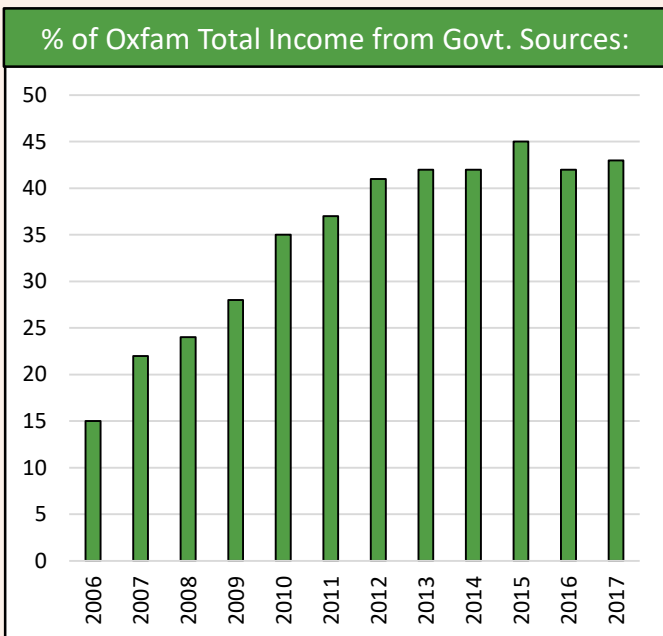


Here are the five economic stories which have caught our eye this week:

Oxfam Scandal:



The fallout from the allegations of sexual misconduct against Oxfam aid workers continued this week. Oxfam received £31.7m directly from the UK government last year and a total of £176m from all public authorities. The UK spends £13bn on foreign aid each year but recently some have questioned the transparency and value of this funding.

What form of foreign aid does the UK's support of Oxfam fall under?

Assess the role that foreign aid has on promoting sustainable economic growth and development in emerging economies.



700th Lidl Store and Counting:



First Lidl Supermarket Opened in 1994	
2018 Lidl Store Numbers	700
2018 UK Grocery Market Share	5%
2018 UK Lidl Workforce	22,000
Sales Growth (Dec 16–Dec 17)	▲ 16%

The remarkable rise of the German-owned supermarket chain Lidl hit another impressive milestone this week. The discounter opened its 700th store on Thursday and is now the fourth biggest supermarket chain when ranked by UK store numbers. Many of the traditional supermarket chains have experienced simultaneous declines across the sector as a result of the low-cost model of discount chains such as Lidl.

Using the concept of economies of scale, assess the expansion strategy of discount chains such as Lidl in the grocery sector.

UK Farmland Disruption:



UK Farmland

Farmland Price (Q3 + Q4 2017)	▼ 2%
Farmland Price Since 2016	▼ 7%
Average Land Rents Since 2016	▼ 1%
Farmers Reporting a Drop in Supply	43%

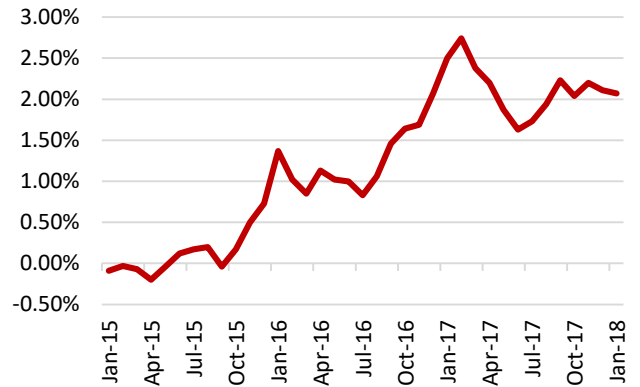
The Royal Institution of Chartered Surveyors (RICS) this week published their latest report on rural land in the UK. The results of the survey presented a grim outlook for UK arable land owners. The survey showed that both farmland prices and rents have fallen since the EU referendum result. The uncertainty surrounding future financial support for farmers in a post-Brexit world has contributed to a sharp drop in the land supply for sale.

Explain the impact falling commodity prices are having on the supply of land in the UK.

Using a diagram, assess the impact of a reduction in subsidies provided to farmers post-Brexit.

How much inflation is too much?

US CPI Inflation Rate:



The US published their latest figures for the headline consumer price index (CPI) this week as investors and economists try to predict the timing of the next Federal Reserve rate hike.

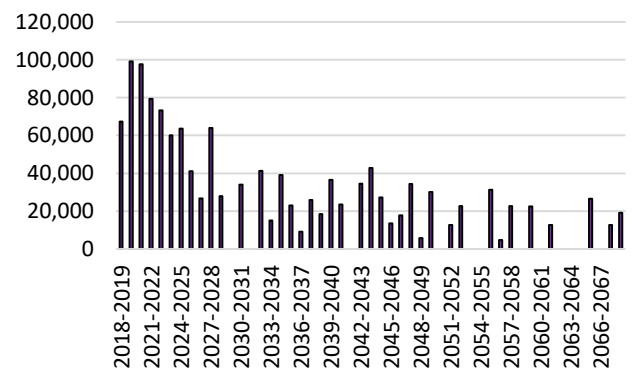
The index rose by 2.1% over the last 12 months. Many predict that the Federal Reserve will try to put an end to the danger of inflation overshooting its target of 2%.

Explain the difference between the headline and core inflation rate.

Why do economists use the core inflation rate as greater indicator of inflationary pressures?

The Great Debt Redemption Wave:

UK Gilt Market – Future Redemptions (£m):



The UK Debt Management Office (DMO) has produced a report which outlines the total value of UK gilts in the hands of the market that is expected to redeem in future financial years.

Using your knowledge of bond markets, assess the macroeconomic consequences to the UK economy of large imminent debt redemptions.