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Euro zone yields fall from multi-year highs tracking UK gilts

Euro zone borrowing costs fell, tracking moves in British gilts, after hitting multi-year highs amid monetary tightening expectations and concerns about potentially growing bond supply due to more public spending. The euro area bond market has recently trailed yields in British gilts. (www.centralbanking.com 27/09/22)

ECB will not consider QT until rates back to normal – Lagarde

The ECB will not consider reducing its balance sheet until it has fully normalised interest rates, President Christine Lagarde told the European Parliament. (www.centralbanking.com 27/09/22)

Governments should raise taxes to support energy bills – ECB’s Lane

Eurozone governments should use taxation rather than borrowing to finance their support for consumers hit by energy prices, the ECB’s chief economist said. They should consider raising taxes on high earners. (www.centralbanking.com 27/09/22)

Fed’s daly calls cooling demand without causing recession a ‘struggle’

The Federal Reserve’s delicate balance between curbing demand enough to slow inflation without causing a recession is a “struggle,” said San Francisco Fed President Mary Daly. (www.bloomberg.com 28/09/22)

Fed's Evans sees interest rates peaking at 4.50-4.75%

The US Federal Reserve will need to raise interest rates to a range between 4.50% and 4.75%, Chicago Fed President said, a more aggressive stance than he has previously embraced that underscores the central bank's hardening resolve to quash excessively high inflation. (www.reuters.com 27/09/22)

Monetary normalisation reveals defi weaknesses – Powell

Central banks raising interest rates around the world has revealed the structural weaknesses in decentralised finance, Jay Powell said at a conference. (www.centralbanking.com 27/09/22)

Digital dollar could reduce unbanked in US by 93% – Dallas Fed paper

A central bank digital currency (CBDC) could increase financial inclusion without cutting bank intermediation, a paper from the Federal Reserve Bank of Dallas finds. (www.centralbanking.com 27/09/22)

IMF and Moody's censure UK policy, Bank of England says will act big

The IMF and ratings agency Moody's criticised Britain's new economic strategy, as investors braced for more havoc in bond markets that has already forced the Bank of England to promise "significant" action. (www.reuters.com 28/09/22)

Bank of England says it won't take 'risky bets' to help City's competitiveness

The Bank of England's new objective of helping the financial sector remain globally competitive should not encourage risky bets on regulatory standards to win business, BoE executive director Victoria Saporta has said. (www.reuters.com 27/09/22)

Bank of England's Pill sees "significant" move in November

The BoE is likely to deliver a "significant policy response" to finance minister Kwasi Kwarteng's huge tax cuts but it should wait until its next scheduled meeting in November before making its move. Kwarteng sent the pound tumbling and British government bond yields soaring with the announcement of sweeping tax cuts. (www.reuters.com 27/09/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.0760	(1.0669)	1.0762	(1.0673)
+USD/EUR	0.9604	(0.9617)	0.9605	(0.9618)
*GHS/USD	9.5385	(9.5365)	9.5481	(9.5461)
*GHS/GBP	10.2635	(10.1745)	10.2756	(10.1885)
*GHS/EUR	9.1613	(9.1712)	9.1706	(9.1822)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 28/09/22 (Rates for 27/09/22 in brackets)

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Asian central banks need broader FX defense as reserves slide

Declining foreign-exchange reserves mean Asian central banks will probably start looking for alternative ways to support their currencies, according to Nomura Holdings Inc. Some of the potential methods they may choose include mandating exporters to sell foreign-currency proceeds and placing restrictions on trade accounts.

(www.bloomberg.com 28/09/22)

China's central bank adds liquidity via reverse repos

China's central bank conducted a total of ¥200bn of reverse repos to maintain liquidity in the banking system. The amount included ¥133bn of seven-day reverse repos at an interest rate of 2%, and ¥67bn of 14-day reverse repos at an interest rate of 2.15 %.

(www.xinhuanet.com 28/09/22)

China's economic recovery faces fresh risks from global slowdown

China's shaky recovery continued in September, with a pick-up in car and homes sales in the biggest cities compensating for weaker global demand and falling business confidence. That's the outlook based on Bloomberg's aggregate index of eight early indicators.

(www.bloomberg.com 27/09/22)

Italy's 2023 budget deficit to be between 4.5% and 4.9% of GDP

Italian officials are set to announce a projected budget deficit for next year between 4.5% and 4.9% of economic output, according to people familiar with the fiscal plans. The shortfall compares with a previous government forecast of 3.9%.

(www.bloomberg.com 27/09/22)

Hungary central bank lifts rate by 125 bps

Hungary's central bank lifted its benchmark rate at a sharper-than-expected pace. The Monetary Council, hiked the base rate by 125 basis points to 13.00% from 11.25%. The overnight deposit rate was increased by 125 basis points to 12.50% and both the overnight and one-week collateralised lending rates were raised.

(www.rttnews.com 27/09/22)

European shares poised for tepid start as recession risks loom

European stocks are seen opening lower after a series of unusual leaks on two natural gas pipelines running from Russia under the Baltic Sea to Germany triggered concerns about sabotage. The pan European Stoxx 600 edged down 0.1%. The German DAX shed 0.7%, France's CAC 40 slipped 0.3% and the UK's FTSE 100 dropped half a percent.

(www.rttnews.com 28/09/22)

Oil futures settle higher on production cuts due to hurricane Ian

Crude oil prices climbed higher on reports producers have slowed down production in the US Gulf of Mexico ahead of Hurricane Ian. According to the Bureau of Safety and Environmental Enforcement, about 11% of oil production and 8.56% of natural gas production in the Mexican Gulf Region has been shut.

(www.rttnews.com 27/09/22)

Gold futures settle slightly higher

Gold futures closed higher, gaining after two successive days of losses, as the dollar exhibited some weakness earlier in the day. However, the dollar's recovery from lower levels limited gold's upside. The dollar index, which dropped to 113.33 in the Asian session, later rose to 114.47, recording a gain of more than 0.3%.

(www.rttnews.com 27/09/22)

Nigeria lifts rate to record, warning of more hikes to come

Nigeria's central bank raised its benchmark interest rate more than anyone had predicted, taking it over 14% for the first time since it was adopted in 2006, and signaled even higher borrowing costs are possible if inflation isn't reined in.

(www.bloomberg.com 27/09/22)

Ghana opposition holds key to expedited IMF funding deal

Ghana's plan to access as much as \$3bn in funding from the IMF and regain access to capital markets runs the risk of being delayed by political opposition. An IMF mission is due to conclude a 11-day visit on October 7.

(www.bloomberg.com 27/09/22)

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