



Thursday, May 27, 2021

Central bank mandates differ between advanced and emerging economies

Central Banking’s Governance survey reveals some significant differences in the tasks that central banks are mandated to perform. Thirty-four central banks responded, 19 of which are in emerging market economies and 15 in advanced economies, as designated by the International Monetary Fund. A majority of central banks are tasked with implementing monetary policy and financial stability (94%), but only 74% reported they set monetary policy. (www.centralbanking.com 26/05/21)

If not now, when? Covid-19 spurs global push to tackle wealth gap

Governments worldwide, facing strong evidence that fallout from Covid-19 has widened wealth gaps as well as wrecking economies, have expanded social safety nets and in some cases begun exploring bolder ways of tackling the imbalances. (www.reuters.com 26/05/21)

‘Run it hot’: the risks and rewards of a new policy era

Covid-19 has shaken economics, much as the preceding crises throughout history upended the thinking of the time. From the start, the pandemic pushed economists into the frontiers of the subject, from the use of high-frequency data to track the economy, to the merging of epidemiology and macroeconomics. But the crisis may also have added impetus to a deeper intellectual shift in economics that predated the virus. (www.centralbanking.com 27/05/21)

A return of the inflation monster?

Those under 50 years of age will have little real recollection of the impact of runaway prices in advanced economies, nor the hardship associated with double-digit interest rates required to quell them. (www.centralbanking.com 27/05/21)

Time series models need adapting for Covid-19 shock – ECB paper

A working paper published by the European Central Bank offers methods to adapt standard time series models to the challenges of the Covid-19 pandemic. In the Covid-19 shock and challenges for time series models, Elena Bobeica and Benny Hartwig look at the impact of the pandemic on frequently employed modelling methods.

(www.centralbanking.com 26/05/21)

Euro zone bond yields dip as focus turns to next ECB speakers

Euro zone bond yields dipped after falling sharply in recent sessions, as investors sought direction from several European Central Bank policymakers who will speak later in the session. Comments from ECB President, Christine Lagarde indicated that it was too early for the central bank to discuss slowing its pandemic emergency bond purchases (PEPP), reinforced by remarks from several others.

(www.reuters.com 27/05/21)

ECB should adopt symmetric 2% target with AIT – US economist

Leading US economists and former officials agreed the European Central Bank should adopt a 2% symmetric inflation target after the ongoing strategy review. In a panel discussion organised by the Peterson Institute for International Economics on May 25, experts stressed the ECB should transition to a less pre-emptive policy framework.

(www.centralbanking.com 26/05/21)

Auditors say EU budget failing to deliver on gender equality

The European Union lacks specific budget tools to ensure its spending advances gender equality and should make more use of data broken down by sex to track and assess progress, auditors said.

(www.reuters.com 26/05/21)

CURRENCY	BUYING		SELLING	
+USD/GBP	1.4128	(1.4131)	1.4129	(1.4132)
+USD/EUR	1.2220	(1.2243)	1.2221	(1.2244)
*GHS/USD	5.7331	(5.7316)	5.7389	(5.7374)
*GHS/GBP	8.0998	(8.0994)	8.1084	(8.1080)
*GHS/EUR	7.0061	(7.0179)	7.0130	(7.0248)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 27/05/21 (Rates for 26/05/21 in brackets)

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Russian central bank trains brokerages to identify dubious transactions

The Russian central bank is training brokerages to identify dubious transactions in order to avoid artificial price moves amid a rapid surge in the number of retail investors, said Valeriy Lyakh, head of the bank's department for countering market misconduct. A trading frenzy by retail investors on online forums such as Reddit's WallStreetBets in the US sent some stocks, including GameStop, to meteoric gains earlier this year. (www.reuters.com 26/05/21)

MAS partners with financial inclusion foundation on digital currency system

The Monetary Authority of Singapore has become the first central bank to become a member of the Mojaloop Foundation, an organisation that aims to bolster levels of financial inclusion. In a statement on 26th May 2021, the central bank said it would collaborate with the foundation on a digital currency-based settlement system. (www.centralbanking.com 26/05/21)

Revival of private demand key for Indian economic recovery, says RBI

India's economy has not moderated as much as it did during the first wave of the coronavirus, but uncertainties may act as a short-term deterrent and private demand will be key to revival, the Reserve Bank of India said on Thursday. In its annual report, the central bank said the country's growth prospects now essentially depend on how fast India can arrest its second wave of Covid-19 infections. (www.reuters.com 27/05/21)

JGB prices hold steady after 40-year bond auction garners demand

Japanese government bond held steady, after an auction of 600bn yen (\$5.5bn) of 40-year paper was met with ample demand. "It was a good result," said a market participant at a domestic securities house. "Even though there was 100bn yen more bonds on offer this time, the bid-to-cover ratio was the same as the previous auction, confirming solid demand." (www.reuters.com 27/05/21)

European shares set for cautious start

European stocks are seen opening a tad higher on Thursday, even as a cautious undertone may prevail on fears of central bank policy tightening. The pan European Stoxx 600 ended flat with a positive bias. The German DAX slipped 0.1% and the UK's FTSE 100 ended flat with a negative bias, while France's CAC 40 index ended marginally higher. (www.rttnews.com 27/05/21)

Oil futures settle higher as crude stockpiles drop

Crude oil futures settled higher, rising for a fourth straight session, after data showed a drop in US crude inventories in the week ended May 21. West Texas Intermediate Crude oil futures for July ended up by \$0.14 or about 0.2% at \$66.21 a barrel. Data released by Energy Information Administration (EIA) showed crude oil inventories in the US dropped by 1.662m barrels last week, bigger than an expected draw of about 1.05m barrels. (www.rttnews.com 26/05/21)

S.Africa: Rand remains on the front foot against the dollar

The rand hovered near a 22-month high as dovish rhetoric by the US Federal Reserve fed into a softening dollar, according to NKC Research. The external environment continued to provide a soft landing for the rand, cushioning the local currency from a still-weak fiscal position, despite a brightening outlook for merchandise trade. US President's \$1.7tr counter-offer, down from \$2.3tr in the American Jobs Plan (AJP), did little to bridge the gap with the Republicans, whose latest public offer totalled \$568bn. (www.iol.co.za 26/05/21)

Naira falls at black market as CBN formally adjusts official rate

The exchange rate between the naira and the US dollar closed at N411.56/\$1 at the Importers and Exporters window, where forex is traded officially. Naira depreciated against the US dollar at the official NAFEX window to close at N411.56 to a dollar. (www.norvanreports.com 27/05/21)

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