



Wednesday, 28th August 2024

EBA study calls for stablecoin reserves transparency

Researchers at the European Banking Association (EBA) believe the best approach to regulating stablecoins, and thereby mitigating the impact of shocks and runs, depends on greater disclosure by issuers. In a paper published on August 26, Olli Castren and Riccardo Russo point out that “issuers are incentivised to hold disproportionate amounts of high-yielding but illiquid assets in their reserve portfolios”.

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

ECB’s Centeno says interest-rate path seems ‘relatively clear’

European Central Bank Governing Council member Mario Centeno said the direction of monetary policy seems “clear” given indicators such as lower inflation. “When we look at the data, the path for interest rates in the euro area seems relatively clear to me,” Centeno said in podcast published. (www.bloomberg.com 27/08/24)

Why the Fed shouldn’t stop worrying about inflation

At the recent central-bank symposium at Jackson Hole, Federal Reserve Chairman Jerome Powell delivered a widely expected message on interest rates: “The time has come for policy to adjust.” He all but confirmed that the Fed would cut rates by at least a quarter-point when its policymakers next meet in September. (www.bloomberg.com 28/08/24)

China’s credit market sees first floating rate bond since 2020

China’s credit market got its first floating-rate corporate bond in more than four years, offering investors an option to hedge against rising rates after yields saw their biggest monthly jump since 2022.

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

PBoC stress-tests financial institutions’ bond holdings

The People’s Bank of China (PBoC) has started conducting stress tests on financial institutions’ bond investments amid a rally in government bonds, state media reported on August 26. The central bank on the same day also announced that it was keeping its medium-term lending rate unchanged. (www.bloomberg.com 27/08/24)

BOJ deputy governor sees rate hike justified if outlook realized

Deputy Governor Ryozi Himino said the Bank of Japan will raise interest rates as long as inflation moves in line with the bank’s view, showing that the central bank’s stance is essentially unchanged despite the ructions in financial markets earlier this month. The BOJ’s basic stance “is that it will examine the impact of market developments and the July rate hike,” Himino said. (www.bloomberg.com 28/08/24)

Sterling dips against dollar but continues to rise versus euro

Sterling dipped from two-year highs touched against the dollar but made further ground versus the euro on Wednesday as investors focussed the prospect of diverging monetary policies in the United States and Britain. The pound slipped 0.3% to \$1.3218, having climbed to its strongest level since March 22 at \$1.3269 on Tuesday [27/08]. (www.reuters.com 28/08/24)

Pound hits two-year high on dollar, gains on euro

Sterling reached a two-year high against the dollar and also gained on the euro, supported by bets the Bank of England will cut rates less dramatically than the Federal Reserve while the British economy outperforms the euro zone. The pound rose as high as \$1.3246, its highest since March 2022, and was last up 0.25% at \$1.3222. (www.reuters.com 27/08/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.3234	(1.3203)	1.3235	(1.3204)
+USD/EUR	1.1165	(1.1173)	1.1165	(1.1174)
*GHS/USD	15.1279	(15.1289)	15.1431	(15.1441)
*GHS/GBP	20.0203	(19.9747)	20.0419	(19.9962)
*GHS/EUR	16.8905	(16.9048)	16.9058	(16.9216)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 28/08/24 (Rates for 27/08/24 in brackets)

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Turkey trade deficit narrows in July

Turkey's foreign trade gap decreased notably in July from the previous year as exports surged amid a fall in imports, the Turkish Statistical Institute has said. The trade deficit dropped to \$7.3bn in July from \$12.5bn a year ago. In June, the trade deficit was \$5.9bn. In July, exports increased by 13.8% annually, while imports fell by 7.8%. (www.rttnews.com 28/08/24)

S. Korean banks' capital adequacy ratio rebounds in Q2

South Korean banks' capital adequacy ratio rebounded in the second quarter owing to slower growth in risk-weighted assets and higher capital, financial watchdog data shows. The total capital ratio for 28 banks, bank holding companies and Internet-only banks under the Bank for International Settlements framework averaged 15.76% at the end of June. (www.xinhuanet.com 28/08/24)

Foreign lenders lured by rare stake sales in India banks, but tighter rules weigh

Talks to sell majority stakes in two Indian banks have attracted interest from foreign peers in Japan and the Middle East betting on a fast-growing economy, but tighter regulations and valuation concerns could curb their appetite, analysts and sources say. (www.reuters.com 28/08/24)

Rupee holds above record low, supported by state-run banks' dollar sales

The Indian rupee weakened slightly on Wednesday, tracking a dip in most Asian currencies, but managed to hold above its all-time low, supported by mild dollar sales from state-run banks. The rupee closed at 83.9525 against the U.S. dollar, a tad lower than its close at 83.9250 in the previous session. (www.reuters.com 28/08/24)

Mexico central bank has growing inflation challenge

Beyond the common challenges like currency fluctuations and supply shocks that keep the world's central bankers up at night, in Mexico there is an additional foe for those conjuring monetary policy: protection rackets. (www.reuters.com 27/08/24)

Tech, insurance stocks lift STOXX 600 to over one-month high

European shares touched a more-than-one-month high today, boosted by technology stocks ahead of Nvidia's results later in the day and as Ageas' better-than-expected results lifted insurance stocks. The pan-European STOXX 600 index (.STOXX), rose 0.2% to 520.09 points. It hit its highest level since July 15 earlier in the session. (www.reuters.com 28/08/24)

Oil retreats as demand concerns offset Libya supply risks

Oil prices slipped today on persistent concern over Chinese demand and elevated risks of a broader slowdown, though the decline was capped by potential supply losses from the Middle East and Libya. Brent crude futures were down 57 cents, or 0.72%, at \$78.98 a barrel by 0838 GMT. (www.reuters.com 28/08/24)

Africa urged to boost investment in food processing industry to tackle hunger

The food processing industry in Africa could offer a durable solution to the continent's hunger, malnutrition, and rural poverty, hence the need to boost its competitiveness through investments, technology adoption, and enhanced market access, experts said Tuesday [27/08]. (www.xinhuanet.com 28/08/24)

South African digital platforms need testing grounds to speed innovation, report says

South African authorities should introduce regulatory 'sandboxes', or controlled testing grounds, to spur innovation in the country's growing digital platform sector, tech investor Naspers (NPNJn.J), and research firm MISTRA said on Tuesday [27/08]. (www.reuters.com 28/08/24)

Insecurity, rising costs push 31 million Nigerians into acute food shortage, study says

More than 31.8m Nigerians are acutely short of food due to security challenges and the removal of fuel subsidies, the government said on Tuesday [27/08], citing a study by several of the country's international development partners. (www.reuters.com 27/08/24)