



Thursday, October 1, 2020

## Central bank research may be biased by career concerns, paper finds

Research by central bankers into the effectiveness of quantitative easing (QE) may be biased by career concerns and possibly other factors, a new working paper, *Fifty Shades of QE*, shows. The authors compare the findings of central bank research into QE against academic research. The results suggest that central bankers tend to find that QE has a larger impact on output than similar studies by academic economists. Firstly, reporting findings that could “dent the bank’s reputation” might not be good for their careers. ([www.centralbanking.com](http://www.centralbanking.com) 30/09/20)

## Haldane makes case against ‘economic anxiety’

Policymakers need to work on their communication if they are to avoid gloominess on the outlook turning into real damage to the economy, Andy Haldane has said. The BoE chief economist made the case for a recovery that has repeatedly surprised forecasters to the upside, albeit with high numbers of job losses and major risks on the horizon. He said the rapid recovery could be jeopardised if policymakers did not act “to prevent healthy caution morphing into fear and fatalism”. ([www.centralbanking.com](http://www.centralbanking.com) 30/09/20)

## ECB open to above-target inflation: Lagarde

The ECB will study the possibility of allowing inflation to rise above target, said president Christine Lagarde at the ECB and its Watchers XXI conference. As the ECB has just resumed its strategy review, which will focus on redefining the central bank’s inflation target, Lagarde weighed the virtue of permitting higher inflation to offset periods below the policy goal. ([www.centralbanking.com](http://www.centralbanking.com) 30/09/20)

## EBRD commits to 50% green investment policy

The European Bank on Reconstruction and Development (EBRD) will ask its members to back a plan making at least 50% of its investments green by 2025. The EBRD said it will ask its shareholder countries to back the green investment plan at its annual meeting on Oct. 7 and 8. ([www.centralbanking.com](http://www.centralbanking.com) 30/09/20)

## Britain, EU split on state aid in crunch week of trade talks

British and EU trade negotiators have failed to close the gap on state aid, a key element barring their new agreement on post-Brexit trade ties, officials and diplomatic sources with the bloc said as 27 national leaders gather in Brussels on Thursday. The two-day summit in Brussels is due to deal with foreign policy but chairman Charles Michel and the bloc’s executive will also on Friday give their latest assessment on Brexit. ([www.reuters.com](http://www.reuters.com) 01/10/20)

## BIS paper explores impact of sterilised FX interventions

Research published by the Bank for International Settlements sheds new light on how sterilised foreign exchange interventions affect economic and financial stability. ([www.centralbanking.com](http://www.centralbanking.com) 30/09/20)

## Eurozone factory recovery strengthened in Sept as Germany steps up

The eurozone manufacturing recovery gathered pace last month, largely driven by strength in Germany, as the region’s factories saw a surge in demand after some coronavirus restrictions were relaxed, a survey shows. As the pandemic raged across Europe, governments imposed tough lockdowns but as infection rates fell, many of those controls were removed. ([www.reuters.com](http://www.reuters.com) 01/10/20)

### EXCHANGE RATES OF SELECTED CURRENCIES

| CURRENCY | BUYING |          | SELLING |          |
|----------|--------|----------|---------|----------|
| +USD/GBP | 1.2903 | (1.2853) | 1.2904  | (1.2854) |
| +USD/EUR | 1.1711 | (1.1735) | 1.1712  | (1.1736) |
| *GHS/USD | 5.6998 | (5.7000) | 5.7056  | (5.7058) |
| *GHS/GBP | 7.3545 | (7.3263) | 7.3624  | (7.3342) |
| *GHS/EUR | 6.6756 | (6.6894) | 6.6816  | (6.6954) |

+SOURCE: BOG INTERNAL TRANSACTION RATES: 1/10/20 (Rates for 30/09/20 in brackets)

\* BOG INTERNAL TRANSACTION RATES: 1/10/20 (Rates for 30/09/20 in brackets)

### **US economy contracted 31.4% in Q2 in final estimate**

The US economy contracted at an annual rate of 31.4% in the second quarter amid mounting Covid-19 fallout, 0.3percentage point higher than the previous estimate in late Aug., the US Commerce Department said in its third and final estimate released. The latest estimate primarily reflected an upward revision to personal consumption expenditures that was partly offset by downward revisions to exports and to non-residential fixed investment, the department's Bureau of Economic Analysis has said. ([www.xinhuanet.com](http://www.xinhuanet.com) 30/09/20)

### **Brazil's gross debt hits record 88.8% of GDP**

Brazil's gross debt rose in Aug. to 88.8% of its GDP, a month-on-month increase of 2.4%, hitting a record high, the Central Bank of Brazil has reported. The gross debt of the general government, made up of the federal government, the Social Security Institute, and state and municipal governments, reached 6.39tr reals (about \$1.14tr) in Aug. ([www.xinhuanet.com](http://www.xinhuanet.com) 01/10/20)

### **Covid-19 pandemic speeds up adoption of mobile banking**

Use of mobile banking and electronic payment services rose in Hong Kong during the Covid-19 pandemic, as social distancing pushed older generations to embrace the technology, according to the Hong Kong Monetary Authority. Around 80% of payments under this year's Cash Payout Scheme – Hong Kong's stimulus package – were made through electronic registration, ([www.centralbanking.com](http://www.centralbanking.com) 30/09/20)

### **IMF approves \$6.5bn loan for Ecuador**

Ecuadorian President Lenin Moreno on Wednesday announced that the board of the IMF has approved a \$6.5bn loan agreement reached at the end of Aug. "A few minutes ago I had a conversation with people from the International Monetary Fund and I can tell you that the IMF loan was unanimously approved today", he said. ([www.xinhuanet.com](http://www.xinhuanet.com) 01/10/20)

### **Global shares extend gains on US stimulus, upbeat data**

Global shares tried to extend gains on Thursday on renewed hopes for fresh US stimulus measures, but mounting uncertainty ahead of America's presidential election and technical problems in Japan kept gains in check. S&P500 futures rose 0.6% in Asia, extending Wall Street shares' rebound overnight after strong employment data and talk of progress on long-delayed Covid-19 relief legislation. ([www.reuters.com](http://www.reuters.com) 01/10/20)

### **European stocks open higher after upbeat H&M, STMicroelectronics results**

European stocks rose on Thursday as Swedish retailer H&M and French-Italian chipmaker STMicroelectronics jumped after reporting forecast-beating results, while hopes of more US stimulus aided global sentiment. The pan-European STOXX 600 rose 0.7% by 0707 GMT, with bourses in Paris and London up over 1%, while German stocks rose 0.3%. ([www.reuters.com](http://www.reuters.com) 01/10/20)

### **Crude oil futures close sharply higher as inventories drop**

Crude oil prices rebounded after early weakness on Wednesday as data showed a drop in US crude inventories in the week ended Sept 25. WTI Crude oil futures for Nov. ended up \$0.93 or about 2.4% at \$40.22 a barrel. Data released by EIA show crude oil stockpiles fell by about two million barrels last week, as against expectations for an increase of 400,000 barrels. ([www.rttnews.com](http://www.rttnews.com) 30/09/20)

### **Ghana, EU sign €92.9 m financing agreement**

Ghana and the EU have signed two grant financing agreement totaling €92.9m to support the budget and to prevent electoral violence in the northern border regions. A total of €87m out of the amount is under the Emergency EU Budget in Response to the Covid situation in Ghana and the remaining €5.9m will go towards preventing electoral and communal violence in the northern border regions. ([www.myjoyonline.com](http://www.myjoyonline.com) 01/10/20)

**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.