



Friday, April 30, 2021

Central bank ‘activism’ risks long-run costs, paper argues

Central bank “activism” may have short-term benefits for society but is likely to come with long-term costs, new research argues. In Central bank activism, Christina Parajon Skinner develops a “novel framework” for viewing activism on a “spectrum of legitimacy”. (www.centralbanking.com 29/04/21)

ECB paper measures economic uncertainty in Eurozone

Rises in economic uncertainty explain a considerable amount of changes in the Eurozone’s economic activity, a working paper published by the European Central Bank says. In Tracking global economic uncertainty: implications for the euro area, Alina Bobasu et al build on the methodology proposed in a 2015 paper by Kyle Jurado et al. (www.centralbanking.com 29/04/21)

Insolvencies could jeopardise EU recovery – ESRB report

A wave of corporate insolvencies could endanger Europe’s financial stability as governments start withdrawing support measures, a report from the European Systemic Risk Board warns. (www.centralbanking.com 29/04/21)

Euro zone bond yields slip ahead of GDP and inflation data

Euro zone government bonds yields slipped in early trading on Friday, stabilising after a sharp sell-off in the previous session, while investors waited for regional GDP and inflation data. Investors are closely watching economic data for any signs that the economic recovery from the COVID-19 is gathering sufficient pace for major central banks worldwide to start scaling back the extraordinary stimulus that has been flowing into the economy since the start of the crisis. (www.reuters.com 30/04/21)

Central bank e-cash could ‘challenge’ role of big banks, Bank of France says

Central bank digital cash could give new types of businesses access to ultra-cheap central bank funding and lessen the role of big banks in settling large transfers, a senior Bank of France official said. With high stakes involved in the development of e-cash, the Bank of France is part of the European Central Bank’s research into how a future digital euro could be used both in wholesale bank-to-bank lending and in everyday retail banking. (www.reuters.com 29/04/21)

Bank of England likely to slow bond purchases as economy rebounds

The Bank of England is likely to ease its foot off the stimulus pedal and reduce its pace of bond purchases next week as Britain’s economy appears to be bouncing back sharply from its COVID pandemic slump. (www.reuters.com 29/04/21)

Fiscal stimulus fires up US economy; labour market recovering

US economic growth accelerated in the first quarter, fueled by massive government aid to households and businesses, charting the course for what is expected to be the strongest performance this year in nearly four decades. (www.reuters.com 29/04/21)

German inflation pushes above ECB target in April

Germany’s annual consumer price inflation accelerated in April, advancing further above the European Central Bank’s target of close to but below 2%, the Federal Statistics Office said. Consumer prices, harmonised to make them comparable with inflation data from other European Union countries, rose by 2.1% in April, up from 2.0% in March. A Reuters forecast had pointed to an April reading of 2.0%. (www.reuters.com 29/04/21)

| CURRENCY | BUYING | | SELLING | |
|----------|--------|----------|---------|----------|
| +USD/GBP | 1.3952 | (1.3919) | 1.3953 | (1.3920) |
| +USD/EUR | 1.2117 | (1.2098) | 1.2117 | (1.2099) |
| *GHS/USD | 5.7283 | (5.7288) | 5.7341 | (5.7346) |
| *GHS/GBP | 7.9922 | (7.9740) | 8.0007 | (7.9825) |
| *GHS/EUR | 6.9413 | (6.9315) | 6.9481 | (6.9383) |

+SOURCE: BOG INTERNAL TRANSACTION RATES: 30/04/21 (Rates for 29/04/21 in brackets)

* BOG INTERNAL TRANSACTION RATES: 30/04/21 (Rates for 29/04/21 in brackets)

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

China's central bank conducted ¥10bn (about \$1.5bn) 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. (www.xinhuanet.com 30/04/21)

China's 2021 gold demand seen reverting to pre-pandemic levels - WGC official

China's 2021 gold demand will see annual growth and will revert to pre-pandemic levels if there are no dramatic changes to the global economic and geo-political situation, a World Gold Council (WGC) official said. "For China we had better first quarter growth even compared to 2019. If things are stable, we are sure China can stay in such a positive growth," said Wang Lixin, WGC Managing Director in China. (www.reuters.com 29/04/21)

MAS and Bank of Thailand connect retail real-time payments

The Monetary Authority of Singapore and Bank of Thailand have linked their country's retail real-time payment systems, saying this would sharply cut transaction times. No other central banks around the world have connected their retail instant payment networks. Both systems have been designed by Vocalink, now a subsidiary of MasterCard. In a joint statement on April 29, the central banks said Thailand's PromptPay system had been connected to Singapore's PayNow network. (www.centralbanking.com 29/04/21)

Taiwan central bank minutes show no hurry to change rates

Taiwanese central bank policymakers will not rush to alter interest rates due to continued economic uncertainty about COVID-19, minutes of their March meeting showed. The central bank last month left its policy rate unchanged at 1.125%, the lowest on record, and raised its growth outlook for 2021 to 4.53% as strong exports bolstered the trade-reliant economy in the face of the pandemic. (www.reuters.com 29/04/21)

European shares likely to see cautious opening

European stocks are set to open on a cautious note Friday as bond yields in the US rose on upbeat economic data and India reported another record high of 3.86 lakh new COVID cases in the last 24 hours. The pan European Stoxx 600 eased 0.3%. The German DAX shed 0.9% and France's CAC 40 index slid 0.1% while the UK's FTSE 100 ended largely unchanged. (www.rttnews.com 30/04/21)

Oil futures settle sharply higher

Crude oil prices moved higher amid optimism about the outlook for energy demand despite concerns about a resurgence in coronavirus cases in Asian countries, especially India. West Texas Intermediate Crude oil futures for June ended up by \$1.15 or about 1.8% at \$65.01 a barrel. Brent crude futures were up \$1.33 or about 2% at \$68.11 a barrel a little while ago. (www.rttnews.com 29/04/21)

SA's banking sector is making some strides despite tough conditions

While 65% of all middle managers in banking were black, surpassing the number of white middle managers for the first time in 2019, according to the 2020 Transformation in Banking Report, more needed to be done to reflect the demographics of the country, Banking Association South Africa (Basa) said yesterday. (www.iol.co.za 30/04/21)

Kenyan, Nigerian currencies seen range-bound

Kenya's and Nigeria's currencies are expected to trade within existing ranges in the coming week, analysts and traders said. Tanzania's currency is seen holding steady, while Uganda's is expected to firm. (www.reuters.com 29/04/21)

Rand rises against subdued dollar after Fed holds rates

The rand rose at a more than one-week high against the greenback yesterday amid a subdued dollar after the US Federal Reserve held interest rates unchanged at near zero. (www.iol.co.za 30/04/21)

DISCLAIMER: This information has been compiled by the Secretary's Department of Bank of Ghana for general reference purposes only. While every effort is made to ensure that the information is accurate, the Bank of Ghana does not guarantee nor does it accept any responsibility or liability for the accuracy or completeness of the content or for any loss, which may arise from reliance on information contained in this document.