



Tuesday, June 8, 2021

## Financial sector still a headache for central bank modellers

The dynamics of the financial sector have always presented a challenge to economists. The sector is prone to sudden tipping points, from bank runs to flash crashes, which can be hard to anticipate. Links between the macroeconomy and financial sector form a feedback mechanism that can amplify shocks, potentially catching policy-makers unaware. ([www.centralbanking.com](http://www.centralbanking.com) 08/06/21)

## Only quick shift to 'net zero' emissions will boost GDP

Cutting planet-warming emissions to “net zero” by 2050 could lift growth and employment but would require an inflation-boosting \$160 per tonne carbon price by the end of the decade, an umbrella group of the world’s top central banks said. Facing calls for action with their vast financial firepower, central banks are now contemplating policy options to fight climate change and rely on deep analysis from their Network for Greening the Financial System (NGFS) to aid their deliberations. ([www.reuters.com](http://www.reuters.com) 07/06/21)

## Euro zone investor morale rises to highest level since Feb. 2018

Investor morale in the euro zone rose for the fourth month in a row in June, reaching its highest level since Feb. 2018, lifted by reopening restaurants and tourism resuming as coronavirus cases fall, a survey showed. ([www.reuters.com](http://www.reuters.com) 07/06/21)

## Euro zone bond yields drift higher as ECB meeting looms

Euro zone government bond yields nudged up from one-month lows but trade was largely subdued as a European Central Bank meeting loomed. Borrowing costs fell after a closely-watched US jobs report fell short of expectations, calming worries that a roaring economy could lead the Federal Reserve to soon taper its stimulus. ([www.reuters.com](http://www.reuters.com) 7/06/21)

## EU quizzes industry on relocating euro clearing from London

The EU is asking financial market participants about what legislative and regulatory steps would help them transfer clearing in euro derivatives from London to the bloc, an EU document showed. The bloc’s executive European Commission is holding workshops with industry about shifting trillions of euros in swaps contracts from the London Stock Exchange to Deutsche Boerse in Frankfurt due to Brexit largely severing Britain’s access to the EU financial market. ([www.reuters.com](http://www.reuters.com) 07/06/21)

## Bank of England launches climate stress test for banks and insurers

The Bank of England set out its first stress test to check the financial system’s ability to cope with climate change, saying the results will not be used to determine capital requirements. ([www.reuters.com](http://www.reuters.com) 08/06/21)

## BoE says stablecoins must be as trustworthy as commercial bank money

The Bank of England says stablecoins must attain similar levels of “public confidence” as commercial bank money if they are to serve as a new form of digital money. Certain “key features” of the banking system would need to be reflected in regulations for stablecoins, the BoE says in a discussion paper, published June 7. ([www.centralbanking.com](http://www.centralbanking.com) 07/06/21)

## Federal Reserve to release 2021 bank stress test results June 24

The Federal Reserve announced that it would publish the results of its annual stress test of the nation’s largest banks on June 24. The results of the test, which examines how big bank portfolios would perform in a hypothetical economic downturn, will be closely watched by investors. The Fed had previously announced it expects most firms will be able to resume share buybacks and dividends if they pass. ([www.reuters.com](http://www.reuters.com) 07/06/21)

CURRENCY	BUYING		SELLING	
+USD/GBP	1.4173	(1.4168)	1.4174	(1.4169)
+USD/EUR	1.2196	(1.2167)	1.2197	(1.2168)
*GHS/USD	5.7473	(5.7441)	5.7531	(5.7499)
*GHS/GBP	8.1457	(8.1383)	8.1544	(8.1470)
*GHS/EUR	7.0095	(6.9892)	7.0164	(6.9961)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 08/06/21 (Rates for 07/06/21 in brackets)

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### **Asian currencies steady, traders hold off on bets before US inflation**

Emerging Asian currencies largely held steady on Tuesday as traders adopted a cautious approach ahead of US inflation data this week for any further clues on the Federal Reserve's tapering timeline. Stocks markets in the region were a mixed bag, with Kuala Lumpur leading gains with a rise of 0.4%.

([www.reuters.com](http://www.reuters.com) 08/06/21)

### **China's economy improves, businesses back to normal**

China's economy improved and businesses gradually got back to normal in 2020 despite COVID-19 hits, Hou Kai, Auditor General of the National Audit Office, said. Entrusted by the State Council, Hou delivered an audit report on the enforcement of the central government's 2020 budget and other fiscal revenue and expenditure at the ongoing session of the Standing Committee of the National People's Congress.

([www.xinhuanet.com](http://www.xinhuanet.com) 07/06/21)

### **China's central bank conducts ¥10bn of reverse repos**

China's central bank Tuesday conducted ¥10bn (about \$1.56bn) of reverse repos to maintain reasonably ample liquidity in the banking system. The interest rate for the seven-day reverse repos was set at 2.2%, according to a statement on the website of the People's Bank of China.

([www.xinhuanet.com](http://www.xinhuanet.com) 08/06/21)

### **Japan upgrades Q1 GDP on smaller hit to domestic demand**

Japan's economy shrank less than initially reported in the first quarter on smaller cuts to plant and equipment spending, but the coronavirus pandemic still dealt a huge blow to overall demand. Separate data showed growth in bank lending slowed sharply in May, while real wages posted the biggest monthly jump in more than a decade in April, in signs that the world's third-largest economy was gradually overcoming last year's pandemic hit. ([www.reuters.com](http://www.reuters.com) 08/06/21)

### **European shares set for mixed open**

European stocks are likely to open mixed on Tuesday as investors await more clues on the outlook for inflation and central bank stimulus. The pan European Stoxx 600 rose 0.2%. The German DAX slid 0.1%, while France's CAC 40 index gained 0.4% and the UK's FTSE 100 edged up 0.1%. ([www.rttnews.com](http://www.rttnews.com) 08/06/21)

### **Oil futures settle lower**

Crude oil prices drifted lower, coming off 2-1/2-year highs, after data showed a drop in China's crude oil imports in April. West Texas Intermediate Crude oil futures for July ended down by \$0.39 or about 0.6% at \$69.23 a barrel, coming off an early high of \$70.00 a barrel. Brent crude futures shed about \$0.40 or 0.6% at \$71.49 a barrel. Data from China showed crude imports during Jan. - May 2021 rose by 2.3% year-over-year.

([www.rttnews.com](http://www.rttnews.com) 07/06/21)

### **S. Africa: Rand rises to two-year high of R13.42/\$**

The Rand rose to a two-year high yesterday before retreating 0.03% slightly to R13.52 against the US dollar in early trade as investors cautiously awaited domestic economic growth figures. The rand touched R13.42 early yesterday as it benefited from global growth expectations which continued to underpin positive sentiment and the risk-on environment. ([www.iol.co.za](http://www.iol.co.za) 08/06/21)

### **Nigeria naira slides past 500/dlr on black market, trading volumes drop**

Nigeria's naira slid past 500 per dollar on the black market on Monday to a more than 3-1/2-year low, two weeks after the country devalued its official exchange rate. Trading volumes fell 14.49% last week to \$1.07bn across the currency markets, data from exchange regulator FMDQ Securities Exchange showed, citing a decrease in spot market turnover. The central bank in May abandoned its official rate of 380 naira, which it had held since July last year, in an attempt to unify its numerous exchange rates. ([www.reuters.com](http://www.reuters.com) 07/06/21)

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