



Tuesday 27<sup>th</sup> September 2022

### Euro World economy jolted by war with recessions now seen looming

The world as a whole has been jolted by the war in Ukraine, according to the OECD, which cut almost all growth forecasts for the Group of 20 next year while anticipating further interest-rate hikes too. The global economy will expand just 2.2% in 2023. ([www.bloomberg.com](http://www.bloomberg.com) 26/09/22)

### Global rates, retail banking included in Bank of England stress test

Banks' ability to cope with rising global interest rates and the resilience of their retail divisions to market shocks will be under scrutiny in this year's "stress test", the BoE said. ([www.reuters.com](http://www.reuters.com) 26/09/22)

### Lagarde says ECB rates to be lifted at 'next several meetings'

The ECB will continue increasing borrowing costs, even with economic activity expected to "slow substantially," according to Lagarde. "We expect to raise interest rates further over the next several meetings to dampen demand. ([www.bloomberg.com](http://www.bloomberg.com) 26/09/22)

### ECB rates bets show traders are convinced of second jumbo hike

Traders are certain that the ECB will deliver a second three-quarter point rate hike in October as policy makers step up the battle against searing inflation. Markets now put the odds of a 75 basis-point move at 100%. ([www.bloomberg.com](http://www.bloomberg.com) 26/09/22)

### ECB's Guindos says soaring prices are Europe's main problem

For all the attention ECB Vice President Luis de Guindos said the biggest problem facing the continent's economy is record inflation, which is becoming more broad-based, threatening investment and consumer spending. ([www.bloomberg.com](http://www.bloomberg.com) 26/09/22)

### Fed hikes harming global markets, economy, ex-pboc official says

The US Federal Reserve's most aggressive interest-rate hike cycle since the 1980s is destabilizing global financial markets and harming other economies, a former Chinese central bank official warned. ([www.bloomberg.com](http://www.bloomberg.com) 27/09/22)

### Fed officials stare down markets, say inflation is top focus

US Federal Reserve officials sloughed off rising volatility in global markets, from slumping US stocks to currency turbulence abroad, and said their priority remained controlling domestic inflation. There are interactions there," Cleveland Fed President Loretta Mester said. ([www.reuters.com](http://www.reuters.com) 26/09/22)

### Bank of England says it "will not hesitate" to raise rates

Bank of England Governor Andrew Bailey said that the BoE "will not hesitate" to raise interest rates if needed to meet its 2% inflation target, and that it was watching financial markets "very closely" following sharp moves in asset prices. ([www.reuters.com](http://www.reuters.com) 26/09/22)

### BoE 'monitoring developments' amid market ructions

The BoE put out an unusual statement, noting it was "monitoring developments", as markets suffered intense volatility following a government budget announcement. ([www.centralbanking.com](http://www.centralbanking.com) 26/09/22)

### King Charles III will be on banknotes by mid-2024, BOE Says

Banknotes featuring a portrait of King Charles III are expected to enter circulation by the middle of 2024. The central bank will reveal the image of the new monarch to be used on the polymers by the end of the year. ([www.bloomberg.com](http://www.bloomberg.com) 26/09/22)

#### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.0669	(1.0914)	1.0673	(1.0917)
+USD/EUR	0.9617	(0.9717)	0.9618	(0.9718)
*GHS/USD	9.5365	(9.5366)	9.5461	(9.5462)
*GHS/GBP	10.1745	(10.4083)	10.1885	(10.4216)
*GHS/EUR	9.1712	(9.2666)	9.1822	(9.2776)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 27/09/22 (Rates for 26/09/22 in brackets)

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### **World Bank lowers growth forecasts for East Asia and Pacific**

The World Bank has lowered its growth forecasts for East Asia and Pacific amid headwinds from slowing global demand, rising debt and inflation challenges. Growth in the region is forecast to slow to 3.2% in 2022 from 7.2% last year, seen much lower than the 5% forecast. ([www.bloomberg.com](http://www.bloomberg.com) 27/09/22)

### **China's central bank adds liquidity via reverse repos**

China's central bank conducted a total of 175bn yuan of reverse repos to maintain liquidity in the banking system. The amount included 113bn yuan of seven-day reverse repos at an interest rate of 2%, and 62bn yuan of 14-day reverse repos at an interest rate of 2.15%. ([www.xinhuanet.com](http://www.xinhuanet.com) 27/09/22)

### **China central bank adopts measures to safeguard yuan**

China's central bank ramped up measures to safeguard the yuan from further depreciation as the US Dollar continued to strengthen on the Federal Reserve's tightening stance. The People's Bank of China decided to raise the risk reserve requirement for banks' forward forex sales to 20% from zero. The new rate will take effect on September 28. ([www.rttnews.com](http://www.rttnews.com) 26/09/22)

### **Bank of Canada must hike rates to tame inflation -BoC Governor**

Inflation is too high in Canada, so the Bank of Canada needs to increase interest rates to slow spending and give the economy time to catch up, Governor Tiff Macklem said in a video posted by the central bank on Twitter. ([www.reuters.com](http://www.reuters.com) 26/09/22)

### **RBA reports huge losses from bond purchase programme**

Australia's central bank said it will not be able to pay dividends to the government for some years due to a "substantial" loss from its bond-buying programme during the pandemic. The announcement follows the Reserve Bank of Australia's latest review of its A\$281 bn (US\$185bn) asset purchase programme. ([www.centralbanking.com](http://www.centralbanking.com) 26/09/22)

### **European shares seen up on bargain hunting**

European stocks may open a tad higher as investors hunt for bargains in beaten-down stocks. The pan European Stoxx 600 declined 0.4%. The German DAX dipped half a percentage and France's CAC 40 index slipped 0.2% while the US's FTSE 100 ended flat with a positive bias. ([www.rttnews.com](http://www.rttnews.com) 27/09/22)

### **Oil rises as focus turns to possible supply cuts**

Oil prices rose more than 1%, after plunging to nine-month lows a day earlier, amid indications that producer alliance OPEC+ may enact output cuts to avoid a further collapse in prices. Brent crude futures for November settlement rose \$1.17, or 1.39%, to \$85.23 per barrel by 0644 GMT. US West Texas Intermediate (WTI) crude futures for November delivery were up \$1.13 at \$77.84 per barrel. ([www.reuters.com](http://www.reuters.com) 27/09/22)

### **Gold futures settle at 2-1/2-year low as dollar continues to rise**

Gold prices fell, as the dollar continued its march up north amid bets the Fed will continue to aggressively hike interest rates in the coming months to combat inflation. The dollar index surged to 114.53 a new 2-decade high, and despite dropping to 114.25, is up nearly 1%. ([www.rttnews.com](http://www.rttnews.com) 26/09/22)

### **Morocco: Rate hike holdout morocco faces off against inflation: day guide**

Morocco's first interest-rate hike in 14 years is likely approaching, as concern over the highest inflation in decades threatens a drive for cheap borrowing that was meant to revive the economy. ([www.bloomberg.com](http://www.bloomberg.com) 27/09/22)

### **Angola: Africa outlier Angola cuts key rate for first time since 2019**

Angola's central bank cut its benchmark interest rate for the first time in more than three years, bucking a global trend of monetary tightening. The MPC reduced the rate to 19.5% from 20%, Governor told reporters. That's the MPC's first cut since May 2019. ([www.bloomberg.com](http://www.bloomberg.com) 26/06/22)

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