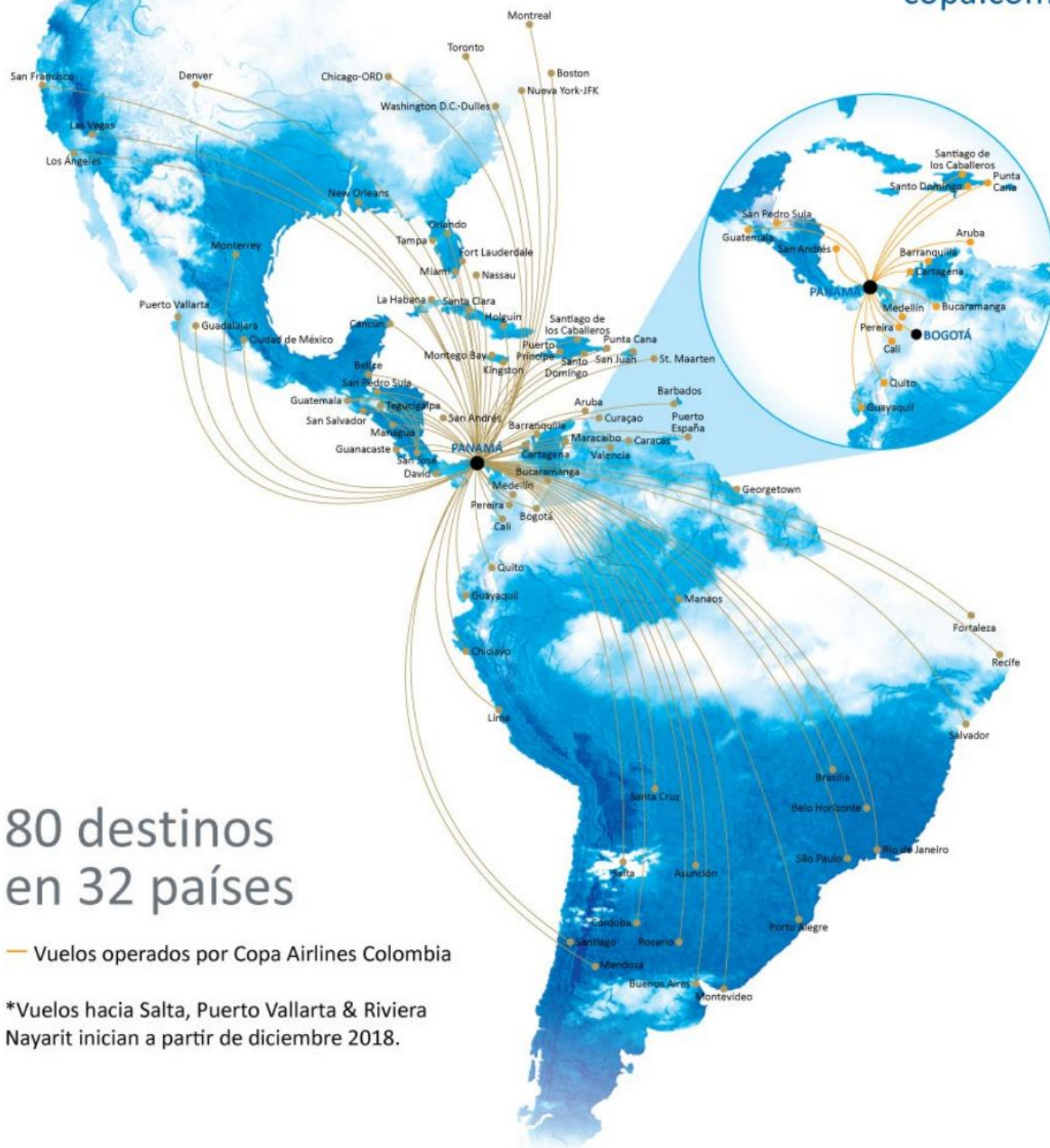




USA OUTLOOK

Weekly newsletter | November 12 to 16



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Foto: CNN International

November 14, 2018

Global slowdown: 3 of the top 4 economies are suffering

The global economic slowdown is happening and could spread to the United States next year. The economies of Germany and Japan shrank in the third quarter, according to data published Wednesday, providing a sharp contrast to another quarter of strong US growth. In China, there are signs of a deepening economic malaise. The reasons for the weak performance are varied, and economists believe that both Germany and Japan will dodge recessions by returning to growth soon. But the data underscore the major challenges faced by many of the world's largest economies.

Germany's economy shrank for the first time since 2015 in the third quarter. It was hit by new auto emissions testing procedures that slowed car sales and a decline in exports, partly due to the US-China trade war. The car certification bottleneck is expected to ease, but economists say export growth could weaken further because of reduced demand from major trading partners such as Turkey, Russia and China.

Japan is much more accustomed to economic stagnation, and even recessions, but the outlook there is brighter. Its lackluster third quarter was caused by natural disasters, and economists expect consumer spending to spike this quarter ahead of a planned sales tax hike next October. In China, the world's second largest economy, new data Wednesday revealed weaker consumption growth, subdued confidence and disappointing credit growth. Economists expect the government to ramp up stimulus measures to mitigate the effects of a trade war with the United States. "We believe the worse is yet to come, with growth slowing faster into spring 2019," Ting Lu, chief China economist at investment bank Nomura, wrote in a research note.

And despite the prospect of a rebound in Germany and Japan before the end of this year, the global economy is also heading for a weaker 2019. The International Monetary Fund expects global growth to slow to 2.5% in 2019 from 2.9% this year. Risks clouding the global outlook include the trade war and the impact of US interest rate hikes on emerging markets. Italy, which is locked in a standoff with the European Union over government spending, could spark another crisis in Europe.

'Significant slowdown' in the cards: "We're not thinking it will be anything like [the financial crisis], but there might be a significant slowdown next year. It's very possible," said Andrew Kenningham, chief global economist at Capital Economics. "We think the IMF is too optimistic." Some of the risk is already reflected in markets. On Tuesday, fears over weaker global demand helped push US oil prices down 7%, and major stocks indexes are 5% to 7% off their peaks. One big question is which countries might serve as growth engines in 2019.

India's economic growth has accelerated this year, hitting 8.2% in the most recent quarter. But as one of the world's biggest energy importers, it has felt the pain of higher oil prices this year. The rupee is one of the world's worst performing currencies in 2018, and that has further stoked inflation. The United States could also move into the slow lane next year as the effects of tax cuts fade. "We think the United States will slow quite significantly," said Kenningham. "The fiscal stimulus is temporary and the Fed is raising interest rates."

Fuente: <https://edition.cnn.com/2018/11/14/economy/economy-global-slowdown/index.html>

November 15, 2018

Does the oil meltdown signal economic trouble ahead?

New York (CNN Business)Crude oil's sudden meltdown could be nothing to worry about. Or it could be a sign that the world economy is sick.

The abrupt bear market in oil prices may have been sparked by a sharp drop-off in demand for energy, which powers the economy.

Investors were similarly spooked by oil's last major selloff, in late 2015 and early 2016. That dive to \$26 a barrel led some to fear an imminent recession. That proved to be a false alarm.

"There are shades of this that remind me of the latter part of 2015," Citigroup CEO Michael Corbat said on Wednesday.

"The question today is: Is oil again pretending to be that canary in the coal mine around slower global growth?" Corbat said while speaking at the Economic Club of New York. "Because if you look at supply-demand figures, nothing at all has materially changed in the last week or two."

Supply shock

Analysts are divided over how much the oil selling is being driven by simple supply worries rather than a more alarming drop in demand.

It's clear that supply fears deserve at least some of the blame. Saudi Arabia and the United States are pumping record amounts of oil. US output alone is expected to spike by 2.1 million barrels per day in 2018.

All of that left the oil market brimming when US sanctions on Iran had a more muted impact than expected. Rather than carrying out its threat to zero out Iranian oil shipments, the Trump administration granted temporary waivers to China, India and six other countries.

Global growth slowdown

But demand is also playing a role.

The International Energy Agency said on Wednesday that while US demand for oil has been "very robust," demand in Europe and developed Asian countries "continues to be relatively weak." The IEA also warned of a "slowdown" in demand in developing nations such as India, Brazil and Argentina caused by high oil prices, weak currencies and deteriorating economic activity.



Foto: FOX2now.com

Fuente: <https://edition.cnn.com/2018/11/15/business/oil-prices-economy/index.html>



Foto: CNN.com

November 16, 2018

Reporters condemn White House decision to bar CNN's Acosta

Volkswagen has committed to spending tens of billions of dollars as part of a dramatic shift to electric and autonomous vehicles.

The Germany carmaker said Friday that it would spend €44 billion (\$50 billion) by 2023 to develop electric cars, self-driving vehicles and other new technology.

Speaking at a press conference following a meeting of the company's supervisory board, CEO Herbert Diess described the company's strategy as an "electric offensive."

Diess acknowledged that increased investment in new technology could initially harm earnings growth.

"Volkswagen must become more efficient, more productive and more profitable in order to finance the high expenditure in the future and in order to stay competitive," he said during the press conference.

The CEO said that Volkswagen (VLKAF) is also "seriously considering involvement in battery production."

Diess said that talks with US automaker Ford (F) about a potential partnership are "progressing positively."

"We can solve the transformation of our business more easily with partnerships. We are currently in talks with Ford about an alliance in regard to light commercial vehicles," he said.

November 16, 2018

California wildfires: Number of missing leaps to 631

The number of people missing in northern California's devastating wildfire has leapt to more than 600, and seven more bodies have been found, according to local authorities.

The missing persons' list has doubled since earlier on Thursday.

The Camp Fire, the state's deadliest and most destructive blaze, has killed at least 63 people. Nearly 12,000 buildings have been destroyed.

Three more people have also died in the Woolsey Fire, further south.

President Donald Trump will travel to California on Saturday to survey the damage and meet those affected. About 9,400 firefighters are currently battling wildfires across the state. The Camp Fire - which broke out eight days ago - swept through a swathe of the north at high speed, leaving residents little time to escape.

Why such a big jump in the missing?

The official list more than doubled from 300 to 631 on Thursday. At a news briefing, Butte County Sheriff Kory Honea said this was because investigators had thoroughly cross-checked their information, including emergency calls made since the Camp Fire started on 8 November.

"I want you to understand that the chaos we were dealing with was extraordinary," Mr Honea said. He stressed that the number of the missing would most likely fluctuate. "If you look at that list and see your name, or the name of a friend or loved one, please call to let us know," Mr Honea appealed to the public.

What's the latest on the firefighting operation?

The California Fire Department says it has now contained about 40% of the Camp Fire blaze. We continue to engage in the fire fight. We continue to keep our eye on the ball," chief fire department official Ken Pimlott said. Officials say they do not expect to fully contain the blaze - which has razed 145,000 acres (56,600 ha) - until the end of the month. They are also battling several other fires. The Woolsey Fire in Ventura County near Los Angeles covers nearly 100,000 acres and is 62% contained.

The smaller Hill Fire, also in Ventura County, covers 4,530 acres and is 99% contained. The Morgan Fire in Contra Costa County, near San Francisco, covers 20 acres and is 60% contained.

The worst-hit area is the town of Paradise, with officials saying it will need a "total rebuild" job that will take several years.



Foto: BBC

Fuente: <https://www.bbc.com/news/world-us-canada-46230927>

Fuente: <https://edition.cnn.com/2018/11/16/business/volkswagen-electric-cars/index.html>



Foto: usatoday.com

November 16, 2018

In most expensive midterm elections in history, the biggest spender didn't always win

WASHINGTON – A record-breaking total of more than \$5 billion was spent on the just concluded midterm elections, but dozens of candidates who spent more money than their opponents were not celebrating a win on election night. In at least 41 House races, the bigger spender lost – including 36 contests in which the Democrat outspent the Republican, according to an analysis of campaign spending totals compiled by USA TODAY. That's not to say the amount of money raised and spent was not a factor. The winner of the majority of House races was the candidate who raised and spent the most money. Democratic candidates held a huge spending advantage over Republicans in this year's midterms, which drew massive voter turnout compared to most off-year elections.

Democrats ousted one incumbent GOP senator – Nevada's Dean Heller – and at least 22 Republican incumbent House members (with several races still to be decided), while Republicans defeated three Senate Democratic incumbents – Claire McCaskill of Missouri, Heidi Heitkamp of North Dakota and Joe Donnelly of Indiana. Another big factor in winning at the polls remains a longstanding trend in American politics: the power of incumbency. More than 90 percent of the incumbents who did run for re-election won their races. Records were also set by the more than \$1.3 billion spent by outside groups – those other than the candidates' campaign committees – and the \$98 million in so-called dark money. These are funds spent by groups who don't have to reveal their donors. "Let's say you haven't paid any attention," said Meredith McGehee, executive director of Issue One, the government reform group. "The result would be pretty much what you expect: the red states went red; the off party in the midterm did well."

A good example of an election where the candidate who spent more money didn't win was in Georgia's 6th District in the northern suburbs of Atlanta where Democrat Lucia McBath defeated Karen Handel. McBath's campaign spent \$1.2 million compared to \$8 million dropped by Handel's campaign. Outside groups helped make up the disadvantage that McBath faced by spending \$12.2 million to support her or attack McBath, compared to \$4.3 million spent by outside groups who supported Handel or attacked McBath. This congressional district race is no stranger to big money. Last year, it was one of the most expensive House races in history (\$55 million) when Democrat Jon Ossoff lost to Handel in a special election for a seat once held by Tom Price, the former Secretary of Health and Human Services. Price resigned from the Trump administration for using chartered flights on official government business. Here are a few other campaign finance facts out of the 2018 midterm election:

Fuente: <https://www.usatoday.com/story/news/politics/2018/11/16/2018-midterm-election-results-record-billion-campaign-spending-house-senate-candidates-fundraising/2017289002/>

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