Friday, October 31, 2014

View this email in your browser



8 news-treats on exchange rates, money and monetary policy

Dear Colleagues and Contacts of GCU,

In two weeks the G20 will gather in Brisbane for this year's summit. The focus of the agenda is *growth* and *resilience*, which are both commendable and relevant, but as they put it themselves, "The challenge for the G20 in 2014 is to turn that commitment into practical results." In light of this correct observation, the most interesting thing about this coming summit may be what comes after - namely that Turkey will take the chair and orchestrate the priorities and dialogue for next year. Turkey's currency, the lira, took a hard beating the past year with significant fluctuations. Those included 18% change with respect to the euro and 17% to the US dollar - while in the 12 months before that both such fluctuations were also in the 17-18% range.

Former Fed chairman Paul Volcker once noted that "trade is more affected by 10 minutes of movements in exchange rates than by 10 years of trade negotiations." It is reasonable to assume some correlation between trade and growth. Over the past six months significant fluctuations in the major currencies have re-ignited beggar-thy-neighbour actions and brought discussion about extraordinary monetary events back on the agenda, as last week from BusinessWeek under the headline **Currency wars are back: Export your deflation to someone else**.

Stability is an important component for achieving steady growth, and this goes for exchange rate stability as much as it does for financial stability in a broader perspective. As the industrialized G7 countries put it once in their communique, "Excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability." We believe such negative effects are best mitigated through neutral technical means, as political consensus seems unrealistic. The former is the focus of GCU. We invite you to study our approaches more closely here.

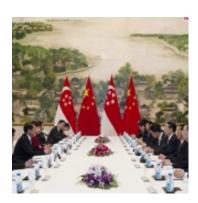
Please find below this Friday's eight news-treats, of which the most striking could be the <u>coming public</u> vote in Switzerland about increasing the central bank's holding of gold (potentially a threat to the fiat currency system) or Sweden having effectively lowered its interest rate to zero simultaneously as Riksbanker Lars Svensson maintains that 'unconventional measures' are now the only hope.

Best regards, Jesper Toft

GCU - exchange rates innovated

Also, read previous GCU Bulletins: - <u>The exchange rate no-man's land</u>

- <u>Redback vs. Greenback. Transformation of the</u> monetary marketplace



Globalization of yuan moving forward: China launches direct currency settlement with Singapore

The move aims to boost bilateral trade and investment, facilitate the use of the two currencies in trade and investment settlement and reduce exchange costs for market players, the China Foreign Exchange Trading System (CFETS) said in a statement on its website.

China Daily

Related: China speeds up transformation of yuan into global currency after crisis

The Inequality Trifecta

Mohamed A. El-Erian: It is time for heightened global attention to inequality to translate into concerted action. Some initiatives would tackle inequality directly; others would defuse some of the forces that drive it.

Project Syndicate

Related: Ambitious Turkey puts inequality on G20 agenda Related: Is international economic policy cooperation dead? - Chatham House





Currency Wars Are Back: 'Export Your Deflation to Someone Else'

Eight of the ten currencies with the biggest forecasted declines through 2015 are from nations that are either in deflation or pursuing policies that weaken their exchange rates.

BusinessWeek

Related: G20 needs to arrest currency wars to stop Asian deflation

Currency traders eye Swiss vote on gold holdings

On the 30th of November, voters in Switzerland will head to the polls for a sensational vote on the national holding of gold – an action in itself representing a mistrust towards the current fiat-money system.

CNBC



00./Report to Determined										
	_									-
			2000		Date and	ine of agree	DAT		0.0120	4 12:00
		+	21 08.20	54		time of soldier			12:08.201	
_	Ry	_		_	_		_	_		_
Company	The Conish Bu				~		le Crive	a theor		
Altres				_	-				~	-
	-			-	- F					
City (City					
Zpcala					Zp					
Gourtey				_	Gas					
Enal	-			_	(im					
Currently	DKK				0.0	www.c	NY			
Discl setters Depend setters Setterset ou	of deviation (%)			500		nt using inter inane of devic			,	050 80 98
Bayer's shere Settiement ou	of deviation (%) memory) (660	Hyp 543	000	Selector Sector	nan d ania	ion (N	2111	1449-625	80 10
liye'i sten	of deviation (%) memory) 560	Low541	5.Q	Selector Sector		ion (N	2/1/1	High GSS Low 505	80 10
Bayer's shere Settiement ou	af devlation (1) menty List Lagreement) (566	Low 5.41 High 5.58	5.9	Select of	nave of device	ion (N Unic ent	217	14gr-6.00 Low-805 14gr-6.16	80
Bayer's shere Settlement ou	af devlation (1) menty List Lagreement) (565	Low541	5.9	Select of	nan d ania	ion (N Unic ent	21/1	High GSS Low 505	80
Bayer's shere Settlement ou	af devlation (1) menty List Lagreement	3 266	Low 5.41 High 5.58	5.9	Select of	nave of device	ion (N Unic ent		14gr-6.00 Low-805 14gr-6.16	80
Bayer's shere Settlement ou	af devlation (1) menty List Lagreement) (2000	Low 5.41 High 5.58	5.9	Selector Network Rest at 2	nave of device	ion (N Unic ent	5/14 5/14	14gr-6.00 Low-805 14gr-6.16	80 - 4.30 - 4.51
Bayer's shore Settlement ou Rescar time of Rescar time of Gameracy	af devlation (1) menty List Lagreement	1 (2005	Low 541 Hgn 558 Low 838	000 5.42 5.37	Selector Network Rest at 2	nan d'ante na d'agner	ion (N Unic ent	DNY Serve	14gr-6.00 Low-805 14gr-6.16	10 13 13 13 13 13
Depris deve Setterent ou Res at time of Res at time of Generaty Arrest at time Arrest at time	af deviation (1) menty Care Careenee K Careful and Care Careenee K		Low 541 High 538 Low 539 DHK 541,772,40 587,580,62	542 542 547	Selector Report	ne of agreen ne of agreen on of agreen OVY 525,554,58 515,457,40	50%	Serve Arres	15gn 6.20 Low 6.05 High 6.15 Low 6.15	ED E SI E SI Garrent grante attente
Departs share Settionent out Releast time of Releast time of Generaty Annuant at time Owners	ell deviation (1) marky Con Lagreement Lagreement Lagreement Royar	-2.84%	Low 541 High 538 Low 539 DHK 541,772,40 587,580,62	5.42 5.42 5.37 U 100,5	Selectors Research Research SC SC SC SC SC SC SC SC SC SC SC SC SC	ne al agreen ne al agreen ONY 625,554,68	152%	Serve Arres	High 6.05 Low 6.05 High 6.15 Low 6.15 High 6.15 Low 6.15 High 6.15 High 6.15 Low 6.15	SU BU BU BU BU BU BU BU BU BU BU BU BU BU
Bayer's steer SetServert ou Rele at time of Rele at time of Generacy Areaset at time Overge Agreed share	ell deviation (1) marky Con Lagreement Lagreement Lagreement Royar	2.84% 50%	Uner 5.41 High 5.58 Low 5.30 DHK 541,772,40 541,772,40 541,772,40	5.42 5.42 5.27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Selects of	Conv of Aprice me of Appicent the of Appicent CONV 0255,554,10 015,457,40 -15,452,51	16075	Serve Arres	High 6.28 Low6.05 High 6.16 Low6.10 At at Stree of a set at Stree of a	S) (5) (5) (5) (5) (5) (5) (5) (5) (5) (5
Bager's shere Settlement out Relevations of Relevations of Generaty Arroant at time Ownig: Aground share Adjustment	of deviation (1) mmpy Unit f optimement f califorment is of agreement is of agreement is of agreement	(2.84%) 50% (0.99%)	Low 541 High 538 Low 539 DHK 541,772,40 587,580,62	5.42 5.42 5.37 U 100,5	Selectors Research Research SC SC SC SC SC SC SC SC SC SC SC SC SC	ne of agreen ne of agreen on of agreen OVY 525,554,58 515,457,40	16075	Serve Arres	High 6.28 Low6.05 High 6.16 Low6.10 At at Stree of a set at Stree of a	E ST
Bajer's shere Settlement cu Reis at time of Reis at time of Generaty Annualt at time Orange Agenet dawa Ageanted Saturet	ad deviation (%) memory (c) (agreement) (c) yer (c) ye	(2.84%) 50% (0.99%)	Low 5.41 High 5.58 Low 5.38 DHK 541,772,40 567,590,52 -15,407,58 -3,225,88	5.42 5.42 5.27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Selects of	CNY CNY CNY CNY CNY CNY CNY CNY CNY CNY	16075	Der to Area	Hyp-6.00 Low625 High-6.15 Low615 High-6.15 Low615 High-6.15 Age A	10 13 13 13 13 13 13 13 13 14 14 14 14 14 14 14 14 14 14 14 14 14
Bayer's steer Settlement ou Reis at time of Reis at time of Reis at time of Recent at time Owner Agend share Argued share Argued share Argued share Argued share Argued share Argued share Argued share	ad decision (%) mency (%) f optement f ordiserent (%) of digreement (%) of digreement (%)	(2.84%) 50% (0.99%)	Lan 541 Hgn 538 Lan 536 DHN 541,772,40 567,580,62 -15,407,58 -3,225,68 541,772,40	5.42 5.42 5.27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Selects of	CNY 005.554.50 0-5.452.51 -5.452.51 -5.452.51 -5.452.51	16075	Der to Area	High 6.05 Low 6.05 Low 6.15 Low 6.15 et al. Sime of a set al. Sime	E EE E
Bajer's stere Selfament ou Rela at line of Rela at line of Rela at line of Relations Areast at tim Ownge Ageant daws Ageanted Note resolved Note resolved Note resolved	ad deviation (%) mency (a) (a) (a) (a) (a) (a) (a) (a) (a) (a)	(2.84%) 50% (0.99%)	Lon 541 Hgn 538 Low 539 941,772,40 547,754,052 -15,407,58 -3,225,08 941,772,40 3,225,08	5.42 5.42 5.27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Selects of	CNY 005.55.10 015.65.20 055.65.20 055.65.20 055.65.20 055.65.20 055.25.30 055.25.30	16075	Der ter Arman Arma	High 6:00 Low 6:05 High 6:15 Low 6:15 High 6:15 Low 6:15 High 6:15	8) 131 132 133 133 134 134 134 134 134 134
Bayer's steer Settlement ou Relis at time of Relis at time of Relis at time of Relis at time of Annuart at time Ownge Aguatic status Alguetteet Note: modulet Alguetteet Note: modulet Alguetteet	ad deviation (%) mency (a) (a) (a) (a) (a) (a) (a) (a) (a) (a)	(2.84%) 50% (0.99%)	Lan 541 Hgn 538 Lan 536 DHN 541,772,40 567,580,62 -15,407,58 -3,225,68 541,772,40	5.42 5.42 5.27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Selects of	CNY 005.554.50 0-5.452.51 -5.452.51 -5.452.51 -5.452.51	16075	Der ter Arman Arma	High 6.05 Low 6.05 Low 6.15 Low 6.15 et al. Sime of a set al. Sime	II II II Garon granu office Oreg out du ipative rest also
Bajer's stere Self-errent ou Rele at line of Rele at line of Rele at line of Release the Areast at tim Ownge Ageant daws Ageanted Note resolved Note resolved Note resolved	ad deviation (%) mency (a) (a) (a) (a) (a) (a) (a) (a) (a) (a)	(2.84%) 50% (0.99%)	Los 541 Hgn 538 Lan 539 541,772,40 597,90,62 -15,407,98 -3,225,08 541,772,40 3,225,98 541,772,40 3,225,98	000 5.42 5.37 U 900 42,755,28 4,75 4,75 4,75 4,75 4,75 4,75 4,75 4,75	Selects of	CNY 015.554.00 015.554.00 015.554.00 015.67.40 0.582.21 -0.822.21 0.52.554.55 0.525.254.55	16075	Der ter Arman Arma	High 6:00 Low 6:05 High 6:15 Low 6:15 High 6:15 Low 6:15 High 6:15	II II II Garon granu office Oreg out du ipative rest also

The Exchange Rate Mitigation System, namely GCU Reports, is the first system developed by GCU.

The first commercial transaction between two business partners using GCU Reports took place in August 2014.

Find out how **GCU Reports** can help companies in your country to mitigate the adverse effects of such sudden change in exchange rates.

GCU Reports – reduced risk and equal impact

Why Is Fed worrying about the global economy?

The Fed usually worries about foreign developments only if it thinks they pose a major risk of financial disruption to the US economy. This disruption could come not only in the form of declining exports, but also as potential undermining of the Fed's financial asset-pricing as well as reduced effectiveness for its policies due to exchange rate volatility.



Financial Post



When central bankers warn of 'violent' sell-offs, listen

'Take the money and run!' This seems to be the message from the leadership of the Reserve Bank of Australia as they foresee upcoming sell-offs due to limited liquidity in the market.

ABC News

In Sweden the only hope left is unconventional measures: Riksbanker

Riksbanker Lars E. O. Svensson, who left the central bank last year in protest at its policies, says that 'even this rate reduction to 0.0%, will probably not be enough' and speculates that the central bank will also have to think about implementing more unconventional measures such as asset purchases and maybe even a currency floor.



Bloomberg

Related: Swedish central bank cuts rate to zero to fight deflation



China, 21 other countries initiate new Asian bank

China and 21 other Asian nations signed on Friday to an agreement for a new Beijing-backed international bank for Asia that Washington opposes as an unnecessary rival to established institutions such as the World Bank.

Japan Today

Related: China and the Future of Global Trade (TPP an 'anyone but China club')

Read the previous GCU Bulletins:

- Oct.17: The exchange rate no-man's land
- Oct. 3: <u>Redback vs. Greenback.</u> <u>Transformation of the monetary</u> <u>marketplace</u>

Friday, C	ktober 3, 2014 View this email in your browser	
	GCU Bulletin	policy
Dear Co	elleagues and Contacts of GCU,	sting. a a re thar
	essive speed, China is succeeding in promoting the use of and implementing access to direct	đ
exchang dollars,	intis in their currency, the yuan - nicknamed the "redback." The redback is now directly geable for all major currencies, including the US dollar, British pound, Australian and New Zea Japanese yen and <u>now the Euro</u> . Further currency-swap agreements have been entered betw nd 26 countries, including South Korea, Brazil, Turkey, Thailand, Argentina, etc.	een
exchang dollars, China a With citi clearing scene h	peable for all major currencies, including the US dollar, British pound, Australian and New Zea Japanese yen and now the Euro. Further currency-swap agreements have been entered betw ad 26 countries, including South Korea, Brazil, Turkey, Thailand, Argentina, etc. es, capitals and even countries across the world scrambling to become their region's first hub the redback, this raises the question: Which feature does this newcomer on the international ave that is not aiready offered by other currencies? The answer: basically none besides on ature, namely that it offers currency stability towards what is soon to be the biggest economy is	for aired export

And more...



Copyright © 2014 Global Currency Union, All rights reserved.HOMECONTACTSUBSCRIBEDAILY NEWSUnsubscribe from this list

