



Thursday, October 8, 2020

IMF staff warns ‘exceptional’ demand for funds likely to continue

Staff at the IMF warns the next few months could see “significant” further demand for emergency funding facilities. Executive directors agreed to extend raised limits on borrowing for the poorest countries for a further six months, an action recommended by IMF staff. Directors also agreed to continue debt service relief for 28 countries. (www.centralbanking.com 07/10/20)

ECB’s Lagarde pledges no premature removal of monetary aid

ECB President Christine Lagarde has pledged not to remove monetary support until Covid-19 is over, reinforcing her message that central banks and fiscal authorities must work together. “Macroeconomic policies in the euro area have acted forcefully, protecting productive capacity and jobs,” she said. (www.bloomberg.com 07/10/20)

ECB's Weidmann sees no reason to ease policy further: Boersen-Zeitung

There’s no reason to ease the ECB’s policy further as the eurozone economy could beat the ECB’s expectations on the back of large fiscal stimulus, ECB policymaker Jens Weidmann has said, adding that “at the moment I see no reason to deviate from our assessment.” (www.reuters.com 07/10/20)

America's trade deficit climbed in Aug to the highest level in 14 years

America's trade deficit widened to more than \$67bn in Aug., rising to its highest level in 14 years, the Census Bureau has reported. The deficit rapidly expanded from \$37bn in Feb, before the Covid-19 pandemic swept across the country and sunk the US economy. Foreign trade was hit by lockdown efforts and exports still haven't recovered to their pre-pandemic levels. (www.cnn.com 06/10/20)

Fed's appetite for further easing, higher inflation in focus

The US Fed last month signalled that interest rates are likely to stay at zero through 2023, vowing to wait on rate hikes until inflation reaches 2% and is set to rise moderately above that level for a time. How much above 2%, for how long, and how the Federal Reserve might speed the process forward, the new guidance doesn’t say. (www.reuters.com 07/10/20)

Germany industrial output logged unexpected fall in Aug

Germany's industrial output declined unexpectedly in Aug. due to the fall in consumer and capital goods production, data from Destatis show. Industrial production dropped 0.2% on a monthly basis in Aug. in contrast to a revised 1.4% rise posted in July. Economists had forecast an increase of 1.5%. (www.rttnews.com 07/10/20)

France current account deficit narrowed in Aug; trade deficit widened

France's current account deficit narrowed in Aug. from July, Bank of France has reported. Data from the customs office show the trade deficit widened as exports decreased marginally amid an increase in imports in Aug. The current account deficit totalled €4.7bn in Aug. versus a €5.7bn short fall in July. (www.rttnews.com 07/10/20)

Japan budget requests hit record \$997bn fuelled by pandemic spending

Japan’s ministries have asked for a record \$997bn in initial budget for the next fiscal year, the finance ministry has said, as Prime Minister Yoshihide Suga’s new government juggles the need to rein in the pandemic and revive the economy. The general account spending requests for the fiscal year that begins next April totalled ¥105.4071tn (\$996.85bn). (www.reuters.com 07/10/20)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.2922	(1.2967)	1.2923	(1.2968)
+USD/EUR	1.1769	(1.1785)	1.1770	(1.1785)
*GHS/USD	5.6998	(5.7000)	5.7056	(5.7058)
*GHS/GBP	7.3653	(7.3913)	7.3733	(7.3992)
*GHS/EUR	6.7086	(6.7175)	6.7146	(6.7241)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 08/10/20 (Rates for 07/10/20 in brackets)

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BOJ's Kuroda: Climate change among biggest challenges facing global economy

Bank of Japan Governor Haruhiko Kuroda has said climate change is among the biggest challenges facing the global economy, joining a growing debate about how policymakers should address the growth risks posed by global warming. (www.reuters.com 07/10/20)

Unemployment is a national priority, says RBA's Lowe

The board of the Reserve Bank of Australia believes the high rate of unemployment in the country should now be a "national priority", the Governor of the central bank has said. The latest monetary policy states that the cash rate will not be increased from 0.25% until progress is made towards achieving "full employment". (www.centralbanking.com 07/10/20)

RBI appointments okay way for delayed MPC meeting

The Indian government has named three new members of the central bank's MPC, allowing a delayed MPC meeting to be rescheduled for this week. Two macroeconomists, Shashanka Bhide and Ashima Goyal, will join the MPC alongside finance professor Jayanth Varma. (www.centralbanking.com 06/10/20)

Finland trade deficit fell in Aug

Finland's trade deficit decreased in Aug. amid a fall in both exports and imports, preliminary figures from the Finnish Customs show. The trade deficit narrowed to €245m in Aug. from €264m in the same month last year. In July, the trade deficit was €455m. Exports declined 14.8% year-on-year in Aug. and imports fell 14.4%. (www.rttnews.com 07/10/20)

Iceland central bank keeps rates on hold

Iceland's central bank has left its key interest rate unchanged at a record low amid deteriorating economic outlook. The Monetary Policy Committee of the Central Bank of Iceland retained its key interest rate, which is the seven-day term deposit rate at 1.00%. The bank has reduced the rate four times so far this year. (www.rttnews.com 07/10/20)

Oil prices edge up as Hurricane Delta approaches US Gulf of Mexico

Oil prices inched up on Thursday as oil workers evacuated rigs in the US Gulf of Mexico ahead of Hurricane Delta. Brent crude futures rose 9 cents, or 0.2%, to \$42.08 a barrel, after falling 1.6% on Wednesday. (www.reuters.com 08/10/20)

WB sees Sub-Saharan Africa GDP rebounding in 2021

Sub-Saharan Africa will probably reverse an economic contraction next year as countries in the region begin to ease movement restrictions, even as the impact of Covid-19 will endure for years to come, according to the World Bank. Sub-Saharan Africa's GDP is on track to shrink 3.3% this year, its worst performance on record. (www.bloomberg.com 08/10/20)

S. African economy could take 2 years to reach pre-crisis levels: Reserve Bank

The South African economy is likely to recover to pre-crisis levels at the end of 2021 or 2022, said the Deputy Governor of the South African Reserve Bank. Tshazibana said despite the fiscal and monetary support provided, South Africa would take about two years to recover from the Covid-19 shocks. (www.xinhuanet.com 08/10/20)

Kenya's tourism-dependent businesses struggle as pandemic keeps visitors away

The Covid-19 pandemic has led to job losses globally and Kenya is no exception. The Kenya National Bureau of Statistics has said that unemployment doubled from 5.2% in March when the first Kenyan case was reported, to 10.4% on 1st Sept. 2020. (www.africanews.com 07/10/20)

Economy to grow strongly by 4.8% in 2021

Ghana's economy is expected to grow strongly next year by 4.8% of GDP "buoyed by rising demand for the country's commodity exports and supportive macroeconomic conditions which will facilitate higher investment and private consumption", Fitch Solutions has said in its Macroeconomic Update Report. (www.myjoyonline.com 08/10/20)

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