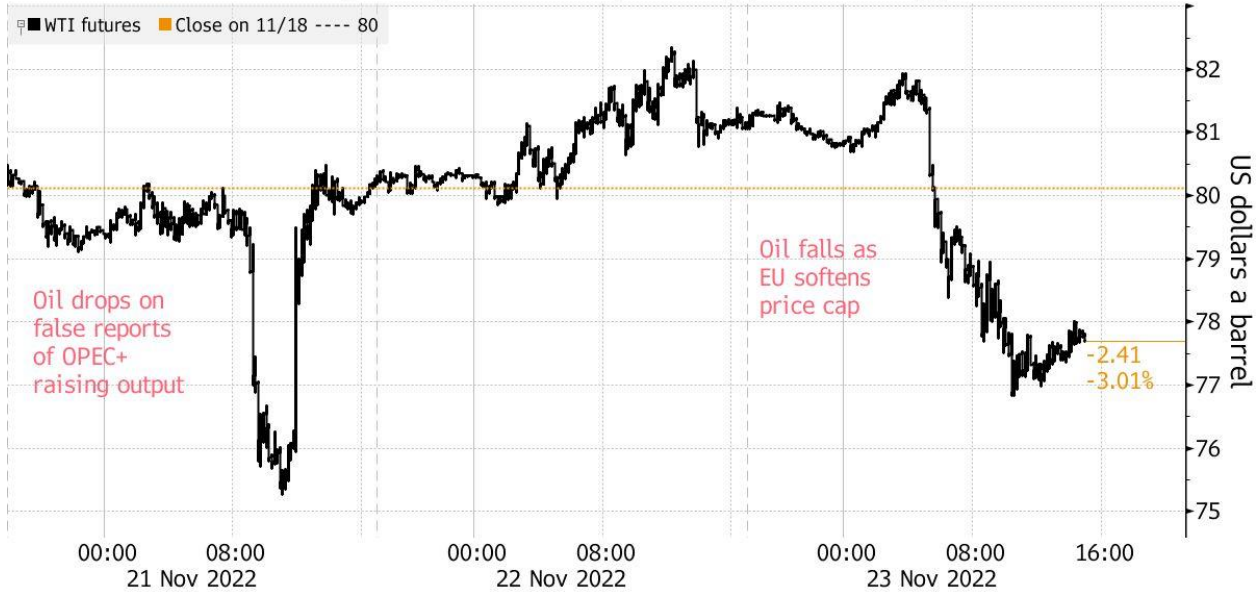


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Oil Slips

WTI tumbles as EU weighs higher Russia price cap, US fuel supplies climb



Source: Nymex

Bloomberg

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