

Friday, September 5, 2014



## GCU Bulletin

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Dear Colleagues and Contacts of GCU,

Once again an 'update' of the Bretton Woods system has been discussed this week by a number of [high-profile economists](#) at the original birthplace of the agreement. Professor John Taylor from Stanford University addressed the fear of free-falling exchange rates and how to calm them. His speech is both timely and relevant as we within the past weeks have seen Israel lower its interest rate in an attempt to tame the strong shekel in support of its exporters. Most recently focus has been put on the South Korean won, as it has surged significantly and now poses a problem for Korean exporters.

Professor Justin O'Brien of the University of New South Wales has reflected in the context of Australia's presidency of the G20 on the possibility of a supranational regulator for currency markets in the light of recent exchange rate manipulations. Read about this and a handful of other selected highlights of past weeks.

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

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### [Bank of Israel lowers interest rate to all-time record 0.25 percent](#)

With inflation near zero, Bank of Israel Governor Karnit Flug is seeking to revive economic growth and boost exports by taming the strong Shekel through a reduction of the interest rate to an all-time low.

[Haaretz](#)

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### [From Bretton Woods, calls for global monetary stability](#)

Central banks around the world need to return to simple monetary policies to boost financial stability, according to John Taylor, the Stanford University professor and former Treasury Department official.

[Bloomberg](#)



### [Korea Won intervention seen amid 4.1% surge against yen](#)

There has been speculation that South Korean authorities will intervene to keep exports competitive. This is fueled by Korea's record current-account surplus which sends the Won towards a six-year high against the yen.

[Bloomberg](#)

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## Little chance of global currency market regulation

Ahead of the G20 meeting to be hosted by Australia, the assistant governor of the Reserve Bank of Australia, Guy Debelle, is looking into the implications of FX traders operating in one jurisdiction and trading in another. An international response to alleged collusion among FX traders is likely to be a topic at the upcoming meeting.



[Financial Review](#)

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## **GCU – exchange rates innovated**



## Ecuador to become first country to launch government-backed virtual currency

The country is on track to launch a government-backed virtual currency. The as-yet-un-named currency is expected to launch in December alongside the country's existing currency, the U.S. dollar, which was officially adopted in 2000 following a crippling banking crisis.

[Techspot](#)

## Western Australian wine exports to China suffer steep drop in sales and volume

Western Australia's wine industry has seen sharp drops in both sales and volume in exports to China. Along with continued unfavourable exchange rates, it constitutes a 'perfect storm', according to CEO of Wines of Western Australia, Mr Larry Jorgensen.



[ABC News](#)

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## The Euro Zone - That sinking feeling (again)

If Germany, France and Italy cannot find a way to refloat Europe's economy, the euro may yet be doomed, despite the promise made by ECB president, Mario Draghi, to do 'whatever it takes' to support the currency.

[The Economist](#)



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## **Renminbi challenging US dollar hegemony as global economic gravity moves east**

As the centre of global economic gravity moves eastwards, the US dollar and many of the policy assumptions that its six decades of unquestioned global supremacy have fostered are about to face their first serious challenge.

[The Nation](#)



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