



Monday, 28th September 2020

Fed’s Quarles ‘optimistic’ on economic outlook

The global economic outlook may not be as bleak as some fear, Randal Quarles has said. There is evidence of a strong rebound in economies worldwide and progress in managing the Covid-19 pandemic, the Federal Reserve’s vice-chairman for supervision said. Quarles acknowledged that unemployment in the US is still “unacceptably high”. He added that many emerging market economies are still struggling, and the “economic fortunes” of households and businesses “remain at risk”. (www.centralbanking.com 25/09/20)

Reserve Benchmarks 2020 report – charting new data frontiers

Many countries still face significant headwinds. While reserves have tended to increase in most jurisdictions during the past 12 months, perhaps supported by a rebound in valuations since May, they have fallen in some regions, notably in Latin America. (www.centralbanking.com 25/09/20)

ECB paper offers model for timely response to financial risks

A working paper published by the ECB offers a new model aimed at helping policymakers respond “in a timely manner” to rising risks to financial stability. In Financial conditions, business cycle fluctuations and growth at risk, Andrea Falconio and Simone Manganelli use a quantile vector autoregression of the US economy. (www.centralbanking.com 25/09/20)

Eurozone yields hold steady near recent lows on Covid-19 concerns

Eurozone bond yields held steady in early trading on Monday as investors balanced optimism about signs of a strengthening economic recovery in China with a rising tally of Covid-19 cases that could lead to more lockdown measures. (www.reuters.com 28/09/20)

BoE considering green conditionality for corporate bond-buying

Bank of England may add environmental criteria to its corporate bond purchase facility’s eligibility requirements, one of its executive directors told lawmakers. Sarah Breeden told a parliamentary committee that BoE will also discuss with the UK Treasury whether it should add a green element to its mandate. Breeden oversees the BoE’s work on climate change. (www.centralbanking.com 25/09/20)

An end to the loveless marriage with the US dollar?

The US dollar is overwhelmingly the dominant currency in the world because of a confluence of circumstances during the past century that have reinforcing network effects. There are four key strands. Firstly, almost all commodities are priced in dollars. This numeraire effect is well entrenched and unlikely to change while resource extraction companies have balance sheets denominated in dollars and often have stock market listings in the US. (www.centralbanking.com 25/09/20)

Bank of Mexico cuts rates again despite above-target inflation

The Bank of Mexico has cut policy rates in spite of above-target inflation, as policymakers confront a weakening economy and a lack of fiscal support. The bank’s governing board unanimously decided to continue its easing cycle, cutting rates by 25 basis points to 4.25%. (www.centralbanking.com 25/09/20)

China’s leaders to endorse lower 2021-2025 growth target at key meeting

China’s leaders are poised to endorse a lower economic growth target for Beijing’s next five-year plan compared with 2016-2020, as authorities navigate growing challenges fuelled by a deepening rift with the US, policy sources say. (www.reuters.com 28/09/20)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.2699	(1.2715)	1.2700	(1.2716)
+USD/EUR	1.1619	(1.1643)	1.1620	(1.1643)
*GHS/USD	5.6991	(5.6981)	5.7049	(5.7039)
*GHS/GBP	7.2373	(7.2452)	7.2452	(7.2530)
*GHS/EUR	6.6222	(6.6348)	6.6281	(6.6407)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 28/09/20 (Rates for 25/09/20 in brackets)

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China further eases foreign access to domestic capital market

China has further opened up its domestic capital market to foreign investors by introducing revised rules for the country's major inbound investment schemes. Foreign investors will enjoy easier market access and broader investment scope when investing via the dollar-denominated Qualified Foreign Institutional Investors and the yuan-denominated Renminbi Qualified Foreign Institutional Investors schemes. (www.xinhuanet.com 26/09/20)

Chinese yuan strengthens last week

China's yuan strengthened against a basket of currencies last week, according to the China Foreign Exchange Trade System. (www.xinhuanet.com 28/09/20)

JGBs fall as higher equities dim safe-haven debt demand

Japanese government bond prices fell on Monday as stronger stocks dampened the safe-haven appeal of debt, and some investors were on the side lines as the end of quarter neared. Benchmark 10-year JGB futures lost 0.10 point to 152.06, with a trading volume of 15,695 lots. Ten year JGB yield rose one basis point to 0.015%. (www.reuters.com 28/09/20)

Taiwanese central bank asks for smaller dollar trades

Taiwan's central bank has told traders at commercial banks to sell the US dollar in smaller amounts, a spokesperson tells Central Banking. The size of some banks' dollar orders have had negative effects on the market, the central bank spokesperson said. (www.centralbanking.com 25/09/20)

Most executives seek work-life balance after experiencing pandemic blues

Nearly eight out of 10 corporate executives experienced poor mental health during the Covid-19 crisis, prompting a number of them to re-evaluate and improve work-life balance, a survey shows. (www.reuters.com 28/09/20)

European shares seen higher at open

European stocks look set to open higher on Monday, though the upside may be capped by Covid-19-related worries and uncertainty surrounding the US presidential election. The pan-European Stoxx 600 slid 0.1%. The German DAX lost 1.1% and France's CAC 40 index shed 0.7% while the UK's FTSE 100 rose 0.3%. (www.rttnews.com 28/09/20)

Oil futures settle lower on demand concerns

Crude oil prices settled modestly lower on Friday, weighed down by concerns about the outlook for energy demand due to rising coronavirus cases and reports of fresh lockdown measures in several countries. WTI crude oil futures for Nov. ended down \$0.06 or about 0.2% at \$40.25 a barrel. (www.rttnews.com 28/09/20)

African countries ask for Moratorium extension 'until 2021'

African nations came out swinging during the UN General Assembly, calling for dramatic fiscal measures, in order to help economies survive the impact of the coronavirus pandemic. (www.africanews.com 28/09/20)

Fighting climate change in Africa with innovative financing

Climate change could push more than 100 million people below the poverty line by 2030 within developing countries. And yet with limited resources including finance, chances of taking action are bleak. The solution? Innovative and adaptive financing solutions to boost the resilience of African countries to climate change. (www.africanews.com 25/09/20)

Ghana's debt jumped 1.66% to hit GHS263bn in July 2020

Ghana's total public debt stock jumped by 1.66% to hit GHS263.1bn [\$46.3bn] in July 2020, the latest Summary of Macroeconomic and Financial Data shows. This represents about 68.3% of the country's GDP, and is gradually nearing the dreaded 70% of GDP. (www.myjoyonline.com 26/09/20)

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