U.S. jobless claims remain near 15-year low

**Financial Markets**

The euro strengthened on Thursday to a three-month high against the dollar, lifted by continued volatility in Eurozone government bond markets that again kept the region’s stock markets in check. Relatively strong Eurozone growth data from the previous day, contrasting with disappointingly weak U.S. retail sales report, also weighed on the single currency. The common currency surged past $1.14 for the first time since February, while U.K.’s sterling climbed to a 6-month high of $1.5815. Meanwhile, European stocks extended a losing streak as a continue rise in government bond yields has made equities appear more expensive than debt.

The recent sell-off in German government bonds helped push the yield spread between 2-and 30-year securities to the steepest in nearly 6 months. The risk premium investors demand to purchase the longer-maturity German government debt over the short-dated debt was at 161 basis points (bps) on Thursday, the highest since late November and up sharply from a 6½-year low of 73 bps reached as recently as April 20.

**High Income Economies**

First-time claims for U.S. unemployment benefits unexpectedly edged down to 264,000 in the week ended May 9th, from the previous week’s unrevised level of 265,000. Economists had expected an increase to 275,000. The four-week moving average also fell from the previous week’s unrevised average of 279,500 to 271,750, its lowest level since April 2000. Continuing claims, a reading on the number of people receiving ongoing unemployment assistance, came in at 2.23 million in the week ended May 2nd, unchanged from the previous week’s revised level.

**Developing Economies**

**East Asia and Pacific**

The Philippine central bank kept its key interest rates unchanged as policymakers said the current policy settings as appropriate given a manageable inflation environment. The bank maintained the overnight borrowing rate at 4.0% and the overnight lending at 6.0%. The reserve requirement ratios were also left unchanged. The bank expects inflation to settle within the lower half of the target range of 2-4 percent in 2015-2016 and inflation expectations to remain firmly anchored.

**Latin America and the Caribbean**

Declining for the second consecutive month, Brazil’s retail sales dropped 0.9% (m/m) in March, larger than February’s 0.4% decrease. Economists had forecast a 0.4% decline. In January, sales grew 0.3%. 


The latest fall was led by declining sales of furniture and household equipment and supermarket sales. On a yearly basis, sales grew 0.4% (y/y) in March following the 3.3% decline in February.

South Asia

Standard & Poor’s (S&P) has reaffirmed the BB-rating for Bangladesh and projected a ‘stable outlook’ for its economy for the sixth consecutive year. The stable outlook balances healthy growth prospects and an improving external profile against fiscal weaknesses and development needs.

India’s wholesale prices dropped at a faster pace in April, falling for the sixth consecutive month, provisional data from the Ministry of Commerce and Industry showed Wednesday. The wholesale price index dropped 2.7% (y/y), faster than March’s 2.3% fall. The decline was also larger than the 2.3% decrease forecast by economists. The latest decline was led by fuel and power prices which plunged 13.0%, after a 12.6% slump in March.

Sub-Saharan Africa

The Nigerian economy expanded 4.0% (y/y) in Q1 2015, following the 5.9% increase in Q4. The latest reading is the lowest gain since Q4 2012. GDP has slowed for the third straight quarter as lower oil prices and supply constraints dragged the oil sector down. The oil sector contracted while the non-oil sector advanced 5.6%. The agriculture sector increased 4.7%, while services gained 7.0%. On a quarterly basis, the GDP shrank 11.6% (q/q) in Q1.

May 14, 2015

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