

# اقتصادنا والعالم

## Our Economy and the World

Issue: 309

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

- **Key Global and Regional Developments over the Past Week**
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  - o Bloomberg: Villeroy pushes back against 'overreaction' on ECB rate bets
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  - o BBC: Russia's economy shrinks by less than expected
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- **Developments in Financial and Commodity Markets in the Past Week**
  - o Reuters: Oil drops 3% as high inflation risks stoke demand worries
  - o CNBC: European stocks close lower as markets await latest Fed minutes

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### Key Global and Regional Developments over the Past Week

#### [Reuters: German inflation remains high at start of year](#)

Germany's inflation rate showed no signs of easing at the start of the year, as energy and food price pressures remained high due to the war in Ukraine. German consumer prices, harmonized to compare with other European Union countries, rose by 9.2% on the year in January, data from the federal statistics office showed on Wednesday.

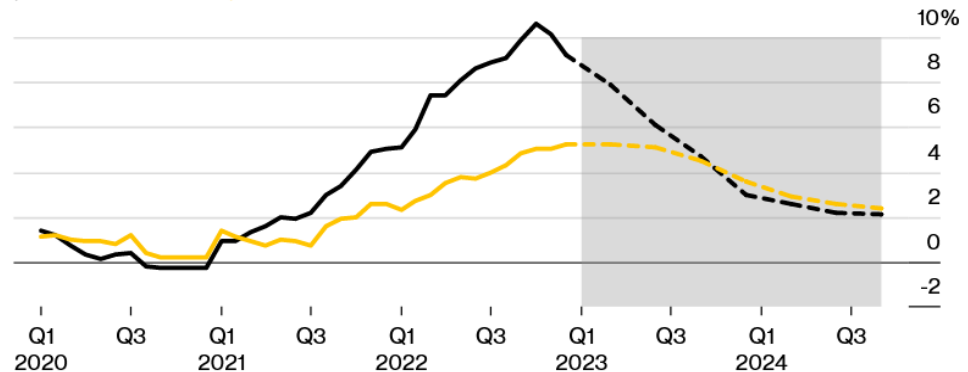
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#### [Bloomberg: Villeroy pushes back against 'overreaction' on ECB rate bets](#)

Markets may have overshot in recent days when placing bets on the peak for European Central Bank interest rates, according to Governing Council member Francois Villeroy de Galhau. The ECB is "in no way" obliged to raise borrowing costs at every meeting between now and September, with the deposit rate already at a level that restricts the euro-zone economy, the Bank of France Governor told the Les Echos newspaper.

**Core Inflation Is Forecast to Peak This Quarter**

/ Headline inflation
 / Core inflation
  Forecast



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### **Bloomberg: France to tighten oversight of tax evasion and welfare fraud**

France plans to clamp down harder on tax evasion and social security fraud, after recovering a record €14.6 billion (\$15.5 billion) from fiscal irregularities last year, Budget Minister Gabriel Attal said Thursday. The government collected €9 billion from companies in 2022, with the most egregious cases stemming from firms that underreported tax benefits or revenues, Attal said in an interview with Le Parisien newspaper.

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### **BBC: Russia's economy shrinks by less than expected**

Russia's economy shrank last year by less than had been expected given its invasion of Ukraine, figures suggest. The economy contracted by 2.1%, according to the country's statistics agency, but this was less than an earlier prediction of a 12% fall. While questions have been raised about the reliability of the data, many commentators have been surprised at the Russian economy's resilience. High oil prices and military spending have helped to support the economy.

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### Special Analysis

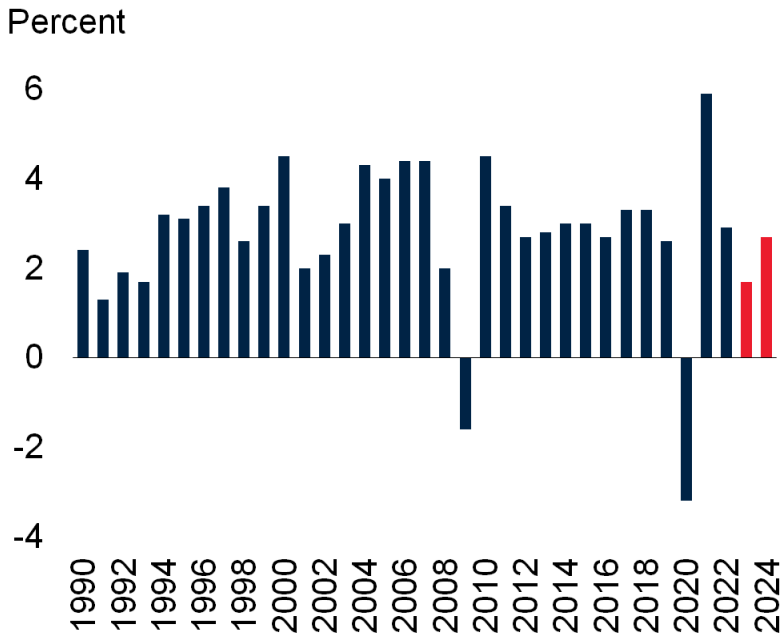
#### World Bank: Global Economic Prospects

Global growth is projected to decelerate sharply, reflecting synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine. Investment growth in emerging market and developing economies (EMDEs) is expected to remain below its average rate of the past two decades. Further adverse shocks could push the global economy into recession. Small states are especially vulnerable to such shocks because of the reliance on external trade and financing, limited economic diversification, elevated debt, and susceptibility to natural disasters. Against this backdrop, it is critical that EMDE policy makers ensure that any fiscal support is focused on vulnerable groups, that inflation expectations remain well anchored, and that financial systems continue to be resilient. Urgent global and national efforts are also needed to mitigate the risks of global recession and debt distress in EMDEs, and to support a major increase in EMDE investment.

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**Figure 1.1.C. Global growth**



Source: World Bank.

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### Developments in Financial and Commodity Markets in the Past Week

#### [Reuters: Oil drops 3% as high inflation risks stoke demand worries](#)

Oil prices fell by \$2 per barrel to their lowest in two weeks on Wednesday, as investors became more concerned that recent data will prompt more aggressive interest rate increases by central banks, pressuring economic growth and fuel demand. Brent crude futures settled \$2.45, or 3%, lower at \$80.60 per barrel. West Texas Intermediate crude futures (WTI) dropped \$2.41, or 3%, to end at \$74.05 a barrel.

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#### [CNBC: European stocks close lower as markets await latest Fed minutes](#)

European markets were lower on Wednesday, as investors gauge the global economic outlook and await the minutes from the U.S. Federal Reserve's latest monetary policy meeting. The pan-European Stoxx 600 index closed 0.3% lower, with most sectors recording declines. Mining stocks dropped 2.1% and banks fell 1.6%, while media stocks gained 1.4%.

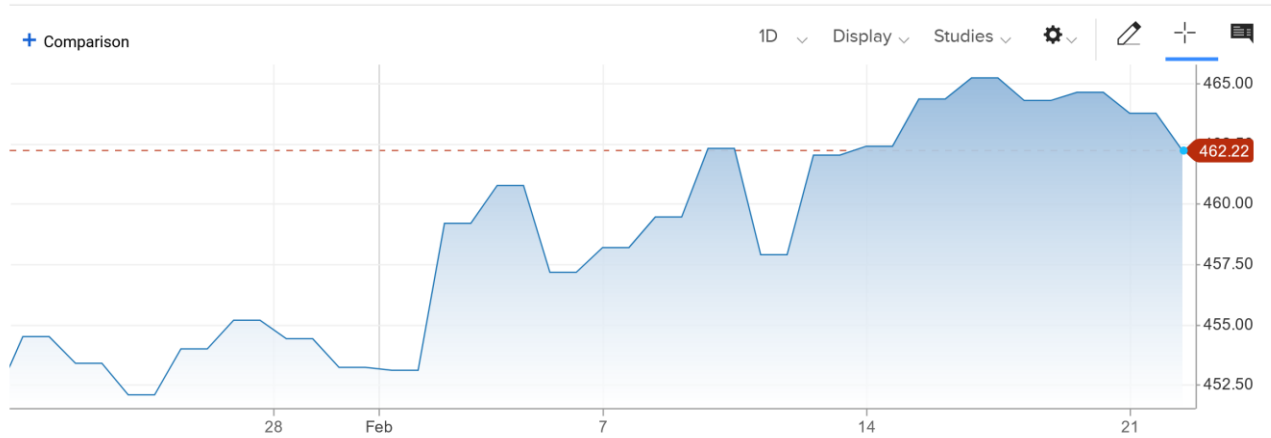
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