

GLOBAL ECONOMIC UPDATE

BANK OF CANADA HIKES BENCHMARK RATE TO 1.75%

The Bank of Canada has raised its benchmark interest rate by 0.25% to 1.75%, its third hike this 2018. It likewise acknowledged the need for a more neutral (not expansionary) monetary policy as the country's inflation number has stayed above the bank's target. While Canada's headline inflation dipped to 2.2% YoY in September from a peak of 3% in July, it is still well above the BOC's 2% target. For 2019, the bank is expected to raise its benchmark rate by at least 0.5%.



OCTOBER 29, 2018

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US GDP GROWS AT 3.5% IN 3Q18

US GDP grew at 3.5%, higher than the 3.3% forecast, in 3Q18. The second quarter's number was also revised upwards to 4.2% from 4.1%. The said jump in growth was boosted by an unexpected 4% rise in personal consumption, which accounts for about 70% of the economy. This helped offset a 7.9% slip in business spending. Government spending likewise rose by 3.3% in the period.



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