



Wednesday, September 30, 2020

## Trade disputes could multiply without WTO reform: candidate

Trade disputes could extend beyond the current US-China conflict if the WTO is unable to transform, the South Korean vying to lead the Geneva-based body says. Trade Minister Yoo Myung-hee said "If the WTO fails to reinvent itself more members might be compelled to resort to their own ways of dealing with disputes - protectionism or unilateralism because the WTO rule cannot provide any way out or solutions to them". ([www.reuters.com](http://www.reuters.com) 30/09/20)

## US employment won't recover to pre-pandemic levels until 2023: Fed official

While the US economy has rebounded faster than originally anticipated following a large contraction in the second quarter, US employment probably won't recover to pre-pandemic levels until 2023, Patrick Harker, president of the Philadelphia Federal Reserve Bank has said. Even if the recovery continues and a new surge of the virus is avoided, segments like tourism and hospitality will remain subdued for a long time to come, presenting an overall drag on US GDP and employment growth, he noted. ([www.xinhuanet.com](http://www.xinhuanet.com) 30/09/20)

## BoE Deputy Governor warns against negative interest rates

A Bank of England (BoE) Deputy Governor has spoken out against setting negative interest rates, which would bring the cost of borrowing below zero. "At present, negative policy rates would be less effective as a tool to stimulate the economy," Sir Dave Ramsden told the Society of Professional Economists. BoE has so far responded to the pandemic by cutting rates to just 0.1%. But some policymakers want it to do more. ([www.bbc.com](http://www.bbc.com) 28/09/20)

## UK GDP collapsed nearly 20% in second quarter in historic Covid-19 hit

Britain suffered a record collapse in economic output in the second quarter of 2020 when Covid-19 lockdown measures were in full force, though the decline was slightly smaller than first estimated. GDP shrank by 19.8% in the three months to June, the Office for National Statistics said, slightly less than the initial estimate of a quarterly 20.4% crash but more than for any other major advanced economy. ([www.reuters.com](http://www.reuters.com) 30/09/20)

## China's PMI expansion streak hints at stronger economic recovery

The purchasing managers' index (PMI) for China's manufacturing sector came in at 51.5 in Sept., up from 51 in Aug. It is the seventh month in a row that the figure has remained in the expansion territory. In Sept., the sub-index for production stood at 54, up 0.5 points month on month, while that for new orders rose 0.8 points to 52.8. ([www.xinhuanet.com](http://www.xinhuanet.com) 30/09/20)

## French consumer spending climbed in Aug

French consumer spending rose 2.3% in Aug., defying market expectations for a second straight month of falling expenditure. The average forecast in a Reuters poll was for a 0.2% fall. Spending fell 0.9% in July. Consumers spent €49bn, the highest volume in more than a decade. ([www.reuters.com](http://www.reuters.com) 30/09/20)

## Malaysia's Aug producer price index down

Malaysia's producer price index for local production fell by 2.8% year on year in Aug. due to a decline in mining, electricity and gas supply, as well as manufacturing. On a monthly basis, the producer price index rose 1% in Aug. For the period of Jan. to Aug., the producer price index fell 2.4% year on year. ([www.xinhuanet.com](http://www.xinhuanet.com) 30/09/20)

### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.2853	(1.4156)	1.2854	(1.4188)
+USD/EUR	1.1735	(1.2341)	1.1736	(1.2362)
*GHS/USD	5.7000	(4.4034)	5.7058	(4.4078)
*GHS/GBP	7.3263	(6.2396)	7.3342	(6.2476)
*GHS/EUR	6.6894	(5.4395)	6.6954	(5.4436)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 11/04/18 (Rates for 10/04/18 in brackets)

\* BOG INTERNAL TRANSACTION RATES: 11/04/18 (Rates for 10/04/18 in brackets)

### **Tough few months ahead with coronavirus, warns Merkel**

Germany faces a tough few months due to the coronavirus, with the number of infections on the rise and winter approaching, Chancellor Angela Merkel has warned. “Germany has until now come through the pandemic relatively well thanks to the extraordinarily responsible behaviour of citizens in the last few months but we see now that autumn is coming, a difficult phase is ahead,” she told the Bundestag lower house of parliament. ([www.reuters.com](http://www.reuters.com) 30/09/20)

### **BoK launches facility to guard against dollar liquidity squeeze**

South Korea’s central bank has created a new scheme to pump US dollars into the country’s banking system when needed. Under the scheme, Bank of Korea will buy foreign currency-denominated bonds such as US Treasuries via repurchase agreements from local banks, if the central bank sees a potential dollar crunch. ([www.centralbanking.com](http://www.centralbanking.com) 29/09/20)

### **India reschedules policy decision**

India's central bank has rescheduled its monetary policy meeting that was planned to conclude on Oct. 1 with a policy decision, saying that a new date will be announced shortly. The bank has cut its benchmark repo rate twice this year, in May and March, by 115 basis points to 4.0%, and seven times since Feb. 2019 by a total of 250 points. ([www.centralbanknews.info](http://www.centralbanknews.info) 29/09/20)

### **Covid-19 fails to interrupt asset diversification – survey**

The Covid-19 crisis does not appear to have interrupted the ongoing trend towards asset diversification in reserve portfolios worldwide. The UBS Annual Reserve Management Seminar Survey indicates central banks are “still diversifying away from more conservative fixed income assets”. Passive equity, corporates, emerging market local-currency debt and gold were the alternative investments most frequently mentioned by participants as options for the coming year. ([www.centralbanking.com](http://www.centralbanking.com) 29/09/20)

### **Unemployment in Israel soars: official**

The number of unemployed people in Israel has reached 895,858 amidst a sweeping Covid-19 lockdown, the Employment Service has said. Since Sept. 17, a day before the start of a second sweeping lockdown in Israel, 163,297 additional persons were registered as unemployed, bringing the overall number of unemployed people to 895,858. ([www.xinhuanet.com](http://www.xinhuanet.com) 29/09/20)

### **Oil falls second day as rising virus cases spur demand worries**

Oil prices fell for a second day on Wednesday, extending large losses from the previous as rising coronavirus cases heading into the northern winter prompted concerns about further restrictions on activity that could curb fuel demand. Brent crude for Nov. delivery dropped 40 cents, or 1%, to \$40.63 per barrel by 0635 GMT. WTI fell 32 cents, or 0.8%, to \$38.97. ([www.reuters.com](http://www.reuters.com) 30/09/20)

### **Gold futures settle higher as dollar extends slide**

Gold prices moved higher on Tuesday, extending gains from previous session, as the dollar continued to exhibit weakness. The dollar index dropped to 93.82 in late morning trades, and despite recovering to 94.05 a little past noon, slipped to 93.87 subsequently, netting a loss of about 0.4%. Gold futures for Dec. ended up \$20.90 or about 1.1% at \$1,903.20 an ounce, the highest settlement since last Tuesday. ([www.rttnews.com](http://www.rttnews.com) 29/09/20)

### **Zambia seeks restructure deal with creditors within six months**

Zambia, the first African nation to seek debt relief from Eurobond holders since the onset of the Covid-19 pandemic, aims to reach a restructuring deal with creditors by the end of a six-month interest standstill it’s seeking, Finance Minister Bwalya Ng’andu has said. Zambia’s \$1bn of Eurobonds due 2024 fell 1.5% to 51.28 cents on the dollar by 4:10p.m. in London. The country has over the past decade taken on nearly \$12bn of debt even as growth slowed and foreign-exchange reserves dwindled. ([www.bloomberg.com](http://www.bloomberg.com) 29/09/20)

**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.