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World Bank, IMF face long-term damage after data rigging scandal

Regardless of whether IMF chief Kristalina Georgieva was to blame for changes to World Bank data in 2017 that benefited China, the scandal has dented the research reputations of both institutions, former staff, government officials and outside experts say. (www.reuters.com 04/10/21)

More macro-pru tools needed, say some central banks

Over a third of central banks participating in the Financial Stability Benchmarks 2021 said they need more macro-prudential tools. Of the 31 central banks that answered a question on this topic, 11 said they would benefit from having additional powers to reduce systemic risk. (www.centralbanking.com 04/10/21)

Many benchmark respondents concerned over AML/CFT risks

A significant minority of respondents to the Financial Stability Benchmarks 2021 say their concerns over money laundering and terrorist financing have risen in the last two years. We asked respondents if they had grown more concerned over anti-money laundering (AML) and countering the financing of terrorism (CFT) risks in that period. (www.centralbanking.com 05/10/21)

US PCE inflation rises to 4.3%

Personal consumption expenditure (PCE) inflation rose in Aug. 2021, marking the second consecutive increase in the Federal Open Market Committee's preferred inflation measure. The Bureau of Economic Analysis recorded PCE inflation at 4.3% for Aug., up from 4.2% in July and 4% in June. Though the headline figure is well above the FOMC's 2% target, other data suggests that certain volatile items are producing much of the inflationary pressure. (www.centralbanking.com 04/10/21)

China risks slower growth without more market competition

China risks slower growth if it does not do enough to spur market competition by allowing the private sector to play a bigger role in the economy and greater two-way flow in cross-border investments, a report shows. "Without a market-oriented shift, China will struggle to maintain a growth potential that exceeds 3% annually by the middle of this decade. (www.reuters.com 05/10/21)

China's banks must meet coal, power financing needs – regulator

China's banking regulator said that lenders including policy banks must ensure that the financing needs of the coal and power sectors are met so that consumer heating during winter is not affected. Beijing is racing to deliver more coal to utilities to restore supply as nearly two-thirds of provinces grapple with power rationing. Officials say the power supply situation remains challenging. (www.reuters.com 05/10/21)

Eurozone yields hover near three-month highs as oil prices soar

Eurozone government bond yields hovered near recent highs as oil prices hit a three-year peak, sparking inflation concerns and potential monetary policy tightening from the world's major central banks. (www.reuters.com 05/10/21)

Germany's next government faces three big economic challenges

Chancellor Angela Merkel has steered Germany through many crises over the past 16 years, but she has also left behind a mixed legacy and failed to tackle some deep structural problems. Despite a "golden decade" of uninterrupted growth and budget surpluses, most economists agree Germany has neglected its public infrastructure and invested too little in digitisation. (www.reuters.com 05/10/21)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCY	BUYING		SELLING	
+USD/GBP	1.3601	(1.3545)	1.3602	(1.3546)
+USD/EUR	1.1616	(1.1595)	1.1617	(1.1596)
*GHS/USD	5.8644	(5.8634)	5.8702	(5.8692)
*GHS/GBP	7.9761	(7.9419)	7.9847	(7.9505)
*GHS/EUR	6.8120	(6.7990)	6.8187	(6.8057)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 05/10/21 (Rates for 04/10/21 in brackets)

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Australia's central bank holds cash rate at 0.1%

Australia's central bank left its cash rate at a record low of 0.1%, a well flagged decision given it currently expects to keep policy super easy out to 2024. The Reserve Bank of Australia (RBA) made the announcement following its monthly policy meeting. (www.reuters.com 05/10/21)

IMF says it will start technical discussions with Lebanon in coming days

The IMF is expected to start technical discussions with Lebanon "in the coming days", a spokeswoman told Reuters. The discussions will revolve around "policies and reforms that will address Lebanon's economic and financial crisis," she said in response to a question by Reuters about Lebanon's announcement earlier on Monday that it has resumed "interactions" with the IMF with a view to agreeing a recovery programme that can harness international support. (www.reuters.com 04/10/21)

Japan's Sept service sector activity shrank for 20th month

Japan's services sector activity shrank for a 20th straight month in Sept. as the coronavirus crisis continued to weigh on sentiment, though the pace of decline eased from the sharp contraction seen in Aug. The government last week ended state of emergency curbs it imposed to get the health crisis under control, as new cases and deaths came down rapidly last month and the strain on the medical system eased. (www.reuters.com 05/10/21)

JGBs soften after weak 10-year bond auction

Japanese government bond prices eased after a 10-year bond auction drew tepid demand, while the market showed a muted response to new Japanese Finance Minister Shinichi Suzuki's comments about a fiscal target. The Ministry of Finance's offer of ¥2.6tr (\$23.4bn) attracted limited bids, with the auction's bid-to-cover ratio falling to 2.45 from 3.36 in the previous auction. (www.reuters.com 05/10/21)

European shares seen a tad higher at open

European stocks are seen opening higher despite fresh concerns about the health of China's property sector, with Fantasia Group Holdings announcing late Monday it had missed debt payment. The pan European Stoxx 600 dropped half a percent. The German DAX declined 0.8%, France's CAC 40 index gave up 0.6% and the UK's FTSE 100 eased 0.2%. (www.rttnews.com 05/10/21)

Oil futures settle sharply higher as OPEC decides to stick with its output plan

Crude oil prices rose sharply, riding on the decision of the Organization of the Petroleum Exporting Countries, Russia and their allies to stick to its current output policy amid rising demand for petroleum products across the world. WTI crude oil futures for Nov. settled with a gain of \$1.74 or about 2.2% at \$77.62 a barrel, the highest settlement since Nov. 2014. Brent crude futures climbed to \$81.31 a barrel, gaining about 2.6%. (www.rttnews.com 04/10/21)

Gold dips on dollar advance as traders wait for US jobs data

Gold prices fell as the dollar benefited from subdued risk sentiment, with bullion likely to see choppy trade in the run up to Friday's US jobs numbers that could dictate the Federal Reserve's tapering plans. Spot gold fell 0.6% to \$1,758.27 per ounce by 0643 GMT, after hitting \$1,770.41 on Monday, its highest since Sept. 23. US gold futures shed 0.6% to \$1,757.30. (www.reuters.com 05/10/21)

SA policy uncertainty still a considerable structural impediment to econ. growth

Policy uncertainty in South Africa remained a serious challenge and reducing it required the creation of a credible macroeconomic environment that was solid, coherent and consistent, according to the North West University Business School Policy Uncertainty Index for the third quarter of this year. The index rose to 58.2 from 50.3 in the second quarter of this year. The baseline for the index is 50. (www.iol.co.za 04/10/21)

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