



Thursday, July 22, 2021

Technology is the best bet in fighting money laundering

In a July article in Central Banking, Panicos Demetriades and Radosveta Vassileva stated that the root cause of the weaknesses in the EU’s fight against money laundering is the de facto erosion of the independence of anti-money laundering supervisors, including central banks and financial intelligence units (FIUs). (www.centralbanking.com 21/07/21)

ECB set to promise even longer support to charge inflation

The ECB is all but certain to promise an even longer period of stimulus on Thursday to make good on its commitment to boost inflation, but the debate among policymakers is likely to be tense and no new measures will be announced. The Governing Council will meet for the first time since the ECB unveiled a tweaked inflation target earlier this month. (www.reuters.com 22/07/21)

Expect ECB doves to coo

After being billed as a quiet summer gathering with little to add, Thursday’s ECB meeting is now looking to be one of the most significant policy events of the season. No new measures are really anticipated. But following on from the tweak to the ECB inflation target announced at its July 8 strategy review, odds have risen on policymakers promising to retain support for long after pandemic-era stimulus winds down and even add to bond-buying. (www.reuters.com 22/07/21)

Euro just off 3-1/2-mth low vs. dollar pre-ECB

The euro traded just off 3-1/2 month lows versus the dollar on Thursday before a potentially momentous meeting of the ECB, while growth-focused currencies such as the Australian dollar gained as a global risk sell-off abated further. (www.reuters.com 22/07/21)

BoE's Broadbent sees little sign of inflation spike persisting

A current spike in consumer goods prices does not point to a longer-term persistence in inflation, and the Bank of England would do better to focus on labour market signals, BoE Deputy Governor Ben Broadbent said in a speech on Thursday. “While we know it’s going to go further over the next few months, I’m not convinced that the current inflation in retail goods prices should in and of itself mean higher inflation 18-24 months ahead, the horizon more relevant for monetary policy,” he said. (www.reuters.com 22/07/21)

UK must be nimbler with spending if rates rise, watchdog warns

Britain will have to be nimbler in the way it manages the public finances if interest rates go up, because government bonds carry shorter maturities than in the past and are increasingly linked to inflation, the head of the country’s budget watchdog has said. Richard Hughes, chairman of the Office for Budget Responsibility, said the government would have less time than in the past before its borrowing costs go up once growth and inflation return. (www.reuters.com 21/07/21)

US regulators to align policies on lower income lending

The US’s three chief banking regulators announced on July 20 that they would begin joint development of new regulations under a key financial inclusion law. The agencies – the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency – issued a “notice of proposed rulemaking”. This declares their intent to make new regulations to implement the Community Reinvestment Act, and formally invites public comment. (www.centralbanking.com 21/07/21)

CURRENCY	BUYING		SELLING	
+USD/GBP	1.3681	(1.3670)	1.3683	(1.3671)
+USD/EUR	1.1795	(1.1805)	1.1796	(1.1806)
*GHS/USD	5.7936	(5.7934)	5.7994	(5.7992)
*GHS/GBP	7.9262	(7.9196)	7.9353	(7.9281)
*GHS/EUR	6.8335	(6.8390)	6.8408	(6.8458)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 22/07/21 (Rates for 21/07/21 in brackets)

* BOG INTERNAL TRANSACTION RATES: 22/07/21 (Rates for 21/07/21 in brackets)

Italian bond yields hit 3-month low ahead of ECB meeting

Italian borrowing costs sunk to their lowest in over three months ahead of an ECB meeting where its chief Christine Lagarde is expected to elaborate on a new target widely perceived as having dovish implications. The ECB will meet for the first time since it unveiled a tweaked inflation target earlier this month and is all but certain to promise an even longer period of stimulus to make good on its commitment to boost inflation. (www.reuters.com 22/07/21)

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

China's central bank on Thursday conducted 10bn yuan (\$1.55bn) 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. (www.xinhuanet.com 22/07/21)

Indonesia c. bank holds rates amid growing Covid-19 crisis

Indonesia's central bank held its key interest rate at a record low, keeping monetary policy accommodative to support Southeast Asia's largest economy as a spike in Covid-19 cases threatens the growth outlook. Bank Indonesia kept the benchmark 7-day reverse repurchase rate at 3.50%, where it has been since Feb., as expected by all 31 economists in a Reuters poll. (www.reuters.com 22/07/21)

Korea selects CBDC blockchain provider

The Bank of Korea has chosen to use a blockchain platform provided by a local telecoms company during the next stage of its central bank digital currency project (CBDC). Reports in the Korean press said the central bank will use a platform from Ground X, the blockchain subsidiary of the country's largest mobile platform, Kakao. (www.centralbanking.com 21/07/21)

European stocks rise on earnings optimism, hopes of dovish ECB

European stocks extended gains for a third straight session on Thursday, as signs of a strong earnings season and expectations that the ECB will stick to a dovish policy stance bolstered market sentiment. The pan-European STOXX 600 rose 0.5% by 0714 GMT. The index closed 1.7% higher, recovering fully from a sharp selloff earlier this week. (www.reuters.com 22/07/21)

Oil futures settle sharply higher

Despite data showing an increase in US crude inventories last week and lingering worries about the outlook for energy demand, crude oil futures settled sharply higher, rebounding strongly after suffering a sharp drop earlier in the week. West Texas Intermediate crude oil futures for Sept. ended up by \$3.10 or about 4.6% at \$70.30 a barrel. WTI crude futures gained about 1.3% on Tuesday after declining by nearly 7.5%, the biggest drop of the year on Monday. (www.rttnews.com 21/07/21)

SA Reserve Bank cautions against accepting dye-stained banknotes

The South African Reserve Bank (SARB) has cautioned the public against accepting banknotes that have been stained with traces of blue or green ink. According to the bank, the looting and unrest of last week resulted in infrastructure being damaged, including some ATMs. (www.iol.co.za 21/07/21)

IMF applauds Bank of Ghana (BoG) on its monetary policy stance

The IMF has applauded the current monetary policy stance of BoG, saying the policy stance remains "broadly appropriate." This follows the implementation of a number of monetary policies by the central bank to moderate the adverse impacts of the Covid-19 pandemic on the economy. Notable among the monetary policy tools deployed by the Bank amid the pandemic is the reduction of its policy rate by 150 basis points last year and a further reduction of 100 basis points to 13.5% in May this year. (www.norvanreports.com 22/07/21)

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.