



Thursday, November 25, 2021

Mervyn King attacks central bank theories of inflation

Central banks risk being led astray by the dominant theories of inflation, Mervyn King warned in a speech calling for a “more robust and resilient approach to monetary policy”. King, a former governor of the Bank of England, said the models that “dominate central bank thinking” are reliant on expectations. (www.centralbanking.com 24/11/21)

Covid surge threatens Europe's economic recovery

A resurgence of coronavirus cases across Europe is feeding fears that the region's strong economic recovery from the pandemic could be jeopardized by another tough winter. So far, the new Covid-19 wave is having only a limited impact on business activity in the 19 countries that use the euro. The Purchasing Managers' Index from IHS Markit, a key gauge of the economy, rose in Nov. after slipping to a six-month low in Oct. (www.edition.cnn.com 24/11/21)

Euro zone to support economy in 2022, use EU funds for investment

Euro zone governments should keep spending next year to help the post-pandemic recovery, though to different degrees depending on their debt level, and use cash from the EU's recovery fund to boost investment, the European Commission has said. (www.reuters.com 24/11/21)

Fed minutes raise possibility of sooner-than-anticipated rate hikes

Reflecting concerns about the pace of inflation, the minutes of the Federal Reserve's monetary policy meeting in early Nov. revealed some participants felt the central bank should be prepared to raise interest rates sooner than currently anticipated. (www.rttnews.com 24/11/21)

More Fed officials open to speeding up bond-buying taper, rates liftoff

A growing number of Federal Reserve policymakers indicated they would be opened to speeding up the elimination of their bond-buying program if high inflation held and move more quickly to raise interest rates, minutes of the US central bank's last policy meeting showed. (www.reuters.com 25/11/21)

A key measure of inflation rose to a 31-year high in Oct

US price surges eased in the third quarter of the year. But they climbed to a more than 30-year high in Oct. showing the pandemic price hikes are clearly not behind us yet. A deluge of economic data ahead of the Thanksgiving holiday highlights how the pandemic economy is still very much in flux. A key measure of inflation stood at 5% over the 12-month period ended in Oct. (www.edition.cnn.com 24/11/21)

US restricts trade with a dozen more Chinese technology firms

The US government has added a dozen more Chinese companies to its restricted trade list, citing national security and foreign policy concerns. Washington says that some of the firms are helping develop the Chinese military's quantum computing programme. (www.bbcafrica.com 25/11/21)

UK factory orders rise most on record: CBI

UK manufacturers reported the strongest growth in orders since records began in 1977 and they expect production to accelerate over the next three months, the Industrial Trends Survey data from the Confederation of British Industry shows. The order book balance rose to 26% in Nov. from 9% in Oct. This was the highest score since April 1977. Order books strengthened at the fastest pace since March 2019. (www.rttnews.com 24/11/21)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.3340	(1.3354)	1.3341	(1.3355)
+USD/EUR	1.1206	(1.1248)	1.1207	(1.1249)
*GHS/USD	5.9087	(5.9088)	5.9147	(5.9148)
*GHS/GBP	7.8823	(7.8907)	7.8907	(7.8992)
*GHS/EUR	6.6215	(6.6465)	6.6281	(6.6530)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 25/11/21 (Rates for 24/11/21 in brackets)

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Japan leading index falls less than estimated

Japan's leading index decreased less than estimated in Sept. The leading index, which measures the future economic activity, fell to 100.9 in Sept. from 101.3 in Aug. In the initial estimate, the reading was 99.7. The coincident index decreased to in Sept. from 91.3 in the previous month. (www.rttnews.com 25/11/21)

French business confidence improves unexpectedly

France's business confidence improved in Nov., defying expectations for a weakening. The composite business confidence indicator rose to 109 from 107 logged in each of the previous two months. Economists had expected the reading to ease to 106. The reading remained above its long term average of 100. (www.rttnews.com 24/11/21)

Australia private capital expenditure sinks 2.2% in Q3

Private capital expenditure in Australia was down a seasonally adjusted 2.2% on quarter in the third quarter of 2021, the Australian Bureau of Statistics has said, coming in at A\$32.699bn. That missed expectations for a fall of 2.0%. (www.rttnews.com 24/11/21)

Free-falling lira puts Turkey in balance of payments danger

A big fall in Turkey's lira is hardly rare these days, but the currency's precipitous 20% plunge over the last week is ramping up risks of a balance of payments crisis unless authorities can somehow pull the brake. (www.reuters.com 24/11/21)

Taiwan's central bank to 'follow tightening trend' next year – governor

The global trend for central banks next year will be tightening, and "Taiwan will follow", said Yang Chin-Long, governor of Taiwan's central bank. Taiwan will have to take the monetary policy of major economies into consideration, said Yang from the Central Bank of the Republic of China (Taiwan), according to a report by state news agency CNA. (www.centralbanking.com 24/11/21)

Oil futures settle marginally lower as inventories rise

Crude oil futures settled slightly lower after data showed a modest increase in US crude stockpiles in the week ended Nov 19. West Texas Intermediate crude oil futures ended down by \$0.11 or 0.14% at \$78.39 a barrel. Brent crude futures settled at \$82.25 per barrel, down \$0.06 or 0.7% from the previous session. (www.rttnews.com 24/11/21)

China-Africa ties grow stronger amid Covid-19 challenges

African ministers and their Chinese counterparts will gather in Senegal later this month for the Eighth Ministerial Conference of the Forum on China-Africa Co-operation. The ministers will gather at a time when the world is still grappling with the Covid-19 pandemic that has ravaged many economies, especially in sub-Saharan Africa, rolling back some gains. (www.iol.co.za 25/11/21)

IMF says board approves \$7m disbursement to Gambia

The IMF has said its executive board approved a \$7m disbursement to Gambia as it completed a third review of the West African country's loan arrangement. The payment brings total disbursements under the 39-month Extended Credit Facility arrangement approved last year to about \$55.7m, the IMF said. The IMF said Gambia's economy was showing signs of recovery but that a third pandemic wave in mid-2021 hampered a more vigorous rebound. (www.reuters.com 25/11/21)

Nigeria plans \$5.8bn in cash hand-outs to replace fuel subsidies

Nigeria is planning to give cash hand-outs to the poor, that may cost the government 2.4tr naira a year (\$5.8bn) in a bid to replace fuel subsidies. The government will give 5,000 naira each to as many as 40m people every month, beginning from July when fuel subsidies end in June. A new petroleum law compels the government to allow market forces determine gasoline prices. The cash transfers will happen over a period of six to 12 months, Finance Minister Zainab Ahmed has said. (www.bloomberg.com 25/11/21)

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