

Friday, August 22, 2014

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Dear Colleagues and Friends of GCU,

Welcome to this first GCU Bulletin. In these newsletters we will highlight news pieces we have come across over the past week which we find relevant to pass on from an exchange rate and monetary perspective.

India's Prime Minister Narendra Modi and the high-profiled governor of the Reserve Bank of India, Raghuram Rajan, have a tough task ahead of them. The Rupee needs to be stabilized in order to achieve the economic growth and place India securely amongst peers on the international scene. Read this and the six other interesting pieces selected below.

Please feel free to share the GCU Bulletins with your network and follow the daily news update on our [website](#). We also welcome input you might have about relevant news and events.

Best regards,  
Jesper Toft, [GCU](#)



### [Bank of Korea \(BOK\) cuts interest rates for first time in 15 months](#)

Analysts say the move is a sign the BOK is caving in to government pressure. Newly-appointed Finance Minister Choi Kyung-hwan has been pushing for looser monetary policy since the government unleashed a series of stimulus measures last month to support faltering growth.

[CNBC](#)

### [India must make drastic changes in its monetary policy](#)

The first budget of India's new government headed by Prime Minister Narendra Modi was cautious. The hope is that reforms will come year after year and cumulatively make a powerful impact, propelling India forward. There is one area, however, in which India must make drastic changes—one in which baby steps won't work: Monetary policy.

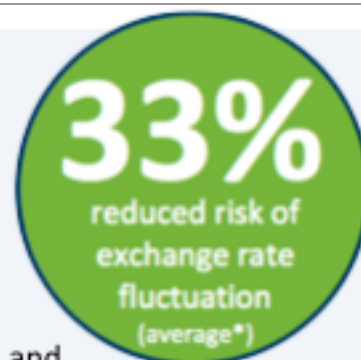
[Forbes.com](#)



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**[Russia seeks safe haven in gold, away from dollar and euro](#)**

Russia is taking steps to ensure that it protects itself from any future dollar or euro sanctions. Moscow boasts the world's 5th biggest foreign exchange reserves and the 6th largest gold reserves. In total, the assets amount to over \$1.5 trillion.

[RT.com](#)

**[New 'Bernanke shock' in cards for emerging markets: ex-IMF exec Kato](#)**

Emerging markets are at risk of revisiting last year's "Bernanke shock" should the Federal Reserve signal an end to near-zero interest rates earlier than investors anticipate, according to Takatoshi Kato, once a deputy managing director at the International Monetary Fund.

[Japan Times](#)



**[The Manufacturers Association also wants the Bank of Israel to purchase more dollars.](#)**

Pressure is growing on the Bank of Israel to take strong measures to devalue the shekel. Manufacturers Association of Israel president Zvika Oren today called on Governor of the Bank of Israel Karnit Flug to cut the interest rate from 0.75% to 0% now, and to embark on aggressive program of purchasing dollars.

[Globes](#)

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## Major central banks set for parting ways

The Fed has upgraded its assessment of the US economy and is on course to stop creating money in October. Still, the expectation is that there will be no interest rate rise before mid-2015. Other major central banks could be pushing up rates sooner, bringing e.g. Bank of England from a record low 0.5 per cent even before the year is out.

[Khaleej Times](#)



## Ghana: Economist wants Ghana currency scrapped

Renowned economist, Vikram Mansharamani, has urged government to scrap the use of Ghanaian Cedi as legal tender. The Cedi has depreciated 99,99 percent since Ghana's independence in 1957 and was suggested to be the cause of the country's economic woes.

[All Africa](#)

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