



Friday, May 28, 2021

Eurozone economic confidence strongest since early 2018

Eurozone economic confidence improved to the strongest level in more than three years in May driven by the easing of Covid related restrictions, survey results from the European Commission showed on Friday. The economic confidence index rose to 114.5 in May from 110.5 in the previous month. This was the highest score since Jan. 2018, when the reading was 114.7.

(www.rttnews.com 28/05/21)

Europe has passed turning point but still needs ECB support: Schnabel

The euro zone economy has reached a turning point and the recent rise in borrowing costs reflects improved fundamentals, European Central Bank Board member, Isabel Schnabel told Reuters, playing down concerns that rising yields risk choking off growth.

(www.reuters.com 28/05/21)

US economic growth in the first quarter was unrevised

The Commerce Department released a report showing the pace of US economic growth in the first quarter was unrevised from the advance estimate. The report showed real gross domestic product spiked by 6.4% in the first quarter, unchanged from the estimate provided last month. Economists had expected a modest upward revision in the pace of GDP growth to 6.5%.

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

Funds recommended cutting equity exposure in May to lowest level this year

Funds recommended the lowest equity exposure this year in May, citing risks from the expected pull-and-push between reflation trades and dovish central banks, but many said a near-term correction in stock markets was unlikely.

(www.reuters.com 28/05/21)

US and China trade officials hold candid first talks of Biden era

The US and China's top trade negotiators have held "candid, pragmatic" talks, in their first meeting under the Biden presidency. The US Trade representative Katherine Tai and Chinese Vice Premier Liu He held a virtual meeting to discuss matters. Both sides said they discussed the importance of the trade relationship between the two countries.

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

US inflation surges in April; consumer spending moderates

US consumer prices surged in April, with a measure of underlying inflation blowing past the Federal Reserve's 2% target and posting its largest annual gain since 1992, because of pent-up demand and supply constraints as the economy reopens. The strong inflation readings reported by the Commerce Department on Friday had been widely anticipated as the pandemic's grip eases, thanks to vaccinations, and will have no impact on monetary policy.

(www.reuters.com 28/05/21)

Sarah Breden becomes BoE's executive director for financial stability

The Bank of England announced that its senior official, Sarah Breden has been appointed as its Executive Director for Financial Stability and Risk. Breden will also take up a seat on the BoE's Financial Policy Committee. She replaces Alex Brazier, who left both roles in March, and will report to Jon Cunliffe, the BoE's Deputy Governor for Financial Stability.

(www.centralbanking.com 28/05/21)

New York Fed announces record use of reverse repo facility

The Federal Reserve of New York's overnight reverse repurchase facility did record business on May 27, lending out \$485.3bn to 50 counterparties.

(www.centralbanking.com 28/05/21)

CURRENCY	BUYING		SELLING	
+USD/GBP	1.4189	(1.4128)	1.4190	(1.4129)
+USD/EUR	1.2197	(1.2220)	1.2198	(1.2221)
*GHS/USD	5.7331	(5.7331)	5.7389	(5.7389)
*GHS/GBP	8.1347	(8.0998)	8.1435	(8.1084)
*GHS/EUR	6.9934	(7.0179)	7.0003	(7.0130)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 28/05/21 (Rates for 27/05/21 in brackets)

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Canada's National Bank beats profit forecasts with lower provisions, lending growth

National Bank of Canada beat analysts' Q2 profit estimates on Friday, driven by higher earnings in its personal and commercial business and a large drop in funds set aside to cover potential loan losses. National Bank became the fifth Canadian bank to beat expectations for earnings in the quarter through April, with all the lenders releasing provisions on performing loans.

(www.reuters.com 28/05/21)

RBI faces dilemma from US policy spillovers – BIS paper

Monetary policy-makers in India face a dilemma in responding to the impact of spillovers from US monetary policy, a working paper published by the Bank for International Settlements finds. Shesadri Banerjee and Madhusudan Mohanty study micro-level data on the “financial channel” of the exchange rate.

(www.centralbanking.com 28/05/21)

China's trade surplus at ¥220.1bn in April

China's international goods and services trade surplus stood at ¥220.1bn (about \$34.47bn) in April, official data showed on Friday. The country's trade income amounted to about ¥1.83tr, and expenditure stood at about ¥1.61tr, according to data released by the State Administration of Foreign Exchange. China's goods trade income came in at about ¥1.66tr with an expenditure of over ¥1.4tr, leading to a surplus of ¥254.8bn.

(www.xinhuanet.com 28/05/21)

Mexican board members concerned by inflation, minutes show

Most members of the Bank of Mexico's rate-setting body expressed concerns over inflationary pressures at their meeting on May 13, despite deciding to hold policy rates. A majority of the 5-member body stressed the economic environment required caution. “Members said, a prudent approach is required in a highly uncertain environment,” the minutes say. (www.centralbanking.com 28/05/21)

European shares advance ahead of US inflation data

European shares were at record highs on Friday after reports said US President Joe Biden will seek \$6tr in federal spending plans for 2022. Biden is expected to unveil his first full budget later in the day. The pan-European STOXX 600 index rose 0.4% to 448.29 and was set for modest weekly gains. The German DAX gained half a percent, France's CAC 40 index rose 0.4%. (www.rttnews.com 28/05/21)

Oil futures snap 5-day winning streak, settle lower for the day

Crude oil futures settled lower on Friday, snapping a five-day winning streak, as traders took some profits and looked ahead to the upcoming meeting of the OPEC and its allies. West Texas Intermediate Crude oil futures for July ended down by \$0.53 or about 0.8% at \$66.32 a barrel. WTI crude futures gained more than 4% in the week. Brent crude futures were down \$0.38 or 0.54% at \$68.82 a barrel. (www.rttnews.com 28/05/21)

Nigeria imports over \$580m worth of cassava by-products annually: Apex Bank chief

Nigeria imports over \$580 million worth of cassava by-products annually, an objectionable development that the government aims to stop by boosting food production locally, the Governor of Nigeria's central bank said on Friday. Godwin Emefiele, Governor of the Central Bank of Nigeria (CBN), in a statement made available to Xinhua, pointed out there was a need to support small-holder farmers to boost food production in that direction.

(www.xinhuanet.com 28/05/21)

Ghana: Policy rate to remain unchanged for 7th consecutive time – Economist predicts

A Professor of Economics at the Institute of Statistical, Social and Economic Research (ISSER), Professor Peter Quartey has predicted that the policy rate will remain unchanged at 14.5%.

(www.citibusiness.com 28/05/21)

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