



Our Economy and The World

The Weekly Report

Issue: 307 Date: 12th February 2023

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 - Reuters: U.S. trade gap widens in December; deficit highest on record in 2022
 - CNBC: China's economy will grow 5% this year, Fitch Ratings says in upgraded forecast
 - Bloomberg: India Raises Cost of Borrowing to 6.5% to Tame Inflation
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 - Bloomberg: Asia Stocks Face Declines as Wall Street Sells Off

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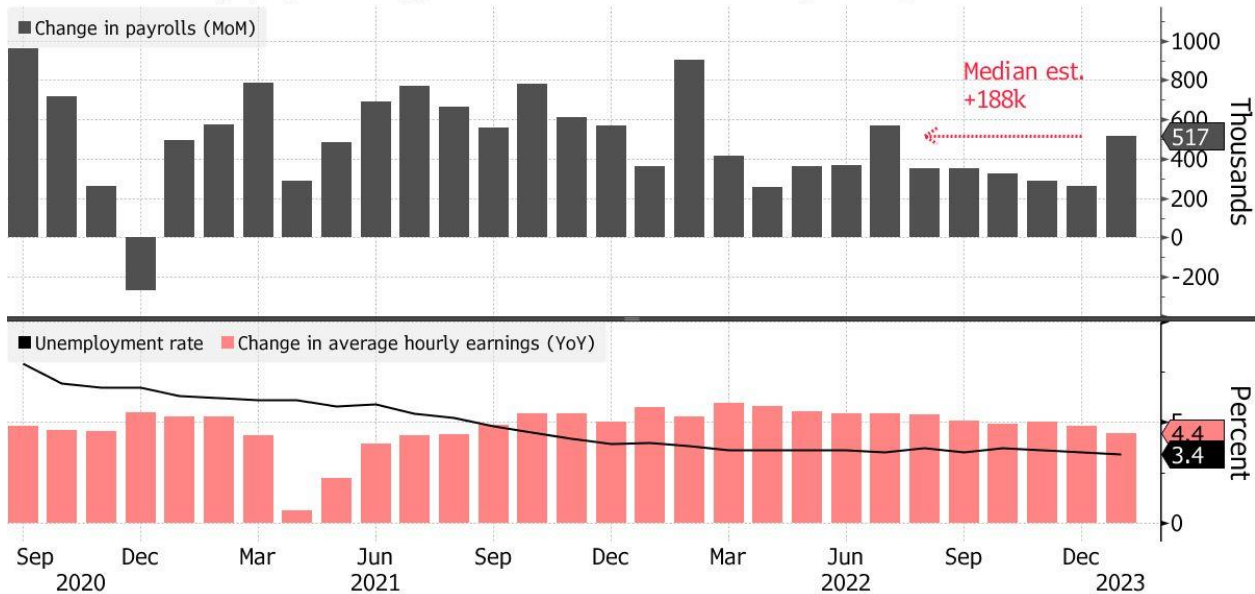


Key Global and Regional Developments over the Past Week

[Bloomberg: Powell Says Further Rate Hikes Needed and Markets Take Heed](#)

Federal Reserve Chair Jerome Powell stuck to his message that interest rates need to keep rising to quash inflation and this time, the bond market listened. In particular, Powell floated the idea during an event in Washington on Tuesday that borrowing costs may reach a higher peak than traders and policymakers anticipate.

[Job Growth Powers Ahead, Unemployment Hits 53-Year Low](#) Gain in January payrolls topped all forecasts while wages stayed firm



Source: Bureau of Labor Statistics

Bloomberg

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[Reuters: U.S. trade gap widens in December; deficit highest on record in 2022](#)

The U.S. trade deficit widened in December, reversing half of the prior month's sharp contraction, as imports rebounded and exports of goods dropped to a 10-month low amid cooling global demand and declining crude oil prices.

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[CNBC: China's economy will grow 5% this year, Fitch Ratings says in upgraded forecast](#)

China's economy will expand by 5% in 2023, Fitch Ratings said in a revised forecast on Wednesday – an improved outlook from its previous 4.1% growth prediction made in December.

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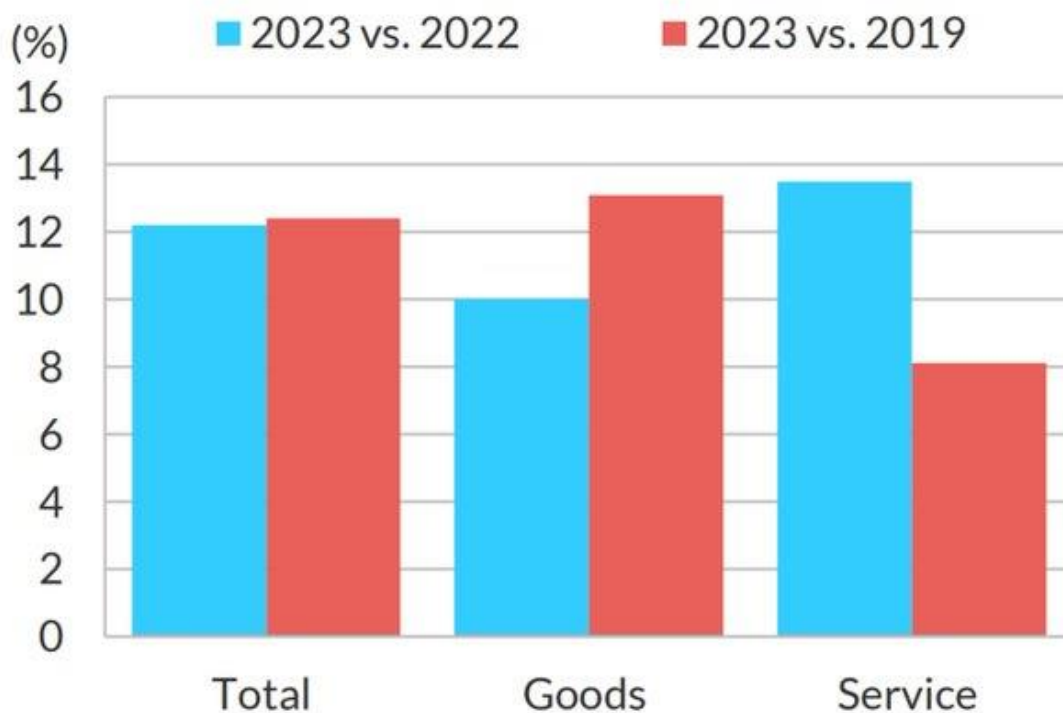


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The latest revision is based on “evidence that consumption and activity are recovering faster than initially anticipated” after China’s government removed most of its stringent Covid restrictions, signaling a move away from its Covid-zero policy.

CNY Holiday Consumption



Source: Fitch Ratings, State Taxation Administration

FitchRatings | [fitchratings.com](https://www.fitchratings.com)

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[Bloomberg: India Raises Cost of Borrowing to 6.5% to Tame Inflation](#)

India’s central bank slowed the pace of interest-rate increases while keeping the door open for further policy tightening to curb core inflation, an approach that aligns with the thinking of peers in the US and Australia.

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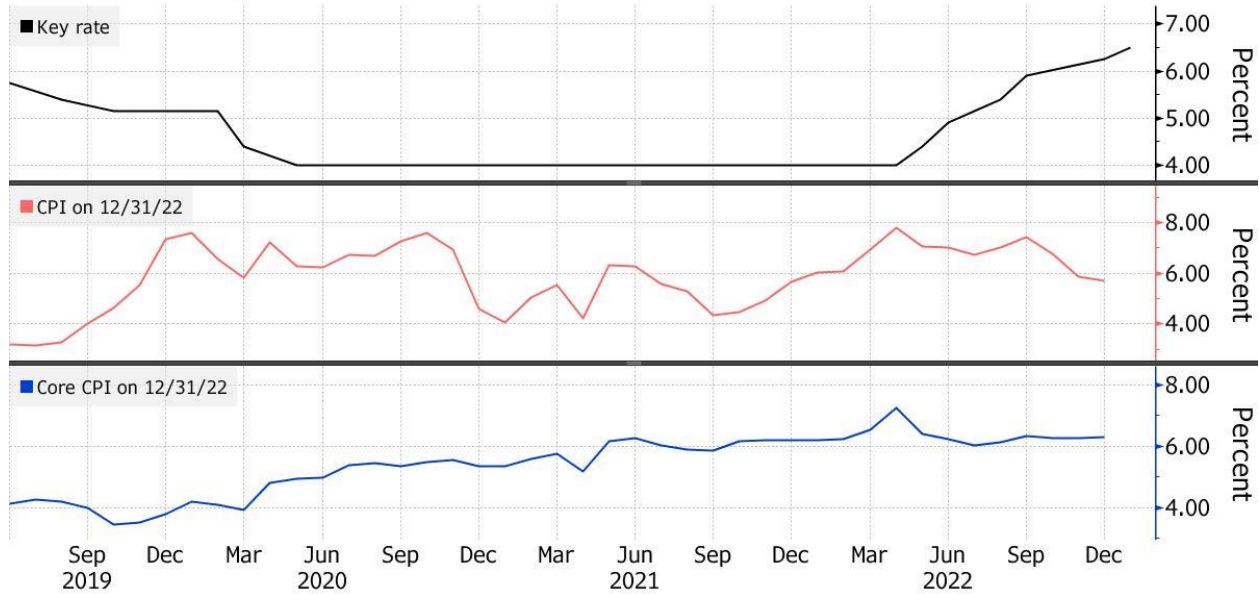


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India RBI Hikes Rates Amid Sticky Core Inflation

Rate-inflation dynamics



Source: Reserve Bank of India, Ministry of Statistics, Bloomberg

Bloomberg 

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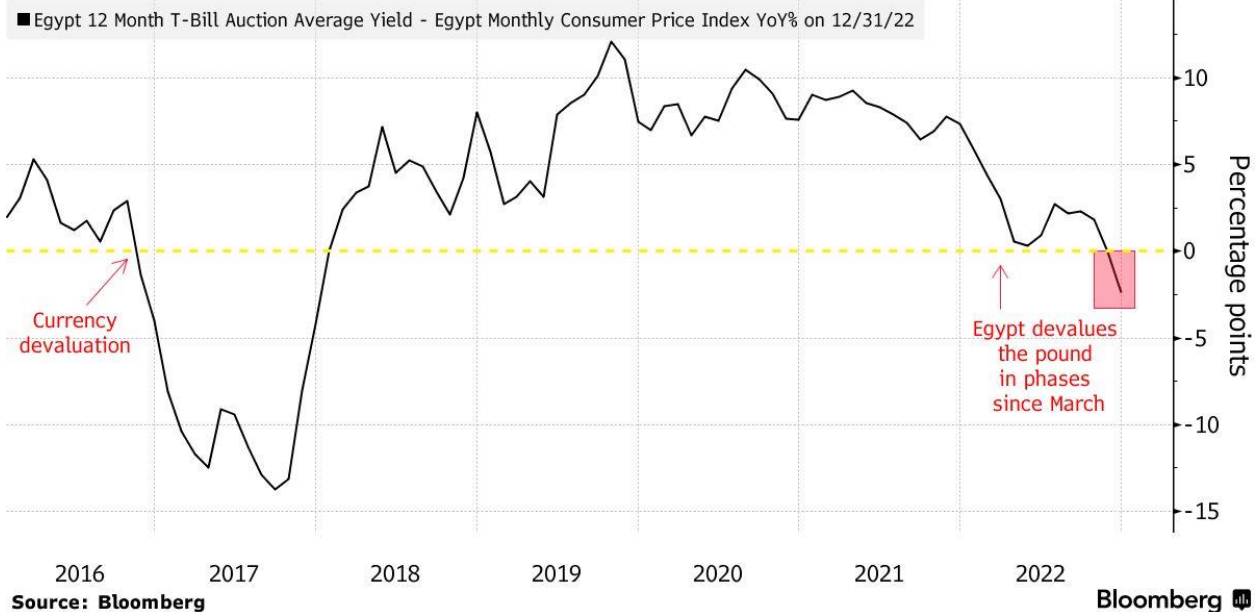
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Eye on Egypt

Bloomberg: Egypt's 'Policy Mistake' Disappoints Emerging-Market Investors

Emerging-market investors were getting excited about a return to Egypt after last month's devaluation of the pound. A surprise from the central bank has kept them away. Policymakers last week defied most analysts' expectations by leaving borrowing costs unchanged for the first time since September. That disappointed many would-be investors who were looking for higher interest rates, according to Edwin Gutierrez, head of emerging-market sovereign debt at abrdn in London.

Egyptian Yields Fall Below Zero When Adjusted for Inflation **Negative real yields on 12-month Treasury bills deter investors**



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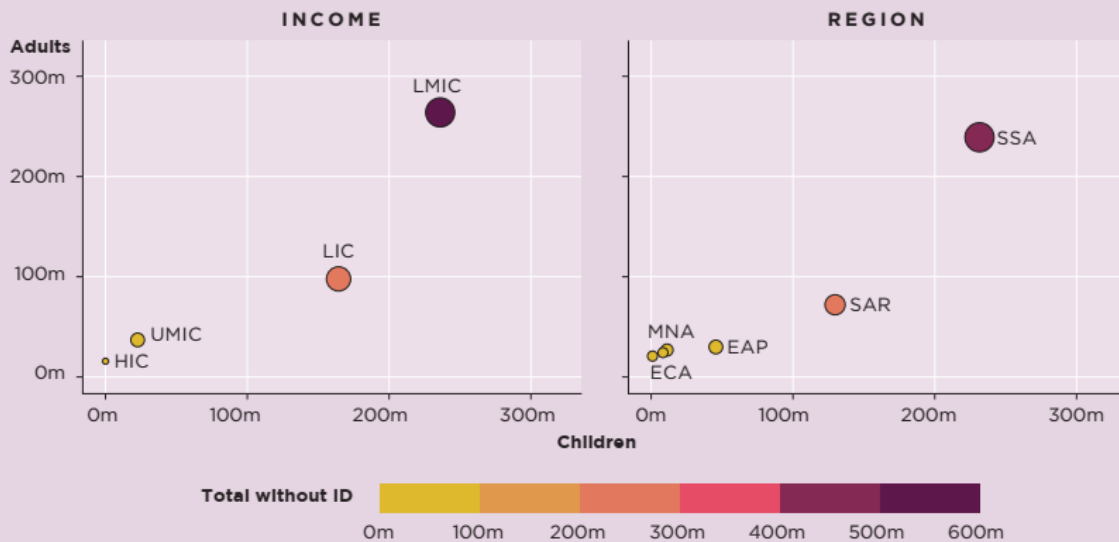
Special Analysis

World Bank: The 2022 ID4D and G2Px Annual Report

The compounding crises that unfortunately characterized 2022 have underscored just how important identification systems and digital government-to-person (G2P) payments are to individual empowerment, economic opportunity and the protection of lives and livelihoods the world over.

In 2022, the World Bank Group’s sister initiatives Identification for Development (ID4D) and Digitalizing G2P Payments (G2Px) marked the 6th anniversary of the ID4D’s Multi-Donor Trust Fund (MDTF) partnership platform which now includes G2Px. This year’s annual report is the second joint report between ID4D and G2Px. Throughout the achievements covered in this Annual Report, you will see how both initiatives have had impact on countries around the world and in shaping global momentum and understanding of the identification and digital G2P payments agendas.

FIGURE 1.
ID COVERAGE GAPS BY INCOME GROUP AND REGION



Graph shows the total estimated number of children and adults without ID, as well as totals, by income and region. Calculations based on data from the 2021 and 2017 ID4D-Findex survey, administrative data collected by ID4D in 2019-2021, birth registration data (UNICEF 2022b, UNSD 2022), voter registration data (IDEA 2022), and World Population Prospects (UNDESA 2022a). The cutoff between 'adults' and 'children' varies by country, according to the data source used. Typically, it is 15 or the year of eligibility for obtaining the adult ID, whichever is higher.

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Developments in Financial and Commodity Markets in the Past Week

[CNBC: European stocks higher after Fed Chair Powell's comments; FTSE hits record high](#)

European markets were higher Wednesday as investors digested the latest comments from U.S. Federal Reserve Chair Jerome Powell. Britain's blue-chip FTSE 100 hit a record high shortly after markets opened in Europe, increasing by 0.8% to reach 7,925.02. The index maintained the gains through the morning, hitting 7,927 points just before 10.30 a.m. London time.

Europe Stoxx 600 (.STOXX:STOXX)

EUR
Last | 4:50 PM GMT
459.46 +1.27 (0.28%
1 Month



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[Bloomberg: Asia Stocks Face Declines as Wall Street Sells Off](#)

Stocks in Asia headed for declines Thursday as fresh insights from Federal Reserve officials prompted investors to rethink the broadly bullish response to central bank commentary over the past week. Shares fell in Australia and equity futures for benchmarks in Japan and Hong Kong dropped. The S&P 500 declined 1.1% and the tech-heavy Nasdaq 100 fell 1.8%. Australian and New Zealand government bond yields inched lower after a rally in Treasuries that pushed benchmark 10-year yields down six basis points to 3.6%. An index of the dollar strengthened.

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Elsewhere, Turkey's stock exchange suspended trading for the first time in 24 years following a selloff that erased billions of dollars from the value of its main equities gauge in the wake of two devastating earthquakes. Trading in Turkish equities, futures and option contracts will resume on Feb. 15.

[\(Read Bloomberg's Full Article\)](#)

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