

# Daily Memo: US Liquidity, Chinese Manufacturing

by Geopolitical Futures - December 1, 2020

**U.S. liquidity.** **The U.S. Federal Reserve will extend until March 31 four emergency liquidity programs** that were set to expire at the end of the year. The extended programs are the Commercial Paper Liquidity Facility, the Primary Dealer Credit Facility, the Money Market Mutual Fund Liquidity Facility and the Paycheck Protection Program Liquidity Facility.

**Hypersonics development.** **The U.S. and Australia announced plans** to jointly develop hypersonic cruise missiles. **The development of hypersonics is a big deal** – and an area where the U.S. is believed to be lagging somewhat behind China and Russia. **China, meanwhile, says it tested a jet engine capable of reaching Mach 16 flight.** And **Germany has joined an EU project** aimed at developing systems to shoot down hypersonics.

**Chinese manufacturing.** Chinese factory activity appears to be returning to pre-pandemic levels, with the private Caixin/Markit manufacturing purchasing managers' index (PMI) showing total new orders and factory output accelerating at their fastest pace in nearly a decade. On Monday, China's official PMI – which focuses more on large, state-owned firms – hit its highest mark in more than three years. **Chinese leaders think their economic model is working.**

**Mexican infrastructure.** **The Mexican government announced its second infrastructure spending package**, which includes 29 projects worth 228 billion pesos (\$11.3 billion) and will create an estimated 400,000 jobs. Work on the first project is already underway, and construction of a Baja California natural gas plant, one of the largest projects, will start in January.

**Saudi airspace.** **Saudi Arabia agreed to allow Israeli airliners entry into its airspace** while en route to the United Arab Emirates. The agreement was brokered while a U.S. delegation, led by White House adviser Jared Kushner and Middle East envoys Brian Hook and Avi Berkowitz, was visiting the region for talks.

**Iraqi unrest.** **Iraq's Ministry of Defense deployed** the army's 37th Brigade and the federal police's Special Missions Brigade to the city of Nasiriyah following deadly clashes between anti-government protesters and supporters of Shiite cleric Muqtada al-Sadr.

**German unemployment.** **Joblessness in Germany unexpectedly fell in November**, pushing the

unemployment rate down to 6.1 percent, the country's labor agency said.

**Scottish independence.** Scottish First Minister Nicola Sturgeon repeated her pledge that if the Scottish National Party is elected to lead Scotland's devolved government in May 2021, it will **push for an independence referendum**.

**Russian gas.** Russia's Novatek Gas & Power Asia and Japan's Saibu Gas Co. **completed its first trial delivery of liquefied natural gas** to China's Tiger Gas in Shanghai, as Russia eyes further entry into Asian downstream liquefied natural gas markets.

**Uzbek exports.** **The European Commission granted Uzbekistan a spot in the Generalized System of Preferences Plus program**, giving the country preferential status when exporting to the European Union.

**Russian-Italian dialogue.** Russian Foreign Minister Sergei Lavrov and Italian Foreign Minister Luigi Di Maio **spoke by phone on Tuesday** about bilateral cooperation and plans for an upcoming meeting of the foreign ministers of the Organization for Security and Cooperation in Europe.

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