



BANK OF GHANA NEWS BRIEF

News Summaries from Foreign and Local Media

Monday, 7th October 2024

Central banks buying less gold

Central banks accumulated less gold in August than in any of the four previous months, according to data published by the World Gold Council (WGC). Net purchases fell to 8 tonnes, compared with 37 tonnes in July. This was the lowest monthly net buying total since March, when central banks reported net sales of 2 tonnes. (www.centralbanking.com 04/10/24)

Climate stress tests are cold comfort for banks

July 22, 2024, was the hottest day ever recorded on Earth, data from the Copernicus Climate Change Service shows. Indeed, Ten of the hottest annual days have occurred in the past Ten years, continuing a pattern of rising global temperatures. Central banks and financial regulators are trying to understand how climate change and the shift to a carbon-free economy will affect economic and financial stability.

(www.centralbanking.com 07/10/24)

ECB will probably cut rates in October on risk of too low inflation

The European Central Bank will probably cut interest rates on October 17, as economic growth is weak and this raises the risk that inflation will undershoot its 2% target, French Central Bank Chief Francois Villeroy de Galhau said. The ECB cut rates from record highs twice already this year and markets now expect even quicker policy easing with moves in October and December fully priced in.

(www.reuters.com 07/10/24)

10-year Treasury yield hits 4%, keeping equity bulls in check

The benchmark 10-year Treasury yield rose to 4% on October 7, after last week's U.S. labour market data dispelled fears of a recession, driving a paring of rate-cut bets, and supporting the dollar and equities at least initially.

(www.reuters.com 07/10/24)

U.S. 'no landing' scenario lifts markets

From worries about a U.S. economic "hard landing", the debate has shifted to the potential for a so-called "no landing", where the labour market continues to burn hot even as inflation cools. The story is so compelling that it completely absorbed the attention of traders and investors, even as Israeli bombs fell in Gaza and Lebanon. (www.reuters.com 07/10/24)

How fast is U.S. inflation falling?

A series of strong economic data has persuaded investors swing behind U.S. central banker hints that the Fed will only cut interest rates gradually in the coming months. Next week's inflation figures mark the next point to shape investor thinking. (www.ft.com 07/10/24)

China economic agency plans briefing as investors eye stimulus

China's top economic planner will hold a press briefing on Tuesday [08/10] to discuss a package of policies aimed at boosting economic growth, as investors look for more stimulus measures from President Xi Jinping's government. (www.bloomberg.com 07/10/24)

Geopolitics and cyber security remain top systemic risks – BoE

Geopolitical tensions and cyber security concerns still pose the main systemic risks to the UK's financial sector, according to the latest biannual survey by the Bank of England (BoE). (www.centralbanking.com 04/10/24)

UK's Pound seen at a turning point after peer-beating rally

The market's confidence in the pound is shattering after a world-beating run. Traders are now pricing a faster pace of monetary easing, diminishing the allure of the strongest-performing currency among Group-of-10 nations so far in 2024. (www.reuters.com 07/10/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.3111	(1.3131)	1.3112	(1.3132)
+USD/EUR	1.0958	(1.1035)	1.0959	(1.1036)
*GHS/USD	15.7821	(15.7921)	15.7979	(15.8079)
*GHS/GBP	20.6919	(20.7366)	20.7142	(20.7589)
*GHS/EUR	17.2952	(17.4272)	17.3123	(17.4445)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 07/10/24 (Rates for 04/10/24 in brackets)

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Britain's debt rule is not fit for purpose

The perfect fiscal rule does not exist. Governments need leeway to support their economic goals. But they also need restraints, to prevent a debt spiral. Britain's chancellor Rachel Reeves is admirably trying to square the circle, as her first Budget approaches on October 30. (www.ft.com 07/10/24)

German factory orders drop in yet another sign of industry woe

Factory orders in Germany plummeted in August, marking yet another setback for industry in a year when Europe's biggest economy has failed to deliver a much-awaited recovery. Demand declined 5.8% from July after two consecutive months of increases.

(www.bloomberg.com 07/10/24)

Spain to propose mini-coalitions to break EU capital markets stalemate

Spain is proposing a faster path to closer EU financial integration among likeminded nations to end a decade-long stalemate over harmonising the bloc's capital and credit markets. Madrid will make a formal proposal today[07/10] for a new mechanism to allow a vanguard of three or more countries to proceed on joint initiatives. (www.ft.com 07/10/24)

BOJ signals it remains on rate hike path with regional report

The Bank of Japan indicated it remains on track to consider more interest rate hikes by upgrading its assessments for two regional economies, while also offering little evidence of any need for immediate action. The BOJ raised its economic assessments for the Hokuriku and Tokai regions in its quarterly regional report. (www.bloomberg.com 07/10/24)

Swedish long-term inflation expectations rise after Riksbank cut

Expectations for Sweden's long-term inflation rate rose somewhat in a survey published after the central bank reduced its benchmark rate and opened the door to larger cuts in the months ahead. The poll, commissioned by the Riksbank, showed money market players see annual price increases with a fixed interest rate at 2.1% in 5 years. (www.bloomberg.com 07/10/24)

European stocks slip as bond yields extend rise

European stocks slipped on Monday[07/10] as the initial euphoria over strong U.S. jobs data last week faded and rate-sensitive sectors such as real estate and utilities came under pressure from higher bond yields. The STOXX 600 index was down 0.2% as of 0851 GMT, with real estate, and utilities sectors losing 1.1% and 0.5%, respectively. (www.reuters.com 07/10/24)

Oil prices extend gains, lifting Brent crude towards \$80 on fears of wider Middle East conflict

Oil prices extended gains on Monday[07/10], with Brent nearing \$80 to build on last week's steepest weekly jump since early 2023, driven by fears of a wider Middle East conflict and potential disruption to exports from the major oil-producing region. Brent crude futures rose \$1.11, or 1.4%, to \$79.16 a barrel by 0839 GMT U.S. West Texas Intermediate crude futures jumped \$1.28, or 1.7%, to \$75.66.

(www.reuters.com 07/10/24)

Uganda central bank cuts its key lending rate to 9.75%

Uganda's central bank lowered its key lending rate by 25 basis points to 9.75% on Monday[07/10], saying that inflation was expected to remain below its target in the near term. Inflation eased to 3.0% year-on-year in September. (www.reuters.com 07/10/24)

Moody's downgrades Senegal's ratings to B1 on weaker fiscal and debt position

Ratings agency Moody's on Friday [04/10] downgraded Senegal's long-term ratings to B1 from Ba3, citing significantly weaker fiscal and debt position than expected.

(www.reuters.com 04/10/24)

Ghana saves \$5bn from Eurobond debt restructuring

In a significant move towards economic recovery, Ghana has successfully completed its Eurobond debt exchange, restructuring \$13bn of its external debt. This follows the completion of the Domestic Debt Exchange Programme and the MOU with the Official Creditors Committee. (www.myjoyonline.com 04/10/24)