

## Turkish Central Bank raises 2018 inflation forecast

Hurriyet Daily News, 30.01.2018



The Turkish Central Bank on Jan. 30 increased Turkey's year-end inflation forecast from 7 percent to 7.9 percent under a tight monetary policy stance, which focused on bringing down inflation.

Speaking at a news conference in the capital Ankara ahead of the release of the bank's quarterly inflation report, Central Bank Governor Murat Çetinkaya said inflation would stabilize at around five percent in the medium term. Çetinkaya said the inflation rate would fluctuate between 6.5 percent and 9.3 percent through to the end of 2018.

The rise in the forecast has been driven by upward revision in the output gap along lira-denominated import price projections, he said. The higher-than projected inflation in the fourth quarter of last year and a rise in the underlying trend of inflation are other factors, he added. Turkey's annual inflation rate hit 11.92 percent in December 2017, the Turkish Statistical Institute (TÜ K) announced on Jan. 3. The Central Bank had earlier raised its mid-point forecast for 2018 to 7 percent from a previous forecast of 6.4 percent in its July report.

"In 2018, the Central Bank's main focus will be on enhancing the effectiveness of the monetary policy and accelerating the disinflation process," Çetinkaya said. The Central Bank also projected the year-end inflation for 2019 to reach 6.5 percent, up from 6 percent. "The upward revision in the 2019 year-end inflation forecasts by a total of 0.5 points, relative to October Inflation Report, is driven by upward revision in assumptions for TL-denominated import prices," he said. The bank also increased its oil price forecast to \$56 per barrel from \$55 in the previous report, and to \$66 for 2019. Steps to be taken toward external deficit and savings deficit, financial deepening, productivity and market competition will support achieving lasting price stability and contribute to social welfare, he added.

# Government prepares ‘reform package’ in bid to lure investors to Turkey

Hurriyet Daily News, 30.01.2018



The government has prepared a 93-item “reform package” in a bid to lure crucial investors to Turkey, Deputy Prime Minister Recep Akda has said.

“A reform package to improve the investment environment will be submitted to parliament,” Akda told reporters in Ankara on Jan. 30. “We will take Turkey to the level it deserves in terms of ease of doing business,” he said. Akda said the draft would include changes making it easier to establish firms, lifting the current 25 percent necessary capital bloc for newly founded companies.

Allowing companies to pay that amount in installments over 24 months. “We will also reduce the number of procedures needed in the founding of companies to one from the current seven,” he added. A major change foreseen in the package relates to the suspension of bankruptcy, a much debated procedure that experts say is often abused. More than 1,000 companies sought to have their bankruptcy proceedings suspended from the beginning of 2015 until the practice was banned in a state of emergency decree law in the summer of 2016. The suspension of bankruptcy is a method for companies experiencing financial difficulties to recover their losses but some companies have used the opportunity for access to easy and cheap loans. Akda said the draft introduces a 23-month time limit for suspension demands, instead of the current practice that exceeds six years.

“We are removing the suspension of bankruptcy because in practice it has turned out to be open to misuse,” he added. Suspension of bankruptcy was frozen using a decree law to ease the seizure of assets of companies linked to the Fethullah Gülen network, widely believed to have orchestrated the July 2016 coup attempt. A new state institution will be established to sign deals to rescue companies instead of the current suspension system, Akda said. Eight ministers, related officials, the Turkish Union of Chambers and Commodity Exchanges (TOBB) and private sector representatives came together for the five-month preparation process of the draft, he also said, adding that Justice Minister Abdülhamit Gül will detail changes in seizure and bankruptcy procedures in due course. “A new regulation is urgently needed,” lawyer Satılmış ahin told Hürriyet, commenting on the deputy prime minister’s announcement. “Many companies we are in contact with have been eagerly awaiting this new law package,” ahin said, adding that the suggested changes are also in line with the World Bank’s expectations.

# Turkish exporters urge government to provide incentives to reduce dependency on imported materials

Anadolu Agency, 23.01.2018



Turkish exporters expect the government to provide incentives to encourage domestic production of certain intermediate goods and raw materials that could help Turkey reduce its dependence on these goods, the Turkish Exporters' Assembly (T M) chair Mehmet Büyükek i told state-run Anadolu Agency on Jan. 29.

“In 2017, the import of intermediate goods and raw materials registered the largest increases. That is why any incentives to be provided by the government will be crucial,” Büyükek i said.

Domestic production of certain intermediate goods and raw materials used particularly in the plastics, aluminum and steel industries should be supported through special government incentives, he said. “The government already provides tailor-made incentives to certain industries that produce goods that substitute imported goods,” Büyükek i noted, adding that such incentives could help Turkey to strike a balance between exports and imports. The government may support local and foreign investors to focus on production to replace imported goods with domestically produced goods, according to Büyükek i. Economy Minister Nihat Zeybekci may announce some good news on incentives, Büyükek i said, without providing other details.

The T M aims for exports to surpass the medium-term program's \$169 billion target in 2018 to reach \$170-175 billion, Büyükek i also said. Last year, Turkey's exports rose 10.2 percent to stand at \$157.1 billion - the second highest export volume on record. The country's imports rose by 17.9 percent to \$234.2 billion in 2017, marking a \$77 billion deficit in the foreign trade balance. Exports will contribute positively to the country's growth rate this year by 1-1.5 percent, according to the T M chairman. Büyükek i added that commodity prices will have considerable impact as the country is an oil importer.

The Economy Ministry will support 80 percent of subscription fees when a Turkish company joins a global e-trade website among the top 3 as far as click rates are considered,” said Büyükek i. He added that the rest of the amount would be covered by T M. He said the ministry's support would last three years. Noting that some 10,161 Turkish companies had joined e-trade firms so far, Büyükek i said the aim was to increase this number to at least 25,000 in 2018.

# Turkey's 130,000 strong metal sector unions, employers strike deal

Hurriyet Daily News, 30.01.2018



Turkey's metal industry employers and trade unions have finally agreed on a pay rise and social aid package following months of collective bargaining and a banned strike.

The Metal Industrialists Union (MESS) and the Turkish Metal Union (Türk Metal) agreed on a 24.63 pay rise on average after 12-hour talks that ended on Jan. 30. "We restarted talks last night upon an invitation by the MESS administration," said Türk Metal chairman Pevrul Kavlak, while announcing the deal, which will last two years. "We have gained a more than 24 percent pay rise under conditions.

These where the six-month inflation rate stands at 3.2 percent. This means we have gained a 20.8 percent surplus of welfare," he said, naming the deal as the "contract of the century." The contract includes betterment in pay for work hours, in addition to an increase on equal basis and an improvement in seniority payments for workers employed for 15 years or more. Kavlak said the improvement in social rights refers to a 23 percent increase, calculating new rights to health insurance and bereavement leave. A planned strike by metal workers and its accompanying lockout move by the bosses were postponed by a cabinet decision on Jan. 26 over "national security concerns" ahead of scheduled talks between the labor unions and the employer union.

Three Turkish labor unions, which represent more than 130,000 workers in the automotive, white goods and iron-steel sectors, had announced the strike, which was set to start on Feb. 2, after the talks that started in September 2017 failed to result in a solid agreement.



# Turkish defense industry holds committee meeting

Anadolu Agency, 31.01.2018



Turkish defense industry held an executive committee meeting on Wednesday evening, which was presided over by President Recep Tayyip Erdogan for the first time at the presidential complex.

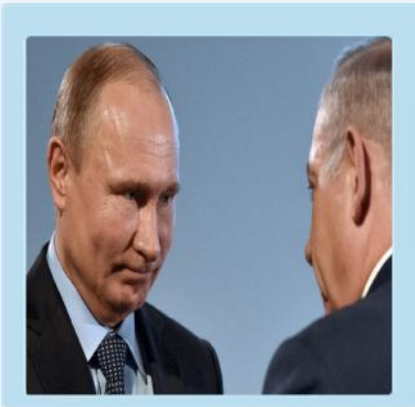
The meeting was attended by Prime Minister Binali Yildirim, Chief of General Staff Gen. Hulusi Akar, Interior Minister Suleyman Soylu, Defense Minister Nurettin Canikli and other senior officials. After the meeting -- which was closed to the media and lasted for about seven hours -- Turkish Presidency issued a written statement. "In the meeting, a total of 55 projects worth \$9.4 billion were evaluated,"

The statement said, adding the committee decided to add "further indigenous and national systems" to help the military in the ongoing Operation Olive Branch in Syria's Afrin. Turkey on Jan. 20 launched Operation Olive Branch to remove PYD/PKK and Daesh terrorists from Afrin. According to Turkish General Staff, the operation aims to establish security and stability along Turkish borders and the region as well as to protect the Syrian people from the oppression and cruelty of terrorists. The operation is being carried out under the framework of Turkey's rights based on international law, UN Security Council's decisions, self-defense rights under the UN charter and respect for Syria's territorial integrity, it said.

The military has also said that only terrorist targets are being destroyed and "utmost care" is being taken to not harm any civilians. Afrin has been a major hideout for the PYD/PKK since July 2012 when the Assad regime in Syria left the city to the terror group without putting up a fight.

# Netanyahu lashes out at Iran in talks with Putin

Hurriyet Daily News, 30.01.2018



Israeli Prime Minister Benjamin Netanyahu held talks with Russian President Vladimir Putin on Jan. 29 after accusing Iran of wanting “to turn Lebanon into one giant missile site.”

He made his comments before leaving for Moscow, where he again said Iran wanted to “destroy” the Jewish state. Netanyahu has held a series of discussions with Putin in recent months on Iran’s influence in war-torn Syria and in Lebanon, seeking to persuade Russia to limit Iran’s presence near Israeli territory and to stop it from entrenching itself militarily in Syria. Russia, Iran and Lebanon’s Shiite Muslim militant group Hezbollah which is backed by Tehran.

All support Syrian President Bashar al-Assad in his country’s civil war. Netanyahu said before he left Israel that he planned to discuss with Putin Iran’s “relentless efforts to establish a military presence in Syria, which we strongly oppose and are also taking action against.” “We will also discuss Iran’s effort to turn Lebanon into one giant missile site, a site for precision missiles against the state of Israel, which we will not tolerate.” After viewing an exhibition in Moscow dedicated to the 1943 uprising at the Sobibor Nazi death camp, Netanyahu said that Israel is “still ready to prevent any attempts of this type of ideology, in the first place Iran, which speaks of the intention to destroy us.”

“We will stand before them [Iran] with all our might,” Netanyahu said. “There will not be another Holocaust.” The two leaders also took part in a Holocaust remembrance ceremony at Moscow’s Jewish Museum and Tolerance Center and watched parts of a Russian-made film on the Sobibor uprising. Putin said modern political and religious leaders should do “everything possible to preserve historical memory in the 21st century and prevent the weeds of nationalist ideology spreading in whatever form it takes: Anti-Semitism, Russophobia and other phobias built on hatred.”

# Russia, Turkey, Iran to promote Syria congress' results

Anadolu Agency, 31.01.2018



Turkish Moscow, Ankara and Tehran will do their best to promote the results of a conference aimed at ending years of war in Syria and facilitating the peace process.

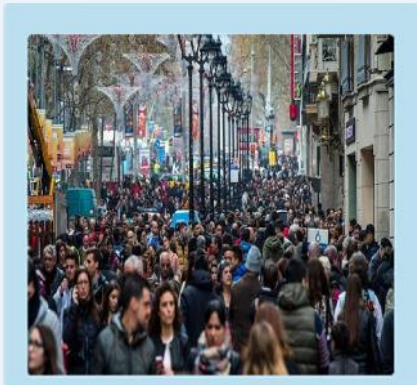
“The initiators of the congress, the three guarantor countries - Russia, Iran and Turkey. We confirmed that we will do our best to promote the results of the congress,” Russian Foreign Minister Sergey Lavrov told reporters Tuesday after the Syrian National Dialogue Congress in the Russian city of Sochi, according to a statement from Russia’s Foreign Ministry.

Lavrov’s remarks came after the parties at the congress agreed Tuesday to form a constitutional committee comprising the Syrian regime along with a widely represented opposition delegation for the drafting of constitutional reform as a contribution to the political settlement under UN auspices in accordance with Security Council Resolution 2254. He said the three countries will help UN Special Envoy on Syria Staffan de Mistura and his team in talks with Syrians. The parties at the congress appealed to UN Secretary General Antonio Guterres to assign de Mistura to assist in the constitutional committee’s work in Geneva. “In the very near future, we will expect specific considerations on his part,” Lavrov said. De Mistura welcomed the proposal on forming a constitutional committee.

“I will be indicating as soon as possible -- because Syria cannot wait -- how I intend to proceed on my mandated task under Resolution 2254, which means in practice setting in Geneva a schedule and process for constitution drafting. This way, a constitutional committee can really and concretely be established and begin to work,” he said after the congress.

# Euro zone economy enjoys its best year in a decade

AP, 30.01.2018



That more-than-healthy level of growth means that for the whole of 2017, the euro zone economy expanded by 2.5 percent, its best performance since 2007, when it grew 3 percent. The euro zone even grew faster than the U.S., which expanded by 2.3 percent.

“Economic growth has shifted to a substantially faster growth path over the course of 2017,” said Bert Colijn, senior eurozone economist at ING. “While detailed breakdowns have yet to be released, it seems that the eurozone economy continues to fire on all cylinders.”

In the decade since 2007, the eurozone has had to grapple with one crisis after another, starting with the financial crash of 2008 that prompted the deepest worldwide recession since World War II. That exposed the weak underbelly of the eurozone — the state of the public finances in a number of member economies. Four countries — Greece, Ireland, Portugal and Cyprus — had to be bailed out by their partners in the eurozone and the International Monetary Fund, and in return they made deep budget cuts to get their public finances into shape, hitting their economies hard. The Greek economy, for example, shed around a quarter of its output, and saw unemployment and poverty levels ratchet higher.

It's only recently that existential concerns surrounding the euro have eased. Greece, notably, is set to emerge from its bailout era this summer, eight years after it first faced potential bankruptcy. With fears of a breakup of the euro zone largely evaporated, confidence across the bloc has risen. That's evident in the fact that growth isn't just reliant on the big economies of Germany and France. Stronger growth is being recorded in those countries that were at the forefront of the crisis and that's helping to bring down unemployment, potentially reinforcing the recovery even more. Following the defeat of several populist political movements in elections in 2017, such as in France and the Netherlands, there are fewer fears about the prospect of anti-euro politicians taking the helm. Meanwhile, the recovery has been boosted by the European Central Bank's massive stimulus program and its move to slash interest rates.

But the growth boon is not just about improvements in the eurozone. The global economy, in particular trade, is on the up, and that's supporting the eurozone's exporters. That combination of positive factors is widely expected to hold in 2018 and growth is anticipated to come in around 2017's level. Two potential headwinds are the recent appreciation in the value of the euro, particularly against the dollar, which makes eurozone exports less competitive in international markets, and less stimulus from the ECB. Following the growth figures, the euro advanced further towards its recently hit three-year high-rate against the dollar, and was trading 0.3 percent firmer at \$1.2414.



# EU's unemployment rate fell in 2017

Agence France, 23.01.2018



The European Union's unemployment rate in December 2017 was 7.3 percent, the lowest figure recorded in the EU28 since October 2008, according to an official data released.

Eurostat said the EU28 unemployment rate was stable compared to November 2017 and down from 8.2 percent in December 2016. Eurostat also said the eurozone (EA19) unemployment rate was 8.7 percent in December 2017, down from 9.7 percent in the same month of 2016 -- the lowest rate recorded in the euro area since January 2009. Around 18 million people were unemployed in the EU28 -- nearly 14 million in the eurozone -- according to Eurostat estimations.

“Compared with December 2016, unemployment fell by 2.06 million in the EU28 and by 1.53 million in the euro area,” the institution said. Official data also showed that the lowest unemployment rates were recorded in the Czech Republic (2.3 percent), Malta (3.6 percent) and Germany (3.6 percent). The highest figures in December were seen in Greece (20.7 percent in October 2017) and Spain with 16.4 percent. In the last decade, the highest annual unemployment rate in EU was recorded in 2013 at 10.9 percent, while the lowest level was seven percent in 2008.

In a preliminary flash estimate released on Tuesday, the EU's fourth-quarter GDP grew by 0.6 percent compared to the previous quarter. The EU economy recorded a 2.6 percent growth year-on-year in the fourth quarter of 2017, Eurostat said. Last year, EU28 GDP rose by 2.2 percent in the first quarter, 2.5 percent in the second quarter, while it grew by 2.8 percent in the third quarter. From 2007 to 2016, the EU economy had its best performance in 2007 with three percent annual growth and 2009 was the worst year shrinking 4.3 percent following the global financial crisis while it grew two percent in 2016.

# Myanmar greenlights LNG-power plant plans

Reuters, 31.01.2018



Myanmar's government has given the go-ahead on Wednesday to French energy giant Total and other companies to build proposed power plants as the country faces insufficiencies in electricity.

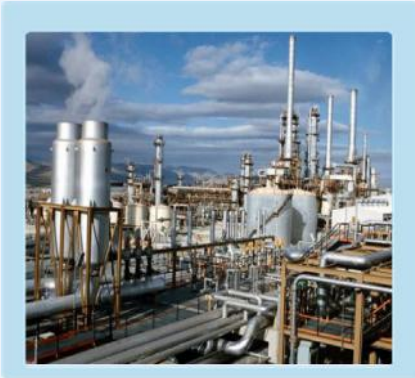
As the economy expands since the once-isolated country opened its door to international companies in 2011, demand for power has been rising rapidly. Myanmar currently produces only around 3,000 megawatts, and will need at least 6,000 megawatts of energy to function efficiently by 2020-2021, according to the Ministry of Electricity and Energy. The government on Wednesday.

It is issued notices to foreign and local companies to proceed with the construction of three power plants -- three LNG-power plants and one gas-power plant -- which could produce 3,111 megawatts once completed in 48 months. A combined-cycle power plant in the coastal region of Ayeyarwady was proposed by a consortium including a Chinese company, Zhefu, and a Myanmar company, the Supreme Group of Companies. It is expected to produce 1,390 megawatts, according to the statement from the ministry.

Construction of LNG-power plant proposed by Total and SIEMENS A.G's in Myanmar's southern coast region of Tanintharyi is slated to be finished in 48 months. The plant is expected to produce up to 1,230 megawatts, according to the ministry. Two other LNG-power plants will be built in Kyaukphyu Township of the western Rakhine state and in Ahlone in the region of Yangon.

# China to invest in Iran's petrochemical project

Trend, 26.01.2018



China to invest for manufacturing a petrochemical plant near Kharvana city located in Iran's East Azerbaijan province. A Chinese investor will invest \$1.3 million in the joint project, Reza Hosseini, Finance Office of East Azerbaijan, said.

The local media quoted Hosseini as saying that the Chinese side will provide 85 percent of the projects's investment, meanwhile Kharvana Petropalayesh Company, the project's Iranian partner, will undertake 15 percent of the investment. Once up and running, the plant will be capable of producing 520,000 tons of polypropylene per year, the official said.

Polypropylene is the world's second-most widely produced synthetic plastic, after polyethylene. It is a thermoplastic polymer used in packaging and labeling, textiles, carpets, stationery, plastic parts and reusable containers of various types, laboratory equipment, loudspeakers, automotive components, and polymer banknotes. Iranian petrochemical companies produced 521,200 tons of polypropylene during the first seven months of the current fiscal year (started March 2017), 6.2 percent more year-on-year. The Kharvana plant will be established in a 400 hectares area, he said, adding that annually 15 million cubic meters of water should be supplied for the plant.

The project will also need infrastructures for supplying 60 megawatts hour of electricity as well as 5 million cubic meters of natural gas, he added. The project once completed will generate 1,500 jobs, he said. Iranian polymer output is expected to reach 12 million tons by 2022, based on the country's 6th five-year development plan. The Islamic Republic's annual polymer production capacity currently stands at 7.4 million tons. The latest data released by the Iranian Ministry of Industries, Mining and Trade reveals that over 3.836 million tons of various polymers were produced in the country during the first seven months of the current fiscal year.

# India's banks have a bad loan problem, but financial experts still see opportunity

CNBC, 31.01.2018



India Banks may have scared off some investors with the sector's bad loan problem, but financial experts told CNBC they're positive on Indian lenders.

That's thanks to the government's economic management, they said, adding that it was still important to differentiate within the sector. On the one hand, India's private banks offer "strong" returns on investment, Rashmi Gupta, emerging markets multi-asset portfolio manager at J.P. Morgan Private Bank, told CNBC. "Many of them are considered well run with capable management teams," she added.

Meanwhile, India's state banks are largely plagued with high levels of stressed (non-performing, restructured or rolled-over) loans. Those assets amounted to 8.25 trillion rupees (\$130 billion) for India's 21 state lenders at the end of September 2017, Reuters reported earlier this year. Still, the overall stock of bad loans in the Indian banking system ticked slightly down from 9.5 trillion rupees (\$149.43 billion) in June last year to 9.46 trillion rupees (\$148.71 billion) at the end of September, Reuters reported. That shift could accelerate from Indian government moves to improve the sector. For example, New Delhi announced last October that it would recapitalize state banks to the equivalent of \$32 billion.

"The overall opportunity for allocations to banks/financials in India may now be widening and our view for overall growth driven by domestic recovery remains well supported," Gupta said. "The recap should also free up the ability of state banks to lend, which should support growth, particularly in rural segments of the country, which is where the state-owned banks tend to play a bigger role," she added.

India's macroeconomic picture has yielded positive news recently. On Monday, the government announced that its economic growth for the coming fiscal year would reach between 7.0 and 7.5 percent, meaning that India would regain its title as the world's fastest growing major economy. Additionally, India's private sector is "one of the least leveraged, which should put its financials in the spotlight," Renata Klita, senior equity analyst at investment firm London and Capital, told CNBC.



## Chinese manufacturing weaker than expected in January

CNBC, 30.01.2018



China reported on Wednesday that factory activity expanded less than expected in January, with the official manufacturing Purchasing Managers' Index coming in at 51.3.

The Chinese manufacturing PMI was forecast to dip to 51.5 in January from 51.6 in December, according to economists by Reuters. A reading above 50 indicates expansion, while a reading below that signals contraction. Economists are expecting the Chinese economy to cool in 2018 after an unexpectedly strong showing in 2017 as the government cracks down on polluting industries and high debt levels.

China's official PMI gauge focuses on large companies and state-owned enterprises, while another set of readings by Caixin and IHS Markit focus on small and medium-sized enterprises — that data set is scheduled to be released on Thursday. Growth in China's services industry, however, picked up, with the official non-manufacturing PMI rising to 55.3 from 55 in December, reflecting the transition in the world second-largest economy to consumption and services.

## Federal reserve expected to leave rates unchanged

New York Times, 01.02.2018



Federal Reserve will release a monetary policy statement at 2 p.m. on Wednesday, after a two-day meeting of its Federal Open Market Committee, which sets monetary policy.

Investors expect the Fed to leave its benchmark interest rate unchanged, in a range between 1.25 percent and 1.5 percent. The Fed's economic assessment may be upgraded to reflect the strength of recent data. That would strengthen investor expectations that the Fed will increase the benchmark rate at its next meeting, in late March. This is the final meeting for the Fed's chairwoman, Janet L. Yellen.



She will be replaced this weekend by Jerome H. Powell, a member of the Fed's board. The economy grew 2.3 percent in 2017, extending a prolonged period of unusually stable growth. And economic forecasters expect somewhat faster growth this year, partly as a result of the \$1.5 trillion in tax cuts that went into effect at the beginning of the year. The unemployment rate stood at 4.1 percent in December, and Fed officials don't expect it to fall much further. Instead, as growth continues, they expect inflation to begin increasing more quickly.

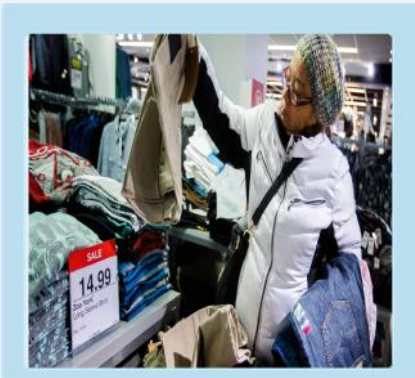
The Fed raised its benchmark rate three times last year, and officials plan to keep raising rates this year, although there isn't a consensus as to how many increases the markets should expect. But Fed officials are still committed to moving slowly. Growth, while steady, remains weak by historical standards, and while unemployment is quite low, wage growth remains sluggish, too. The Fed last raised rates at its final meeting of 2017, in December. Investors expect that the Fed will pause at this meeting, then resume increases in March.

Ms. Yellen will step down on Saturday at the end of her four-year term as Fed chairwoman. Under her leadership, the Fed has reduced unemployment while inflation has remained sluggish. The Fed has also continued the process of imposing stronger regulations on the financial industry. Ms. Yellen is the first chair to complete a four-year term without being appointed to a second term. Mr. Powell, chosen by President Trump as her successor, has emphasized that he supports the Fed's current monetary policy of slowly unwinding its post-crisis economic stimulus campaign. Part of the membership of the Fed's policymaking committee also turns over each year. The policy committee comprises the Fed's governors and the presidents of its 12 regional banks, but only five of those bank presidents hold votes in any given year. The presidents who will hold votes in 2018 are regarded as somewhat more concerned about inflation than those who held votes last year. That could influence decisions about the pace of rate increases. Investors expect the Fed to raise its benchmark rate at its next meeting in March. While the Fed's post-meeting statement Wednesday is unlikely to address the issue directly, an optimistic economic assessment would fortify those expectations.

Most Fed officials predicted in December that the Fed would raise rates at least three times in 2018. Some analysts already are raising the odds of a fourth increase, citing a strengthening economic outlook. There are countervailing pressures. Inflation remains low despite the Fed's repeated predictions that faster inflation is around the corner. The value of financial assets, on the other hand, continues to soar as investors have shaken off the rate increases, keeping borrowing costs low. So far, Fed officials have played down the importance of both factors, insisting that they are focused on raising rates slowly as the labor market tightens. Mr. Powell may make his public debut as the Fed's chairman in mid-February, when the House and Senate hold biannual hearings on monetary policy. The dates have not been announced, but the testimony will offer Mr. Powell a first chance to calibrate expectations for his tenure. The next meeting of the Fed's policymaking committee is scheduled for March 20-21.

## Consumer confidence jumps as Americans expect 2017 momentum to continue

CNBC, 30.01.2018



Consumer optimism pushed higher than anticipated in January, after a surprise decline the previous month.

The Conference Board's measure of consumer confidence rose to 125.4 in January, higher than the 123.1 anticipated by economists polled by Reuters. The measure had declined to 122.1 in December. The key index rose to 129.5 in November, the highest mark since the index hit 132.6 in November 2000.' "Expectations improved, though consumers were somewhat ambivalent about their income prospects over the coming months.

Perhaps the result of some uncertainty regarding the impact of the tax plan," Lynn Franco, Director of Economic Indicators at The Conference Board, said in a statement. "Consumers remain quite confident that the solid pace of growth seen in late 2017 will continue into 2018," Franco said. The index takes into account Americans' views of current economic conditions and their expectations for the next six months. Economists pay close attention to the numbers because consumer spending accounts for about 70 percent of U.S. economic activity.

## US urges end to Qatar-Gulf row

Reuters, 31.01.2018



The Secretaries of Defense and State urged an end to the ongoing row between Qatar and four of its neighbors Tuesday, saying the Gulf crisis has not only hurt the countries directly involved but Washington as well.

"This dispute has had direct negative consequences economically and militarily for those involved, as well as the United States," Secretary of State Rex Tillerson said at the inaugural round of the U.S.-Qatar Strategic Dialogue in Washington. "It is critical that all parties minimize rhetoric, exercise restraint to avoid further escalation, and work toward a resolution.

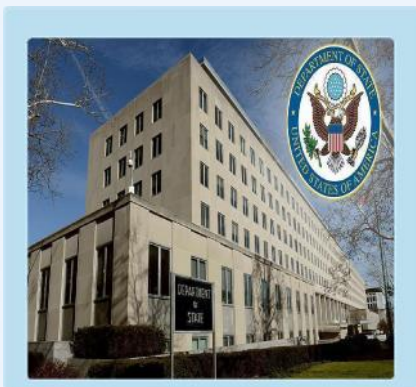
A united GCC bolsters our effectiveness on many fronts, particularly on counter terror – countering terrorism, defeating [Daesh], and countering the spread of Iran’s malign influence,” he added, referring to the Gulf Cooperation Council. Tillerson was speaking alongside Secretary of Defense James Mattis and their Qatari counterparts. Qatar has been at odds with Bahrain, Egypt, Saudi Arabia and the United Arab Emirates since June, with the bloc accusing Doha of supporting terrorism and severing ties with the country. Qatar has adamantly denied the allegations. The crisis is unprecedented in inter-Arab relations and has resulted in the four countries imposing a land, sea and air blockade on Qatar.

Qatari Foreign Minister Sheikh Mohammed bin Abdulrahman al-Thani thanked the U.S. for “taking a just position on the illegal activities of the blockading states throughout this Gulf crisis”. “The state of Qatar and its people have been illegally and unjustifiably blockaded. This blockade disrupts the joint efforts in providing stability for the region,” al-Thani said. “Qatar and the U.S. are committed to delivering justice to our citizens.” The defense and foreign affairs meeting occurred one day after Qatar agreed to expand al-Udeid Air Base, which houses the U.S.’s Combined Air Operations Center, the United States Air Force Central Command Forward Headquarters and Central Command’s Forward Headquarters. Roughly 10,000 U.S. service members are stationed at the air base.

“A united Gulf Cooperation Council bolsters our effectiveness on many fronts, particularly on countering terrorism, defeating ISIS/Daesh, and countering the spread of Iran’s malign influence,” Mattis said. “It is thus critical that the GCC recovers its cohesion as the proud Gulf nations return to mutual support through a peaceful resolution that provides for enhanced regional stability and prosperity.”

## US, Russia to meet nuclear treaty obligations, US says

Anadolu Agency, 24.01.2018



The U.S. and Russia are likely to meet a key Feb. 5 nuclear arms reduction treaty deadline, the State Department said Thursday.

“The United States has met the central limits of the New Start Treaty in August, 2017. We assess at this time that Russia has also progressed toward meeting those limits,” spokeswoman Heather Nauert told reporters. The U.S. “has no reason” to believe Moscow will not meet its own obligation by Monday, Nauert said. The New Strategic Arms Reduction Treaty, or New START, sets central limits for Moscow.



Washington's nuclear weapons stockpiles, capping deployed intercontinental ballistic missiles (ICBM), submarine-launched missiles and heavy bombers at 700, setting the maximum number of deployed nuclear weapons at 1,550, and limiting deployed and non-deployed ICBMs, submarine-launched missiles and bombers at 800. Russia and the U.S. will exchange data over the next month on their nuclear arsenals, according to Nauert. "We hope each country will confirm the compliance of the other as soon as possible after this data exchange, and then we'll hopefully have an update for you on the fifth, with additional information," she said.

## White House poised to approve release of explosive Republican memo

Reuters, 01.02.2018



The White House will likely give Congress approval on Friday to make public a secret Republican memo alleging FBI bias against President Donald Trump in its Russia probe, a White House official said on Thursday, as tensions over the disputed document gripped Washington.

Trump, who had the authority to prevent its release, instead is likely to allow the four-page document to be made public with no redactions, the official said, in a move that could further inflame tensions between the Republican president and the top domestic law enforcement agency.

The document has become a flashpoint in a wider battle between Republicans and Democrats over Special Counsel Robert Mueller's criminal probe into potential collusion between Trump's 2016 presidential campaign and Russia. Mueller's probe grew out of the FBI's Russia investigation after Trump fired the agency's previous director. Mueller's investigation and the FBI probe that preceded it have hung over Trump's year-old presidency. Russia and Trump have both denied any collusion. The president has called Mueller's investigation a "witch hunt" and "hoax."

Democrats have painted the memo crafted by Republican members of the House Intelligence Committee as misleading, based on a selective use of highly classified data and intended to discredit Mueller's work. The FBI on Wednesday expressed "grave concerns about material omissions of fact" in the memo, whose release has the potential to prompt high-level resignations in U.S. law enforcement agencies. One top Republican lawmaker, Senator John Thune, voiced concern on Thursday that release of the document without redactions could expose U.S. intelligence agencies' sources and methods. Thune, the Senate's No. 3 Republican, urged his House colleagues to allow the Senate Intelligence Committee to review the memo and heed the FBI's concerns before they made it public.



“We have had the last couple of days to look at it to make sure it doesn’t give away too much in terms of classification. And right now I think ... we’ll tell the Congress, probably tomorrow (Friday), that the president is OK with it,” the White House official told reporters on Air Force One as Trump returned to Washington from a Republican retreat in West Virginia. In addition to the concern expressed by the FBI, whose director, Christopher Wray, was appointed by Trump after the president fired predecessor James Comey, the Justice Department has registered concerns about making the memo public.

Democrats have said Trump’s allies hope to use the memo to potentially give Trump an excuse to fire Deputy Attorney General Rod Rosenstein, who hired Mueller after Comey’s firing, or even Mueller himself. But Republican House of Representatives Speaker Paul Ryan defended the document’s release, saying it was part of congressional oversight of electronic surveillance such as that used in the Russia probe and important to protect American civil liberties. “This memo is not an indictment of the FBI, of the Department of Justice. It does not impugn the Mueller investigation or the deputy attorney general,” Ryan said. The memo was commissioned by Republican Devin Nunes, chairman of the House Intelligence Committee, and purports to show that the FBI and Justice Department misled a U.S. court in seeking to extend electronic surveillance of Trump campaign adviser Carter Page, four sources familiar with it have said.

Intelligence committee Democrats wrote their own memo that panel Republicans prevented from being released at the same time. Thune said if the Republican memo is released, the Democratic one should be too. Adding to the fissures in Washington, Senate Democratic leader Chuck Schumer and House Democratic leader Nancy Pelosi called on Ryan on Thursday to remove Nunes as the intelligence panel’s chairman. They made the demand after the committee’s senior Democrat, Adam Schiff, said late on Wednesday he discovered that Nunes had sent the White House a version of the memo that was “materially altered” and not what the panel voted on Monday to release. “This action is not only dangerous, it is illegitimate, and violates House rules,” Pelosi said. Jack Langer, a spokesman for Nunes, called it an “increasingly strange attempt to thwart publication,” and described the changes as minor, including two edits requested by the FBI and committee Democrats. There has been speculation that Wray might resign if Trump allows release of the memo.

But one law enforcement official told Reuters that a number of Wray’s current and former FBI colleagues had urged him privately not to resign, arguing that doing so would remove another check on Trump’s power. Wray also won backing for his stance from an association representing FBI agents. “What this memo does is it seeks to torch every floor of the FBI building to protect the president,” Representative Eric Swalwell, a Democratic member of the intelligence committee, told CNN.

The four sources familiar with the memo said it contended that the FBI and Justice Department failed to tell a judge on a U.S. court that some of the information used to justify a surveillance warrant included portions of a dossier of Trump-Russia contacts that was opposition research paid for by Democrats. The sources said the memo does not mention, however, that the request to extend surveillance on Page, which began before Trump took office, also relied on other highly classified information and that U.S. agencies had confirmed excerpts from the dossier included in the request. U.S. intelligence agencies have concluded that Russia interfered in the 2016 campaign using hacking and propaganda, an effort that eventually included attempting to tilt the race in favor of Trump.

## Economy to grow at 5.4% rate in first quarter, Atlanta Fed tracker shows

CNBC, 01.02.2018



The economy is on track to put up blockbuster growth numbers in the first quarter, according to the latest forecast from the Atlanta Fed.

GDP is expected to surge 5.4 percent to start 2018, the central bank branch estimated in its latest rolling look at how the economy is progressing. If the forecast holds, it would be the best quarter since the Great Recession ended in 2009. The previous highest was third quarter of 2014, which hit 5.2 percent. However, the Atlanta Fed's tracker has shown to have reliability issues in the past.

In particular, the model's sensitivity to the ISM manufacturing index has led the gauge astray multiple times, causing growth to be overstated. The ISM numbers were the principle impetus for the raise in growth projections Thursday. Real consumer spending jumped from 3.1 percent to 4 percent amid a sharp savings drawdown, and private fixed-investment growth surged from 5.2 percent to 9.2 percent. Since 2015, ISM boosts have caused the Atlanta Fed to overstate growth by 0.8 percentage point on average, including 1.9 percentage points in the fourth-quarter tracking on Nov. 1, according to CNBC calculations.

That comes as jobless claims hover around generational lows and the unemployment rate is at 4.1 percent. Productivity, however, continues to be lackluster, falling 0.1 percent in the fourth quarter against an expected rise of 1 percent. GDP for the fourth quarter came in at 2.6 percent, a disappointment caused primarily by a decline in inventories and a surge in imports, temporary setbacks expected to reverse in the quarters ahead. President Donald Trump rode to office on promises that growth would hit at least 3 percent and run as high as 6 percent. The Atlanta Fed also was optimistic about the 2017 first quarter, estimating growth at one point to be 3.4 percent, where the final reading came in at 1.2 percent.



# Announcements & Reports

## *People on the move: migration and mobility in the European Union*

**Source** : Bruegel  
**Weblink** : <http://bruegel.org/2018/01/people-on-the-move-migration-and-mobility-in-the-european-union/>

## *Normal is over*

**Source** : Brookings  
**Weblink** : <https://www.brookings.edu/research/normal-is-over/>

## *Actualising East: India in a Multipolar Asia*

**Source** : Brookings  
**Weblink** : <https://www.brookings.edu/research/actualising-east-india-in-a-multipolar-asia/>

# Upcoming Events

## *System Operation Guideline implementation: Stakeholder workshop on the methodology for Cost Benefit Analysis (CBA)*

**Date** : 08 February 2018  
**Place** : Brussels - Belgium  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/system-operation-guideline-implementation-stakeholder-workshop-on-the-methodology-for-cost-benefit-analysis-cba.aspx?EventWorkshopId=352>

## *NextGen SCADA Europe 2018*

**Date** : 10 February 2018  
**Place** : Amsterdam  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/NextGen-SCADA-Europe-2018.aspx?EventWorkshopId=337>

## *Internet of Energy*

**Date** : 06 March 2018  
**Place** : Berlin  
**Website** : [https://www.entsoe.eu/news-events/events/Pages/Events/\[Supported\]-Internet-of-Energy.aspx?EventWorkshopId=353](https://www.entsoe.eu/news-events/events/Pages/Events/[Supported]-Internet-of-Energy.aspx?EventWorkshopId=353)





## *Energy Statistics Course March 2018*

**Date** : 19 - 23 March 2018  
**Place** : Paris  
**Website** : <http://www.iea.org/workshops/energy-statistics-course-march-2018.html>

## *11th Energy Storage World Forum*

**Date** : 14 May 2018  
**Place** : Berlin  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/11th-Energy-Storage-World-Forum.aspx?EventWorkshopId=334>

## *Future of Work 2018*

**Date** : 24 May 2018  
**Place** : London, United Kingdom  
**Website** : <https://www.chathamhouse.org/conferences/future-work-2018>

## *Competition Policy 2018*

**Date** : 11 June 2018  
**Place** : London, United Kingdom  
**Website** : <https://www.chathamhouse.org/conferences/competition-policy-2018>

## *Cyber 2018*

**Date** : 28 June 2018  
**Place** : London, United Kingdom  
**Website** : <https://www.chathamhouse.org/conferences/competition-policy-2018>