



BANK OF GHANA NEWS BRIEF

News Summaries from Foreign and Local Media

Tuesday, 27th August 2024

This is what the rate cut cycle could look like

At Jackson Hole, Fed Chairman Jerome Powell gave a clear signal that the rate cut cycle is likely to start in September. But of course that just opens more questions. Will it be a 25bps cut? Will it be 50? Could it be two 50s in a row? When does it stop? (www.bloomberg.com 27/08/24)

Rate-cut relief doused by geopolitics

Optimism over looming U.S. interest rate cuts have been tempered by nervousness over what economic data will show in the coming weeks, sky-high expectations from earnings of AI darling Nvidia and evolving tensions in the Middle East. That has left markets on edge and taking a breather, with the yen hovering near three-week highs, the dollar steady but close to 13-month lows and Asian stocks down 0.42% on Tuesday after touching its highest in a month on Monday [26/08].

(www.reuters.com 27/08/24).

Fed Cuts May Send \$1 Trillion FX 'Avalanche' to China, Jen Says

Chinese companies may be enticed to sell a \$1 trillion pile of dollar-denominated assets as the US cuts interest rates, a move which could strengthen the yuan by up to 10%, according to Stephen Jen. (www.bloomberg.com 26/08/24)

Banks likely 'end game' for repo market as treasury supply grows

Banks will have a bigger footprint in the market for repurchase agreements as US Treasury coupon bond issuance swells and demand for financing grows in the coming years. The supply of new Treasury coupons is expected to increase by over \$3tr in the next two years, which means Wall Street will need to find another \$200bn to \$400bn of additional repo.

(www.bloomberg.com 28/08/24)

Chinese yuan weakens to 7.1249 against USD Tuesday

The central parity rate of the Chinese currency renminbi, or the yuan, weakened 110 pips to 7.1249 against the U.S. dollar Tuesday, according to the China Foreign Exchange Trade System. In China's spot foreign exchange market, the yuan is allowed to rise or fall by 2% from the central parity rate each trading day. (www.xinhuanet.com 27/08/24)

UK banks brace for a lending boom on labour's housebuilding goals

UK banks are preparing for a red-hot corner in the lending market as the new Labour government's plan to address a housing shortage prompts developers to boost supply of homes. Three prominent residential development finance lenders surveyed by Bloomberg News said they expected the outlook for housebuilding loans to improve in the coming five years.

(www.bloomberg.com 27/08/24)

Bank of Canada seen cutting rates deeper, faster over next year

Economists see the Bank of Canada cutting interest rates for a third consecutive meeting next week, continuing what's anticipated to be a steady downward trend in borrowing costs over the next year as inflation eases.

(www.bloomberg.com 27/08/24)

German economy held back by falling investment, consumption

Investment and consumer spending weighed on Germany's economy in the second quarter — dashing hopes that the country can finally leave behind years of stagnation. The 0.1% contraction in GDP included a 2.2% plunge in capital investment. (www.bloomberg.com 27/08/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.3203	(1.3194)	1.3204	(1.3195)
+USD/EUR	1.1173	(1.1175)	1.1174	(1.1176)
*GHS/USD	15.1289	(15.1239)	15.1441	(15.1391)
*GHS/GBP	19.9747	(19.9545)	19.9962	(19.9760)
*GHS/EUR	16.9048	(16.9034)	16.9216	(16.9188)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 27/08/24 (Rates for 26/08/24 in brackets)

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Momentum gauge signals risk to Southeast Asian currency rally

The blistering rally in Southeast Asian currencies versus the dollar may lose momentum as investor exuberance over a pending Federal Reserve policy pivot fades, at least according to one closely-watched gauge of momentum. (www.bloomberg.com 27/08/24)

BOK Rhee calls last week's rate hold a warning on household debt

Bank of Korea Governor Rhee Chang-yong on Tuesday characterized last week's decision to hold the key interest rate as a wake-up call over "a vicious cycle" of real estate frenzy and household debt feeding off each other. (www.bloomberg.com 27/08/24)

Indonesian banks to be required to publish breakdown of rates

Indonesian banks will be required to publish a breakdown of their lending rates, including margins, starting in Oct. under a new regulation as financial authorities look to increase industry competitiveness. The regulation is intended to boost lending growth and ensure borrowers are not overcharged. (www.reuters.com 27/08/24)

IMF taps Jamaica finance minister for deputy role

The International Monetary Fund has named Jamaican Finance Minister Nigel Clarke to a top post at the agency, after the official spearheaded fiscal reforms in the Caribbean nation. Clarke, nominated by IMF Managing Director Kristalina Georgieva, is set to replace Antoinette Sayeh as one of the IMF's 3 deputy managing directors at the end of October. (www.reuters.com 26/08/24)

Brazil analysts see less space for interest rate cuts in medium-term

Brazil analysts raised their 2026 year-end interest rate forecasts as central bankers say they have all policy options on the table to tame above-target inflation. The benchmark Selic will hit 9.5% in December 2026, up from the prior estimate of 9%, according to a weekly central bank survey. (www.bloomberg.com 26/08/24)

Stocks edge lower, oil jumps on supply concerns over Mideast, Libya

World equity markets edged lower on Monday [26/08] as investors digested the likelihood of U.S. interest rates being lowered soon, even as oil prices jumped amid increased tensions in the Middle East. (www.reuters.com 26/08/24)

Oil slips after surge on Libyan outages and Middle East risk

Oil prices slipped slightly on Tuesday after rebounding more than 7% over the previous three sessions on supply concerns prompted by fears of widening Middle East conflict and potential shutdown of Libyan oil fields. Brent crude futures were down 30 cents, or 0.4%, at \$81.13 a barrel by 0819 GMT. U.S. West Texas Intermediate crude futures dropped 40 cents, or 0.5%, to \$77.02. (www.reuters.com 27/08/24)

IMF approves 820m USD disbursement to Egypt

The International Monetary Fund (IMF) on Monday [26/08] approved a disbursement of 820 million U.S. dollars to Egypt as part of an 8-bn-dollar loan program. The IMF said macroeconomic conditions in Egypt have improved since the program's first and second reviews in March, noting that inflationary pressures are gradually abating, foreign exchange shortages have been eliminated, and fiscal targets have been met. (www.xinhuanet.com 26/08/24)

IMF reaches staff-level deal for Liberia on \$209m new credit facility

The International Monetary Fund reached a staff-level agreement for Liberia on a new 40-month extended credit facility arrangement for \$209m, the IMF said. (www.reuters.com 26/08/24)

Nigerian economy grows over 3% in Q2 as oil output rises

Nigeria's economy grew 3.19% in the second quarter of 2024 compared with the same quarter last year, lifted by higher crude oil production and the performance of its services sector, statistics agency data showed on Monday [26/08]. (www.reuters.com 26/08/24)

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