



Tuesday, October 08, 2019

## **Eurozone needs pre-emptive fiscal stimulus or may face protracted low growth**

The slowing eurozone economy needs pre-emptive fiscal stimulus from cash-rich countries like Germany and the Netherlands or it will face a long period of low growth, the European Commission will tell eurozone ministers next week. The paper, seen by Reuters, echoes the words in Sept. of outgoing European Central Bank President Mario Draghi, who urged governments to help monetary policy efforts by stimulating growth with fiscal policy. ([www.reuters.com](http://www.reuters.com) 07/10/19)

## **Weak eurozone bank profits could take fresh hit: ECB**

Eurozone banks face growing pressure on earnings from a maturing business cycle, and their projections for lukewarm earnings in the coming years may still be too optimistic, the European Central Bank has said. Banks have projected a dip in their return on equity both this year and next. ([www.reuters.com](http://www.reuters.com) 07/10/19)

## **Eurozone house price growth rises slightly in Q2**

Eurozone house prices increased at a slightly faster pace in the second quarter, data from Eurostat shows. House prices logged an annual growth of 4.2% after posting 4.1% rise in the first quarter. On a quarterly basis, house prices rose 1.7% in Q2, much faster than the 0.3% rise in Q1. ([www.rttnews.com](http://www.rttnews.com) 07/10/19)

## **'Wrong' to say Fed is out of policy space, Bernanke argues**

The Fed has the same amount of policy space to fight a crisis today as at any point in its history, argues former Fed chair Ben Bernanke. He estimates that forward guidance and quantitative easing add the equivalent of 3% of policy space on top of short-term rates. ([www.centralbanking.com](http://www.centralbanking.com) 07/10/19)

## **Economists expect US GDP growth to slow down in 2019 and 2020: survey**

A panel of forecasters expects US real GDP growth to slow to 2.3% in 2019, and then to 1.8% in 2020, citing trade policy uncertainty as one of the downside risks, according to the National Association for Business Economics. Survey panelists believe the US economy will continue to expand into 2020, but they anticipate GDP growth will fall below 2% next year for the first time since 2016. ([www.xinhuanet.com](http://www.xinhuanet.com) 08/10/19)

## **US and Japan ink trade deal**

The US and Japan have inked a trade deal which focuses mostly on agricultural products. Japan will cut tariffs for \$7bn (£5.7bn) worth of US farm exports, while Washington will cut US tariffs on \$40m in Japanese agricultural goods and ease tariff rate quotas on the country's beef. The new bilateral deal is more limited than the Trans-Pacific Partnership. ([www.bbc.com](http://www.bbc.com) 08/10/19)

## **China shadow banking assets hit nearly three-year low: Moody's**

China's shadow banking assets shrank to a nearly three-year low in the first half of 2019 amid government efforts to contain financial risks, a report shows. Broadly defined shadow banking assets declined by nearly ¥1.7tn (about \$240bn) in H1 to ¥59.6tn, lowest level since end of 2016. ([www.xinhuanet.com](http://www.xinhuanet.com) 07/10/19)

## **China's interbank Treasury bond index opens lower Tuesday**

China's interbank Treasury bond index in net price opened at 986.38 points, down from the previous close of 986.74, according to the China Foreign Exchange Trade System. The index reflects real-time trading of treasury bonds in China's interbank bond market. ([www.xinhuanet.com](http://www.xinhuanet.com) 08/10/19)

### **EXCHANGE RATES OF SELECTED CURRENCIES**

CURRENCY	BUYING		SELLING	
+USD/GBP	1.2321	(1.2290)	1.2323	(1.2294)
+USD/EUR	1.0991	(1.0981)	1.0994	(1.0984)
*GHS/USD	5.3174	(5.3126)	5.3228	(5.3180)
*GHS/GBP	6.5516	(6.5292)	6.5592	(6.5379)
*GHS/EUR	5.8450	(5.8354)	5.8507	(5.8400)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 08/10/19 (Rates for 07/09/19 in brackets)

\* BOG INTERNAL TRANSACTION RATES: 08/10/19 (Rates for 07/09/19 in brackets)

### **No-deal Brexit would push UK debt to 50-year high, says think tank**

Even a "relatively benign" no-deal Brexit would push UK debt to its highest since the 1960s, the Institute for Fiscal Studies has said. The think tank said borrowing was likely to rise to £100bn and total debt would soar to 90% of national income. ([www.bbc.com](http://www.bbc.com) 08/10/19)

### **German industrial output rises unexpectedly in Aug**

German industrial output rose unexpectedly in Aug. data shows, providing a shimmer of hope that an expected contraction in Europe's biggest economy in the third quarter would not be steep. Industrial output rose by 0.3% on the month, figures released by the Statistics Office show, confounding expectations for a drop of 0.1%. ([www.reuters.com](http://www.reuters.com) 08/10/19)

### **Japan logs \$20bn current account surplus in Aug**

Japan posted a current account surplus of ¥2.16tn (\$20bn) in Aug., the Finance Ministry has said. The latest reading marks the 62nd successive month the current account has been in surplus. The ministry also said in its preliminary report that the country had a goods trade surplus of ¥50.9bn (\$474m). ([www.xinhuanet.com](http://www.xinhuanet.com) 08/10/19)

### **Malaysia's int'l reserves fall to \$103bn USD**

Malaysia's central bank said that its international reserves stood at \$103bn as of Sept. 30. The reserves position was 0.5% lower when compared with \$103.5bn as of Sept. 13. The bank said the reserves position is sufficient to finance 7.6 months of retained imports and is 1.1 time total short-term external debt. ([www.xinhuanet.com](http://www.xinhuanet.com) 07/10/19)

### **Bank of Israel holds rate in divided policy meeting**

The Bank of Israel held rates unchanged in Oct. despite the opposition of some members of the policy committee. As a result, the interest rate remains at 0.25%. However, the central bank modified its policy statement to add that it is willing to reduce interest rates. ([www.centralbanking.com](http://www.centralbanking.com) 07/10/19)

### **Oil edges higher on supply worries; eyes on trade talks**

Oil prices rose on Tuesday, buoyed by overnight gains in industrial commodities, while unrest in oil-producing countries Iraq and Ecuador raised concerns of supply disruption, adding to support. Brent crude rose 38 cents, or 0.7%, to \$58.73 a barrel by 0344 GMT. ([www.reuters.com](http://www.reuters.com) 08/10/19)

### **Biggest global trade zone may Boost S. Africa, Ramaphosa says**

South African President Cyril Ramaphosa is hopeful an agreement that could see the continent become the world's largest free-trade zone will boost the country's sluggish economy. The targeted start date is approaching and nations have to agree to any tariff concessions. ([www.bloomberg.com](http://www.bloomberg.com) 07/10/19)

### **S&P Global ranks Morocco's debt rating as "stable"**

Rating agency S&P Global has upgraded the "outlook" for Morocco's long-term debt rating in foreign and local currency from "negative" to "stable," according to a finance ministry. The agency also confirmed its investment grade status of the North African country as "BBB-," it added. ([www.xinhuanet.com](http://www.xinhuanet.com) 08/10/19)

### **Morocco's trade deficit widens 2.4% year on year in Jan-Aug**

Morocco's trade deficit widened by 2.4% to 140bn dirhams (\$14.5bn) in the first eight months of 2019 compared with the same period last year, the country's foreign exchange regulator has disclosed in figures published on its website. Imports rose 2.9% to 328bn dirhams. ([www.af.reuters.com](http://www.af.reuters.com) 07/10/19)

### **Zimbabwe economy seen contracting up to 6% in 2019 -treasury document**

Zimbabwe's economy is projected to contract by up to 6% this year due to a drought that hit farming output. Zimbabwe's economy is grappling with its worst crisis in a decade with triple-digit inflation, rolling power cuts and shortages of US dollars, medicines that have revived memories of the 2008. ([www.af.reuters.com](http://www.af.reuters.com) 07/10/19)

**DISCLAIMER:** This information has been compiled by the Secretary's Department of Bank of Ghana for general reference purposes only. While every effort is made to ensure that the information is accurate, the Bank of Ghana does not guarantee nor does it accept any responsibility or liability for the accuracy or completeness of the content or for any loss which may arise from reliance on information contained in this document.