Greece returns to international capital markets... U.S. jobless claims down to nearly 7-year low... China’s exports contract for second consecutive month in March

Financial Markets

Greece sold €3 billion of 5-year bonds on Thursday, tapping the international bond market for the first time since March 2010, as the country took advantage of the bond market rally across euro-zone economies. The bond was priced at a yield of 4.95% with nearly 90% of the issue being sold to foreign investors. After surging to more than 30% following the debt restructuring in 2012, the yield on Greek 10-year bonds fell below 6% yesterday for the first time since February 2010

Chinese and Hong Kong stocks rallied after Chinese government announced it would allow a combined 23.5 billion yuan ($3.8 billion) of daily cross-border trading in equities. Hong-Kong based investors will be permitted to buy up to 13 billion yuan of mainland shares, while mainland Chinese investors will be able to trade up to 10.5 billion of Hong-Kong listed stocks through the Shanghai exchange. China’s Shanghai Composite Index gained 1.3% at a closing, while Hong Kong’s Hang Seng Index advanced 1.5%.

High Income Economies

In the week ended April 5th, U.S. first-time jobless claims dropped more-than-expected to 300,000, a decrease of 32,000 from the previous week’s revised figure of 332,000. The last time initial claims were this low was May 12, 2007 when they were 297,000. The 4-week moving average was 316,250, a decrease of 4,750 from the previous week’s upwardly revised average of 321,000.

The Bank of England maintained its record-low interest rate at 0.5% and to keep quantitative easing unchanged at GBP 375 billion as policymakers await to get a clear picture about the amount of slack in the economy. In August 2013, the bank pledged not to hike interest rate until the jobless rate hit 7 percent. The jobless rate was 7.2% in three months to January. As the unemployment started falling faster than estimated, the BoE widened the scope of its forward guidance in February, and assured markets that interest rates will not be raised before the second quarter of 2015.
Developing Economies

East Asia and Pacific
Malaysia's industrial production growth accelerated in February, rising by a more than expected 6.7% (y/y) following a 3.5% (y/y) increase in January. Driving this increase, manufacturing output grew 9.8% (y/y) and electricity production rose 8.7% (y/y); while mining output fell 1.4% (y/y). Month-on-month, industrial output expanded 2.9% in February.

China's exports contracted for the second consecutive month in March but at a slower pace, with shipments falling 6.6% (y/y), compared with the 18.1% (y/y) decrease recorded in February. Imports also fell, decreasing 11.3% (y/y) after having increased by 10.1% (y/y) in February. Reflecting these developments, the trade balance swung into a larger than expected surplus of US$7.7bn from a deficit of US$22.9bn in February.

Sub-Saharan Africa
South Africa's manufacturing and mining production contracted in February. Manufacturing production decreased 1.9% (m/m), reversing January's 0.5% (m/m) increase. Year-on-year, manufacturing production growth slowed to 1.4% from January's revised 2.2% (y/y) growth. Mining production contracted further in February, decreasing by 7.0% (m/m) following a 3.5% (m/m) decline in January. Year-on-year, mining production contracted by 4.8% (y/y), sharply reversing a 3.7% (y/y) growth in January.

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