The UK has edged up the global rankings in a major annual survey by the World Economic Forum (WEF). Its Global Competitiveness Report sees the UK rise one spot to ninth on the list, while Switzerland and Singapore retain first and second place. The US improved its competitiveness position for the second consecutive year, climbing two places to third.

But the WEF warns that the global economy`s health is at risk, despite years of monetary stimulus and reforms. Each year, the WEF, best known for its annual Davos economic meeting, benchmarks countries against 12 factors, including infrastructure, education and training, labour market efficiency, technological readiness and innovation. The aim is to produce a comparative picture of what is driving competitiveness, productivity, and prosperity in 144 countries.

The UK wins plaudits for adopting technology to enhance productivity, and for its general business environment. Finland (4th) and Germany (5th) both drop one place. Among emerging market economies, Saudi Arabia (24th), Turkey (45th), South Africa (56th), Brazil (57th), and India (71st) all fell in the rankings. But China (28th) rose one position.

The report said that that top-ranked countries had common factors driving competitiveness. "The leading economies in the index all possess a track record in developing, accessing and utilizing available talent, as well as in making investments that boost innovation. "These smart and targeted investments have been possible thanks to a coordinated approach based on strong collaboration between the public and private sectors," the report said.

In Europe, the report warns of a widening split between countries in the South and North. "While the divide between a highly competitive North and a lagging South and East persists, a new outlook on the European competitiveness divide, between countries implementing reforms and those that are not, can now also be observed," the WEF said.

The report also sounds a warning that the health of the global economy is at risk, despite years of what the WEF calls "bold monetary policy". It saw "uneven implementation of structural reforms across different regions and levels of development as the biggest challenge to sustaining global growth".

Klaus Schwab, founder and executive chairman of the WEF, added: "The strained global geopolitical situation, the rise of income inequality, and the potential tightening of the financial conditions could put the still tentative recovery at risk and call for structural reforms to ensure more sustainable and inclusive growth."

Russia has reached the 53rd place against the 64th place out of 144 countries in the global competitiveness rating of the World Economic Forum (WEF), but repercussions of the situation in Ukraine may worsen the country`s rank. The jump is attributed to some improvements linked with efficiency of the local market of goods and services, exploitation of information and communications technologies and separate competitiveness of local companies, according to the report.

Russia`s economy has been experiencing a great number of deep-rooted problems that must be solved to raise the country`s competitiveness. Among the most serious problems, the forum`s senior economist Benat Bilbao-Osorio highlighted the existence of monopolies and oligopolies, which prevents other companies from entering the market, and insufficient investments into innovative development.

The Ukrainian conflict may have considerable negative influence on the level of competitiveness of both economies of Russia and Ukraine due to their size and importance, Bilbao-Osorio said, commenting on the report. Ukraine was ranked 76th, up from 68th.
Economy of the United States

The United Stated grew at a 4.2% annual pace in the second quarter - a touch faster than previously estimated - as businesses ramped up investment on buildings and equipment and consumers spent more after huddling inside during the winter. Initially, the government reported last month that gross domestic product expanded at a seasonally adjusted 4% clip from April to June. The rebound in growth during the spring eased any lingering concerns after a stunning 2.1% decline in the first quarter, one of the rare times the economy has contracted in the middle of a prolonged expansion.

Consumer spending, the main driver of U.S. economic activity, led the way as usual. Outlays rose by an unrevised 2.5% in the second quarter after a tepid 1.2% gain in the first three months of the year. Households were aided by a 4.2% rise in inflation-adjusted income after taxes, the biggest increase in almost two years. Companies increased investment in structures such as office buildings by 9.4% instead of a prior estimate of 5.3%. And they boosted spending on equipment by 10.7%, rather than 7%. Corporate profits jumped an estimated 8% in the second quarter after declining by 9.4% in the first quarter. The rise in exports was revised up to 10.1% from 9.5% and the increase in imports was trimmed to 11% from 11.7%. Inflation as measured by the PCE index rose at a 2.3% annual rate compared to a 1.4% increase in the first quarter.

Economists polled by MarketWatch predict the U.S. will grow at a 3.1% pace in the third quarter.

The Fed said industrial production climbed by 0.4 percent in July, matching the upwardly revised increase reported for June. Economists had expected production to rise by 0.3 percent compared to the 0.2 percent uptick originally reported for the previous month. The bigger than expected increase in production was largely due to the jump in manufacturing output, which surged up by 1.0 percent in July after climbing by an upwardly revised 0.3 percent in June.

The Fed said the production of motor vehicles and parts soared by 10.1 percent, while output in the rest of the manufacturing sector rose by 0.4 percent. Mining output also rose for the ninth consecutive month, climbing by 0.3 percent in July after jumping by 1.3 percent in the previous month. On the other hand, the report also showed a sharp drop in utilities output, which plunged by 3.4 percent in July after falling by 0.7 percent in June.

Meanwhile, the report said capacity utilization for total industry edged up to 79.2 percent in July from 79.1 percent in June. Capacity utilization in the manufacturing sector climbed to 77.8 percent in July from 77.2 percent in June, while capacity utilization in the mining and utilities sectors fell to 89.4 percent and 75.9 percent, respectively.

The U.S. trade deficit shrank 7% in June, largely because imports of petroleum fell to the lowest level since late 2010. The trade gap fell to a seasonally adjusted $41.5 billion in June from a slightly revised $44.7 billion in May, the Commerce Department said. Economists surveyed by MarketWatch had forecast a deficit of $45 billion.

Imports fell 1.2% in June - the biggest drop in a year - to $237.4 billion. The largest decline occurred in petroleum used to make products other than gasoline. U.S. exports, meanwhile, edged up 0.1% to $195.9 billion. The average three-month trade deficit totaled $44.4 billion in June compared to $44.6 billion in April. In the first six months of 2014, the U.S. trade deficit totaled $371.6 billion. That`s up 4.8% from $354.6 billion in the first six months of 2013.

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in July on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported. The all items index posted its smallest seasonally adjusted increase since February; the indexes for shelter and food rose, but were partially offset by declines in the energy index and the index for airline fares. The food index rose 0.4 percent in July, with the food at home index also rising 0.4 percent after being unchanged in June. The decrease in the energy index was its first since March and featured declines in the indexes of all the major energy components.

The index for all items less food and energy increased 0.1 percent in July, the same increase as in June. Along with the shelter index, the indexes for medical care, new vehicles, personal care, and apparel all increased in July. Along with the index for airline fares, the indexes for recreation, for used cars and trucks, for household furnishings and operations, and for tobacco all declined in July.

The all items index increased 2.0 percent over the last 12 months, a slight decline from the 2.1 percent figure for the 12 months ending June. The index for all items less food and energy rose 1.9 percent over the last 12 months, the same figure as for the 12 months ending June. The energy index has increased 2.6 percent, and the food index has risen 2.5 percent over the span.

Total nonfarm payroll employment increased by 209,000 in July, and the unemployment rate was little changed at 6.2 percent, the U.S. Bureau of Labor Statistics reported. Job gains occurred in professional and business services, manufacturing, retail trade, and construction. Over the past 12 months, the unemployment rate and the number of unemployed persons have declined by 1.1 percentage points and 1.7 million, respectively.

Among the major worker groups, the unemployment rate for adult women increased to 5.7 percent and the rate for blacks edged up to 11.4 percent in July, following declines for both groups in the prior month. The rates for adult men (5.7 percent), teenagers (20.2 percent), whites (5.3 percent), and Hispanics (7.8 percent) showed little or no change in July. The jobless rate for Asians was 4.5 percent (not seasonally adjusted), little changed from a year earlier.
Economy of the European Union

Seasonally adjusted GDP remained stable in the euro area (EA18) and rose by 0.2% in the EU28 during the second quarter of 2014, compared with the previous quarter, according to flash estimates published by Eurostat, the statistical office of the European Union. In the first quarter of 2014, GDP grew by 0.2% in the euro area and by 0.3% in the EU28.

Compared with the same quarter of the previous year, seasonally adjusted GDP rose by 0.7% in the euro area and by 1.2% in the EU28 in the second quarter of 2014, after +0.9% and +1.4% respectively in the previous quarter.

In June 2014 compared with May 2014, seasonally adjusted industrial production fell by 0.3% in the euro area (EA18) and by 0.1% in the EU28, according to estimates from Eurostat. In May 2014 industrial production decreased by 1.1% in both zones. In June 2014 compared with June 2013, industrial production remained stable in the euro area and rose by 0.7% in the EU28.

The decrease of 0.3% in industrial production in the euro area in June 2014, compared with May 2014, is due to production of non-durable consumer goods falling by 1.9% and energy by 0.7%. Capital goods remained stable, while intermediate goods rose by 0.4% and durable consumer goods by 2.3%. In the EU28, the decrease of 0.1% is due to non-durable consumer goods falling by 1.4% and energy by 0.6%, while capital goods increased by 0.2%, intermediate goods by 0.4% and durable consumer goods by 1.8%. The largest decreases in industrial production were registered in Ireland (-16.5%), the Netherlands (-3.0%) and Lithuania (-2.7%), and the highest increases in Malta (+5.2%), Denmark (+2.4%) and Hungary (+1.8%).

The stable industrial production in the euro area in June 2014, compared with June 2013, is due to production of non-durable consumer goods rising by 1.7% and intermediate goods by 0.2%, while capital goods fell by 0.1%, durable consumer goods by 1.8% and energy by 3.4%. In the EU28, the increase of 0.7% is due to production of non-durable consumer goods rising by 1.5%, intermediate goods by 1.1% and capital goods by 0.8%, while durable consumer goods fell by 0.4% and energy by 2.9%. The highest increases in industrial production were registered in Hungary (+11.3%), Romania (+9.9%) and Slovakia (+7.5%), and the largest decreases in Greece (-6.9%), Malta (-3.8%) and Latvia (-2.0%).

The first estimate for the euro area (EA18) trade in goods balance with the rest of the world in

June 2014 gave a €16.8 billion surplus, compared with +€15.7 bn in June 2013. The May 2014 balance was +€15.4 bn, compared with +€14.6 bn in May 2013. In June 2014 compared with May 2014, seasonally adjusted exports fell by 0.5% while imports rose by 0.5%. These data are released by Eurostat.

The first estimate for the June 2014 extra-EU28 trade balance was a €2.9 bn surplus, compared with +€8.6 bn in June 2013. In May 2014 the balance was +€0.5 bn, compared with +€15.0 bn in May 2013. In June 2014 compared with May 2014, seasonally adjusted exports fell by 0.3% and imports by 0.1%.

Euro area annual inflation is expected to be 0.3% in August 2014, down from 0.4% in July, according to a flash estimate from Eurostat. Looking at the main components of euro area inflation, services is expected to have the highest annual rate in August (1.2%, compared with 1.3% in July), followed by non-energy industrial goods (0.3%, compared with 0.0% in July), food, alcohol & tobacco (-0.3%, stable compared with July) and energy (-2.0%, compared with -1.0% in July).

The euro area (EA18) seasonally-adjusted unemployment rate was 11.5% in July 2014, stable compared with June 2014, but down from 11.9% in July 2013. The EU28 unemployment rate was 10.2% in July 2014, also stable compared with June 2014, but down from 10.9% in July 2013. These figures are published by Eurostat.

Eurostat estimates that 24.850 million men and women in the EU28, of whom 18.409 million were in the euro area, were unemployed in July 2014. Compared with June 2014, the number of persons unemployed decreased by 41 000 in the EU28 and remained nearly stable in the euro area. Compared with July 2013, unemployment fell by 1.634 million in the EU28 and by 725 000 in the euro area.

Economy of Japan

A sales tax hike last quarter drove Japan`s economy into its biggest contraction since the March 2011 earthquake and tsunami, Cabinet Office data showed, keeping policymakers under pressure to expand fiscal and monetary stimulus should recovery falter again. The April 1 sales tax hike took a heavy toll on household spending, shrinking the world`s third-largest economy by an annualized 6.8 percent from April through June, and wiping out growth of 6.1 percent seen in January-March as consumers went on a shopping spree to avoid the higher tax. The median market forecast was for a 7.1 percent drop. On a quarter-to-quarter basis, Japan`s economy shrank 1.7 percent in the second quarter, less than a median forecast for a 1.8 percent fall.

Industrial output in Japan was up 0.2 percent on month in July, the Ministry of Economy, Trade and Industry said. That was well shy of forecasts for a gain of 1.0 percent following the 3.4 percent decline in June. On a yearly basis, industrial production fell 0.9 percent - also missing expectations for a fall of 0.1 percent following the 3.1 percent jump in the previous month. Upon the release of the data, the METI maintained its assessment of output, saying that industrial production has weakened.

Japan`s trade deficit rose in July from the month before to a wider than expected 964 billion yen ($9.4 billion), though exports were higher for the first time in three months, the government said. It was the 25th straight monthly trade deficit for the world`s third-largest economy, due mainly to an increase in imports of oil and gas to compensate for idled nuclear reactors following meltdowns at the Fukushima Dai-Ichi nuclear power plant in 2011.

Exports rose 3.9 percent from a year earlier to 6.19 trillion yen ($60.2 billion), slightly outpacing a 2.3 percent increase in imports, to 7.15 trillion yen ($69.5 billion). Japan recorded an 822 billion yen deficit in June. Adjusted for seasonal factors, the trade deficit was 1.02 trillion yen ($9.9 billion), down slightly from 1.08 trillion yen a year earlier.

Japan National Consumer Price Index fell from previous 3.6 percent to 3.4 percent in July. The core consumer price index in July rose 3.3 percent from a year earlier, up for the 14th straight month, the Internal Affairs and Communications Ministry said.

Excluding the direct impact of the April 1 consumption tax hike, the core index, which excludes often volatile fresh food prices, rose 1.3 percent in July from a year before, unchanged from June, according to an estimate given by the Bank of Japan.

Japanese consumer prices are seen staying on a moderate uptrend owing to planned rises in dairy product prices and automobile insurance premiums, even though energy prices are unlikely to go up because of a waning impact of the yen`s weakness, a ministry official said.

The unemployment rate in Japan was a seasonally adjusted 3.8 percent in July, the Ministry of Internal Affairs and Communications said. That missed expectations for 3.7 percent, which would have been unchanged from the June reading. The job-to-applicant ratio was 1.10, matching forecasts and unchanged. The participation rate was 59.6, down from 59.9 in the previous month. The number of employed persons in July was 63.57 million, an increase of 460,000 or 0.7 percent on year. The number of unemployed persons in July was 2.48 million, a decrease of 70,000 or 2.7 percent on year.
Economy of Russia

Russia`s gross domestic product (GDP) increased by 0.8 percent between April and June, compared to the same period last year, according to a preliminary estimate by Russian statistics bureau Rosstat. The growth is enough to escape falling into a technical recession (two consecutive quarters of contracted growth) but still disappoints the Ministry of Economic Development`s baseline estimate that the Russian economy would grow by 1.1 percent in the second quarter. In the first quarter of 2014, between January and March, Russia`s seasonally adjusted GDP fell by 0.5 percent.

Russia`s Ministry of Economic Development estimates that growth will be 0.5 percent in 2014. Growth for 2015 is slated at a 1 percent increase. Sberbank, Russia`s largest bank, estimates that sanctions will reduce the country`s GDP by 1 percent in 2014.

Russia`s industrial output may grow by up to 2% this year, exceeding expectations, the minister of industry and trade said. Data showed last month that industrial production grew 0.4% on the year in June after expanding 2.8% in May. Monthly data showed that industrial production shrank 0.1% in June after contracting by 0.4% in May.

Russia recorded a trade surplus of $11,3 Billion in July of 2014. Russia unemployment rate remains unchanged at 4.9% in July. The inflation rate in Russia was recorded at 7.5 percent in August of 2014.

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