



“Weekly Newsletter of International Media”

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■ **EUROPE**



Bundesbank’s Dombret rebuffs criticism of new Basel reforms

[Germany]

Bundesbank board member Andreas Dombret has rebuffed banking lobbyists’ criticism of the compromise on regulatory reforms struck by global policymakers in Frankfurt last week. “A long transition period and a staggered phase-in process give lenders enough time to adjust to the new rules”, Mr Dombret told the Financial Times. The so-called Basel IV reforms limit the extent to which banks can rely on internal models –rather than the standard tools used by regulators — to calculate their risk-weighted assets and the amount of core capital they need to hold against these risks. Lenders in France and Germany, which frequently use bespoke models, fear the new rules will harm profitability. The European Banking Authority estimates that the European banking sector overall needs €17.5 bn in additional core capital. This compares to €277bn of missing core capital after the introduction of the Basel III rules following the 2008 financial crisis. But it will take a decade for the new rules to fully come into effect. “Lenders have until 2027 to adjust their balance sheets and, if necessary, change their business models,” said Mr Dombret. Banking lobbyists have sharply criticised last week’s accord. “The compromise is weakening the competitiveness of the European banking sector”, Johannes-Jörg Riegler, president of the Association of German Public Banks and chief executive of BayernLB, said on Monday. The key sticking point is to what degree a lender’s internal risk models can deviate from the regulator’s standard tools. The compromise stipulates that an asset on a bank’s balance sheet must have a risk weight of least 72.5 per cent of the calculation generated by regulators’ so-called standardised models, regardless of the lender’s internal models calculation. UBS analysts called the compromise “a relief”, arguing it gives banks and investors improved visibility and enough time to adjust. “We expect the French and potentially also Credit Suisse and Deutsche to react positively to this newsflow,” a UBS research note said. Mr Dombret acknowledged that the compromise “is not our most desired outcome”, but he insisted that “German banks can cope”. “We do welcome that the use of internal risk models is going to be preserved in the future,” he said. Only about 50 of the country’s more than 1,700 banks are affected by the new rules, as a large majority of small- and mid-sized lenders do not use internal risk models in the first place. Moreover, Germany’s lenders have ramped up their capital buffers markedly since the financial crisis. “Warnings of a potential credit crunch are overdone”, the Bundesbank board member said. 11122017. Financial Times.

HSBC jumps to 2-month high on expected US rate hike

[United Kingdom]

Shares in HSBC rose to their highest in two months in Hong Kong on Monday as investors appeared upbeat on the impact of the expected interest rate hike by the US Federal Reserve this week. HSBC’s stock jumped as much as 2.7 per cent in early trading in Hong Kong, its biggest intraday gain in two months, to hit HK\$78.90, the highest since October 11. “Higher rates will help to improve [HSBC’s] interest spread,” said Ben Kwong, Hong Kong head of research for KGI Securities. On Wednesday, outgoing Fed chair Janet Yellen is expected to lift the central bank’s target range to 1.25-1.5 per cent. Mr Kwong added that HSBC has “lagged behind in the



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recent market rally” and Chinese insurer Ping An’s move to increase its stake to be the second-largest shareholder in the bank has also “fuelled speculative interest”. The broader financials segment in Hong Kong added 0.4 per cent as the Hang Seng index lifted 0.5 per cent. Shares in HSBC have now gained more than 25 per cent in 2017. 11122017. Financial Times.

El Estado pone a la venta un 7% de Bankia, valorado en unos 840 millones

[España]

El Estado, a través del FROB, ha dado orden para vender a través de una colocación acelerada de acciones un 7% de su participación en Bankia, con un valor de mercado próximo a 840,47 millones de euros, ya que las acciones cotizan este lunes al cierre de mercado a 4,17 euros. La colocación, que se hará entre inversores institucionales, se cerrará previsiblemente antes de la apertura de la Bolsa de mañana, y ayudará a que el valor tenga una mayor liquidez, algo que allana el camino para futuras ventas. 11122017. El País. [Read](#)

Bruselas consultará con el Santander si ofrece más datos sobre la venta del Popular

[España]

La presidenta de la Junta Única de Resolución (JUR), Elke König, ha negado al Congreso, en dos ocasiones, el informe de Deloitte que sirvió de base para vender el Popular al Santander. No obstante, el Panel de Apelación independiente de la JUR decidió, hace 10 días, que debía publicar más detalles sobre el informe. Ante la Comisión de investigación de la crisis financiera, König afirmó este lunes que “está evaluando el análisis de los datos, algunos de ellos confidenciales, para ver cuáles se puedan dar a conocer, pero hay que consultar a las partes interesadas, entre ellas al Santander que adquirió el Popular, antes de publicarlos”. 11122017. El País. [Read](#)

Brexit: City of London will lose 10,500 jobs on day one, says EY

[United Kingdom]

City firms plan to move 10,500 jobs out of the UK on “day one” of Brexit, with Dublin and Frankfurt the financial centres most likely to benefit from the UK’s departure from the EU. The job tracker compiled by the accountants EY, which counts job announcements to the end of November, found that the number of roles likely to be affected had fallen from estimates of 12,500 a year ago. But it also concluded that the jobs being affected by Brexit were not just the “back office” ones initially forecast, but “front office” staff who deal directly with clients. Omar Ali, EY’s UK financial services leader, said Friday’s announcement of a first-stage deal, allowing talks to move on to trade, had sent “a wave of relief across the City”. 11122017. The Guardian. [Read](#)

El Banco Santander pacta la salida de 1.100 empleados tras la integración del Popular

[España]

El Banco Santander y los sindicatos han cerrado en apenas un mes desde que las partes comenzaron a negociar un Expediente de Regulación de Empleo (ERE) que reducirá la plantilla conjunta de Santander y Popular en 1.100 empleos, frente a los 1.500 propuestos en un principio, informa Efe. El ERE afectará finalmente al 3,1% de los 35.000 trabajadores que suman ambas entidades tras la compra del Popular por parte del Santander el pasado 7 de junio, horas después de su resolución por parte de las autoridades europeas. 12122017. El Mundo. [Read](#)



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Charts of the year: Central bank QE heads for tipping point in 2018

[Eurozone]

The era of central bank bond buying that has sent prices of government and corporate debt soaring since the 2008-09 financial crisis is set to reach a turning point in 2018, after policymakers sketched out plans this year to rein in stimulus measures. Fixed income analysts at JPMorgan's asset management unit reckon that flows into the debt market by four major central banks — the Federal Reserve, European Central Bank, Bank of England and Bank of Japan — will flip from positive to negative towards the end of next year. It will mark a significant shift in global monetary policy that has left \$11tn of sovereign and company bonds with negative yields — an unprecedented situation. “Over the last decade central banks have had a significant impact on financial markets as their adoption of unconventional monetary policy, via quantitative easing, has seen trillions of dollars injected into the financial system,” said Iain Stealey, portfolio manager at JPMorgan's global bond opportunities fund. “As the global economy recovers we are starting to witness those same central banks start to scale back the level of accommodation.” Mr Stealey said that a key question for investors in 2018 will be what impact the turn in direction will have on asset prices. “If net positive central bank balance sheet flow raises asset prices, creating asset price inflation, then does it follow that net negative central bank balance flow will cause those prices to reverse?” he said. 13122017. Financial Times.

Bankia: “No es normal que el crédito a las pymes en España sea más barato que en Alemania”

[España]

El consejero delegado de Bankia, José Sevilla, ha asegurado este miércoles que “no es normal que los tipos de los créditos para las medianas y pequeñas empresas en España estén por debajo de los de Alemania”. En su intervención en el Encuentro del Sector Bancario organizado por el IESE y EY, Sevilla, ha explicado que esta circunstancia también sucede en el crédito hipotecario, “cuyos precios son la mitad de los que ofrecen en Alemania o Francia. Sin embargo, en este caso se debe a que en España son a tipo variable y en los demás países a tipo fijo”. Sevilla justificó el abaratamiento del crédito “por la eficiencia del sistema financiero español, algo de lo que se beneficia la economía y los ciudadanos, aunque los bancos no lo ponemos en valor ante la sociedad. Hace tres años la preocupación era que podía haber poca competencia porque había escasas entidades, ahora ya la cuestión es otra”. 13122017. El País. [Read](#)

El Banco de España alerta del peligro de productos “opacos con envoltorios amables”

[España]

El subgobernador del Banco de España, Javier Alonso, que ha intervenido en la apertura de 13 Encuentro del Sector Bancario del IESE y EY, ha lanzado una serie de advertencias a los usuarios de servicios financieros que se relacionan con sus entidades a través de medios digitales. “Entre las preocupaciones que surgen están las relacionadas con las amenazas cibernéticas y el fraude”, ha señalado, para comentar el riesgo de “la oferta de productos complejos, opacos y difíciles de entender que pueden ser presentados en envoltorios amables y accesibles para el gran público a través de aplicaciones”. 13122017. El País. [Read](#)



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World Bank to end financial support for oil and gas exploration

The World Bank will end its financial support for oil and gas exploration within the next two years in response to the growing threat posed by climate change. In a statement that delighted campaigners opposed to fossil fuels, the Bank used a conference in Paris to announce that it “will no longer finance upstream oil and gas” after 2019. The Bank ceased lending for coal-fired power stations in 2010 but has been under pressure from lobby groups also to halt the \$1bn (£750m) a year it has been lending for oil and gas in developing countries. The Bank said it saw the need to change the way it was operating in a “rapidly changing world”, adding that it was on course to have 28% of its lending going to climate action by 2020. At present, 1-2% of the Bank’s \$280bn portfolio is accounted for by oil and gas projects. 13122017. The Guardian. [Read](#)

Las acciones de Bankia deberían triplicar su valor para cubrir el coste del rescate

[España]

La salida del Estado del capital de Bankia afronta un horizonte de dos años bajo la lupa de los contribuyentes, que entre 2012 y 2013 inyectaron 22.424 millones de euros en la entidad y quieren conocer el saldo de su rescate. Ayer, por segunda vez en los últimos cinco años, liquidó una participación significativa. Pero a diferencia de la anterior, cuando obtuvo unas plusvalías de 301 millones de euros respecto al precio al que recapitalizó la entidad en 2013, lo hizo perdiendo dinero. La operación de colocación acelerada de un 7% del capital tuvo como compradores a fondos de inversión principalmente británicos y estadounidenses que absorbieron 201 millones de acciones. El Banco Financiero de Ahorros (BFA), propiedad al 100% del Estado y matriz de Bankia calcula unas minusvalías de en torno a 70 millones de euros. 13122017. El Mundo. [Read](#)

El fondo soberano de Noruega se convierte en el segundo accionista de Bankia tras aflorar el 3,26%

[España]

Nuevos actores en el accionariado de Bankia. Según los registros de la CNMV, Norges Bank, es decir, el fondo soberano de Noruega, tiene ahora un 3,26% de la entidad y se convierte en su segundo accionista, sólo por detrás del Estado español que tiene un 60,63%, a través del Frob, después de la colocación. En particular, el brazo inversor de la economía noruega ha aflorado un 2,459% (287,4 millones de títulos) en acciones ordinarias y un 0,802% en derivados (coberturas realizadas con acciones prestadas y CFD's ante la previsión de posibles caídas). La suma de ambas inversiones tiene un valor a precios de mercado (4,07 euros al cierre del martes) de unos 388 millones de euros. 13122017. El Economista. [Read](#)

BBVA supera "significativamente" los requerimientos de capital del BCE para 2018

[España]

Los ratios de capital de BBVA se encuentran, tanto a nivel consolidado como individual, "significativamente" por encima del requerimiento que le impone el Banco Central Europeo (BCE) a partir de 2018 tras el proceso de revisión y evaluación supervisora (SREP, por sus siglas en inglés). BBVA reordena la cúpula de tres filiales en Latinoamérica. Así, no es necesario que se active ninguna restricción o limitación regulatoria en los pagos de dividendos, de retribución variable y de intereses a los titulares de valores de capital de nivel 1 adicional (AT1) del banco. Concretamente, el BCE requiere a la entidad presidida por Francisco González



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para el próximo año un ratio de capital total 'phased-in' del 11,938% a nivel consolidado y del 11,375% a nivel individual. En términos 'fully loaded', el requerimiento se mantiene sin cambios respecto al de 2017 tanto a nivel consolidado como individual (12,75% y 12%, respectivamente). 13122017. El Economista. [Read](#)

ECB leaves key rate at historic low

[Eurozone]

The eurozone's central bankers have left interest rates unchanged at their lowest levels on record and kept their commitment to do more should growth disappoint, in a decision that marks the end of a strong year for the economy of the single currency area. The European Central Bank's governing council kept the benchmark main refinancing rate at zero. The deposit rate will remain at minus 0.4 per cent, in effect imposing a levy of the same amount on a portion of reserves parked by lenders from the private sector at eurozone central banks. The central bank reiterated that it “stands ready” to increase the size of its bond-buying programme — dubbed quantitative easing — in what now seems the unlikely event that the recovery will veer off track. Interest rates would remain on hold until “well past” the end of QE. Investors who broadly forecast the ECB would stand pat shrugged off the decision, leaving the euro up 0.05 per cent on the day at \$1.1830. The region's recovery has switched gears in 2017, with growth outpacing the UK and the US after years of near stagnation. A closely-watched poll of purchasing managers, also out Thursday, highlighted the strength of the region's economy — suggesting activity was now expanding at its fastest pace for almost seven years. With the economy set to remain strong into the new year, the ECB could finally call time on its programme of mass bond buying in 2018. The central bank said in October that from January it will cut the amount of fresh bond purchases it makes in half from €60bn to €30bn. It intends to keep buying €30bn bonds a month until September 2018. It will also reinvest the proceeds of any bonds that mature during this period. While Mr Draghi has hinted that the ECB will continue to expand its balance sheet beyond September, some on the governing council members are keen for fresh bond purchases to come to an end in the autumn. The debate on ending QE is likely to become more heated in the new year should the region's economy continue to impress. Rates are expected to remain on hold until 2019. A fresh round of central bank forecasts out later on Thursday are expected to show growth remaining strong in the New Year. Staff could also upgrade inflation projections, showing the ECB finally hitting its target of just under 2 per cent by 2020. The current ECB forecasts, published in September, show growth hitting 2.2 per cent this year, 1.8 per cent in 2018 and 1.7 per cent in 2019. Inflation is expected to hit 1.5 per cent this year, 1.2 per cent in 2018 and 1.5 per cent in 2019. 14122017. Financial Times.

ECB changes collateral rules for unsecured bank bonds

[Eurozone]

The European Central Bank has changed its collateral rules for certain bank bonds, in a move that reflects the risks facing holders of financial debt in a post-crisis regulatory era. The ECB requires borrowers to post collateral — ranging from government bonds to asset-backed securities — when it lends to the banking sector. Today, the central bank announced that a new class of unsecured subordinated bank bonds will be excluded from the list of securities that can be used as collateral, meaning that any financial institutions that hold them will be unable to use them to borrow cheaply from the ECB. The move, which stands to affect tens of billions of euros



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of outstanding bonds, comes after European regulations have sought to transfer the risk of banking failure to bond investors. As such, it highlights the greater degree of risk facing investors in bank bonds, and reduces their attractiveness for certain buyers. The asset class of “senior bonds” issued by banks, which mostly went untouched during the crisis, has over recent years been transformed so that they are exposed to losses at times of distress. European countries have passed legislation to create a new bond market, called “senior non-preferred”, which ranks below deposits and old-style senior debt. The European move reflects a wider global push for a post-crisis regulatory model which avoids the need for taxpayers to bail out financial institutions. The ECB added that old-style senior bonds which are not subordinated will still be eligible to be used as collateral, as will bonds issued by certain agencies. 14122017. Financial Times.

ECB defends ‘small’ losses on Steinhoff bonds

[Eurozone]

ECB chief Mario Draghi has defended the central bank’s purchases of bonds issued by Steinhoff that have since cratered in value. Speaking after the European Central Bank’s decision earlier on Thursday to keep policy on hold, Mr Draghi said “the scope of the [bond-buying] programme is not to maximise profits or minimise losses, so let’s bear that in mind.” Any losses relating to the bonds are very small as a proportion of the central bank’s overall bond-buying scheme, and have been exaggerated in reports “by a factor of 10”, he said. He added: It is not unusual that losses may be happening. All other central banks that ran similar programmes – do we know whether they had losses? No, because they are not disclosing the issuers, the holdings... We are much, much more transparent. We have a risk framework which has served very very well since beginning of the existence of the ECB, and if we need to draw lessons, we will certainly draw lessons. 14122017. Financial Times.

ECB makes ‘significant’ upgrade to economic growth forecast

[Eurozone]

The European Central Bank has “substantially” increased its forecast for economic growth in the eurozone over the next few years and said it now expects stronger inflation next year than it previously had as it responds to a banner year for the bloc’s economy. ECB President Mario Draghi was on something of a victory lap in his post-rates-decision press conference (understandably given the latest data), noting “greater confidence” in reaching inflation targets and “solid and broad-based growth momentum”. He said the eurozone had benefited from a “broad based global expansion” along with buoyant financial market conditions that have been supported by years of central bank stimulus. The euro area has surprised economists this year as its rebound has dramatically accelerated. Several of its largest economies, such as Germany and France, have continued firing on all cylinders thanks to strong demand from within and outside the eurozone. As a result, the euro has posted a particularly strong year on the US dollar, jumping more than 12 per cent since the end of 2016. It was little changed on the day as Mr Draghi spoke, sitting at \$1.182. James Athey at Aberdeen Standard Investments said that much of the new forecast had been “priced into bond markets and the currency.” But he warned that next year may be different: “Politics once again has the potential to derail the ECB’s best laid plans with the elephant in the room being the Italian elections,” he said. 14122017. Financial Times.



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Bank of England keeps rates on hold in unanimous decision

[United Kingdom]

The Bank of England has held the benchmark interest rate at 0.5 per cent in a unanimous 9-0 vote. The central bank confirmed it thinks “further modest increases” in interest rates are likely to be needed to help bring inflation down to its target of 2 per cent over the next few years. In minutes of its December Monetary Policy Committee meeting published on Thursday, the members showed they were relaxed about inflation’s rise to 3.1 per cent in November, voting unanimously for no change in interest rates and no change to the money the central bank has printed in its quantitative easing process. The lack of any comment on the path of interest rate rises predicted by financial markets suggests the MPC is happy with expectations that the authorities will tighten policy up to two times next year, once likely in May and the other possible towards the end of 2018. If the BoE follows this course, it would bring official interest rates up from 0.5 per cent now towards 1 per cent by the end of next year. Though borrowing would become more expensive, that rate would still represent a historically low level of interest rates and would still be encouraging households and businesses to borrow and spend. The MPC agreed that the economic news since it raised interest rates at the start of November had been “mixed and relatively limited”. It said that world economic strength was still helping the UK and the Budget’s additional public spending would limit the effects of austerity on the economy. But it cautioned that domestic indicators suggested “growth in Q4 might be slightly softer than in Q3”, when the economy expanded 0.4 per cent. The nine members of the committee did not consider these changes to be sufficiently significant to require any immediate action. Inflation had moved up to 3.1 per cent in November, the minutes said, because the weakness of sterling had pushed up the cost of imports. “The MPC judges that inflation is likely to be close to its peak, and will decline towards the 2 per cent target in the medium term,” the minutes added. With the committee now believing the UK economy cannot grow much faster than 1.5 per cent a year without pushing up inflation, the BoE’s outlook for the economy and living standards remains weak and much less optimistic than before the EU referendum. This has led the members to stress again that more interest rate rises are likely to become necessary. “The committee remains of the view that, were the economy to follow the path expected in the November inflation report, further modest increases in Bank Rate would be warranted over the next few years, in order to return inflation sustainably to the target,” the minutes of the meeting said. Despite progress in the Brexit negotiations, the MPC members agreed that the biggest source of uncertainty for the British economy was the UK’s changing economic relationship with the EU. The next MPC meeting will take place in early February and coincide with a quarterly inflation report and the governor’s letter to the chancellor explaining why inflation reached 3.1 per cent in November and what the MPC was proposing to do to bring it back to target. The pound was little changed after Thursday’s decision. It traded at \$1.3427, from \$1.345 ahead of the news. That left it up 0.04 per cent on the day. 14122017. Financial Times.

Credit Suisse hires Deutsche Bank veteran Dunning for equities expansion

[Switzerland]

Credit Suisse has hired Deutsche Bank veteran Guy Dunning to head its EMEA sales trading, as the Swiss bank builds out its equities business. In a memo to staff, Credit Suisse said Mr Dunning would join the bank’s London office in early 2018. Mr Dunning spent 13 years at Deutsche, most recently as co-head of its European cash business. “He will strengthen our sales



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trading franchise across the region, monetizing existing flows and focusing on new opportunities,” said Credit Suisse’s head of European equities Mike Dilorio, who joined from Barclays over the summer. Credit Suisse cut resources to its investment bank under a 2015 restructuring but is now investing selectively in potential growth areas. European equities businesses are set for a major shake-up in the coming years as sweeping investor protections, known as Mifid II, come into force from Jan 3. 14122017. Financial Times.

Russia’s Sberbank plans to pay 50% of earnings in dividends by 2020

[Russia]

Sberbank, Russia’s state-run banking giant, is to raise dividends up to 50 per cent of earnings by 2020, chief executive Herman Gref told investors in London on Thursday. The bank wants to raise its net profit to Rbs1tn while posting a 20 per cent return on equity and a 30 per cent cost-to-income ratio, Mr Gref said. “Society won’t pay for our inefficiency,” he added. Last quarter, the bank posted a record Rbs224.1bn net profit, 20 per cent higher than the previous record set a quarter earlier and a 63.6 per cent increase year-on-year. Mr Gref added, however, that Sberbank does not expect to meet those targets before the end of 2019. Uniquely among Russian state companies, the bank is owned by the central bank and paid only 25 per cent dividends this year – a far cry from the 50 per cent demanded by the government. The Kremlin’s budget for 2018-2020 expects that all state companies will pay 50 per cent dividends. 14122017. Financial Times.

FCA pushes on with plans to cut credit card rates

[United Kingdom]

The UK’s financial watchdog is pushing ahead with plans that would see lenders have to reduce or even cancel credit card interest and charges for customers in persistent debt. The Financial Conduct Authority on Thursday published revised proposals to those first put out in April, saying that customers would save as much as £1.3bn a year in the first few years after the planned rules take effect. The FCA also revised up the costs to business from its April estimates, to £101m in one-off costs, in addition to £18m a year. But it said the increased benefit to customers outweighed the cost to businesses. The regulator added that it had accepted voluntary measures by the industry to not offer customers who had been in 12 months of persistent debt — where their minimal repayments are being outweighed by interest and charges — increased credit limits. The FCA estimates this will result in around 1.4m accounts per year not receiving such offers. Andrew Bailey, the FCA’s chief executive, said: The proposals we are introducing will save consumers billions of pounds by reducing longer-term borrowing on credit cards, which can be very expensive and can hide real financial hardship. We remain committed to action to protect consumers in the credit card market as soon as possible. About 3.3m people in Britain are stuck in what the FCA calls persistent debt. The FCA has been concerned that they are not being helped enough by credit-card companies for whom they generate the most profits. In a preliminary report on the credit-card market last year, the FCA attacked card providers for squeezing long-term profits from consumers who make monthly minimum repayments for years instead of clearing their debts. There will be a consultation on the FCA’s revised proposals running through January before the watchdog puts out its final rules. 14122017. Financial Times.



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SNB bumps up inflation forecast, keeps eye on ‘fragile’ franc patterns

The Swiss National Bank says it will “remain active” in the currency markets to try and hold down the franc, while it lifted inflation forecasts in a move seen as tentatively preparing the ground for rises in the interest rate. The central bank left interest rates on hold in its quarterly interest rate setting decision. In its statement, it added that overvaluation of the franc has calmed down, now that the euro has leapt from SFr1.07 to SFr1.16 over the course of this year. Still, it said the development is “fragile”. Therefore, despite the easing of the situation, the negative interest rate and the SNB’s willingness to intervene in the foreign exchange market as necessary remain essential. These measures keep the attractiveness of Swiss franc investments low and thus ease pressure on the currency. A renewed appreciation would still be a threat to price and economic developments. It upgraded its inflation forecast for next year, to 0.7 per cent from 0.4 per cent, assuming that the benchmark interest rate remains at minus 0.75 per cent. Longer term, forecasts are raised to over 2 per cent. Maxime Botteron, an economist at Credit Suisse said: In setting its long-term inflation forecast above 2 per cent, i.e. above its definition of price stability, the SNB is making a first yet cautious step to prepare financial markets for policy normalization. However, as the central bank continues to point at the high valuation of the franc, some more depreciation of the currency would probably be required for the SNB to raise its policy rate before the ECB, i.e. in the second half of 2018. That said, the probability of a rate hike in 2018 has increased after today’s meeting. 14122017. Financial Times.

Deutsche to sell part of Polish business to Santander for €305m

[Germany]

Deutsche Bank has reached a €305m deal to sell parts of its Polish business to Santander, as chief executive John Cryan presses ahead with his plans to streamline the underperforming German lender. Germany’s biggest bank said on Thursday that it would sell its Polish private and commercial banking units to Santander’s Polish arm, Bank Zachodni WBK. However, a troublesome foreign currency mortgage portfolio will be excluded from the deal, and Deutsche will keep its investment and transaction banking businesses in the central European country. Since taking the helm at Deutsche two and a half years ago, Mr Cryan has been working to make the bank simpler in an effort to boost returns, which have languished in recent years. He has closed Deutsche’s onshore Russian business and set in train withdrawals from a number of other smaller markets. The bank had also been rumoured to be looking to offload its Spanish retail business but told the FT in October that it intended to keep it. The deal will cement BZ WBK’s position as the third largest lender in Poland and is the latest sign of consolidation in the country’s banking market. The country’s largest lender, PKO BP, denied last week that it could merge next year with its nearest rival, Bank Pekao, which is itself in talks to merge with Alior, another local lender. Santander said that the deal would see BZ WBK gain around €4.3bn in assets. The transaction is not expected to have any effect on Santander’s capital ratios. Ana Botin, Santander’s executive chairwoman, said that she saw “significant potential” for further growth in Poland, which has been one of the fastest growing European economies in recent years. “The acquisition enhances our position in important customer segments, such as private banking and SMEs, while also delivering strong returns for our shareholders,” she said. The deal, which is subject to regulatory approval is expected to close in the fourth quarter of next year. 14122017. Financial Times.



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Former Commerzbank boss to replace Jürg Zeltner at UBS

[Switzerland]

Switzerland's UBS has appointed Martin Blessing, the former boss of Germany's Commerzbank, as head of its main wealth management operations after the surprise departure of Jürg Zeltner. UBS gave no explanation for the departure of Mr Zeltner, who had headed the division since 2012. He will retire from the group. Sergio Ermotti, UBS chief executive, said in a statement that Mr Zeltner had made an “outstanding contribution” at the bank and his contribution to the wealth management operations “deserves particular recognition”. The reshuffle puts Mr Blessing in a strong position to become chief executive after Mr Ermotti, who took over the top job at UBS in 2011. Under Mr Ermotti and Mr Zeltner, UBS has implemented a sweeping strategy revamp since the 2007-2008 global financial crises, away from investment banking and towards managing the wealth of the world's richest. Mr Blessing has been running UBS's operations in Switzerland for the past year. UBS is the world's largest wealth manager with more than \$2tn in assets under management. Its wealth management division, which excludes US wealth management activities, reported a pre tax profit of SFr 701m in the first nine months of the year – up 9 per cent from a year earlier. 14122017. Financial Times.

Turkey Raises Key Interest Rate by Less than Expected Amid Political Pressure

[Turkey]

Turkey's central bank raised a key interest rate Thursday for the first time since April, in a move to tame double-digit inflation and support the Turkish lira that missed market expectations. The Monetary Policy Committee in Ankara raised the late-liquidity lending rate from 12.25% to 12.75%—the highest rate among the bank's key interest rates that are used to adjust monetary policy. It kept the one-week repo rate at 8%, the overnight lending rate at 9.25% and the overnight borrowing rate at 7.25%. The increase to the late-liquidity lending rate was less than expected, pushing the Turkish lira down 2% against the dollar to 3.3.8912 liras, from 3.8305 liras beforehand. The lira later pared some losses to trade 1.5% lower at 3.8698 against the greenback in the afternoon. “The Turkish central bank's decision to opt for a smaller hike in its late liquidity rate today than markets had anticipated seems to reflect political pressure not to tighten policy substantially,” said William Jackson, senior emerging markets economist at Capital Economics in London. “With inflation set to decline in the coming months, our base case is that the central bank won't tighten policy further. But if the lira selloff gathers pace in the coming weeks, another hike would quickly come back onto the agenda.” Turkish policy makers have largely refrained from interest rate increases amid political pressure for lower borrowing costs. President Recep Tayyip Erdogan has frequently called for lowering interest rates to support growth and investment. Mr. Erdogan said in November the central bank was on the “wrong path,” criticizing its monetary policy. He argued that if interest rates fell, inflation would drop too—contrary to accepted economic theory. “Today's hike in late liquidity window lending rate was significantly lower than what markets expected,” said Natalia Kornela Setlak, an analyst at Nordea. “It was a broad disappointment, as once again it spurred investors' concerns about the Central bank of Turkey's focus on bringing inflation back to the target, not least by ensuring more currency stability.” The central bank had been expected to raise the late liquidity lending rate by between 25 basis points and 225 basis points, according to 12 economists surveyed by The Wall Street Journal. One economist had expected the central bank to raise the overnight lending rate by 25 bps, while two economists had expected a 50 bps increase and the remaining had seen



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no change. All economists had expected the central bank to keep overnight borrowing rate steady. One economist had projected the central bank would raise the one-week repo rate by 50 bps, while others had forecast no change. Turkey's annual inflation rate jumped to 12.98% in November, the highest level in 14 years, from 11.9% in October. The central bank has missed its official inflation target of 5% for six consecutive years. In November, it raised its inflation forecast to 9.8% from 8.7% for 2017 and to 7% from 6.4% for 2018, citing the recent depreciation of the lira. The Turkish currency has fallen 13% against the dollar over the past three months, broadly driven by strained U.S.-Turkey relations and concerns over monetary policy. The central bank has taken a series of measures to stem the lira's decline, raising average funding costs for banks by 0.25 percentage points to 12.25% in November, in a move seen as backdoor tightening by investors. On Thursday, the central bank said it would continue to use all available instruments in pursuit of its price stability objective. It added that a “tight stance in monetary policy will be maintained decisively until the inflation outlook displays a significant improvement and becomes consistent with the targets.” Turkey's economy grew at its fastest pace in six years in the third quarter, boosted by domestic demand and government incentives, rebounding after a failed coup in 2016. Gross domestic product expanded by an annualized 11.1% in the third quarter. Mr. Erdogan said Tuesday that Turkey's economy would grow by around 7.5% in 2017. 14122017. The Wall Street Journal.

Santander compra en Polonia la banca minorista de Deutsche Bank por 305 millones

[España]

El Banco Santander ha cerrado un acuerdo para la compra del negocio minorista de Deutsche Bank en Polonia, por 305 millones de euros. En la operación no está incluida la cartera de hipotecas en divisa extranjera de la filial polaca, pero sí las acciones de la gestora DB Securities (Polonia). La filial polaca del Santander, Bank Zachodni WBK, incorporará 113 sucursales y 1.500 empleados más en Polonia. El Santander se consolida como tercer banco del país, con 39.800 millones en activos. El Bank Zachodni subió ayer un 6,9% en Bolsa. 141020147. El País.

[Read](#)

Bankinter lanza una hipoteca contratable 100%online y sin ser cliente

[España]

Bankinter ha lanzado a través de Coinc, su plataforma online de servicios financieros, una hipoteca que se puede contratar totalmente online, a través del móvil, el ordenador o la tableta, y sin necesidad de ser cliente de la entidad. Este préstamo, que no requiere vinculación o contratación de otros productos con el banco, se lanza a un precio del 0,99% el primer año y revisable el resto frente al valor del euríbor +0,99%. Este precio es cerrado y no implica comisiones, pero tampoco ofrece bonificaciones en la contratación de otros productos. Estas hipotecas solamente se concederán para el 80% del valor de tasación de la vivienda y para contratarlas no será necesario que el cliente vaya a ninguna oficina, de forma que el único momento en que vea a una persona será el de la firma, que se realizará ante notario, con el que se gestionará una cita de forma online. Al no requerir vinculación con el banco, las cuotas se cargarán contra la cuenta que el cliente tenga en otra entidad. 14122017. El Economista. [Read](#)



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FCA to examine ‘high risk’ initial coin offering market

[United Kingdom]

The UK’s financial watchdog has pledged to undertake a deep-dive of the burgeoning initial coin offering market, which has grabbed regulatory attention as retail investors start to pile in. The Financial Conduct Authority said on Friday it would undertake an examination of the ICO market as a prelude to potentially more regulatory action. It has already warned consumers of the “very high risks” associated with investing in ICOs. ICOs work by a company issuing tokens, typically in exchange for a cryptocurrency such as Ethereum. Tokens can be used to buy future services from the issuer or can be sold on. This year there have been 234 ICOs so far, raising a total of \$3.7bn, according to data from Coinschedule, an ICO information provider. This is closely correlated to the soaring value of cryptocurrencies. Bitcoin’s value has leapt from under \$1,000 per unit at the start of the year to a high of \$17,578 this week. “On the Initial Coin Offering (ICO) market, the FCA will gather further evidence and conduct a deeper examination of the fast-paced developments. Its findings will help to determine whether or not there is need for further regulatory action in this area beyond the consumer warning issued in September,” the FCA said in a statement. While the FCA has said some ICOs could potentially fall under its jurisdiction depending on how they are structured — which would bring with it all the disclosure requirements of a traditional public offering — it does not regulate bitcoin. Last night the watchdog’s chief executive, Andrew Bailey, told the BBC he would not push for oversight of cryptocurrencies, as long as customers understood the risks of losing all their investment. 15122017. Financial Times.

Russia surprises with half-point interest rate cut

[Russia]

Russia’s central bank has delivered a bigger than expected chop to interest rates, lopping half a percentage point off the key rate to 7.75 per cent, saying that the move to reduce oil production will dampen inflation risks over a one-year horizon. “The extension of the agreement between oil-exporting countries lowers the uncertainty of energy prices’ dynamics and related pro-inflationary risks over a one-year horizon,” the central bank said in a statement. “However, the risks of upward deviation of inflation from the forecast in the medium term still prevail.” Economists polled by Reuters had expected a quarter-point cut. The oil production cut that was made along with Opec has led the central bank to lift growth forecasts for next year, it said. But medium-term prospects are unchanged. A further cut in the first half of 2018 remains a possibility, it added. 15122017. Financial Times.

El Banco de España rebaja una décima la previsión de crecimiento para 2018 por Cataluña

[España]

El Banco de España ha rebajado este viernes su previsión de crecimiento para el año que viene hasta el 2,4% frente al 2,5% que preveía anteriormente. Y para 2019 la reduce del 2,2% al 2,1%. Este recorte lo achaca por completo a las tensiones registradas en Cataluña. No obstante, la buena noticia es que calcula un peaje para la economía bastante leve gracias a que espera que la crisis catalana se diluya. De momento, para el año que viene solo lo baja en dos décimas por Cataluña, y una de ellas se compensa al sumar un 0,1 extra por el mejor comportamiento del sector exterior, que aprovechará la mejora económica en todo el mundo y, sobre todo, en la eurozona. Incluso si los precios del petróleo están repuntando, los renovados bríos de la zona euro sostendrán la actividad en España. 15122017. El País. [Read](#)



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Competencia autoriza la fusión de Bankia con BMN sin condiciones

[España]

La Comisión Nacional de los Mercados y de la Competencia ha aprobado la fusión de Bankia con Banco Mare Nostrum (BMN), entidad dominada por la antigua Caja Murcia, sin ningún tipo de condición. Es decir, no tendrán ninguna limitación en su implantación en cuanto a la red de oficinas y los principales negocios bancarios. La operación necesita el visto bueno del Banco Central Europeo (BCE) y el trámite administrativo de la autorización de la Secretaría de Estado de Economía. Ambos documentos se esperan en breve y sin que planteen inconvenientes. La noticia llega después de que el martes pasado se anunciara la colocación de un 7% del capital de Bankia que estaba en manos del Estado a diferentes inversores institucionales extranjeros. 15122017. El País. [Read](#)

El Santander coloca el 78% de los bonos de compensación entre los antiguos accionistas del Popular

[España]

El Banco Santander ha colocado el 78% del bono que diseñó para fidelizar y compensar a los antiguos accionistas del Popular que acudieron a una ampliación de capital en 2016 y perdieron todo tras la liquidación del banco. El Santander emitirá 764,03 millones distribuidos en 7,64 millones de bonos. La oferta iba dirigida solo a clientes minoristas, ya sean particulares o empresas. Para recuperar todo su dinero, los exaccionistas deben mantener siete años la inversión, traer el dinero si se lo llevaron del Popular y renunciar a pleitear contra el Santander. 15122017. El País. [Read](#)

Los bancos centrales intentan retirar el ponche sin estropear la fiesta del crecimiento

Con mucho cuidado, los bancos centrales intentan llevarse el ponche sin interrumpir la fiesta, mítica frase de William McChesney, presidente de la Reserva Federal entre 1951 y 1970. En un lenguaje menos metafórico, esta frase quiere decir que los banqueros centrales están retirando estímulos y subiendo tipos (llevándose el ponche), pero intentan mantener la buena tendencia del crecimiento. Bajo este contexto y teniendo como referencia los aumentos de tipos de interés de la Reserva Federal y el Banco Popular de China (PBOC, por sus siglas en inglés), los bancos centrales de todo el mundo están endureciendo su postura en materia de política monetaria esta semana. Sin embargo, los movimientos han estado tan bien comunicados (forward guidance) o han sido tan diminutos que apenas han repercutido en los mercados financieros. 15122017. El Economista. [Read](#)

El fondo soberano de Noruega aflora participaciones en Euskaltel y Vocento y aumenta su presencia en Indra

[Noruega]

Norges Bank, el fondo soberano de Noruega, ha aflorado una participación del 3,209% en la operadora de telecomunicaciones Euskaltel y del 3,398% en Vocento y ha elevado por encima del 4% su peso en el capital de la empresa de tecnología y consultoría Indra, tres operaciones que se producen poco después de conocerse que se había convertido en el segundo accionista Bankia tras la privatización del 7% de la entidad. 15122017. El Economista. [Read](#)



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OECD's Mann joins Citi, Buiter steps aside

Citi has hired Catherine Mann of the OECD as its new chief economist, with Willem Buiter, current holder of the role, stepping aside to be an adviser to the bank. Ms Mann had been the chief economist at the Paris-based think-tank since 2014, having previously worked at the Federal Reserve, the Council of Economic Advisors and the World Bank. “My mission statement is that good economic research, communicated effectively, improves the policy-making process and economic outcomes,” she said. Mr Buiter, leader of the team that coined the term ‘Grexit’ in 2012, will step away from day-to-day management of the bank’s economics coverage in February, but will remain involved in regular reports and client service. Andrew Pitt, global head of Citi research, said in a statement that bank was “thrilled” that Ms Mann had accepted the role. “We are also delighted that Willem’s breadth of expertise and outstanding research will continue to be showcased via his new advisory position,” he said. 11122017. Financial Times.

Colombia queda cerca de perder el grado de inversión

[Colombia]

La agencia calificadora Standard and Poor’s (S&P) redujo este lunes la calificación crediticia de Colombia a ‘BBB-’ desde ‘BBB’. De acuerdo con S&P, la combinación de un crecimiento más débil de lo esperado en el 2017 y la dependencia parcial de ingresos extraordinarios para compensar el bajo desempeño de la reforma tributaria del 2016 demuestran la dificultad de reducir gradualmente los déficits generales del Gobierno para cumplir con la regla fiscal. “Aunque esperamos que los déficits fiscales de Colombia se reduzcan, los resultados de la reforma del 2016 han estado por debajo de lo previsto y el cumplimiento de la meta fiscal ha recaído parcialmente en ingresos extraordinarios”, señaló. 11122017. El Tiempo. [Read](#)

La presidenta de la Reserva Federal se despide del cargo con la quinta subida de tipos en EE UU

[Estados Unidos]

La Reserva Federal de Estados Unidos procede al quinto incremento de tipos de interés desde la crisis financiera y el último que se decide bajo la dirección de Janet Yellen al frente del banco central. La subida es de un cuarto de punto, lo que deja el precio del dinero en aquel país en una banda entre el 1,25% y el 1,5%. El banco central reafirma, además, su plan para seguir adelante con la reducción gradual de los activos de deuda que tiene en balance. La Fed tiene previsto un nuevo encuentro a final de enero, a solo tres días de que el gobernador Jerome Powell tome el relevo. La reunión de dos días que concluyó este miércoles era, sin embargo, la última en la que Janet Yellen tenía prevista una comparecencia pública para explicar las razones por las que decide pisar un poco más fuerte el freno de los estímulos con la inflación y los salarios avanzando con timidez. 13122017. El País. [Read](#)



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Operadores prevén que tasa de interés se mantendrá en 2,5% hasta junio de 2018

[Chile]

El Banco Central mantendría la tasa de interés en 2,5% al menos hasta junio de 2018 y ésta subiría a 2,75% en diciembre de ese año, de acuerdo a la Encuesta Quincenal de Operadores Financieros, dada a conocer este miércoles por el instituto emisor. En el sondeo anterior los operadores esperaban que la Tasa de Política Monetaria (TPM) se mantuviera en 2,5% al menos hasta diciembre de 2018. Según la encuesta TPM se ubicaría en 3% en diciembre de 2019. En tanto la inflación anotaría una alza de 0,1% en diciembre y alcanzaría a 2,5% anual en un horizonte de 12 meses y 2,8% en 24 meses. En mayo, el Consejo del Banco Central sorprendió a los mercados al bajar la tasa de interés en 25 puntos a 2,5%, dejándola en su menor nivel desde septiembre de 2010. Dicho recorte fue el cuarto en lo que va de 2017, luego que en enero el Banco Central redujera la tasa de interés por primera vez en más de dos años, al bajarla de 3,5% a 3,25%. Luego en marzo volvió a recortarla en 25 puntos para dejarla en 3%, en abril la redujo a 2,75% y en mayo la bajó a 2,5%. 13122017. La Tercera. [Read](#)

La modernización que se viene para el Banco Central

[Chile]

Un presupuesto anual que, en promedio, debería mantenerse en unos \$ 100.000 millones el próximo quinquenio, equivalente al de igual período anterior. Una nueva agenda de modelaciones económicas y de explotación de las bases de microdatos internas y externas que llegan hasta las oficinas de su staff técnico. La decisión de impulsar, de manera inédita, sus propias bases de datos para procesar con información administrativa externa. Avanzar en todo lo que permita entender mejor cómo funciona hoy la economía, en tiempos de bonanza como de crisis, pero también comprender, por ejemplo, cómo se comporta la ciudadanía, el trabajador y empleador según el contexto. De eso y más trata el Plan Estratégico 2018-2022 del Banco Central (BC) anunciado esta semana por el presidente de la entidad, Mario Marcel, cuyo diseño demoró casi seis meses e involucró, por primera vez, a todos los estamentos del organismo, además de la contratación de un estudio -a Corpo, basado en más de 100 entrevistas- a profesionales y actores que tienen relación con el BC para conocer su opinión sobre cómo lo hace el instituto emisor y qué mejorar. El nuevo plan comenzará el 2 de enero próximo con el arribo de un experto del MIT que hará un taller para abordar el impacto de nuevas tecnologías en la labor institucional, una de las tantas innovaciones que forman parte de un proyecto de modernización que, siguiendo la tradición institucional, adelanta el gerente general de la entidad, Alejandro Zurbuchen. 13122017. La Tercera. [Read](#)

63,2 % de las ganancias de la banca viene de prestar y captar dinero

[Colombia]

Al término del décimo mes del presente año las ganancias del sector financiero colombiano, el cual incluye los establecimientos de crédito, la industria aseguradora, fiduciarias, administradoras privadas de pensiones (AFP) y comisionistas, entre otras, totalizaron más de 10,5 billones de pesos, según indicó la Superintendencia Financiera. Solo los establecimientos de crédito reportaron 6,3 billones de pesos en utilidades en ese periodo, de las cuales cerca de 63,2 por ciento provino de la labor de intermediación financiera, esto es, de captar y prestar dinero. Por concepto de servicios financieros dichos establecimiento recibieron el 15,79 por ciento de esos 6,3 billones de pesos, los ingresos por venta de inversiones y dividendos



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representaron 9,35 por ciento, la valorización de sus inversiones el 8,74 por ciento, mientras que por servicios financieros diferentes de comisiones y honorarios un 4,99 por ciento. 13122017. El Tiempo. [Read](#)

Mexican regulators join chorus urging caution over cryptocurrencies

[Mexico]

So you've seen the rise of bitcoin and thought you might cash in on cryptocurrencies as a way to raise funds for your venture. Think again, say the Bank of Mexico and the Mexican finance ministry. Why? Because at the very least such fundraising is risky. At worst, it could be a crime. Initial coin offerings – in which start-ups or online projects raise money by exchanging virtual currencies for digital stakes, or tokens, in their start-up, rather than having to sell stock or get backing from venture funds – are the hottest new cryptocurrency craze, raising nearly \$3.5bn this year. None has yet been seen in Mexico, but if they were, they “could violate the stock market law and constitute a financial crime,” the central bank, ministry and banking regulator said in a statement. The warning comes after the US Securities and Exchange Commission this month halted one such issue, by PlexCorps, in the first action from its cyber crime unit. It was not so much the concept of an ICO that was found to be at fault, but the fact that the company in question had raised up to \$15m from thousands of investors since August by falsely promising a 13-fold profit in under a month. Mexican authorities — adopting an unusually paternalistic tone for institutions usually content to let the market decide investment winners and losers for itself — appeared to be pre-emptively aligning themselves with the SEC, which argues that these tokens can amount to securities, so ICOs need to play by the relevant laws. The Mexicans cautioned “the public in general about the risks” associated with cryptocurrencies, not least because they have “no backing from financial authorities or any government institution. They are not legal tender in Mexico and are not currencies since no foreign monetary authority issues them or backs them for making payments”. If such admonishments cut no ice with bold and brazen cyber investors, the authorities went on to warn that cryptocurrencies are highly volatile and speculative, lack a dispute resolution mechanism and are unregulated. Even though they can be used legitimately, “the complexity and variety [of schemes like ICOs] increase the risk of fraud,” they noted. Anyone still interested even after all this should factor in the potential for losing all of their investment and beware of promised returns that sound too good to be true, the statement said. Mexico's Congress is currently studying a fintech law intended to provide a solid legal framework for fintech institutions and virtual assets. 13122017. Financial Times.

Bank of Canada's Poloz Defends Risk-Management Approach to Rate Policy

[Canada]

Bank of Canada Governor Stephen Poloz said Thursday he is willing to keep rate policy “quite stimulative” and let upside inflation risks build until there is evidence spare capacity in the labor market has evaporated and uncertainties in the economy have faded. In a speech in Toronto, Mr. Poloz reiterated the central bank would employ a cautious approach in rate-policy setting after two increases in 2017, due to a set of “unusual factors” playing out in the economy. These factors include how indebted households will respond to higher rates, the impact of new mortgage-financing rules on the economy, and the fate of talks aimed at addressing Trump administration concerns with the North American Free Trade Agreement. In a rate decision last week, the Bank of Canada kept its benchmark interest rate unchanged at 1% and signaled rates



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would eventually rise -- although with the caveat that caution would be the watchword for the foreseeable future. Mr. Poloz, according to prepared remarks, elaborated on this approach. “Our current policy setting clearly remains quite stimulative,” he said. “With the economy operating near potential, a mechanical approach to policy would suggest that monetary policy should already be less stimulative. However ... we still see signs of ongoing, albeit diminishing, slack in the labor market.” In the speech, Mr. Poloz cited the relatively low labor participation rate among young Canadians, those aged 15 to 24, as a concern on top of tepid wage growth. He said the proportion of people in this category participating in the workforce fell to roughly 63% earlier this year, a decline of 5 percentage points from a peak reached a decade ago. The participation rate for younger Canadians has climbed back to 64%, the governor said, and wages have also exhibited strength. “These are encouraging signs, but it will take a while before they becomes a trend.” Mr. Poloz said the bank was engaged in a risk-management exercise and acknowledged that growth above potential output -- or the rate an economy can expand without triggering inflationary pressure -- as is presently forecast could pose an upside risk to its inflation forecast. “Given the number of unusual factors at play, the bank is monitoring these risks in real time ... rather than taking a mechanical approach to policy setting,” the governor said. Some economists warned after the last rate decision, the Bank of Canada was at risk of keeping monetary policy too loose, given some of the strength emerging from labor data. Roughly 350,000 full-time jobs have been added to the economy this year, and the unemployment rate has dropped to a near-record low of 5.9%. The thrust of the speech was on issues that preoccupy the governor. Among the issues he cited was a cyberattack on Canada’s financial system; vulnerabilities posed by household debt and housing, which he said are likely to remain elevated for a long time; and the job market for youth. 14122017. The Wall Street Journal.

Banco de la República despide el 2017 con tasa de interés en 4,75 %

[Colombia]

En su última reunión de política monetaria del 2017, la junta directiva del Banco de la República mantuvo estable la tasa de intervención del mercado en 4,75 por ciento, a la espera del resultado final de la inflación y guardando munición para el 2018 en busca de ayudar a impulsar la débil economía. Al término de la reunión, el gerente del Emisor, Juan José Echavarría, dijo que la decisión de mantener la tasa de intervención del mercado se tomó por unanimidad. Esta decisión va en línea, además, con los pronósticos de los expertos, que habían proyectado estabilidad en el tipo referencial del banco emisor. Además, porque la fecha de la última reunión de junta es atípica, pues se hace a mediados del mes y no a finales, que es cuando se cuenta con información suficiente para tomar una decisión que refleje el curso que sigue la economía. El ministro de Hacienda, Mauricio Cárdenas, quien integra la junta del banco y se caracteriza por votar tradicionalmente por reducir el costo del dinero, aseguró esta semana que la autoridad monetaria debería hacer una pausa en los recortes este mes después de la rebaja de la calificación soberana del país por parte de Standard & Poor's. 14122017. El Tiempo. [Read](#)

Banco Central mantiene tasa de interés en 2,5% por séptimo mes consecutivo

[Chile]

El Consejo del Banco Central acordó este jueves mantener la tasa de interés en 2,5% por séptimo mes consecutivo, pero advirtió que siguen presentes los riesgos de un retraso en la convergencia de la inflación asociados a la persistencia en su bajo nivel actual. La decisión de



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dejar sin cambios la Tasa de Política Monetaria (TPM) era ampliamente esperada por el mercado, de hecho, en la última Encuesta de Operadores Financieros, dada a conocer este miércoles por el instituto emisor, los consultados estimaron que ésta se mantendrá en 2,5% al menos hasta junio del próximo año. 14122017. La Tercera. [Read](#)

Mexico's Central Bank Raises Rates as Inflation Concerns Mount

[Mexico]

The Bank of Mexico raised interest rates by a quarter percentage point Thursday after a six-month pause, as policy makers have grown increasingly worried about high inflation. The overnight interest rate target now stands at 7.25%—the highest since February 2009. The policy meeting marked Alejandro Díaz de León's first as the central bank's governor. He took over two weeks ago facing a tough situation, with high inflation, slowing economic growth, and a weak and volatile peso. Some analysts said Mr. Díaz de León may have sought to burnish the bank's orthodox credentials at his first meeting as governor.

“The main challenge for the bank's board...is to reinforce the downward path for inflation to the target,” the policy statement said. A majority of the bank's four voting members agreed to the move, while one member called for a half-percentage point increase, underscoring the concern inflation is causing for the board. The peso—the second most traded emerging-market currency with daily average turnover of some \$112 billion—appreciated 0.3% just after the policy announcement, briefly hitting 18.97 to the U.S. dollar before moving back above 19. The rate decision was increasingly expected by markets and analysts in recent weeks as annual inflation came in above expectations in November at 6.6%, more than double the bank's 3% target. The Bank of Mexico had been expecting inflation to start slowing at the end of the year, but now sees it ending December above the November level. In its policy statement, the central bank said the outlook for inflation has turned “more complex” and that it will take longer for prices to return to the target. The bank now sees inflation “moderately” above 3% during the next two years. The rate increase is probably the last in the cycle, said Neil Shearing, the chief emerging markets economist at Capital Economics. “But it's clear that policy makers won't require much persuading to tighten again, particularly if the peso comes under renewed pressure.” The U.S. Federal Reserve's rate increase this week also left Mexico's central bank little maneuvering room. The bank said the peso has been pressured since the third quarter by expectations of Fed rate increases and uncertainty over the renegotiation of the North American Free Trade Agreement with the U.S. and Canada. Higher borrowing costs mean less money available for consumers, which in turn puts downward pressure on prices. Many observers fear that also will be a drag on an already sluggish Mexican economy that contracted 0.3% during the third quarter after a string of natural disasters hit Mexico. The growth outlook looks gloomy, the bank indicated, as the often contentious Nafta talks have hit investment “considerably” and are likely behind the slowdown in private consumption in the second half of the year. Inflation was below the central bank's target until late last year. The uptick this year is mainly explained by the average 20% increase in gasoline prices ordered by the government at the beginning of the year as the country liberalizes energy markets, and peso depreciation that has made imports more expensive. Until early this month, most analysts expected the Bank of Mexico to stand pat on rates in the near term after the central bank called a pause in a tightening cycle that increased the overnight rate to 7% from 3% between December 2015 and June 2017. 14122017. The Wall Street Journal.



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22% de deudores bancarios destina más de la mitad de ingresos al pago de cuotas

[Chile]

Aunque las cifras de endeudamiento de los chilenos con la banca todavía no alcanzan niveles preocupantes, en algunos segmentos el panorama es más complejo. Así lo muestran las últimas estadísticas publicadas por la Superintendencia de Bancos e Instituciones Financieras (Sbif), que revelaron, por ejemplo, que el 31% de deudores bancarios mantienen una carga financiera de más de 40% del ingreso mensual, mientras que el 22% supera el 50%. Es decir, gastan más de la mitad del sueldo en pagar cuotas de sus obligaciones con la banca. Las cifras forman parte del cuarto informe sobre la situación de endeudamiento de los clientes bancarios y no bancarios que elabora el regulador, con cifras a junio de este año, y que ratifican la tendencia que ya advirtió el Banco Central en su Informe de Estabilidad Financiera (IEF), entregado a comienzos de mes. 14122017. La Tercera. [Read](#)

Cuatro desafíos que enfrenta la revolución digital de la banca

[Colombia]

Que 8 de cada 10 entidades financieras encuestadas por la firma KPMG en 36 países hayan reconocido que se están asociando con alguna start-up o planean hacerlo en los próximos 12 meses es una clara señal de que esta nueva forma de llevarle servicios financieros a la gente llegó para quedarse y que si la banca como la conocemos hoy no se transforma, estas tecnologías le pasarán por encima. Y aunque en principio uno de cada dos ejecutivos del sector bancario percibía a las fintech como verdaderas amenazas, según el estudio PWC Retail Banking 2020, pronto también entendieron que estas, más que enemigas, podían convertirse en aliadas para apurar esa transformación. 14122017. El Tiempo. [Read](#)

US tax reform could hurt the peso, says Mexico central bank chief

[Mexico]

Donald Trump's proposed tax reform could hurt the peso. So says Alejandro Díaz de León, the new governor of the Bank of Mexico. "It [the tax reform] may be a factor, among others like US monetary policy, that we have to monitor and consider in the implementation of our monetary policy," Reuters quoted him as telling a radio interviewer, a day Banxico lifted its key lending rate by a quarter-point to 7.25 per cent. But Washington's plan to slash the corporate tax rate to 20 per cent goes could hurt more than the peso. "This is critical for Nafta negotiations," said Viridiana Ríos, a Wilson Center fellow. "If Donald Trump manages to make America more competitive by reducing taxes, Mexico may lose the competitive advantage it has had." However, BBVA Bancomer argues that the gulf between US and Mexican manufacturing salaries – the former are on average six times higher – more than offsets any loss in competitiveness. "In the most conservative scenario, it would be at least 10 per cent more profitable to produce manufactured goods in Mexico than in the US. That is, Mexico would lose some of the advantage in manufacturing competitiveness that it has against the US, but it would continue to maintain a clear advantage," BBVA Bancomer economists said in a recent note. When adding state taxes on top of federal US corporate tax, "for most of the states (82 per cent), the total corporate tax rate ... would be similar to that of Mexico," BBVA Bancomer said. Furthermore, the peso's depreciation of more than 10 per cent since April last year "would almost offset the US tax cut". To counter a US tax rate cut, Mexico could face pressure to slash its own 30 per cent corporate tax rate. But to make up the revenue shortfall in a country where half the economy is already



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informal and pays no tax, and tax revenue is already the lowest in the OECD, it might have to increase its 16 per cent VAT rate – an unpopular move ahead of next year's presidential election. Furthermore, a matching move would cause Mexican tax revenue to contract by 1.2 per cent of GDP, putting the country's 2018 primary surplus goal at risk, BBVA Bancomer said. Whatever happens, the new central bank governor made clear that although his surname means lion, he is a hawk. The bank's communiqué made clear it was locked and loaded for more rate hikes ahead as risks multiply in the form of uncertain Nafta negotiations that could pressure the peso, adverse market reaction in Mexico to US monetary and fiscal policy and the July Mexican elections. Three of the four members voted for a quarter-point rise and the fourth advocated a half-point increase. And the message was crystal clear: we probably won't stop here. "Given the intensification of risks that could affect inflation, the board will be vigilant and, if necessary, will take the necessary actions as soon as needed to ensure that we maintain a monetary posture that strengthens the anchoring of inflation expectations in the medium and long term and achieve convergence with the objective," the statement said. 15122017. Financial Times.

Para el Banco Central, "no hay argumentos" para bajar las tasas

[Argentina]

El presidente del Banco Central, Federico Sturzenegger, aseguró que "no hay argumentos para ir más despacio" en relación a las altas tasas que viene manteniendo la entidad para reducir la inflación. En una conferencia bajo el título "Oportunidades y desafíos financieros para Argentina y otras economías emergentes", Sturzenegger sostuvo además que "la inflación está bajando sin apelar a falsos atajos" y que "las expectativas para el año que viene son las más bajas desde 2009". 15122017. El Clarín. [Read](#)

Interés de tarjetas y líneas de crédito explica alta carga financiera en grupos medios

[Chile]

Las cifras entregadas el miércoles por la Superintendencia de Bancos e Instituciones Financieras (Sbif) respecto del nivel de endeudamiento de los chilenos dieron una señal de alerta respecto a la mayor carga financiera que registran segmentos medios. Según esos números, los deudores con ingresos de entre \$ 500 mil y \$600 mil mensuales tienen una mayor carga financiera representativa, con 28%. Esto quiere decir que el 50% de los deudores de este segmento muestra compromisos de crédito cuyo pago implica el desembolso del 28,1% de sus ingresos mensuales, entendidos éstos como el total declarado como renta al mes ante las entidades bancarias, al momento de solicitar un préstamo. 15122017. La Tercera. [Read](#)

■ ASIA



Chinese central bank injects liquidity into market

[China]

China's central bank injected a net 20 billion yuan (\$3.02 billion) into the market via open market operations Monday to ease the liquidity strain. The People's Bank of China (PBOC) conducted 80 billion yuan of reverse repos, according to the bank. Meanwhile, 60 billion yuan of reverse



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repos matured. A reverse repo is a process by which the central bank purchases securities from commercial banks through bidding, with an agreement to sell them back in the future. On Monday, the PBOC conducted 40 billion yuan of seven-day reverse repos priced to yield 2.45 percent, and 40 billion yuan of 28-day contracts to yield 2.75 percent. Maturing reverse repos will withdraw 480 billion yuan from the market this week. The central bank drained a net 510 billion yuan via open market operations last week, the largest weekly withdrawal in nearly 10 months. 11122017. China Daily. [Read](#)

Banco central chino continúa inyectando liquidez

[China]

El banco central de China continuó inyectando liquidez en el sistema financiero hoy miércoles por tercer día consecutivo a través de operaciones de mercado abierto. Las operaciones incluyen 70.000 millones de yuanes (10.570 millones de dólares) de repos inversos a siete días, con un tipo de interés del 2,45 por ciento, y 60.000 millones de yuanes de repos inversos a 28 días, con un interés del 2,75 por ciento, informó el Banco Popular de China en su sitio web. La inyección neta del miércoles se sitúa en 60.000 millones de yuanes, dado que han vencido repos inversos por 70.000 millones de yuanes. Los costos de los préstamos entre los bancos se han mantenido al alza desde que comenzó el mes y el tipo de oferta interbancaria de Shanghai a corto plazo subió al 2,79 por ciento hoy miércoles. 13122017. Xinhua. [Read](#)

HKMA raises base rate in line with Fed

[China]

The Hong Kong Monetary Authority raised its base rate by 25 basis points on Thursday in lockstep with the US Federal Reserve. Hong Kong's currency is pegged to the US dollar, compelling the HKMA to raise rates to prevent a surge in outflows by matching the Fed's decision on Wednesday to raise the target range for the federal funds rate to 1.25 to 1.50 per cent. The move by the HKMA brings the base rate to 1.75 per cent. According to the HKMA's formula, the base rate is “set at either 50 basis points above the lower end of the prevailing target range for the US federal funds rate or the average of the five-day moving averages of the overnight and one-month Hong Kong Interbank Offered Rates (HIBORs), whichever is the higher.” 13122017. Financial Times.

Major banks to set up branches in Hebei's Xiongan

[China]

China's four large banks have been approved to set up branches in the Xiongan New Area of Hebei province, according to the website of China's Banking Regulatory Commission. This is the first group of banking institutions that have received permission since the creation of the area was in April. The banks are the Industrial and Commercial Bank of China (ICBC), the Agricultural Bank of China (ABC), the Bank of China (BOC) and the China Construction Bank (CCB). All of them are State-owned banks. They were approved by the commission's Hebei office last Monday and the approval was unveiled Tuesday. The preparation work should be done in six days during which no financial services are allowed, according to the website. 14122017. China Daily. [Read](#)



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Central bank bumps up rates in 'mini-tightening'

[China]

China will likely tighten monetary policy next year while increasing policy flexibility to ensure sufficient credit supply and to prevent overtightening from hurting the economy, economists said on Thursday after the US Federal Reserve rate hike. The People's Bank of China, the central bank, raised the rates of seven-day and 28-day reverse repo agreements (through which the central bank provides money to the market) and the rates of the medium-term lending facility and standing lending facility (monetary tools to adjust money supply) by 5 basis points on Thursday. The PBOC's rate hikes, seen by some economists as a "mini-tightening", came hours after the Fed hiked the United States' benchmark interest rate by 25 basis points to a target range of 1.25 percent to 1.5 percent in the Fed's third rate hike this year. 15122017. China Daily

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Chinese banks expand in London, despite investors' Brexit worries

Chinese banks have continued to expand in London, following an increase in UK-China trade and investment, something that appears to go against the economic uncertainty expected as a result of Britain's departure from the European Union. Chinese banks were late to arrive in London but experts say their presence has helped maintain the British capital's role as a global financial hub at a time of great political and economic uncertainty in the United Kingdom. "We are fully committed to the UK market," said Zhu Jianhai, head of corporate banking at Agricultural Bank of China (UK) Ltd. "The UK's financial services sector has evolved through 100 years to build a robust financial infrastructure, which is the solid backbone of financial activities. This is one advantage that Brexit cannot take away." 15122017. China Daily. [Read](#)

Chinese central bank continues cash injection after market rate hike

[China]

China's central bank Friday continued to pump cash into the financial system to ensure stable liquidity, after it raised interest rates for open market operations the previous trading day. The People's Bank of China (PBOC) conducted 80 billion yuan (\$12.11 billion) of seven-day reverse repos priced to yield 2.5 percent, and 70 billion yuan of 28-day contracts to yield 2.8 percent. The interest rates stayed unchanged with Thursday's open market operations, which was raised by 5 basis points following the interest rate hike by the US Federal Reserve Wednesday. The operation resulted in a net injection of 150 billion yuan into the market as no reserve repos were due Friday. 15122017. China Daily. [Read](#)

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World Stock Indexes¹

Americas

Name	Value	Net Change	% Change	1 Month	1 Year	Time (EST)
INDU:IND DOW JONES INDUS. AVG	24,673.53	+164.87	+0.67%	+6.03%	+24.29%	2:24 PM
SPX:IND S&P 500 INDEX	2,677.43	+25.42	+0.96%	+4.40%	+18.36%	2:09 PM
CCMP:IND NASDAQ COMPOSITE INDEX	6,937.80	+81.27	+1.19%	+3.45%	+27.14%	2:24 PM
NYA:IND NYSE COMPOSITE INDEX	12,715.72	+86.65	+0.69%	+4.05%	+14.23%	2:08 PM
SPTSX:IND S&P/TSX COMPOSITE INDEX	16,095.53	+79.07	+0.49%	+1.37%	+5.76%	2:04 PM

Europe, Middle East & Africa

Name	Value	Net Change	% Change	1 Month	1 Year	Time (EST)
SX5E:IND Euro Stoxx 50 Pr	3,560.53	+4.31	+0.12%	+0.42%	+9.56%	11:50 AM
UKX:IND FTSE 100 INDEX	7,490.57	+42.45	+0.57%	+1.60%	+7.02%	11:35 AM
DAX:IND DAX INDEX	13,103.56	+35.48	+0.27%	+0.98%	+15.28%	12:30 PM
CAC:IND CAC 40 INDEX	5,349.30	-7.84	-0.15%	+0.91%	+11.00%	12:05 PM
IBEX:IND IBEX 35 INDEX	10,150.40	-26.10	-0.26%	+1.36%	+8.67%	11:38 AM

Asia Pacific

Name	Value	Net Change	% Change	1 Month	1 Year	Time (EST)
NKY:IND NIKKEI 225	22,553.22	-141.23	-0.62%	+0.70%	+16.25%	1:15 AM
TPX:IND TOPIX INDEX (TOKYO)	1,793.47	-14.67	-0.81%	+1.68%	+15.66%	1:00 AM
HSI:IND HANG SENG INDEX	28,848.11	-318.27	-1.09%	-1.20%	+31.00%	3:09 AM
SHSZ300:IND CSI 300 INDEX	3,980.86	-45.29	-1.12%	-3.40%	+18.97%	2:02 AM
AS51:IND S&P/ASX 200 INDEX	5,996.97	-14.29	-0.24%	+1.06%	+8.28%	1:19 AM
MXAP:IND MSCI AC ASIA PACIFIC	171.05	+0.27	+0.16%	+1.94%	+26.10%	12/14/2017

World Stock Indexes on Bloomberg.com. Quotes delayed. All prices in local currency. Time is ET, last refresh on Friday 15, December 2017 at 13:26 -EST.