



Wednesday, November 17, 2021

Most currency departments operated remote working models during pandemic

During the pandemic, many central banks participating in the Currency Benchmarks 2021 employed a hybrid working model, to continue essential banknote processing and distribution operations. The majority of central banks (79%) of the 29 that answered the benchmark said they operated 'work from home' (WFH) models when Covid-19 was at its peak. (www.centralbanking.com 16/11/21)

Central banks have increased liquidity tranches

Reserve Benchmarks 2021 has found that central banks have increased their liquidity tranches from 34% of their portfolios in 2020 to 42.7% this year. Additionally, 29% of participants have gained access to new tools such as the Federal Reserve Fima facility. For the first time, this offers international central banks and monetary authorities access to dollar cash in exchange for their US Treasury holdings at the Federal Reserve Bank of New York. (www.centralbanking.com 16/11/21)

Growth, jobs and inflation clash in Biden Fed choice

US President, Joe Biden's nominee as the next chair of the Federal Reserve, will inherit an economy headed for the fastest annual growth in a generation with wage increases flowing to the lowest-paid workers, strong hiring, and household bank accounts flush with cash. (www.reuters.com 17/11/21)

US Treasury's Yellen extends debt limit default deadline to Dec. 15

US Treasury Secretary, Janet Yellen extended a deadline for a potential US government payment default to Dec. 15 from Dec. 3, giving Congress more time to raise the federal debt ceiling after considering a massive social spending bill. (www.reuters.com 16/11/21)

China's central bank conducts ¥50bn of reverse repos

China's central bank Wednesday injected ¥50bn (about \$7.8bn) into the financial system via reverse repos. The interest rate for the seven-day reverse repos was set at 2.2%, according to the People's Bank of China. The move aims to keep the liquidity in the banking system reasonably stable, the central bank said. (www.xinhuanet.com 17/11/21)

British inflation hits 10-year high, bolstering rate hike bets

British inflation surged to a 10-year high last month as household energy bills rocketed, according to data on Wednesday that will bolster expectations that the Bank of England will raise interest rates next month. Consumer prices rose by 4.2% in annual terms in Oct, leaping from a 3.1% increase in Sept. Both the BoE and a Reuter's poll of economists, none of whom had predicted such a big increase had pointed to a reading of 3.9%. (www.reuters.com 17/11/21)

A future-proof RTGS blueprint

On October 20, 2014, the Bank of England's real-time gross settlement (RTGS) system collapsed for nine hours. The malfunction began at 06:02am, two minutes after the system had opened for the day. A year later, an independent report revealed the collapse of the system was because of "undetected" design defects that failed, but not as "cleanly" as they should have done. (www.centralbanking.com 17/11/21)

Will Erdogan get more cuts? Four questions for Turkey's central bank

Turkey's central bank is expected to deliver more interest rate cuts on Thursday, a move that President Tayyip Erdogan will likely cheer, but which analysts warn could lift inflation higher and accelerate the demise of the lira. (www.reuters.com 17/11/21)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.3422	(1.3434)	1.3423	(1.3435)
+USD/EUR	1.1337	(1.1422)	1.1338	(1.1423)
*GHS/USD	5.9012	(5.9007)	5.9072	(5.9067)
*GHS/GBP	7.9207	(7.9271)	7.9292	(7.9356)
*GHS/EUR	6.6909	(6.7401)	6.6975	(6.7468)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 17/11/21 (Rates for 16/11/21 in brackets)

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Record low Turkish lira teeters on the edge as rate cuts sting

Turkey's lira fell as much as 3.7% to a new intraday record low of 10.45 to the dollar on Tuesday, prompting some analysts to warn of another currency crisis due to a central bank seen as bowing to political pressure and slashing interest rates. (www.reuters.com 16/11/21)

Australia's central bank to review banknote distribution model

The Reserve Bank of Australia (RBA) is reviewing whether a single entity should be responsible for the country's cash distribution as part of a wide-ranging review. "We place a high priority on the community continuing to have good access to cash withdrawal and deposit services," said Michelle McPhee, Assistant Governor for Business Services. "Having a banknote distribution system that is sustainable in an environment of declining transactional cash use is critical to this goal." (www.centralbanking.com 16/11/21)

BCB independence and Brazil's inflation battle

The granting of formal independence to the Central Bank of Brazil (BCB) in 2021 could prove to be a decisive factor that enables the central bank to bring inflation back down to target in the coming years, according to several former Governors and analysts. Inflation currently hovers at around 10% in South America's largest economy. (www.centralbanking.com 16/11/21)

Bank of Japan's tricky balancing act squeezes Tokyo money market

A Bank of Japan scheme introduced to support smaller lenders hurt by its ultra-low interest rates has perversely pushed up short-term borrowing costs, further complicating the central bank's plans to eventually ditch easy monetary policy. Years of ultra-low rates have squeezed profits of regional lenders and stoked fears of a banking crisis, forcing the BOJ to launch in March, a programme that pays 0.1% interest on deposits parked by regional banks that consolidate or cut costs. (www.reuters.com 17/11/21)

European shares set to open on cautious note

European stocks are seen opening on a cautious note Wednesday as a batch of upbeat US economic data raised concerns that the Federal Reserve may tighten policy rates faster than expected. The pan European Stoxx 600 gained 0.2%. The German DAX rose 0.6% and France's CAC 40 index edged up 0.3% while the UK's FTSE 100 dipped 0.3%. (www.rttnews.com 17/11/21)

Oil futures settle marginally lower

Crude oil futures settled lower, weighed down by a forecast by the International Energy Agency (IEA) that global crude output will rise and help ease tight supplies. West Texas Intermediate Crude oil futures for Dec. ended lower by \$.12 or about 0.2% at \$80.76 a barrel, coming off the session's low of \$80.03 a barrel. Brent crude futures, which drifted down to \$81.55 a barrel, subsequently recovered and were up \$0.40 or 0.48% at \$82.45 a barrel. (www.rttnews.com 16/11/21)

IMF ranking and future of banking in Nigeria

A recent report by the International Monetary Fund (IMF) has shown that Nigerian banks closed 234 branches and 649 Automated Teller Machines (ATMs) in 2020 leading to a decline in the country's Financial Access Score (FAS) to 4.44 last year against 4.78 in 2019. The global financial institution disclosed this in its Financial Access Survey (FAS) 2021 Trends and Developments. (www.guardian.ng 17/11/21)

Five observations on Nigeria's Central Bank Digital Currency

The Central Bank of Nigeria (CBN) officially launched the "eNaira" a central bank digital currency (CBDC) on Oct. 25, 2021. This is the second CBDC fully open to the public after the Bahamas. Other countries and regions, such as China and the Eastern Caribbean Currency Union, have been conducting CBDC pilots with a subset of their citizens. Given the size and complexity of Nigeria's economy, this launch is drawing substantial interest from the outside world (www.norvanreports.com 17/11/21)

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