



Friday, 2nd August 2024

Major central banks' rate cuts gather pace

The global rate cut cycle is picking up steam, with half of developed markets' central banks having begun easing, and the U.S. Federal Reserve setting up a move in September. Investors are also watching the Bank of Japan - which is going the other way after it raised interest rates on Wednesday [31/07] to their highest in 15 years. (www.reuters.com 01/08/24)

Policy-makers report progress in CBDC exploration

Policy-makers at the Central Banking Asia Summit, held in collaboration with Bank of China in Bangkok on July 24–25, offered a glimpse into their latest thinking on central bank digital currencies (CBDCs). Though many central banks are looking into issuing CBDCs, how they approach the technology may vary depending on their needs and regional partnerships. (www.centralbanking.com 01/08/24)

Wall Street week ahead flaring economic worries threaten US stocks rally

Economic concerns are once again showing up on Wall Street's radar, as worries grow that months of elevated interest rates may be starting to hurt U.S. growth. For months, investors had been heartened by cooling inflation and gradually slowing employment, believing they bolstered the case for the Fed to begin cutting interest rates.

(www.reuters.com 02/08/24)

U.S. jobs report to show more softening with unemployment steady

Forecasters anticipate a monthly report on U.S. employment will show moderating job and wage growth in July, underscoring an ongoing softening in the labor market. Payrolls probably rose by 175,000 last month following June's 206,000 increase. (www.bloomberg.com 02/08/24)

China central bank adviser calls for greater stimulus, inflation goal

China should ramp up its fiscal stimulus to spur economic growth and set a firm inflation target to prevent the country falling into a "low inflation trap", a central bank policy adviser said in remarks seen on Friday, August 1. China's leaders signalled this week that fiscal support for the rest of the year will "focus on consumption", aiming to boost incomes and social welfare. (www.reuters.com 02/08/24)

BoE rate cut boosts comeback factor for UK markets

Big investors are growing more confident about a comeback for neglected UK assets, with the Bank of England's move to cut interest rates from a 16-year high burnishing the feel-good factor from the new British government's landslide election win. The BoE cut rates by a quarter point to 5.0% on August 1.

(www.reuters.com 02/08/24)

Starmer gets a gift from BOE and a warning on his budget plans

Prime Minister Keir Starmer's new government groans about inheriting a fiscal mess, but it could also win the legacy of a soft landing for the UK if its own spending plans don't send that awry. That rosy outlook of faster-than-forecast economic growth this year was presented to the Labour administration by the Bank of England.

(www.bloomberg.com 01/08/24)

Japan's economy likely rebounded in Q2 on consumption pick-up

Japan's economy likely rebounded in the April-June period after shrinking in the previous quarter thanks to a pick-up in factory output and consumption, helping the central bank make the case for further interest rate hikes.

(www.reuters.com 02/08/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2753	(1.2838)	1.2754	(1.2839)
+USD/EUR	1.0782	(1.0808)	1.0703	(1.0809)
*GHS/USD	14.9426	(14.8934)	14.9576	(14.9084)
*GHS/GBP	19.0563	(19.1202)	19.0769	(19.1408)
*GHS/EUR	16.1112	(16.0985)	16.1272	(16.1145)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 02/08/24 (Rates for 01/08/24 in brackets)

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Dollar slips as investors brace for U.S. payrolls, yen and franc rise

The dollar slipped on August 2, as investors fretted U.S. payrolls data could be weak after an unexpected slump in U.S. manufacturing raised concerns about a slowdown in the world's largest economy and lifted traditional safe-haven currencies. (www.reuters.com 02/08/24)

Australia, NZ dollars grapple with risk aversion as U.S. growth fears weigh

The Australian dollar was pinned near three-month lows on August 2, as weak U.S. data fuelled fears of a sharp slowdown in the world's largest economy, sending investors to the embrace of the safe-haven yen and Swiss franc. The Aussie held at \$0.6501, having fallen 0.5% overnight to just above a three-month low of \$0.6480 hit on Wednesday, July 31.

(www.reuters.com 02/08/24)

Swap market yet to price in BoJ hikes forecast by economists

The interest-rate swap market is yet to price in the pace and size of rate hikes that economists expect from the Bank of Japan this year. Yen forward two-year one-month swaps are trading around 0.73% Friday[02/08], suggesting traders expect only two quarter-percent rate hikes by the central bank in the coming two years from the current level of 0.25%. (www.reuters.com 02/08/24)

South Korea inflation ticks up in July after three months of weakening

South Korea's consumer inflation ticked up in July on supply-side pressures after weakening for three straight months, official data showed on August 1, coming in slightly higher than market expectations. (www.reuters.com 02/08/24)

Indonesia Finance Ministry sees Q2 GDP growth at 5%, flags geopolitical risks

Indonesia's economic growth probably slowed slightly to 5% in the second quarter and authorities are monitoring geopolitical developments that could affect the domestic economy, its Finance Minister said.

(www.reuters.com 02/08/24)

European shares fall amid global risk-off mood on U.S. growth fears

European shares fell more than 1% on Friday[02/08], tracking a global risk-off sentiment following disappointing U.S. growth data and overshadowing a handful of positive corporate updates. The pan-European STOXX 600 index (.STOXX), fell 1.4% after touching a three-month low earlier in the session. It is also set to log a 1.5% decline this week.

(www.reuters.com 02/08/24)

Oil prices up but on course for fourth weekly fall amid demand concerns

Oil prices rose on Friday[02/08] but were on course for a fourth successive weekly decline as signs of disappointing global fuel demand growth outweigh fears of supply disruptions on rising Mideast tensions. Brent crude futures gained 46 cents, or 0.6%, to \$79.98 a barrel by 0841 GMT, while U.S. West Texas Intermediate crude futures rose 51 cents, or 0.7%, to \$76.82. (www.reuters.com 02/08/24)

Stocks stumble on growth fears ahead of U.S. payrolls

Asian shares were headed for their worst day in over two years and U.S. Treasury yields slid, while the Swiss franc and yen rose on safety bids on Friday[02/08] after weaker-than-expected U.S. factory data sparked fears of a worsening economic outlook.

(www.reuters.com 02/08/24)

South African rand gains on domestic economy while dollar dips

The South African rand was stronger in early trade on Friday[02/08], helped by signs of improvement in the domestic economy and dollar weakness on global markets. The rand traded at 18.2275 against the dollar at 0635 GMT, up about 0.3%. (www.reuters.com 02/08/24)

Ethiopia to save \$4.9bn from debt restructuring, state minister says

Ethiopia will enjoy \$4.9bn in relief from debt repayments when it completes its current restructuring exercise, State Finance Minister Eyob Tekalign said on Friday [02/08].

(www.reuters.com 02/08/24)

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