



VENEZUELAN CENTER FOR STUDIES ON CHINA
委内瑞拉中国问题研究中心

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REPORTS AND ECONOMIC EVENTS

ECLAC PROPOSES TO GUARANTEE AND UNIVERSALIZE CONNECTIVITY AND AFFORDABILITY TO DIGITAL TECHNOLOGIES

The Economic Commission for Latin America and the Caribbean (ECLAC) urged the guarantee and universalization of connectivity and affordability of digital technologies to face the impacts caused by the coronavirus pandemic (COVID-19) in the region.

To this end, he proposed five lines of action that include building an inclusive digital society, promoting productive transformation, promoting trust and digital security, strengthening regional digital cooperation, and moving towards a new governance model to ensure a 'Digital Welfare State' that promotes equality, protects the economic, social and labor rights of the population, guarantees the safe use of data, and generates progressive structural change.

The Executive Secretary of ECLAC, Alicia Bárcena, released at a press conference the institution's special COVID-19 Report No. 7, entitled Universalize access to digital technologies to face the effects of COVID-19, which she proposes to The countries of the region guarantee a basic basket of information and communication technologies made up of a laptop, a smartphone, a tablet and a connection plan for unconnected households, at an annual cost of less than 1% of GDP.



"The difference between the highest and lowest economic strata conditions the right to education and deepens socioeconomic inequalities.

To ensure inclusive and equitable education and promote learning opportunities throughout the educational cycle, not only connectivity and digital infrastructure must be increased, but also the digital skills of teachers and professors, as well as the adequacy of educational content. to the digital sphere ", underlined the Executive Secretary of ECLAC.

The economic recovery in the euro zone loses momentum in August.

The reactivation of the euro zone after its biggest drop in history came to a halt in August, as growth in the service industry, the largest in the bloc, almost came to a halt, according to the result of a survey published Thursday that suggests that the long road to recovery will be bumpy.

In the second quarter, the bloc's economy contracted 12.1%, according to official data. A Reuters poll conducted last month forecast a recovery in the current quarter, with growth of 8.1%, but respondents believed that a full recovery would take two years or more.

The final composite Purchasing Managers Index (PMI) compiled by IHS Markit, considered a reliable indicator of economic health, suggests that the economy is still in dire straits.



Weak German consumer confidence casts doubt on a rebound in recovery

German consumer confidence worsened heading into September, casting doubt on whether household spending in Europe's largest economy is strong enough to fuel a robust recovery from the COVID-19 crisis, according to a survey released on Monday, Friday by The GfK Institute



Ecuador will receive this year a loan for 2 billion dollars from China

The president of Ecuador, Lenín Moreno, announced on Wednesday that his country will receive a loan from China worth 2 billion dollars this year, which would add to the 6,500 million negotiated even with the International Monetary Fund (IMF). "During this year we are going to receive 2,000 million dollars also from the People's Republic of China in a bilateral loan," said the president, who considered that this step shows that "the right path was taken" regarding the management of the national debt.

When reviewing the actions of his Executive to obtain international credits, he recalled that the technical agreement reached in August with the International Monetary Fund (IMF) to access another 6.5 billion dollars. Moreno recalled that, last March, in the midst of the COVID-19 pandemic crisis, he was the subject of harsh criticism for the payment of 340 million dollars "for debt and interest without knowing that this allowed to leverage the possibility that later credits come like the ones that are coming now, with great facilities. "

In a video released by the Presidency, he indicated that with the new resources, the country will be able to "gradually catch up on pending arrears," as well as increase human development bonds by 400,000 and strengthen economic reactivation.



The OECD warns of the fiscal challenges of the countries due to the pandemic

OECD countries have taken extraordinary fiscal measures to deal with the crisis stemming from covid-19, but they will have to continue supporting economic recovery amid increasing fiscal challenges, the organization said Thursday.

In its annual report on fiscal policy, the OECD notes that governments have significantly reduced their income while having to invest an amount "never seen before" in social measures and other aid to face the consequences of the pandemic.

The report predicts that in the future, when the recovery is firm, governments will have to implement more effective policies to return to pre-crisis collection levels.

In addition, the OECD recommends that all countries reach a global agreement to establish the digital tax on large technology companies.



Brazil in recession, with a record fall in GDP of 9.7% in the second quarter

Brazil entered recession again after a record fall in its GDP of 9.7% in the second quarter of this year compared to the previous three months, hit by isolation measures to contain the coronavirus pandemic, as reported on Tuesday by the Government.

The result represents the largest quarterly drop in gross domestic product (GDP) already registered in the country since the beginning of the historical series, in 1996, and is within the forecasts of economic analysts, who already expected a historical collapse. In relation to the same period of 2019, the Brazilian economy plummeted 11.4%, a decline also unprecedented to date, according to the state-run Brazilian Institute of Geography and Statistics (IBGE).

In addition, the Government revised down the performance of GDP in the first quarter, when the country was just beginning to feel the effects of COVID-19, from -1.5% to -2.5%, compared to the three previous months.

With this sequence of two consecutive negative quarters, the largest South American economy officially declared itself in a "technical recession" and accumulated a retraction of 5.9% until June.

The economic reactivation in the US lowers the unemployment rate in August to 8.4%

The economic reactivation in the United States suppressed 1.8 percentage points of the unemployment rate in August, bringing it down to 8.4% of the workforce, in a month in which private companies and the government added 1.76 million jobs, reported today the Bureau of Labor Statistics. The unemployment rate, which stood at 3.5% in February, the lowest in half a century, jumped to 14.4% in April, when the coronavirus pandemic hit the economy most heavily, and has since been declining gradually.

The deficit in foreign trade in goods and services of the United States rose 18.9% to 63.6 billion dollars in July, compared with 53.5 billion the previous month, bringing the accumulated deficit so far from The Commerce Department reported today that the year was \$ 6.4 billion higher than the same period in 2019. In July, the value of U.S. exports rose 8.1% to \$ 168.1 billion and that of imports increased 10, 9% to \$ 231.7 billion.

The negative trade balance with China rose from \$ 28.4 billion in June to \$ 31.6 billion in July, for a cumulative \$ 163.3 billion in the first seven months of the year.



STOCK EXCHANGES AND CRYPTOCURRENCIES

Wall Street falls back, dragged down by tech companies

An hour and a half after opening, the Dow Jones Industrials lost 1.38%, although shortly before it had lost almost 2% and about 500 points, while the selective S&P 500 was down 2.01% .

The composite index of the Nasdaq market, in which the main technology companies are listed, fell by 3.47% at this time, after having momentarily fallen by 5%.

Investors were back on selling, even though the session had started in positive territory, with a slight rebound after the previous day's losses, helped by better-than-expected unemployment data in the United States.

The technology sector, which has boosted the New York stock market in recent months, was, like Thursday, the most affected and was down 3.76%. Several technology companies led losses among the 30 Dow Jones stocks, with Salesforce (NYSE: CRM) .com plummeting 6.80%, Apple (NASDAQ: AAPL) losing 4.79% and Microsoft (NASDAQ: MSFT) 3 , 96%.

Thursday's pullbacks ended several consecutive days of gains that brought the Dow Jones closer to an all-time high and set new records in other indices.



"We have had excessive valuations in the markets lately, particularly in the technology sector, and that had to be corrected to some extent," Scott Knapp, head of market strategy at CUNA Mutual Group, told CNBC.

In other markets, Texas oil was down 3.34% at this time to \$ 39.97 a barrel, gold was down to \$ 1,925.6 an ounce, the yield on the 10-year Treasury bond rose to 0.679% and the dollar lost ground against the euro, with a change of 1.179.

VENEZUELA



Venezuela oil exports rise in August driven by sales to India

Venezuela's oil exports recovered slightly in August after two months at record lows, driven by increased sales to India, according to internal documents from state-owned PDVSA and data from Refinitiv Eikon.

Total crude oil and fuel exports rose to 437,600 barrels per day (bpd) in August, according to the data, above the roughly 400,000 bpd shipped in June and July, which were the lowest levels since the 1940s for the member nation of OPEC, which has the largest oil reserves on the planet.

But the rise in both exports and imports could be short-lived if Washington takes steps in the coming weeks to remove exemptions to sanctions that have facilitated Venezuela-related oil trade.

The United States plans to toughen sanctions after blacklisting customers and ship owners working with PDVSA earlier this year. But a handful of clients continue to receive Venezuelan crude under authorizations granted by Washington to exchange oil for fuel, so no cash payments go to the government of President Nicolás Maduro.



In July, India's Reliance Industries resumed loading Venezuelan crude under a swap agreement allowed by the US Treasury Department after a three-month hiatus.

The authorization allowed Reliance to re-emerge as the largest buyer of Venezuelan oil, taking in 216,000 bpd last month, almost half of total exports, according to the data.

The second largest destination for Venezuela's oil in August was Cuba with almost 66,000 bpd of crude and refined products, followed by Europe with 65,000 bpd. The South American country exported a total of 17 shipments last month, the data showed. The OPEC member nation's fuel imports rose in August to 53,160 bpd of mostly diesel and diesel delivered through exchanges, the data said.

The Venezuelan state company has in recent months boosted its transfer operations between ships near the Bay of Amuay to load export tankers offshore, instead of in Jose, its main terminal for oil exports. The number of vessels making 'dark voyages' to Venezuela, which turn off their satellite signal during the entire cargo operation, has also increased, according to Eikon data.

CHINA



CHINA INCREASES GDP BY 3.2% IN THE SECOND QUARTER

The Chinese economy has seen a rapid recovery in the second quarter of 2020 after the contraction of the first. But while Beijing is buoyed by the rebound, relations with Washington have worsened since US President Donald Trump raised the idea of a so-called "decoupling" economy.

As the election campaign in the United States progresses, President Trump rekindles trade tensions with China as part of the exhibition before the electorate when he says "There has been no country that has cheated us more than China"

Zhao Lijian, spokesman for the Chinese Foreign Ministry stated "China hopes that the Democratic and Republican parties in the United States can analyze the relations between China and the United States in an objective way, and work with China to promote relations between the two. countries based on coordination, cooperation and stability, serving the common interests of Chinese, Americans and the entire world. "



Chinese President Xi Jinping supports a free trade zone in Beijing

Chinese President Xi Jinping said on Friday that he supports the city of Beijing in creating a pilot international free trade zone for the service sector and the digital economy, and promoting scientific and technological innovation.

Xi made the remarks while participating in the China International Services Trade Fair 2020 World Trade Summit in Services via video conference. He did not provide details on when or how the new zone would be created. "China will steadily increase its openness and create a robust negative-list cross-border services trade system," he said.

Xi also said that China supports the creation of a global trade and services alliance and that it would further facilitate market access to the service sector.

OFFICIAL STATISTICS OF THE WEEK



- **U.S**

Oil Inventories: Commercial crude oil inventories fell 9.4 million barrels in the week ended August 28. Gasoline inventories fell 4.3 million barrels. Distillate inventories fell 1.7 million barrels. Refinery capacity utilization fell from 82% to 76.7%. Total US oil demand was 15.9% lower than the previous year.

- **Euro zone**

Unemployment: The euro zone unemployment rate rose to 7.9% in July from a revised downward reading of 7.7% in June. The details showed that increases were recorded in all major countries except Spain, where unemployment held steady at 15.8%.

- **South Korea**

GDP: South Korea's economy contracted by a revised 3.2% quarter-on-quarter in the second quarter, slightly less than the anticipated reading of a 3.3% decline.

- **Japan**

Labor situation: Japan's unemployment rate rose to 2.9% in July from 2.8% in June.

- **Colombia**

Monetary policy: The Central Bank of Colombia cut the benchmark interest rate by 25 basis points after Monday's regular meeting. Thus, the policy rate was reduced to 2%, the lowest level since the inflation target was adopted, and firmly below its neutral level.

- **India**

GDP: India's real GDP growth for the first quarter (April-June) of fiscal year 2020-2021 declined 23.9% year-on-year, compared to a 3.1% year-on-year gain (before the revision) in the fourth quarter (January-March) of the fiscal year. 2019-2020. Real gross value fell 22.8% year-on-year. This marks the worst reading on record

- **Italy**

GDP: Final figures show Italy's GDP contracted 12.8% qoq in the second quarter, the sharpest on record, below preliminary estimates of a 12.4% drop. In terms of a year ago, production was down 17.7%. Household consumption and fixed investment, especially in machinery and transport equipment, were the ones that fell the most, exacerbating the sharp falls in the first quarter.

- **Australia**

GDP: Australia entered a recession as GDP fell a historic 7% qoq in the June quarter, following a 0.3% decline in the March quarter. The general decline was led by a sharp 12.1% quarter-on-quarter contraction in household consumption and a 4.9% drop in investment, while exports fell 6.7% during this period.

- **Brazil**

GDP: Brazil's economy reported a severe annual contraction in the second quarter as the coronavirus crisis paralyzed activities. GDP recorded an annual contraction of 11.4% in the second quarter after a decrease of 0.3% in the previous period and a growth of 1.1% a year earlier. The seasonally adjusted GDP figures registered a 9.7% drop in the second quarter compared to the previous period.