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IMF economist: Central banks may have misdiagnosed secular slowdown

The decline in neutral rates over the past few decades may have been caused by central banks lowering rates to boost demand, a paper published by the IMF argues. Central banks may have “misdiagnosed” the long-term slowdown, the researcher claims. And the low interest rate medicine they prescribed may have actually led to lower investment levels and further exacerbated the slowdown. (www.centralbanking.com 01/10/19)

Eurozone inflation slows to three-year low on cheaper energy

Eurozone inflation slowed in Sept. to near a three-year low because of cheaper energy although core inflation edged higher, highlighting the challenges facing the ECB. The weaker than expected Sept. number, the lowest year-on-year figure since Nov 2016, was mainly due to a 1.8% year-on-year fall in energy prices. (www.reuters.com 01/10/19)

ECB begins transition of benchmark short-term interest rate

The ECB has begun its official transition to a new benchmark short-term interest rate, as global regulators move away from tainted Libor gauges. Known as ESTR, the new rate reflects overnight borrowing costs of banks in the monetary bloc, fixed at -0.549% for Oct. 1, the ECB said. (www.bloomberg.com 02/10/19)

ECB's Draghi calls for eurozone stimulus to boost investment

The ECB's President has called for euro area-wide fiscal stimulus to boost investment, saying the latest steps in this direction are insufficient. “The most effective response, however, would be an investment-led stimulus at the euro area level,” Mario Draghi said in Athens. (www.reuters.com 01/10/19)

WTO cuts outlook for global trade growth to lowest in a decade

The WTO has cut its global trade growth forecast for this year to the weakest level in a decade. The volume of merchandise trade will increase by 1.2% this year and 2.7% next year, after a 3% advance in 2018. The outlook marks a sharp downgrade from the WTO's previous projections in April when it predicted a 2.6% gain in global trade in 2019 and 3% the following year. (www.bloomberg.com 01/10/19)

US manufacturing activity continued to contract in Sept

The Institute for Supply Management says US manufacturing activity continued to contract in the month of Sept. The ISM said its purchasing manager's index dropped to 47.8 in Sept. from 49.1 in Aug. with a reading below 50 indicating a contraction in manufacturing activity. Economists had expected the index to inch up to 50.1. (www.rttnews.com 01/10/19)

Germany would be able to counter an economic crisis: Scholz

German Finance Minister Olaf Scholz has said that the country's economy would be able to counter an economic crisis if there were one but added that he did not expect a downturn as bad as in 2008/2009. “We are well prepared because we have decent financial resources,” he said. (www.reuters.com 01/10/19)

Japan corporate inflation expectations stagnate, keep BOJ under pressure

Japanese companies' inflation expectations continued to stagnate in the three months to Sept., a Bank of Japan survey shows, a sign that the central bank is making little headway in hitting its 2% price target despite years of heavy money printing. Companies expect consumer prices to rise an average 0.9% a year from now. (www.reuters.com 01/10/19)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.2316	(1.2304)	1.2320	(1.2305)
+USD/EUR	1.0936	(1.0901)	1.0937	(1.0903)
*GHS/USD	5.3129	(5.3134)	5.3183	(5.3188)
*GHS/GBP	6.5434	(6.5377)	6.5521	(6.5447)
*GHS/EUR	5.8112	(5.7937)	5.8158	(5.7974)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 02/10/19 (Rates for 01/09/19 in brackets)

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Japan monetary base climbs 3.0% on year in Sept

The monetary base in Japan was up 3.0% on year in Sept. to ¥513.826tr, accelerating from 2.8% annual increase in Aug., Bank of Japan has said. Banknotes in circulation were up 2.4% on year while coins in circulation gained 2.2%. Current account balances climbed an annual 3.2 %, including a 2.4% gain in reserve balances. (www.rttnews.com 01/10/19)

Italy manufacturing weakest in 6 months

Italy's manufacturing sector conditions deteriorated at the fastest pace in six months in Sept. amid a fall in output and new orders, data show. The manufacturing purchasing managers' index fell to 47.8 in Sept. from 48.7 in Aug. Economists forecast a score of 48.1. (www.rttnews.com 01/10/19)

Spain manufacturing sector contraction fastest since April 2013

Spain's manufacturing sector contracted in Sept. at the fastest pace in nearly six-and-a-half years, amid declines in new orders, output and purchasing activity, survey data from IHS Markit show. The manufacturing purchasing managers' index fell to 47.7 in Sept. from 48.8 in Aug. (www.rttnews.com 01/10/19)

RBA cuts rates to new record low

The Reserve Bank of Australia has reduced interest rates to a record low of 0.75% in a bid to boost employment, incomes and inflation. The bank's board implemented the third 25-basis point cut of 2019, following ones implemented in June and July. The Australian dollar declined by 1.3% against the US dollar to 0.66. (www.centralbanking.com 01/10/19)

Lebanese central bank tries to stem currency weakness

Lebanon's central bank has announced measures that aim to ensure importers have sufficient US dollars to buy three key types of import: wheat, fuel and medicine. The Bank of Lebanon circulated a document in Arabic setting out conditions for the new policy. (www.centralbanking.com 01/10/19)

Oil prices rise after surprise fall in US crude stocks

Oil rebounded from several days of falling prices after industry data showed a surprise drop in US crude inventories, offsetting weak economic readings in the US that have depressed global stock markets. Brent crude rose 43 cents, or 0.7%, to \$59.32 a barrel by 0437 GMT. (www.reuters.com 01/10/19)

S. Africa to pay more for debt until fiscal problems addressed – central bank

South Africa will keep paying a high rate of interest on the loans it needs to plug a widening budget deficit until its fiscal problems are addressed, the central bank has said. The SARB has resisted political pressure to implement a drastic lowering of the repurchase. (www.af.reuters.com 02/10/19)

Nigeria says will cut output to conform to OPEC pact

Nigeria will make cuts to its crude oil output to comply with OPEC output targets, Mele Kolo Kyari of the Nigerian National Petroleum Company has said. Nigeria's Sept. crude oil and condensate output was 2.1-2.2m barrels per day, the director of its state oil company said. (www.af.reuters.com 01/10/19)

Namibia to consolidate economy after Fitch's downgrade

Namibian Minister of Finance Calle Schlettwein has said that the country will implement fiscal consolidation to support its domestic economy after Fitch Ratings, a major global ratings agency, downgraded the country's Long-Term Foreign-Currency Issuer Default Rating from "BB+" to "BB". (www.xinhuanet.com 02/10/19)

Zimbabwe mobile-money directive may halt commerce, operator says

A Zimbabwean government directive banning the purchase and sale of cash through mobile-money services may halt much of the nation's commerce as the biggest system will have to be shut down temporarily, operators said. (www.bloomberg.com 01/10/19)

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