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Emerging-market currencies rally...Spain's central bank raises GDP growth forecast... South Africa's consumer price inflation stabilizes in June

Financial Markets

Emerging-market currencies rose for the fourth consecutive day as global central banks continued to support economies with monetary stimulus. South Africa's rand strengthened 0.6% to 10.5130 per dollar after reaching 10.5005 its strongest level since May 30. Turkey's lira rose 0.7% to 2.0905 per dollar and hit 2.0865, its strongest level since June 11. Indonesia's rupiah jumped the most, rising 0.8% to 11,508 per dollar the biggest gain since July 7, after the General Elections Commission declared Joko Widodo the winner of the presidential election.

U.S.'s Treasury 30-year bond yields traded at an almost 13-month low on Wednesday, reflecting the view among investors that the end of the Federal Reserve's bond-buying program will not spur concerns about inflation. The 30-year yield was steady at 3.25% in morning trading in New York, after dropping to 3.24% on July 21, its lowest level since June 7, 2013. The yield on 10-year Treasury notes was also steady at 2.46%.

High Income Economies

Australia's annual consumer price inflation rose 3.0% (y/y) in the second quarter of 2014 in line with economists' forecast, but slightly faster than the 2.9% increase recorded in the previous quarter, thereby reaching the upper limit of the central bank's target range of 2.0%-3.0% for 2014. The largest price increases in Q2 were for alcohol and tobacco (+7.1%, y/y), followed by education (+5.1%, y/y), health (+4.9%, y/y) and housing (+3.9%, y/y). Quarter-on-quarter, consumer prices rose 0.5% in Q2 following a rise of 0.6% in Q1.

Spain's central bank revised upward its GDP growth forecast for 2014 to 1.3% from 1.2% previously, and that of 2015 to 2.0% from 1.7%, citing strengthening private consumption and business investment. The

central bank estimated that the economy grew 0.5% (q/q) in the second quarter, slightly faster than the 0.4% (q/q) growth recorded in Q1, boosted by investment which grew 1.3% (q/q) rebounding from a 0.6% slump, and private consumption which rose 0.4% (q/q) same as in Q1.

At its July 2014 meeting, *Bank of England* decided to maintain the policy rate at the record low 0.5% and the size of the asset purchase program at GBP375bn, noting that the Monetary Policy Committee has no preset timing for increasing interest rates, which will be determined by the data.

Developing Economies

South Asia
Pakistan's trade balance posted its highest deficit on record in June as imports expanded at a strong pace while exports shrank. Year-on-year, imports grew 10.0% in June while exports fell by 6.8% resulting in a 30.8% (y/y) increase in the trade deficit. On a monthly basis, exports fell 4.3% while imports surged 17.9% with the trade deficit widening to PKR227bn from PKR153.6bn in May.

Sub-Saharan Africa
South Africa's annual consumer price inflation was steady in June, rising 6.6% the same as in May but lower than economists' forecast of a 6.7% increase, as lower transport prices offset a rise in the cost of housing and utilities. Consumer price inflation remained above the upper limit of the central bank's target range of 3.0%-6.0% for 2014. Month-on-month consumer prices rose 0.3% after increasing 0.2% in May.

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