



Friday, July 23, 2021

World Bank intensifies support for climate action in developing countries

The World Bank Group yesterday announced its new Climate Change Action Plan that seeks to deliver record levels of climate finance to developing countries through a series of activities. Apart from funding, the Group will help affected countries to firm up incentives and taxes to support de-carbonisation efforts. (www.guardian.ng 23/07/21)

ECB pledges low rates for longer as virus casts shadow over growth

The European Central Bank has pledged to keep interest rates at record lows for even longer to boost sluggish inflation and warned that the rapidly spreading Delta variant of the coronavirus poses a risk to the eurozone's recovery. (www.reuters.com 22/07/21)

Lagarde won over most dissenters but two held out in ECB guidance debate

A significant group of European Central Bank policymakers objected to the new interest rate guidance it gave but most were won over and only two – the German and Belgian central bank chiefs – held out, four sources told Reuters. (www.reuters.com 22/07/21)

ECB reinforces commitment to monetary stimulus

The European Central Bank has reinforced its commitment to provide monetary stimulus until it “durably” reaches its new 2% symmetric inflation target. As was widely expected in the first policy meeting since unveiling the new target two weeks ago, the ECB adapted the wording of its monetary policy statement on July 22. This mainly aims to reassure investors and observers that it will not prematurely tighten its policies. (www.centralbanking.com 22/07/21)

Eurozone fiscal deficit declined in Q1

The Eurozone’s fiscal deficit declined in the first quarter of 2021, data published on July 22 by Eurostat shows. The bloc’s seasonally adjusted deficit was recorded at 7.4% of GDP, down from 8.1% in the last quarter of 2020. The main reason for this decline is lower public spending, because revenue remained stable. (www.centralbanking.com 22/07/21)

Minority groups sidelined by Bank of England (BoE), report finds

The BoE has admitted it has fallen short of ensuring employees from minority ethnic groups receive equal treatment, following a critical report by the bank’s oversight body. “The experience of colleagues with different ethnic backgrounds has not reflected the kind of institution we want to be,” Andrew Bailey said. (www.centralbanking.com 22/07/21)

Biden administration releases Covid-19 funds to boost local economies

The Biden administration released \$3bn in Covid-19 rescue funds aimed at helping localities bolster their economies in the wake of the pandemic, calling on communities to seek funding for a range of revitalization projects. The funding, authorized by the \$1.9tr American Rescue Plan Act, which passed in March, is part of President Joe Biden’s “Build Back Better” agenda. (www.reuters.com 22/07/21)

US leading indicator points to further economic recovery in June

A gauge of future US economic activity increased in June, suggesting the economy continued to recover from the recession caused by Covid-19. The Conference Board said its index of leading economic indicators rose 0.7% last month to 115.1, topping its previous peak reached in May. (www.reuters.com 22/07/21)

CURRENCY	BUYING		SELLING	
+USD/GBP	1.3744	(1.3681)	1.3746	(1.3683)
+USD/EUR	1.1760	(1.1795)	1.1760	(1.1796)
*GHS/USD	5.7934	(5.7936)	5.7992	(5.7994)
*GHS/GBP	7.9625	(7.9262)	7.9716	(7.9353)
*GHS/EUR	6.8131	(6.8335)	6.8197	(6.8408)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 23/07/21 (Rates for 22/07/21 in brackets)
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IMF says Fed 'highly effective,' must carefully communicate withdrawal plans

The IMF's Executive Board says the US Fed has been "highly effective" at managing the Covid-19 crisis and supporting recovery with its commitment to overshoot a 2% inflation target in the near term. The board, releasing its full report on its annual assessment of US economic policies, said the Fed must carefully communicate its thinking to ensure that the eventual withdrawal of monetary accommodation and asset purchases is orderly and transparent. (www.reuters.com 23/07/21)

Rapid German recovery triggering inflation bottlenecks

The German economy continued its strong recovery in July with IHS Markit's flash composite Purchasing Managers' Index (PMI) hitting its highest level in nearly a quarter of a century, creating inflationary bottlenecks. That was fuelled by strong demand, partly resulting from an easing of virus containment measures in Europe's largest economy. Firms, facing capacity constraints, took on staff at an unprecedented rate, Markit said. (www.reuters.com 23/07/21)

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

China's central bank on Friday 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%, a statement on the website of the People's Bank of China shows. (www.xinhuanet.com 23/07/21)

Malaysia's June CPI rose 3.4% y/y, slightly below forecast

Malaysia's consumer price index (CPI) rose by 3.4% in June, expanding from a year earlier, government data showed on Friday. Thirteen economists polled by Reuters had forecast the index to increase 3.5% year-on-year. The index in April rose at its fastest pace in four years. (www.reuters.com 23/07/21)

European shares set for steady open

European stocks are set to open higher on Friday after earnings optimism helped Wall Street edge toward a record high overnight. Intel, Twitter Inc. and Snap Inc. posted strong results after the US closing bell. The pan-European Stoxx 600 edged up 0.6%. The German DAX inched up 0.6% and France's CAC 40 index rose 0.3%. The UK's FTSE 100 fell 0.4% after Unilever warned that surging commodity costs would squeeze its full-year operating margin. (www.rttnews.com 23/07/21)

Oil futures settle higher for 3rd straight day

Crude oil futures settled higher, gaining for a third successive day, even as traders continued to remain concerned about the outlook for energy demand due to the rise in coronavirus cases. West Texas Intermediate crude oil futures for Sept. ended up by \$1.61 or about 2.3% at \$71.91 a barrel. Crude oil prices had tumbled by over 7%. (www.rttnews.com 22/07/21)

SARB maintains its 4.2% growth forecast

The South African Reserve Bank (SARB) yesterday took a cautious stance and maintained its 4.2% GDP outlook for 2021 as recent supply disruptions and protracted lockdown could result in downward risks to economic growth. Governor Lesetja Kganyago said the central bank expected the impact of the recent protests on GDP in the third quarter to negate the better than expected 4.6% first-quarter GDP print. (www.iol.co.za 23/07/21)

Central Bank of Nigeria to launch digital currency by Oct

The Central Bank of Nigeria with its stakeholders outlined its digital currency initiative via a private webinar. The Nigerian Central Bank Governor, Godwin Emefiele, had earlier announced that the bank will be working on a central bank digital currency during the 306th Banker's Committee meeting. According to private sources, the pilot scheme will be launched on Oct 1st, 2021. (www.norvanreports.com 23/07/21)

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