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IMF: World faces systemic debt crisis

Major gaps in the international debt restructuring framework are increasing risks of a systemic sovereign debt crisis, IMF officials have warned. In a report published, the IMF says not enough has been done to prevent holdouts from derailing debt restructuring processes. (www.centralbanking.com 01/10/20)

BIS's Borio: Natural rate puts central banks in 'straitjacket'

Central banks may be placing too much faith in the natural rate of interest as a guide to policymaking, the Bank for International Settlements' Claudio Borio said on Sept. 30. Borio, who heads the BIS's monetary and economic department, said for monetary policy to be able to normalise, central banks need to solve both an economic issue and an intellectual one. (www.centralbanking.com 01/10/20)

Central banks' eye on inequality makes QE uncomfortable

Central banks may not be out of ammunition just yet but parts of their strategic policy rethinks related to inequality and fairness raise questions about the extent that they should use it. Ever since the last financial crisis 12 years ago, investors have fretted about a moment when central banks – having floored borrowing rates to zero or below and ballooned their balance sheets – would simply run out of ways to support increasingly indebted economies and panic-prone markets. (www.reuters.com 02/10/20)

EM central bank easing runs out of steam after 20 months of cuts

Central banks in developing countries have cut rates for 20 straight months, exceeding the easing cycles sparked by the 2008 financial crisis and in the wake of the 2010 euro crisis, though the pace of reductions continued to slow in Sept. (www.reuters.com 02/10/20)

Eurozone unemployment hit 8.1% in Aug

Unemployment in the eurozone increased to 8.1% in Aug., according to data released by the official statistical agency Eurostat on Oct. 1. Total unemployment increased by 251,000 people from the month of July to an overall number of 13.2m. When the pandemic started hitting the region in March, unemployment in the eurozone stood at 7.2%. (www.centralbanking.com 01/10/20)

City of London will have 'less fluid' trade with EU, says EU official

The flow of financial services between the EU and Britain will be less fluid from Jan., whatever happens in talks on a future free trade deal, the EU's financial services chief designate has said. Britain left the EU last Jan. and unfettered access to the single market under transition arrangements ends on Dec. 31. (www.reuters.com 02/10/20)

UK's access to cash policy pilots to launch in 2021

A body backed by the UK's finance industry will launch nine pilot projects aimed at ensuring vulnerable communities are not cut off from cash services. The nine projects will start in the UK at the end of the year and run for the first six months of 2021. (www.centralbanking.com 01/10/20)

US labour market, income data point to drawn-out economic recovery

The number of Americans filing new claims for jobless benefits fell last week but remained at recession levels, while personal income dropped in Aug., underscoring the need for another government rescue package for businesses and the unemployed. The decline in initial claims reported by the Labor Department likely reflected a decision by California, the most populous state in the nation. (www.reuters.com 01/10/20)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.2895	(1.2903)	1.2896	(1.2904)
+USD/EUR	1.1753	(1.1711)	1.1755	(1.1712)
*GHS/USD	5.6998	(5.6998)	5.7056	(5.7056)
*GHS/GBP	7.3500	(7.3545)	7.3579	(7.3624)
*GHS/EUR	6.7000	(6.6756)	6.7061	(6.6816)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 02/10/20 (Rates for 01/10/20 in brackets)

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US manufacturing sector slowed in Sept

US manufacturing activity slowed in Sept. as new orders retreated from a more than 16-1/2-year high, in line with expectations of a moderation in economic growth after a fiscal stimulus boost over the summer. The Institute for Supply Management said its index of national factory activity fell to 55.4 last month from 56 in Aug., which was the highest level since Nov. 2018. (www.reuters.com 01/10/20)

Argentina central bank says will allow managed peso float

Argentina's central bank says it would allow a managed float of the peso currency and abandon its current "uniform daily devaluation" strategy as it seeks to adapt its monetary policy amid sharpening economic turmoil. (www.reuters.com 02/10/20)

Bank Indonesia and PBoC sign currency agreement

The People's Bank of China (PBoC) has signed an agreement with Bank Indonesia on the use of their respective currencies. They signed a memorandum of understanding to promote "the use of local currencies for trade and direct investment settlement", the central banks have said in a joint statement. This includes the "promotion of the direct exchange rate quotation. (www.centralbanking.com 01/10/20)

China's service trade deficit narrowed in Jan-Aug

China's trade structure has further improved as the country's service trade deficit continued to narrow in the first eight months of this year, data from the Ministry of Commerce show. (www.xinhuanet.com 01/10/20)

Asian currencies ease after Trump tests positive for Covid-19

Southeast Asia's currencies eased on Friday with investors seeking safety in the US dollar after US President Donald Trump tested positive for Covid-19. Currencies in the region were largely weaker against the dollar, with the rupiah, ringgit and Singapore dollar all down around 0.2% versus the greenback. (www.reuters.com 02/10/20)

European shares set to open on tepid note

European stocks are seen opening a tad lower on Friday as US stimulus talks drag on and investors await the all-important nonfarm payrolls data for clues about the direction of monetary policy. The pan European Stoxx 600 gained 0.2%. The German DAX slid 0.2%, while France's CAC 40 index rose 0.4% and the UK's FTSE 100 edged up 0.2%. (www.rttnews.com 02/10/20)

Oil futures settle sharply lower on demand concerns

Crude oil prices declined sharply, weighed down by concerns about the outlook for energy demand. West Texas Intermediate Crude oil futures for Nov. ended lower by \$1.50 or about 3.7% at \$38.72 a barrel. WTI crude oil futures had ended up \$0.93 or about 2.4% at \$40.22 a barrel, buoyed by data showing a drop in crude inventories in the US (www.rttnews.com 01/10/20)

In boost to farmers, Ivory Coast sets new cocoa price

The price of cocoa paid to farmers for the 2020-2021 harvest in Ivory Coast, the world's largest producer, has been set at 1,000 CFA francs (1.52 euros) per kilo, up 21%, Ivorian President Alassane Ouattara has announced, one month before the Oct. 31 presidential election. (www.africanews.com 01/10/20)

Cedi among top 10 performing currencies in Africa despite Covid-19 pandemic

The cedi has ended the third quarter of this year with a relatively strong performance, depreciating by only 2.97% against the dollar. It positioned it among the top 10 performing currencies on the African continent this year, amid Covid-19. (www.myjoyonline.com 01/10/20)

Economy to recover earlier than expected – First Deputy Governor of BoG

First Deputy Governor of Bank of Ghana, Dr Maxwell Opoku-Afari, says contrary to fears that the economy will take some time before getting back on track, data available to the central bank suggests the economy is on its way to recovery. (www.myjoyonline.com 02/10/20)

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