



Our Economy and The World

The Weekly Report

Issue: 305 Date: 29th January 2023

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

- **Key Global and Regional Developments over the Past Week**
 - Bloomberg: Euro-Area Consumer Confidence Rises to Highest in Nearly a Year
 - BBC: Bailey - Inflation 'Likely to Fall Rapidly' this Year
 - Bloomberg: Euro-Area Business Activity Shows Bloc May Dodge Recession
 - Bloomberg: OPEC+ Delegates Expect Committee to Recommend Steady Output
- **Special Analysis**
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- **Developments in Financial and Commodity Markets in the Past Week**
 - Reuters: Gold eases off nine-month peak as U.S. dollar, yields gain
 - Reuters: Oil rises on China recovery hopes, OPEC+ seen standing pat

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Key Global and Regional Developments over the Past Week

Bloomberg: Euro-Area Consumer Confidence Rises to Highest in Nearly a Year

Consumer sentiment in the euro area rose to the highest level since last February, a sign of resilience as the region seeks to dodge recession this year. The gauge of confidence increased to -20.9 in January from -22.2 the previous month, according to the European Commission. That's slightly weaker than the median forecast of economists, who anticipated a pickup to -20.

Euro-Area Consumer Sentiment Highest Since February



Source: European Commission

Bloomberg

[\(Read Full Article\)](#)

BBC: Bailey - Inflation 'Likely to Fall Rapidly' this Year

Inflation is likely to fall rapidly this year as energy prices fall, Bank of England Governor Andrew Bailey has said. Speaking to Media Wales, Mr Bailey said a recent easing of inflation could be a sign that "a corner has been turned". The Bank was not trying to change market expectations that interest rates will peak at 4.5%, he said.

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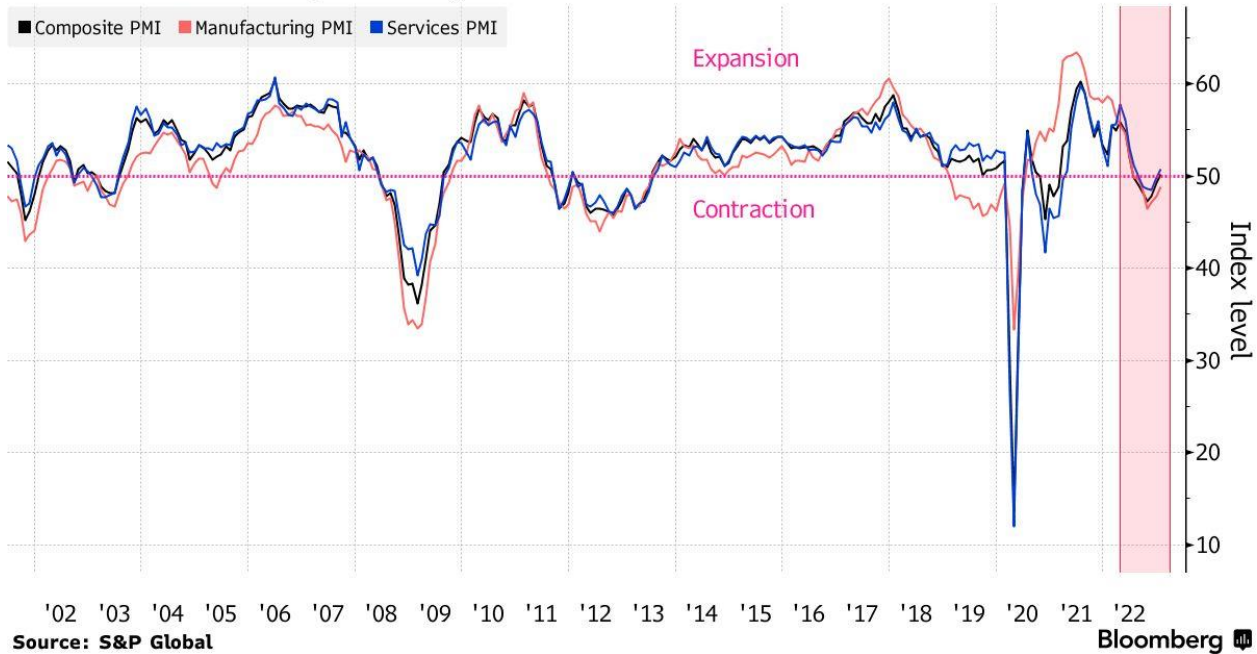
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[Bloomberg: Euro-Area Business Activity Shows Bloc May Dodge Recession](#)

The private-sector economy in the euro area unexpectedly returned to growth at the start of 2023, offering further signs the region may avoid a recession and comforting the European Central Bank's focus on underlying inflation risks. S&P Global's flash Purchasing Managers' Index rose to 50.2 in January, better than the 49.8 reading predicted in a Bloomberg survey and the first time since June that the gauge was above the 50 threshold that separates expansion from contraction.

Euro Area Unexpectedly Returns to Growth



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[Bloomberg: OPEC+ Delegates Expect Committee to Recommend Steady Output](#)

OPEC+ delegates said they expect an advisory committee of ministers to recommend keeping oil production levels unchanged when they meet next week amid a tentative recovery in global demand. Saudi Arabia and its partners will hold a review of output levels on Feb. 1, after agreeing significant cutbacks late last year to keep world crude markets in balance. Delegates from the group said privately that they expect the panel of ministers to maintain the status quo, as they await clarity on the recovery in consumption in China and the impact of sanctions on Russian supply.

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Special Analysis

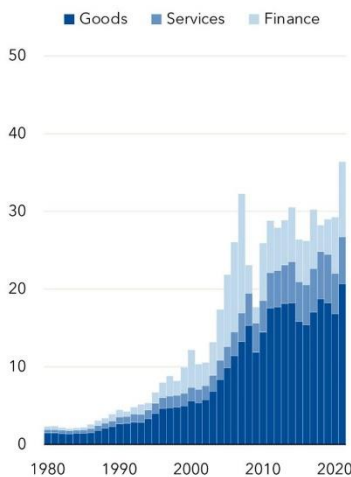
IMF: Confronting Fragmentation Where It Matters Most: Trade, Debt, and Climate Action

As policymakers and business leaders gather at the World Economic Forum in Davos, they are facing a Gordian knot of challenges. From the global economic slowdown and climate change to the cost-of-living crisis and high debt levels: there is no easy way to cut through it. Added to this are geopolitical tensions that have made it even more difficult to address vital global issues. Indeed, even as we need more international cooperation on multiple fronts, we are facing the specter of a new Cold War that could see the world fragment into rival economic blocs. This would be a collective policy mistake that would leave everyone poorer and less secure. It would also be a stunning reversal of fortune. After all, economic integration has helped billions of people become wealthier, healthier, and better educated. Since the end of the Cold War, the size of the global economy roughly tripled, and nearly 1.5 billion people were lifted out of extreme poverty. This peace and cooperation dividend should not be squandered.

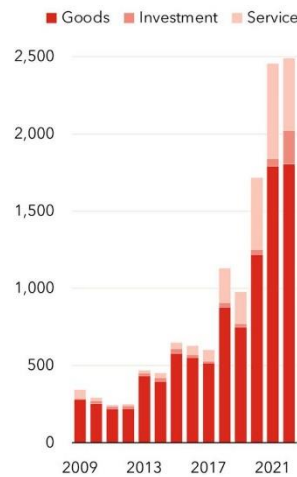
Rising restrictions

Global economic integration slowed over the past decade, while trade restrictions rose rapidly.

Global flows of goods, services, and finance
(trillions of US dollars)



Trade restrictions imposed
(number)



Sources: IMF Balance of Payments, World Bank, global trade alert (2022), and IMF staff calculations. Note: The figure shows exports only.



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Developments in Financial and Commodity Markets in the Past Week

[Reuters: Gold eases off nine-month peak as U.S. dollar, yields gain](#)

Gold prices pulled back from a nine-month high on Tuesday due to a slight uptick in the dollar and U.S. bond yields, although hopes of slower interest rate hikes from the Federal Reserve underpinned the market.

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[Reuters: Oil rises on China recovery hopes, OPEC+ seen standing pat](#)

Crude oil prices inched higher on Wednesday as optimism for a demand recovery in China and expectations that major producers will maintain current output policy offset global recession worries.

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