Russia’s first-quarter capital outflows highest since end of 2008... U.K. visible trade deficit narrows on lower imports... Inflation accelerates in Brazil and Ghana but eases in Mexico.

Russia depleted $50.6 billion in net capital outflows in the first quarter of 2014, posting the highest quarterly outflows since the last quarter of 2008 ($132.1 billion) when the collapse of Lehman Brothers triggered the global credit crisis. First-quarter outflows are less than a government forecast of about $70 billion, but they are already close to the $59.6 billion outflows seen during the whole of last year. Meanwhile, the Russian ruble has weakened about 8% versus the dollar this year, after sliding to all-time lows in March, and the nation’s benchmark stock index has dropped 18%, compare with a 1.3% gain for the benchmark developing-country stock index.

Korean currency appreciated to the highest level since 2008 against the dollar as concerns over the government intervention in foreign-exchange market eased. The Korean won appreciated 1% to 1,041.55 per dollar at Wednesday closing after touching 1,040.46, the strongest level since August 18 2008. Meanwhile, foreign investors bought more Korean stocks than they sold for an 11-consecutive day, posting the longest streak of net purchases since October.

High Income Economies

The U.K. visible trade deficit narrowed more-than-expected in February to GBP 9.1 billion from GBP 9.5 billion in January. The narrower deficit was driven by a sharp decline in aircraft imports which plunged 46.3% (m/m), while overall imports dropped 2.2% to GBP 32.6 billion. Likewise, exports of goods slipped 1.6% from January to GBP 23.5 billion, the lowest since November 2010. Meanwhile, the surplus on trade in services declined to GBP 7 billion from January's GBP 7.3 billion. The combined balance of trade in goods and services showed a surplus of GBP 2.1 billion, down from a GBP 2.2 billion surplus in January.

South Korea’s jobless rate declined more-than-expected to 3.5% in March from 3.9% in February. The number of employed totaled 25.16 million in March, which is up 649,000 from a year ago. At the same time, the number of unemployed increased by 141,000 annually to 1.02 million in March.
Marking the second straight month below 100 points, which separates optimism from pessimism, the Westpac Bank/Melbourne Institute consumer confidence index for Australia increased modestly by 0.3% to 99.7 in April, following a 0.7% decline in March to 99.5. The sub-indices for family finances, outlook for economic conditions over the next 12 months, and outlook for family finances over the next 12 months all gained, while the indices for current conditions and the outlook for economic conditions for the next 5 years, and for people believing that it is a good time to buy a major household item retreated.

**Developing Economies**

**Latin America and the Caribbean**

Brazil’s annual headline inflation, measured by the consumer price index, accelerated in March, rising more than expected to an eight-month high 6.1% from 5.7% in February, reaching the central bank’s inflation forecast for 2014. Month-on-month, prices rose 0.9% following a 0.7% (m/m) increase in February as severe drought raised food prices. Besides food, additional upward pressure came from higher transport cost.

Meanwhile, Mexico’s annual consumer price inflation eased for the second consecutive month to 3.76% in March, down from 4.23% in February, moving below the upper limit of the central bank’s target of 4% for 2014, as prices of fruits and vegetables fell. Month-on-month, prices rose by 0.27% in March, slightly higher than the 0.25% (m/m) increase recorded in February. The core consumer price index, which excludes volatile food and energy prices, rose 0.21% in March.

**Sub-Saharan Africa**

Ghana’s annual consumer price inflation increased for the seventh consecutive month in March to 14.5% from 14.0% in February, the highest rate recorded since February 2010, on account of higher cost of housing, water, and electricity, transport, and food and non-alcoholic beverages. Month-on-month, prices rose 0.9% following a 1.1% (m/m) increase in February.

You’ll find recent issues of this Daily and lots of other current analysis and high-frequency data on our GEM intranet website: [http://go.worldbank.org/0TC32BNV30](http://go.worldbank.org/0TC32BNV30)


The Daily Economic News is an informal briefing for Bank staff whose responsibilities require that they stay abreast of changes in global markets. The views expressed here do not reflect those of the World Bank Group.

Feedback, and requests to be added to or dropped from the distribution list, may be sent to: dchen2@worldbank.org or gkambou@worldbank.org.