



Monday, October 12, 2020

G-7 central banks agree CBDC principles

Seven central banks, including all those of the G-7 economies, and the Bank for International Settlements (BIS) have agreed a set of common principles around the possible creation of a central bank-issued digital currency (CBDC). The Federal Reserve, European Central Bank, Bank of Japan, Bank of England, Bank of Canada, Sveriges Riksbank and the Swiss National Bank all are all members. (www.centralbanking.com 09/10/20)

Carstens warns QE strengthens ‘fiscal-monetary nexus’

Central banks with quantitative easing programmes are creating a stronger “fiscal-monetary nexus”, Bank for International Settlements’ head Agustín Carstens has said. Recent asset purchases have led major central banks to buy a significant portion of governments’ new debt issuance. (www.centralbanking.com 09/10/20)

EU leaders to insist on tough enforcement powers in Brexit deal

French President Emmanuel Macron and other EU leaders will insist on tough enforcement rules for any trade deal with Britain, warning that Prime Minister Boris Johnson’s bid to override the Brexit treaty has shown that Britain’s word cannot be trusted. (www.reuters.com 12/10/20)

Bank of England (BoE) asks banks how ready they are for sub-zero rates

BoE has asked banks how ready they are for zero or negative interest rates, following up its announcement last month that it was considering how to take rates below zero if necessary. Other central banks have pushed rates into negative territory in an attempt to spur banks to lend more. BoE said in Sept. it was looking into what such a policy might mean in the UK. (www.bloomberg.com 08/10/20)

Swiss still cautious on Covid-19 after lifting 2020 economic outlook

The Swiss government has raised its 2020 economic forecast but remained cautious about a possible second wave of Covid-19 that could curtail growth if it triggered a nationwide lockdown. Swiss output will shrink by 3.8% this year, a less severe coronavirus-triggered slump than the 6.2% drop previously expected, the State Secretariat for Economic Affairs has said. (www.reuters.com 12/10/20)

Canadian households face ‘crucial’ months – BoC Governor

Bank of Canada Governor Tiff Macklem in a speech on Oct 8 warned of longer-term financial risks that the Covid-19 crisis could cause. He said the government and lenders had given much-needed support to Canadian households this year by delaying payments. “The six-month deferrals that financial institutions offered are ending, though, so the next few months will be crucial,” he added. (www.centralbanking.com 09/10/20)

SNB head to face council over sexism allegations

The head of Switzerland’s central bank will appear before its governing council next week to discuss allegations that female staff face entrenched discrimination, media reports have said. Thomas Jordan will meet the council on Oct. 12 over growing concerns about the treatment of female staff, Bloomberg News reported. (www.centralbanking.com 9/10/20)

Germany wholesale price data due

Wholesale price data from Germany is due on Monday, headlining a light day for the European economic news. At 1.45 am ET, the State Secretariat for Economic Affairs is set to publish Swiss Autumn economic forecast. (www.rttnews.com 12/10/20)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.3001	(1.2942)	1.3002	(1.2944)
+USD/EUR	1.1816	(1.1754)	1.1816	(1.1754)
*GHS/USD	5.7003	(5.7003)	5.7061	(5.7061)
*GHS/GBP	7.4110	(7.3774)	7.4190	(7.3859)
*GHS/EUR	6.7361	(6.7000)	6.7421	(6.7071)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 12/10/20 (Rates for 09/10/20 in brackets)

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Argentina's central bank attempts monetary balancing act

The Central Bank of Argentina has taken steps to increase the government's access to local currency by lowering the rate it offers local banks holding its securities. At the same time, it sought to tighten monetary policy by raising its repo rate for the second time in a week. On Oct. 8, the central bank's board reduced the rate it offers holders of peso-denominated securities Leliq by one percentage point to 1%. (www.centralbanking.com 09/10/20)

RBI chooses to 'look through' above-target inflation

The Reserve Bank of India's Monetary Policy Committee (MPC) is choosing to "look through" a recent bout of above-target inflation, it said on Oct. 9. The RBI's MPC chose to keep the policy rate unchanged at 4%, even though inflation is forecast to hit 6.8% in the next quarter of the year. (www.centralbanking.com 09/10/20)

China adopts normal monetary policy as long as possible: central bank Governor

By keeping its monetary policy prudent and within a normal range, China has been one of the few major economies in the world adopting normal monetary policy, China's central bank Governor has said. Keeping a normal monetary policy, positive interest rates as well as upward yield curve is generally conducive to the sustainable economic and social development, the Governor said. (www.xinhuanet.com 11/10/20)

China wins global economic recovery as boosted by Golden Week holiday

China's economy is "hitting its stride again" as tourism and spending bounced back during the country's Golden Week holiday last week, an analysis of CNN on Sunday shows. This year's National Day holiday that began on 1st Oct. coincided with the Mid-Autumn Festival, making the traditional week-long holiday last eight days. (www.xinhuanet.com 12/10/20)

European shares track Asia to gain on rebound optimism

European shares crept higher on Monday, tracking gains in Asia that were fuelled by optimism over a rebound in China's economy, while trade-sensitive stocks rose after a report that the EU's trade chief had called on Washington to drop some tariffs. The pan-European STOXX 600 was up 0.3%, with insurance and auto stocks among the biggest gainers. (www.reuters.com 12/10/20)

Oil futures shed 1.4% in the session, gain 9.6% for the week

Crude oil prices drifted lower as traders made largely cautious moves, weighing demand and supply positions in the market. West Texas Intermediate crude oil futures for Nov. ended lower by \$0.59 or about 1.4% at \$40.60 a barrel. Brent crude futures declined nearly \$0.50 or about 1.1% to \$42.85 a barrel. (www.rttnews.com 09/10/20)

Gold futures rise sharply, set 3-week closing high

Gold prices moved higher and the most active gold futures contract recorded a 3-week closing high, as optimism about US fiscal stimulus supported the commodity. The dollar index tumbled to 93.04, losing more than 0.6% from the previous close. Gold futures for Dec. ended up \$31.10 or about 1.6% at \$1,926.20 an ounce. For the week, gold futures gained about 1%. (www.rttnews.com 09/10/20)

Tunisia's economic crisis amidst the Covid-19 pandemic

Tens of thousands of Tunisians have lost their jobs in a worsening economic crisis exacerbated by the Covid-19 pandemic as nearly a third of small to medium-sized businesses face bankruptcy. Ali Ben Rached, owner of the café "La Javanaise," is frustrated, "If there is no terrace or anything (allowed to be open) in the city, how will we work? We're going to have to close down. (www.africanews.com 10/10/20)

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