



The global economy may be entering a new phase as the year draws to a close. New data suggest some of the uncertainty that has characterized much of 2013 appears to be lifting as a new year begins, though economists are cautious. Despite steady improvement, U.S. unemployment remains high, Europe's debt crisis is far from over, and China's economy continues to slow.

As the year ends, more people are finding work in the United States, the economy is growing at the fastest pace in two years and Congress has a new budget that effectively removes the threat of another costly government shutdown.

Barring another political standoff, small business advocate John Arensmeyer sees an improved business climate in 2014. "Could be a better year than 2013, particularly if we don't see the type of shenanigans we saw with the shutdown."

Across the Pacific, China's economy has slowed after decades of double-digit expansion. But even with a relatively modest outlook of seven percent growth, international economist Uri Dadush said China continues to exert strong economic influence in the region. "It's going to be somewhat slower going forward over the next year or two, but still sufficient to pull a large number of countries along," said Dadush.

But while improving demand is likely to benefit countries from Cambodia to Japan, European economies remain weak. The European Commission says growth will slow in the 18 nations that use the euro - with unemployment likely to inch higher in the new year. Despite recent banking reforms, Dadush said tough austerity measures in countries that received bailouts continue to weigh on Europe's economy. "Italy's in deep trouble, and it's going to take some years even for the Spains and the Portugals and the Irish to come out of the mess," said Dadush.

Lingering questions also remain about the international impact of the U.S. central bank's decision to scale back monetary stimulus. With prices of raw materials likely to fall next year, economists say commodity-dependent countries could see their revenues fall. "That includes Brazil, but it also includes Turkey, it includes Hungary, it may include Indonesia, that is also commodity-dependent by the way," said Dadush. In the Middle East, some of the Arab Spring countries, which remain politically unstable, are expected to experience economic difficulties in 2014.

Pinfan Hong, chief of global economic monitoring at the United Nations, said, "Nevertheless, we believe some improvements are building the momentum for next year. So we expect the world economy to grow by about three percent for 2014."

2014 also bodes well for Africa. After expanding at an annual pace of 4.8 percent in 2013, the African Development Bank projects growth to accelerate to 5.3 percent, bolstered by strong growth in the service sector and increased agricultural and mining activity.

Economy of the United States

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 4.1 percent in the third quarter of 2013 (that is, from the second quarter to the third quarter), according to the "third" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP

increased 2.5 percent.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 1.8 percent in the third quarter, the same increase as in the second estimate; this index increased 0.2 percent in the second quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.5 percent in the third quarter, compared with an increase of 0.8 percent in the second.

Real personal consumption expenditures increased 2.0 percent in the third quarter, compared with an increase of 1.8 percent in the second. Durable goods increased 7.9 percent, compared with an increase of 6.2 percent. Nondurable goods increased 2.9 percent, compared with an increase of 1.6 percent. Services increased 0.7 percent, compared with an increase of 1.2 percent.

Real exports of goods and services increased 3.9 percent in the third quarter, compared with an increase of 8.0 percent in the second. Real imports of goods and services increased 2.4 percent, compared with an increase of 6.9 percent.

The change in real private inventories added 1.67 percentage points to the third-quarter change in real GDP, after adding 0.41 percentage point to the second-quarter change. Private businesses increased inventories \$115.7 billion in the third quarter, following increases of \$56.6 billion in the second quarter and \$42.2 billion in the first.

Industrial production increased 1.1 percent in November after having edged up 0.1 percent in October; output was previously reported to have declined 0.1 percent in October. The gain in November was the largest since November 2012, when production rose 1.3 percent. Manufacturing output increased 0.6 percent in November for its fourth consecutive monthly gain. Production at mines advanced 1.7 percent to more than reverse a decline of 1.5 percent in October. The index for utilities was up 3.9 percent in November, as colder-than-average temperatures boosted demand for heating.

At 101.3 percent of its 2007 average, total industrial production was 3.2 percent above its year-earlier level. In November, industrial production surpassed for the first time its pre-recession peak of December 2007 and was 21 percent above its trough of June 2009. Capacity utilization for the industrial sector increased 0.8 percentage point in November to 79.0 percent, a rate 1.2 percentage points below its long-run (1972-2012) average.

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total October exports of \$192.7 billion and imports of \$233.3 billion resulted in a goods and services deficit of \$40.6 billion, down from \$43.0 billion in September, revised. October exports were \$3.4 billion more than September exports of \$189.3 billion. October imports were \$1.0 billion more than September imports of \$232.3 billion.

In October, the goods deficit decreased \$2.2 billion from September to \$60.2 billion, and the services surplus increased \$0.1 billion from September to \$19.6 billion. Exports of goods increased \$3.0 billion to \$135.3 billion, and imports of goods increased \$0.8 billion to \$195.5 billion. Exports of services increased \$0.4 billion to \$57.4 billion, and imports of services increased \$0.3 billion to \$37.8 billion. The goods and services deficit decreased \$2.0 billion from October 2012 to October 2013. Exports were up \$10.0 billion, or 5.5 percent, and imports were up \$8.0 billion, or 3.6 percent.

The Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in November on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 1.2 percent before seasonal adjustment.

The energy index declined in November, offsetting increases in other indexes to result in the

seasonally adjusted all items index being unchanged. The indexes for gasoline and for natural gas fell significantly, more than offsetting increases in the electricity and fuel oil indexes. The food index rose slightly in November, with the food at home index unchanged.

The index for all items less food and energy rose 0.2 percent in November. Increases in the indexes for shelter and airline fares accounted for most of the increase, with the indexes for recreation and for used cars and trucks also rising. The indexes for apparel, for household furnishings and operations, and for new vehicles all declined in November.

The all items index increased 1.2 percent over the last 12 months, a larger increase than the 1.0 percent rise for the 12 months ending October. The 12-month increase in the index for all items less food and energy remained at 1.7 percent for the third month in a row. The food index increased 1.2 percent over the last 12 months, while the energy index declined 2.4 percent.

The unemployment rate declined from 7.3 percent to 7.0 percent in November, and total nonfarm payroll employment rose by 203,000, the U.S. Bureau of Labor Statistics reported. Both the number of unemployed persons, at 10.9 million, and the unemployment rate, at 7.0 percent, declined in November. Among the unemployed, the number who reported being on temporary layoff decreased by 377,000. This largely reflects the return to work of federal employees who were furloughed in October due to the partial government shutdown.

Among the major worker groups, the unemployment rates for adult men (6.7 percent), adult women (6.2 percent), teenagers (20.8 percent), whites (6.2 percent), blacks (12.5 percent), and Hispanics (8.7 percent) changed little in November. The jobless rate for Asians was 5.3 percent (not seasonally adjusted), little changed from a year earlier.

Economy of the European Union

GDP rose by 0.1% in the euro area (EA17) and by 0.2% in the EU28 during the third quarter of 2013, compared with the previous quarter, according to second estimates published by Eurostat, the statistical office of the European Union. In the second quarter of 2013, growth rates were +0.3% and +0.4% respectively.

Compared with the same quarter of the previous year, seasonally adjusted GDP fell by 0.4% in the euro area and rose by 0.1% in the EU28 in the third quarter of 2013, after -0.6% and -0.1% respectively in the previous quarter.

Among Member States for which data are available for the third quarter of 2013, Romania (+1.6%) and Latvia (+1.2%) recorded the highest growth compared with the previous quarter, followed by Hungary and the United Kingdom (both +0.8%). Cyprus (-0.8%), the Czech Republic (-0.5%), France and Italy (both -0.1%) registered decreases.

During the third quarter of 2013, household final consumption expenditure rose by 0.1% in the euro area and by 0.2% in the EU28 (after +0.2% in both zones in the previous quarter). Gross fixed capital formation increased by 0.4% in the euro area and by 0.6% in the EU28 (after +0.2% and +0.3% respectively). Exports rose by 0.2% in the euro area and remained stable in the EU28 (after +2.1% in both zones). Imports increased by 1.0% in the euro area and by 0.9% in the EU28 (after +1.6% and +1.5%).

In the euro area, household final consumption expenditure had a neutral contribution to GDP growth while in the EU28 it contributed positively (+0.1 percentage points). The contribution of gross fixed capital formation was positive in both zones (+0.1 pp). The positive contribution of changes in inventories (+0.3 pp in the euro area and +0.4 pp in the EU28) was offset by the negative contribution of external trade (-0.3 pp and -0.4 pp respectively).

In October 2013 compared with September 2013, seasonally adjusted industrial production fell by 1.1% in the euro area (EA17) and by 0.7% in the EU28, according to estimates from Eurostat. In September industrial production decreased by 0.2% in the euro area and rose by 0.1% in the EU28. In October 2013 compared with October 2012, industrial production increased by 0.2% in the euro area and by 0.8% in the EU28.

In October 2013 compared with September 2013, production of energy fell by 4.0% in the euro area and by 2.7% in the EU28. Durable consumer goods decreased by 2.4% and 1.5% respectively. Capital goods dropped by 1.3% in the euro area and by 0.9% in the EU28. Non-durable consumer goods declined by 0.9% and 0.8% respectively. Intermediate goods increased by 0.4% in the euro area and by 0.5% in the EU28.

Among the Member States for which data are available, industrial production fell in twelve and rose in eleven. The largest decreases were registered in Ireland (-11.6%), Malta (-7.4%), the Netherlands (-3.5%) and Sweden (-1.4%), and the highest increases in Lithuania (+2.2%), Denmark (+1.8%), the Czech Republic and Romania (both +1.7%).

In October 2013 compared with October 2012, production of intermediate goods grew by 1.6% in the euro area and by 2.0% in the EU28. Capital goods rose by 1.2% and 2.1% respectively. Non-durable consumer goods dropped by 0.6% in the euro area and by 0.2% in the EU28. Energy decreased by 3.4% and 2.9% respectively. Durable consumer goods fell by 5.4% in the euro area and by 4.1% in the EU28.

Among the Member States for which data are available, industrial production rose in twelve and fell in eleven. The highest increases were registered in Romania (+10.2%), Estonia (+6.9%), Hungary (+6.1%) and the Czech Republic (+6.0%), and the largest decreases in Malta (-13.9%), Ireland (-7.5%), Sweden (-6.5%) and Greece (-5.3%).

The first estimate for the euro area (EA17) trade in goods balance with the rest of the world in October 2013 gave a 17.2 billion euro surplus, compared with +9.6 bn in October 2012. The September 2013 balance was +10.9 bn, compared with +8.6 bn in September 2012. In October 2013 compared with September 2013, seasonally adjusted exports rose by 0.2% while imports fell by 1.2%. These data are released by Eurostat.

The first estimate for the October 2013 extra-EU28 trade balance was a 4.3 bn euro surplus, compared with -10.2 bn in October 2012. In September 2013 the balance was -0.7 bn, compared with -14.7 bn in September 2012. In October 2013 compared with September 2013, seasonally adjusted exports rose by 0.5% while imports fell by 0.8%. Euro area annual inflation was 0.9% in November 2013, up from 0.7% in October. A year earlier the rate was 2.2%. Monthly inflation was -0.1% in November 2013. European Union annual inflation was 1.0% in November 2013, up from 0.9% in October. A year earlier the rate was 2.4%. Monthly inflation was -0.1% in November 2013. These figures come from Eurostat.

In November 2013, the lowest annual rates were observed in Greece (-2.9%), Bulgaria (-1.0%) and Cyprus (-0.8%), and the highest in Estonia (2.1%), Finland (1.8%) and Germany (1.6%). Compared with October 2013, annual inflation fell in eleven Member States, remained stable in three and rose in thirteen. The lowest 12-month average rates up to November 2013 were registered in Greece (-0.7%), Latvia (0.2%) and Sweden (0.5%), and the highest in Romania (3.5%), Estonia (3.4%), Croatia and the Netherlands (both 2.7%).

The largest upward impacts to euro area annual inflation came from electricity (+0.11 percentage points), accommodation services (+0.09) and tobacco (+0.08), while fuels for transport (-0.23), telecommunications (-0.14) and heating oil (-0.07) had the biggest downward impacts. **Economy of Japan**

Japan's economy grew 0.3 percent in the third quarter from the previous one, revised down from a preliminary estimate of 0.5 percent, official data showed. On an annualized basis, Japan's economy grew 1.1 percent, down from an initial reading of 1.9 percent. The data highlights that the recovery in the world's third largest economy is not yet on solid ground. The new reading was worse than economists' forecast for a downward revision to 1.5%, and compared with a 3.6% expansion in the previous quarter.

The latest quarter's performance is a sharp slowdown from the first half of the year, when Japan's economy grew around 4% per quarter, outperforming the U.S. and other developed economies. The Cabinet Office said inventories had a lower impact than previously estimated, adding only 0.7 percentage point to annualized quarterly growth, half the pre-revised figure.

Japan's industrial production inched up a seasonally adjusted 0.1 per cent in November from the previous month for the third consecutive month of rise, the Government said. The figure, which was slightly below the 0.3-per-cent rise predicted by analysts polled by the Nikkei business daily, followed a 1.0-per-cent increase in October.

The Ministry of Economy, Trade and Industry maintained its basic assessment, saying "industrial production continues to show an upward movement". The index of production at factories and mines stood at 99.4 against a baseline of 100 for 2005, the Ministry said.

Chemicals, transport equipment, and information electronics equipment industries contributed to the bulk of the rise in November, it said. Manufacturers surveyed by the Ministry expected industrial output to rise 2.8 per cent in December and jump 4.6 per cent in January.

Japan reported the biggest November trade deficit on record as imports climbed 21.1 percent from a year earlier, supported by demand ahead of a sales-tax increase in April. The shortfall of 1.29 trillion yen (\$12.6 billion) reported by the Ministry of Finance in Tokyo compared with the 1.35 trillion yen median estimate in a Bloomberg News survey of 32 economists. Exports climbed 18.4 percent, as shipments to China bounced back from a year earlier.

A record run of monthly deficits shows the cost of the yen's slide against the dollar and the extra energy imports needed because of the nuclear industry shutdown that followed a disaster in 2011. The government is trying to sustain momentum in the world's third-biggest economy as analysts forecast a one-quarter contraction in April-to-June next year, when the tax increases.

Exports to China increased 33.1 percent from a year earlier when the two nations were embroiled in a spat over islands in the East China Sea. Shipments to the U.S. rose 21.2 percent, while those to the European Union climbed 19.4 percent. Imports of petroleum and liquefied natural gas climbed 34.9 percent and 37.4 percent, respectively, from a year earlier, while shipments to Japan of electrical machinery gained 22.6 percent.

Japan's core consumer-price index rose 1.2 percent in November from a year earlier, the highest pace in five years and a sign the country is on a steady path toward shaking off its deflationary malaise. The increase in core CPI was the highest since October 2008 when the core consumer prices logged a 1.9 percent rise and greater than the 1.1 percent expected by economists. It marked the sixth straight month of gains after prices rose 0.9 percent in October.

Japan's core CPI excludes prices of fresh food, which are often volatile, but includes energy costs. Consumer prices excluding foods and energy increased 0.6 percent for the second straight monthly rise, posting the biggest gain since August 1998.

Contributors to the rise include gasoline prices, which surged 8.7 percent, and electricity prices that grew 8.2 percent. Prices of some durable goods rose as those of televisions increased 0.1

percent and laptop computers surged 12.2 percent, a ministry official said. Among household durable goods, prices of air conditioners rose 5.3 percent, while price declines in refrigerators and electric rice cookers narrowed, the official said. Prices of overseas package tours jumped 14.6 percent due partly to the effects of a weakening yen.

The unemployment rate in Japan came in at a seasonally adjusted 4.0% in November, the Ministry of Internal Affairs and Communications said - unchanged from the previous month but missing forecasts for 3.9%. The job-to-applicant ratio was 1.00, topping expectations for 0.99 and up from 0.98 in October.

The total number of employed persons in November was 63.71 million, an increase of 740,000 or 1.2% on year. The total number of unemployed persons in November was 2.49 million, a decrease of 110,000. **Economy of Russia**

Russian gross domestic product (GDP) increased by 1.4 percent in the first ten months of 2013 year-on-year, Economy Minister Alexei Ulyukayev said, adding that he expects annual growth of 1.5 percent. The January-October figure is slightly lower than an estimate of 1.5 percent that Ulyukayev gave earlier this week. He said that he had been misinterpreted and that that estimate had been for the full year. Russian GDP grew 1.2% year-on-year in Q3 the same rate as in Q2, as investment activity remained depressed and export was buoyant.

Growth at 1.5 percent in 2013 would be below an official forecast of 1.8 percent, which had already been revised down. Russian capital investments and industrial output fell in October, marking a disappointing start to the final quarter for an economy growing at its slowest pace in four years.

Industrial production declined by 1% y/y and by 0.4% m/m in November, the data by Rosstat shows. Since a decline of 1.4% y/y seen in May, the growth of the indicator was close to zero. November's 1% y/y decline is worse than the expectations by the Economic Ministry that counted on industry's recovery towards the end of the year. However, Economic Ministry's forecast for this year is still very moderate: 0.1% industrial output growth in 2013 recently revised from 0.7% y/y.

In Jan-Nov overall, industrial production remained stagnant at -0.1% y/y vs. 2.7% y/y growth seen for the same period of last year. According to the previous report, in Q3 industrial output was down by 0.1% y/y vs. 2.5% y/y growth for the same quarter of last year. In Jan-Nov, only extraction industries posted growth of 1.2% y/y (picking up slightly from 1% y/y in H1/12). Manufacturing and utilities industries contracted by 0.6% y/y and 0.7% y/y respectively. Oil extraction gained 0.7% y/y, natural gas extraction went up by 2.4% y/y, and coal mining declined by 3% y/y in Jan-Nov.

Russia's trade surplus decreased by 8.8 percent in the first ten months of the year upon the same period in 2012 and totaled 147 billion U.S. dollars, the Russian Economic Development Ministry says in its regular survey.

In January-October 2013, Russia's export of goods was estimated at 426.8 billion U.S. dollars, which was 1.8 percent smaller than in the same period of 2012. In October, export of goods amounted to 44.0 billion U.S. dollars, which was 5.5 percent smaller than in October 2012 and 1.2 percent smaller than in September 2013.

In the first ten months, Russia's import of goods went up by 2.4 percent versus the same period of the preceding year and was estimated at 279.8 billion U.S. dollars, the document says. In October, the country's imports stood at 30.6 billion U.S. dollars, which was a drop of 4.8 percent upon October 2012, but a 6.2 percent increase upon September 2013.

Russia's unemployment rate fell to 5.4% in November on a not seasonally adjusted basis,

after climbing for the previous two months. The number of people out of work was unchanged at 4.1 million. The unemployment rate in Russia remains low despite the economy being nearly stagnated. Given the government's promise to relax the pressure it puts on companies to keep workers on their payrolls and the muted economic outlook for 2014, the unemployment rate will likely rise in coming months.

Inflation in Russia was 0.5% in December 2013 following 0.6% in November, 0.6% in October, 0.2% in September, 0.1% in August, 0.8% in July, 0.4% in June, 0.7% in May, 0.5% in April, 0.3% in March, 0.6% in February and 1.0% in January, the Federal State Statistics Service (Rosstat) said.

Annualized December 2013 inflation was 6.5% unchanged from the previous month. In October annualized inflation was 6.3%, in September 6.1%, in August 6.5%, also 6.5% in July, 6.9% in June, 7.4% in May, 7.2% in April, 7.0% in March, 7.3% in February, 7.1% in January, and 6.6% last December. Prices rose 6.5% in January-December 2013. www.ereport.ru

crisismir.com