



U.S. consumer confidence drops sharply in September

Financial Markets

Oil prices extended their weekly decline on Friday after Wall Street's most influential voice in oil trading, Goldman Sachs Group Inc., cut its price forecasts, citing a global supply glut and concerns about China's economy. Brent, the global benchmark, fell 2.6 percent (or \$1.27) to \$47.62 a barrel, extending its weekly decline to 3.9 percent, while West Texas Intermediate (WTI), the U.S. benchmark, lost 3.2 percent (or \$1.48) to \$44.44 a barrel, down 3.4 percent this week.

U.S. Treasuries advanced after a poor reading on consumer sentiment boosted investor demand for safe-haven assets. The yield on the 10-year benchmark Treasury note fell 4 basis points (bps) to 2.18 percent, and the 2-year note yield slid 2 bps to 0.72 percent. Although yields on Treasuries are moving lower Friday, they are still higher than a week ago as traders are awaiting Federal Reserve's decision on interest rate.

High Income Economies

U.S. consumer confidence slipped much more than anticipated in September. The consumer sentiment index produced by the University of Michigan fell from 91.9 in August to 85.7 in September, the lowest in a year. While consumer spending remains strong, there are growing concerns about volatility in equity markets, ahead of a possible interest rate hike.

The Central Bank of *Russia* left policy interest rates unchanged at 11 percent. Since the emergency hike to 17 percent in December 2014 to protect the ruble, the authorities have been progressively lowering rates. While the economy registered a sharp contraction in Q2, the ruble is under pressure and inflation is high, limiting the scope for further cuts in policy rates.

August consumer price inflation in *Germany* was 0.2 percent (y/y) in August, and zero (m/m), meeting expectations and helping lift the euro against major currencies.

Developing Economies

East Asia and Pacific

Malaysia's central bank, Bank Negara, left its key overnight policy rate unchanged at 3.25 percent as expected by economists. The bank said the current stance of monetary policy remains accommodative

and supportive of economic activity.

Latin American and the Caribbean

Consumer prices in *Brazil* increased 9.53 percent (y/y) in August, slowing slightly from a 9.56 percent rise in July. The monthly inflation rate eased for the second straight month to 0.22 percent, the lowest since July 2014.

South Asia

On strong increases in manufacturing and electricity output, India's industrial production rose 4.2 percent in July (y/y), higher than the economists' expected increase of 3.6 percent. The growth rate for June was revised to 4.4 percent from 3.8 percent.

Sub-Saharan Africa

According to the IMF, *Kenya's* shilling will probably remain under pressure as capital inflows slow. The shilling has fallen 14 percent against the dollar this year as earnings from tourism and agriculture slumped and investors offloaded riskier, emerging-market assets in anticipation of a U.S. interest-rate increase

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