



U.S. dollar rise against euro on Fed hike speculations

Financial Markets

The dollar strengthened on Monday versus the euro on renewed optimism among investors that the U.S. Federal Reserve will raise interest rates in coming months. The greenback climbed 0.4% to \$1.0565 per euro. It reached \$1.0458 on March 16th, the strongest level since January 2003. Meanwhile, the dollar weakened against the Japanese yen amid uncertainty surrounding the Bank of Japan's stimulus policies, slipping 0.1% to 120.08 yen.

The *Malaysian* government is set to issue as much as \$2 billion of dollar-denominated Islamic bonds this week as it burns through foreign-exchange reserves to defend its deteriorating currency. The new issue will be the country's first U.S. dollar bond in four years. The country's FX reserves tumbled 9.4% thus far this year, posting the steepest first-quarter drop since the 1997 Asian financial crisis.

High Income Economies

Italy's industrial production recovered in February after falling for the first time in four months, data from the statistical office Istat showed Monday. Industrial output grew 0.6% (m/m) partially reversing a 0.7% fall in January. Economists had forecast a 0.5% rise. On a calendar adjusted basis, industrial output decreased 0.2% (y/y). This was the second consecutive fall but slower than January's 2.2% decline.

Developing Economies

East Asia and Pacific

Falling unexpectedly, China's exports decreased 14.6% (y/y) in March, data from the General Administration of Customs showed Monday. Shipments were expected to grow 9.0%. Suggesting weak domestic demand, imports dropped 12.3%, faster than an expected fall of 10.0%. The trade surplus fell sharply to \$3.1 billion, below February's surplus of \$60.6 billion and a \$40.1 billion forecast by economists. On a yearly basis, foreign trade slid 13.5% (y/y).

South Asia

India's consumer price inflation slowed unexpectedly in March, data from the Ministry of Statistics and Program Implementation revealed Monday. Consumer price inflation eased to 5.2% (y/y) from 5.4% in February. Economists had forecast inflation to remain unchanged at 5.4%. The slowdown was led by food inflation which came in at 6.1% in March, down from 6.9% in February. Meanwhile, clothing and footwear prices rose 6.3%, costs of fuel and light advanced 5.1% and housing costs climbed 4.8%.

Sub-Saharan Africa

Plunging oil prices, sluggish growth in the developed world and a slowdown in China's pace of industrialization will bring down *sub-Saharan Africa's* growth rate this year to its lowest in two decades, the World Bank said Monday. Economic output is expected to grow by 4% across the region in 2015, significantly below the historic average of 4.4%, but is expected to pick up in 2016 to reach 4.5%.

The U.S. Federal Government has signed a \$100 million grant agreement with the Global Partnership for Education (GPE) for an initiative on *Nigeria*. The grant will support the Nigerian states of Jigawa, Kaduna, Kano, Katsina, and Sokoto to increase reading and writing skills, include more girls in basic education, and create a robust monitoring and evaluation system for the education sector. GPE focuses on increasing and maintaining equitable access to quality education globally. GPE will help the Federal Ministry of Education to train teachers and increase access to quality primary education for Nigerian children. USAID's Mission Director in Nigeria, Michael T. Harvey, said: "The U.S. government is pleased to be a supporter of GPE, and we are happy to see the agreement with Nigeria finalized.

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The Global Daily is an informal briefing on global economic and financial developments compiled by the World Bank's Development Economics Prospects Group. Recent issues, together with analysis of a variety of macroeconomic topics, covered by the Group, may be found at: <http://www.worldbank.org/prospects>.

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