



Wednesday 7<sup>th</sup> September 2022

### Europe's banks dim lights as they brace for winter blackout

Some of Europe's biggest banks are preparing back-up generators and to dim the lights as they brace for potential power cuts and energy rationing that threaten the money system underpinning the region's economy. The banks are stress-testing how they can cope with power shortages. ([www.reuters.com](http://www.reuters.com) 07/09/22)

### ECB's Kazaks says broad, protracted recession could slow hikes

The European Central Bank may slow interest-rate increases if a deep euro-area recession damps inflation, according to Governing Council member, Martins Kazaks. ([www.bloomberg.com](http://www.bloomberg.com) 06/09/22)

### Worst not over for EM currencies as US dollar thunders on

Emerging market currencies will find it difficult to reclaim ground lost this year as relentless Federal Reserve rate hikes and safe-haven demand keep the dollar ascendant, a Reuters poll of currency strategists found. ([www.reuters.com](http://www.reuters.com) 07/09/22)

### Dollar pain spreads from emerging to developed economies

Developed economies are taking a hit from the dollar's appreciation to multi-decade highs in ways that were once more familiar to their emerging market peers. Fueled by the Federal Reserve's aggressive tightening cycle in more than a generation. ([www.bloomberg.com](http://www.bloomberg.com) 07/09/22)

### Top Fed official says US rates must stay high until inflation eases

A senior Federal Reserve official has said the US central bank must lift interest rates to a level that restrains economic activity and keep them there until policymakers are "convinced" that rampant inflation is subsiding. ([www.ft.com](http://www.ft.com) 07/09/22)

### BoE's Mann presents 'nuanced' version of Phillips curve

BOE policy-maker Catherine Mann outlined a "nuanced" inflation model in remarks on September 5, concluding the analysis called for stronger monetary tightening. Mann outlined a form of Phillips curve – which links inflation and economic slack. ([www.centralbanking.com](http://www.centralbanking.com) 06/09/22)

### Liz Truss's energy bill rescue may mean UK inflation has peaked

Britain's inflation rate may already have passed its peak, if Prime Minister Liz Truss moves ahead with her plans to freeze energy bills for households and business. ([www.bloomgerg.com](http://www.bloomgerg.com) 06/09/22)

### China trade surplus with US narrows to \$36.77bn in August

China's trade surplus with the US narrowed to \$36.77bn in August, from \$41.5bn in July, according to Reuters calculations based on customs data. ([www.reuters.com](http://www.reuters.com) 07/09/22)

### China's economy takes hit from global slowdown as exports weaken

China's export growth slowed more than expected in August and imports stagnated, a sign of a darkening global economic picture and weak domestic growth hit by Covid lockdowns and a property slump. ([www.bloomberg.com](http://www.bloomberg.com) 07/09/22)

### Chinese banks provide more loans to backstop real economy

China's major state-owned banks stepped up lending to support the real economy in the first half of 2022 (H1), with more new loans flowing to infrastructure development, manufacturing, and other key economic drivers. ([www.xinhuanet.com](http://www.xinhuanet.com) 06/09/22)

#### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.1549	(1.1514)	1.1550	(1.1516)
+USD/EUR	0.9927	(0.9927)	0.9927	(0.9927)
*GHS/USD	8.2374	(8.2344)	8.2456	(8.2426)
*GHS/GBP	9.5133	(9.4811)	9.5237	(9.4922)
*GHS/EUR	8.1772	(8.1740)	8.1854	(8.1829)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 07/09/22 (Rates for 06/09/22 in brackets)

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### **Bank of Canada to hike into restrictive range**

The Bank of Canada is set deliver a fourth consecutive outsized interest-rate hike to slow the nation's economy and drag inflation down from four-decade highs. All 31 economists surveyed by Bloomberg expect policy makers to raise the benchmark overnight rate by at least 50 basis points, and most say it will be 75 basis points. ([www.bloomberg.com](http://www.bloomberg.com) 07/09/22)

### **Brazil Central Bank warns of final rate hike in hawkish tone**

Brazil's swap rates rose after the central bank sent a hawkish message to investors, reminding them that a final interest rate increase remains on the table even as most traders bet its aggressive monetary tightening campaign ended last month. ([www.bloomberg.com](http://www.bloomberg.com) 06/09/22)

### **Poland nears final rate hike as economy slows**

Poland's central bank may deliver one of the last rate increases of this monetary tightening cycle as it shifts the focus from fighting inflation to avoiding an economic downturn. Policy makers will lift the benchmark rate by 25 basis points to 6.75% on Wednesday. ([www.bloomberg.com](http://www.bloomberg.com) 07/09/22)

### **Thai c.bank to hike rates gradually to contain inflation**

Thailand's central bank will raise interest rates gradually to curb inflation and ensure a smooth recovery as the economy is expected to return to pre-pandemic levels late this year or early next year, its Governor said on Wednesday. ([www.reuters.com](http://www.reuters.com) 07/09/22)

### **Vietnam c.bank lifts cap on credit growth for some ban**

The State Bank of Vietnam said on Wednesday it has raised caps on credit growth for some banks this year, based on their latest operational results, market developments and proposals. This is designed to boost lending for some banks without encouraging excessive credit growth. ([www.reuters.com](http://www.reuters.com) 07/09/22)

### **European shares may drift lower as growth worries mount**

European stocks may open lower on Wednesday as global sentiment remains fragile amid concerns over aggressive Fed tightening, a worsening energy crisis in Europe and COVID-19 lockdowns in China. The pan European Stoxx 600 gained 0.2%. The German DAX climbed 0.9%, while France's CAC 40 index and the UK's FTSE both edged up around 0.2%. ([www.rttnews.com](http://www.rttnews.com) 07/09/22)

### **Oil futures settle roughly flat**

Oil futures settled slightly higher on Tuesday, due largely to the decision of the Organization of the Petroleum Exporting Countries and its allies, collectively known as OPEC+, to cut output by 100,000 barrels per day in October. Worries about outlook for energy demand amid rising fears of a recession, and the dollar's uptick limited oil's rise. ([www.rttnews.com](http://www.rttnews.com) 06/09/22)

### **South Africa's economy is smaller than before the pandemic**

South Africa's economy is smaller than it was before the coronavirus pandemic struck, after the worst flooding in almost three decades and severe power outages caused it to shrink in the second quarter. Gross domestic product contracted 0.7% in the three months through June, compared with downwardly revised growth of 1.7% in the previous quarter. ([www.bloomberg.com](http://www.bloomberg.com) 06/09/22)

### **Egypt favours flexible currency amid devaluation calls, IMF talks**

Egypt's government now favours a more flexible currency to support an economy that's come under pressure from Russia's invasion of Ukraine, a top official said. Authorities already allowed the pound, which had been kept stable against the dollar for about two years, to weaken sharply in March but investors and economists think it has much further to go to reflect its true value. Egypt's currency is down more than 18% so far this year. ([www.bloomberg.com](http://www.bloomberg.com) 06/09/22)

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