

## **Global financial markets improve, but economy "weak and fragile": U.K. think-tank**

LONDON, Feb. 5 (Xinhua) -- More than five years after the financial crisis, tensions in global financial markets, notably those in Europe, have eased in recent months, the London-based think-tank National Institute for Economic and Social Research (NIESR) has said.

In its latest global economic forecast published on Tuesday, NIESR's principal research fellow Dawn Holland attributed such improvements to the EU's commitment to maintaining the integrity of the eurozone and U.S. agreements over "fiscal cliff" to avoid the most tightening measures that would have pushed the economy toward recession.

"The firm decision by policy makers to support the Euro area in its current form and not allowing a dissolution has calmed the situation significantly and we have seen financial markets in particular respond to that," said Holland.

However, the expert warned the global economy would remain weak and fragile, with this year's growth expected to be 3.3 percent and 3.7 percent in 2014, well below trend growth of 4-4.25 percent.

In addition, world trade, up 3 percent last year, was also significantly below trend growth of 6 percent. The figure this year is expected to remain well below trend, too.

The report said output in eurozone is expected to contract in 2013 given falls in Greece, Italy, Portugal, Spain, Slovenia and France while it forecast a 1.4-percent rise for Japan and a moderate 2.4-percent growth for the United States.

Holland said momentum to strengthen the global economy was undermined by "an impaired and opaque banking system" and fiscal austerity measures, especially in Europe.

Most significant growth was also undermined by a lack of confidence among households and businesses, who had been consistently disappointed by the failure of policy initiatives to improve the global economy.