



Wednesday, April 28, 2021

The evolving ‘strategy function’ in central banks

The discipline of ‘strategic planning’ emerged in private-sector companies in the 1960s, and became a standard management practice during the 1970s. In the early 2000s and in response to unprecedented business challenges and resource restrictions, a few central banks started introducing and adapting processes and instruments related to corporate strategic planning into their specific environment.

(www.centralbanking.com 28/04/21)

Foreign banks can reduce harm of ‘doom loop’ – ECB paper

The presence of foreign banks in eurozone countries likely mitigates the effect of the “doom loop”, a working paper published by the European Central Bank finds. The “doom loop” refers to the way in which problems with a country’s sovereign debt can seriously disrupt its credit market.

(www.centralbanking.com 27/04/21)

EU lawmakers clear post-Brexit trade deal with Britain

The European Parliament has voted overwhelmingly in favour of the post-Brexit trade deal between Britain and the European Union, clearing the last hurdle towards full ratification of the accord. EU lawmakers backed the trade and cooperation agreement by 660 votes to five, with 32 abstentions, the parliament announced on Wednesday.

(www.reuters.com 28/04/21)

Bankers call for more bang to Britain's big finance fightback

Shortly after Britain left the European Union, Finance Minister Rishi Sunak pledged a series of measures he dubbed “Big Bang 2.0” to ensure the City of London remained one of the world’s top financial centres.

(www.reuters.com 27/04/21)

BIS to operate sterling liquidity facility backed by BoE

The Bank of England has created a sterling-denominated facility with the Bank for International Settlements, opening up a source of global liquidity to a much wider range of central banks. The move echoes the role the BIS played in the latter half of the 20th century. (www.centralbanking.com 27/04/21)

Euro zone bond yields rise ahead of Fed

Euro area bond yields tracked Treasury yields higher on Wednesday, ahead of the close of the US Federal Reserve’s policy meeting later in the session. While no major policy changes are expected at the meeting, investors will pay close attention to Chairman Jerome Powell’s comments for further insight into the bank’s thinking on inflation and bond purchases.

(www.reuters.com 28/04/21)

Fed likely to stay the course despite US economy's growing momentum

The US economy has had a steady run of good news in recent months, with job gains accelerating as businesses reopen and forecasters projecting that 2021 will see the strongest GDP growth in decades. But the Federal Reserve has shown no sign that there has been enough progress yet to ease the support for the economy. (www.reuters.com 28/04/21)

How the Fed may ace, or flub, its inflation call

As the US economic recovery builds momentum, Americans will need to brace for a burst in prices of everything from airfare to lumber, cars to diapers. US central bankers, charged with keeping prices steady along with getting the economy to full employment, say the pain will soon pass and much of the coming pickup in inflation should peter out after several months. (www.reuters.com 27/04/21)

CURRENCY	BUYING		SELLING	
+USD/GBP	1.3914	(1.3901)	1.3915	(1.3902)
+USD/EUR	1.2081	(1.2085)	1.2082	(1.2086)
*GHS/USD	5.7288	(5.7278)	5.7346	(5.7336)
*GHS/GBP	7.9711	(7.9623)	7.9796	(7.9708)
*GHS/EUR	6.9212	(6.9225)	6.9286	(6.9293)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 28/04/21 (Rates for 27/04/21 in brackets)

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Germany lifts GDP growth forecasts, sees consumer-led rebound

The German government raised its growth forecast for Europe's largest economy to 3.5% from a previous estimate of 3% as it expects household spending to support the recovery once COVID-19 restrictions are lifted, the Economy Minister said. Germany is struggling to contain an aggressive third wave of COVID-19 infections as efforts have been complicated by the more contagious B117 variant. (www.reuters.com 27/04/21)

China's central bank conducts ¥10bn of reverse repos

China's central bank conducted ¥10bn (about \$1.54bn) of reverse repos to maintain reasonably ample liquidity in the banking system. The interest rate for the seven-day reverse repos was set at 2.2%, according to a statement on the website of the People's Bank of China. A reverse repo is a process in which the central bank purchases securities from commercial banks through bidding, with an agreement to sell them back in the future. (www.xinhuanet.com 28/04/21)

JGB yields track US Treasuries higher ahead of central bank announcements

Japanese government bond (JGB) yields rose on Wednesday, tracking US Treasury yields higher, while investors awaited a decision by the US Federal Reserve and Bank of Japan's announcement for its bond buying plans later in the day. (www.reuters.com 28/04/21)

India's second COVID-19 wave may impede economic recovery, says S&P

Credit rating agency S&P Global said the second wave of COVID-19 infections in India could impede the country's economic recovery and expose other nations to further waves of outbreaks. "In addition to the substantial loss of life and significant humanitarian concerns, S&P Global Ratings believes the outbreak poses downside risks to GDP and heightens the possibility of business disruptions," the rating agency said in a note.

(www.reuters.com 28/04/21)

European shares set for firmer start

European stocks look set to open on a positive note Wednesday as investors keep a wary eye on the Covid-19 surge in several countries and await the Federal Reserve's interest-rate decision due later in the day. The pan European Stoxx 600 ended little changed with a negative bias. The German DAX and the UK's FTSE 100 dipped around 0.3%, while France's CAC 40 index finished marginally lower. (www.rttnews.com 28/04/21)

Crude oil futures settle sharply higher

Crude oil prices moved higher as the decision by the Organization of the Petroleum Exporting Countries (OPEC) and its allies to gradually increase oil output helped offset concerns about energy demand. West Texas Intermediate Crude oil futures for June ended higher by \$1.03 or about 1.7% at \$62.94 a barrel. Brent crude futures moved up 1.17% to settle at \$66.42 a barrel today.

(www.rttnews.com 27/04/21)

Bank of Ghana: Risks to bank's asset quality remain elevated

Risks to asset quality of banks, the Central Bank notes remain elevated due to loan repayment challenges faced by businesses and households necessitating loan restructuring reliefs by the various banks in the country. According to the Central Bank's March 2021 Banking Sector Development Report, the elevated risks to asset quality is due to heightened credit risks brought about by the Covid-19 pandemic as well as higher loan loss provisions for customers whose businesses and cash-flows have been adversely impacted by the pandemic. (www.norvanreports.com 28/04/21)

Bank of Ghana: Banking sector assets reaches Gh¢152bn end-Feb 2021

Assets of all 23 banks currently operating in the country, according to the Bank of Ghana (BoG), totaled Gh¢152bn as at end-Feb 2021. The recorded total assets value the BoG notes in its Banking Sector Development Report, represents a 18.5 % year-on-year growth which is marginally higher than the annual growth of 17.8 % as at end-Feb 2020. (www.norvanreports.com 28/04/21)

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