South Korea's money supply growth

The money supply in South Korea continued to grow at a fast pace in July due to a rise in corporate lending, central bank data showed on Wednesday.

Great Recession, greater illusions

In 2009, the world economy contracted by -2.2 percent. Growth in all developing countries declined from around eight percent in 2007 to 2.6 percent in 2009 as the developed world contracted by -3.8 percent in 2009. The collapse of the Lehmann Brothers investment bank in September 2008 symbolized the US financial crisis that triggered the Great Recession of 2008-2009.

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Demise of Keynesian consensus

In its immediate aftermath, a new consensus reversed the neoliberal Washington Consensus of the last two decades of the 20th century. Proclaimed by the G20's London Summit of April 2, 2009, it envisaged return to Keynesian macroeconomic policies, including large-scale fiscal stimulus, supported by expansionary monetary policy, IPS reported.

The new policies were largely successful in tempering the recession, although much more should have been done. But with modest recovery, public debt, not economic stagnation, was soon sold as public enemy number one again.

G20 leaders at the June 2010 Toronto Summit turned to 'fiscal consolidation', with monetary policy accommodation to 'contain' its contractionary consequences, and 'structural' (mainly labor market) reforms, ostensibly to boost growth, especially in advanced economies. Meanwhile, despite G20 leaders' pledges eschewing protectionism, trade restrictions grew.

Synchronized fiscal consolidation precipitated some Eurozone sovereign debt crises. Soon, several Eurozone countries experienced double dip recessions, as unemployment in Greece and Spain rose well over 25 percent following punitive policies required to qualify for European Union and International Monetary Fund (IMF) funding which mainly went to creditors.

Economists' complicity

Misleading, ideologically-driven empirical analyses claimed to support the new policy reversal. Alesina and his associates promoted the idea of 'expansionary fiscal consolidation', that contractionary government expenditure cuts would be more than offset by private spending expansion due to boosted investor confidence.

Then, Reinhart and Rogoff exaggerated the dangers of domestic debt accumulation. Although soon exposed for major methodological flaws and suppressing relevant information, these studies had served their purpose.

The IMF Fiscal Monitor ahead of the June 2010 G20 Summit grossly exaggerated public debt's destabilizing effects, advocating rapid fiscal consolidation instead. Later, the IMF admitted it had underestimated the fiscal multiplier and hence potential growth from such debt!

Faltering recovery and rising unemployment in the Eurozone caused the public debt-GDP ratio to rise instead. Meanwhile, supposedly unavoidable short-term pain caused prolonged suffering for millions without the promised medium- and long-term gains.

UN ahead of the curve

Besides the Bank of International Settlements' legendary William White, the United Nations was ahead of the curve, not only in warning of the impending crisis, but also by providing appropriate policy advice, albeit largely ignored.

For example, the United Nations 2006 and 2007 World Economic Situation and Prospects (WESP) warned of instability and growth slowdowns due to disorderly adjustment of growing macroeconomic imbalances among major world economies. WESP warned that falling US house prices could cause defaults to spike, triggering bank crises.

The IMF and the OECD simply ignored such warnings, projecting rosy futures, and a 'soft landing' at worst. The April 2007 IMF World Economic Outlook (WEO) emphatically dismissed widely held concerns about disorderly unwinding of global imbalances, claiming economic risks had subsided. The July 2007 issue claimed: "The strong global expansion is continuing, and projections for global growth in both 2007 and 2008 have been revised up."

The OECD June 2007 Economic Outlook insisted that the US slowdown was not heralding a period of worldwide economic weakness.

"Rather, a 'smooth' rebalancing was to be expected, with Europe taking over the baton from the United States in driving OECD growth. Indeed, the current economic situation is in many ways better than what we have experienced in years."

Although the IMF's November 2008 WEO belatedly acknowledged the crisis' severity, it forecast global recovery of 2.2 percent in 2009, suggesting the worst was over, thus supporting the reversal from fiscal expansion to consolidation. Depicting the 'green shoots' of recovery as self-sustaining, fiscal stimulus was abandoned after selective financial bailouts.

The IMF and OECD recommendations of structural reforms and fiscal consolidation have since failed to provide the long awaited, sustained global economic recovery.

Workers are £800 a year poorer post crisis

The substantial impact of the financial crisis has left people's wages three percent below what they were a decade ago, new research reveals.


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The analysis done for the BBC by the Institute for Fiscal Studies showed that on average people's real annual wages are £800 lower.

And that people who are aged between 30 and 39 now are earning £2,100 a year less than people of the same age group in 2008.

That's a drop of 7.2 percent.

For those in their 20s, the decline is five percent, compared with the drop for the over-60s in work of 0.7 percent, or £130.

At the time of the financial crisis in 2008, the average wage was £24,100.

In 2017, it was £23,300.

Paul Johnson, director of the IFS, said: "The average earnings of those in their 20s and 30s fell especially sharply in the immediate aftermath of the recession, perhaps as employers were able to cut starting wages more than wages of those already in work."

While this age group has seen earnings grow in recent years, it has not been "enough to make up for initial losses," he said.

Johnson added: "Pensioners have done much better than younger people on average. In part this is because they are less reliant on earnings and so haven't suffered from falls in earnings."

In addition, however, "government has chosen to protect the state pensions and other benefits received by pensioners", Johnson said.

Even more stark is the analysis from the IFS that, if wage growth trends between 1998 and 2008 had continued, people would on average be earning £3,500 more.

That's 15 percent higher than today's average figure.

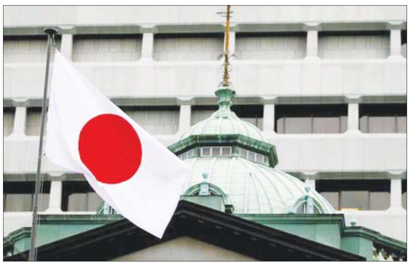
BoJ to debate trade woes, bond snags as policy seen on hold

The Bank of Japan (BoJ) is set to keep monetary policy steady next week and debate how escalating global trade frictions could undermine its confidence that the export-reliant economy will sustain a moderate expansion thanks to robust world demand.

The central bank's nine-member board will also likely scrutinize market moves since its decision in July to allow bond yields to move more flexibly around its zero percent target, Reuters wrote.

Despite Governor Haruhiko Kuroda's assurance the BoJ will allow 10-year bond yields to rise to around 0.2 percent, they have been caught in a tight range around 0.1 percent in a sign of the difficulty of reviving a market that has seen liquidity dry up from the central bank's huge purchases.

"The July move didn't address the fundamental problems of the BoJ's policy, such as the damage of low rates on the banking sector," said Izuru Kato, chief economist at Totan Research.


TORU HANAI/REUTERS

"Long-term yields need to rise more to ease strains on the banking sector."

At a two-day rate review ending on Sept. 19, the BoJ is expected to maintain its short-term interest rate target at minus 0.1 percent and a pledge to guide long-term rates around zero percent.

It is also likely to reiterate a pledge, adopted in July, to keep rates very low for an extended period so a steady economic recovery helps to push up inflation to its elusive two percent target.

One worry for policy-makers is the potential economic fallout from the intensifying trade spat between the United States and China, and the subject may be taken up for debate by BoJ policymakers.

Main Indices of TSE

Index	Value	Change	Percent
Total Index	155061.1	8062.4	58.19
Industry Index	141775.9	7432.6	5.24
Free Float Index	159415	7463	4.68
First Market Index	115921.0	7043.7	6.07
Second Market Index	300723.2	10751.3	3.57

Overall Index details on 20180912

First	146998.7	Change end of year(%)	702.04%
High	155061.1	Historical highest	89500.6 (20140105)
Low	149179.6	Historical lowest	100 (1369/1/6)
Close	155061.1	Base Value	100 (1369/1/6)
Change	2522.5		

Industry Index details on 20180912

First	134343.3	Change end of year(%)	954.15%
Max Value	141775.9	Historical highest	75181.9 (20140105)
Max Value	125612.8	Historical lowest	1226.8 (1377/8/25)
Closing	141775.9	Base Value	
Closing	2306.2		

Free Float Index details on 20180912

First	151952	Change end of year(%)	
Max Value	131802	Historical highest	105040 (20140105)
Max Value	127866	Historical lowest	
Closing	159415	Base Value	
Closing	3826		

Main Board Index details on 20180912

First	108877.3	Change end of year(%)	895.67%
Max Value	115921.0	Historical highest	67441.4 (20140105)
Max Value	99786.9	Historical lowest	
Closing	115921.0	Base Value	4740.4 (1381/6/2)
Closing	2388.7		

Secondary Index details on 20180912

First	289971.9	Change end of year(%)	1317.58%
Max Value	300723.2	Historical highest	181353 (20170522)
Max Value	241894.2	Historical lowest	
Closing	300723.2	Base Value	4740.4 (1381/6/2)
Closing	2235.2		

Major Currencies

Currency	To USD	Currency	To USD
Turkish Lira	0.1563	Japanese 100 Yen	0.8970
Euro	1.1593	Chinese Yuan	0.1456
British Pound	1.3024	UAE Dirham	0.2894
Australian Dollar	0.7119	Kuwaiti Dinar	3.3003
Canadian Dollar	0.7666	Iraqi 100 Dinar	0.0839

Major Commodities

Crude Oil	$69.80	Silver	$14.20
Gold	$1201.60	Platinum	$789.20
Copper	$2.64	Wheat	$522.25