



**JOURNALISTS FOR BUSINESS ADVOCACY (JBA)  
TRAINING WORKSHOP IN FINANCIAL REPORTING**

**THEME: ACCURATE REPORTAGE, KEY TO FINANCIAL  
STABILITY**

**REMARKS BY DR. MAXWELL OPOKU-AFARI, FIRST DEPUTY  
GOVERNOR, BANK OF GHANA, READ ON HIS BEHALF BY  
PHILIP ABRADU-OTOO, DIRECTOR OF RESEARCH, BANK OF  
GHANA**

**ECOBANK HEAD OFFICE, ACCRA**

**28<sup>TH</sup> APRIL 2022**



**Distinguished Ladies and Gentlemen of the media,**

1. It is my pleasure to join you at this media training workshop. First of all, let me thank the Executives of the Journalists for Business Advocacy (JBA) for the invitation to share a few thoughts on the theme “*Accurate reportage, key to financial stability*”.
2. I consider the chosen theme appropriate as the global economy’s recovery from the Covid-19 pandemic has been severely dented by geopolitical tensions in Eastern Europe. The ongoing conflict has triggered a downgrade of global growth forecasts by the IMF while the crisis has also heightened inflationary pressures due to rising food and energy prices. This has necessitated the rollback of Covid-19 era policies and monetary policy tightening across various countries. These developments have far-reaching implications for the domestic economy and stresses the need for accurate reportage by financial journalists to calm financial market participants and prevent disorderly reactions during these periods of heightened uncertainty. My remarks will therefore broadly focus on: the current state of the Ghanaian economy and the policies being pursued; the macroeconomic outlook and policies going forward; and the need for accurate reportage on these developments to rebuild confidence in the economy.
3. At the start of 2022, the global recovery process seemed to gain some traction from the Covid-19 pandemic effects, supported by improved vaccinations and opened economies, despite persisting supply chain constraints. However, these gains have been short-lived due to major upheavals in Eastern Europe. The ongoing conflict, coming on the heels of the Covid-19 pandemic, has heightened uncertainty in the financial markets and triggered commodity price shocks. Based on these developments, the global outlook weakened somewhat, prompting the IMF to downgrade global growth projections for 2022 and beyond to 3.6 percent, from the projected 4.4 percent in January 2022. These downgrades suggest challenging times ahead in the global economy, unless there is a resolution to the war in Ukraine, alongside possible lifting of sanctions against Russia by the West.



4. In addition to the potential slowdown in economic activity, the global economy has witnessed a surge in inflation fuelled by rising food and energy prices, persistent supply chain bottlenecks, and rising demand pressures as economies reopened. Currently, inflation has breached the set targets in most countries. In the US, for example, CPI inflation surged to 8.5 percent in March 2022, a 40-year high, from 2.6 percent in March 2021. Similarly, inflation in the Euro Zone reached 7.5 percent in March 2022. Ghana's inflation has also trended high and the March 2022 inflation rate of 19.4 percent is the highest since August 2009 when inflation was reported at 19.6 percent. The elevated levels of inflation across advanced economies and emerging markets and developing countries has prompted reversal of the Covid-related accommodative policies that provided liquidity injections to the economy. Most central banks, as a result, have commenced tightening of their monetary policy stance.
5. Rising interest rates, especially in advanced economies, have led to tighter global financing conditions, leading to capital flow reversals and currency pressures in emerging and frontier economies, including Ghana. Given that Ghana is a market access country, the tightening of global financing conditions, combined with fiscal policy strains, led to widening of the country's sovereign spreads and increased the costs and risks associated with accessing international financial capital markets, leading to a defacto closure of the international markets to Ghana. The foreign exchange market responded to these events and also witnessed some volatility in the first quarter of 2022, with the local currency depreciating by about 15.6 percent (y-t-d) against the US dollar in March 2022.
6. These developments prompted strong and coordinated monetary and fiscal policy measures, including a hike in the policy rate by 250 basis points to 17.5 percent, the reversal of the Covid-related macroprudential regulatory relief measures, and the Government's announced 20 percent cut in expenditures as well as an additional 10 percent cut in discretionary spending to support the fiscal consolidation process. The Government further announced a syndicated arrangement of US\$2.0 billion in line with approved external financing for 2022 and for liability management. These measures are expected to help regain macroeconomic stability and boost investor confidence in the domestic economy.



7. Also, the Bank of Ghana extended the forex forward auctions to include the Bulk Oil Distributing Companies (BDCs) to ease off increased volatility in the foreign exchange (FX) market. In the maiden auction on 30<sup>th</sup> March 2022, the Bank sold about US\$104.86 million above the auction target of US\$100 million to the BDCs. The FX forward auctions were part of the measures taken by the Bank to address the FX liquidity within the local petroleum sector, minimize the uncertainty of future FX availability and aid price discovery, especially for the general pricing window within the downstream sector. This strategy has contributed to the relative stability observed on the forex market and, with some normalization underway, the trend is expected to continue until the local currency returns to its fundamental equilibrium level.
8. The economy has rebounded strongly from the pandemic, as evidenced by the national accounts data recently released by the Ghana Statistical Service. The overall real GDP growth was 5.4 percent in 2021, higher than the targeted 4.4 percent. Non-oil GDP growth was 6.3 percent. These developments point to a robust economy that is pushing toward its pre-pandemic level, though downside risks remain, including potential outbreak of new variants of the Covid-19 pandemic and further headwinds from the Russia-Ukraine war.
9. Headline inflation has shifted above the upper band of the medium-term target, driven mainly by food prices, upward adjustments in ex-pump petroleum prices, transport costs, and pass-through of exchange rate depreciation. The latest data shows that headline inflation rose sharply to 19.4 percent in March 2022 from 15.7 percent in February on the back of significant increase in food inflation. In addition to these trends, there are significant upside risks to the inflation outlook, including increased commodity prices, particularly crude oil, and intensified supply disruptions. The Bank's forecast indicates that inflation would trend back towards the medium-term horizon over the next four quarters.
10. The remarkable resilience exhibited by the banking sector over the two-year period could be attributed to the comprehensive financial sector reforms that took place before the Covid-19 pandemic struck in 2020. The sector continues to remain liquid, profitable, and well-capitalised. The industry's measure of solvency, the Capital Adequacy Ratio, has remained



well above the revised regulatory 13 percent prudential limit. Asset quality, however, declined marginally.

11. **Permit me to touch on an issue which I think is very important and that is confidence.**

Efforts at boosting confidence will have to come from all facets of economic life. The institutions must play their role, private agents must take advantage of conditions around them, Government must play its role in delivering growth in a stable economic environment and the Central Bank will have to guarantee low and stable inflation using the tools available at their disposal. The press must leverage all to influence the direction of economic thinking and to influence society. Let us remember the **IPI** cardinal principle of journalism. The press must **I**nform, **P**ersuade and **I**nfluence society. In so doing the press will have to use all available data at their disposal, to drive analytical discourse and imbibe confidence. Journalists must go beyond the data provided them and do more interrogation of the data to understand better, the data generating facts. All these work in concert to engender economic confidence and this is where we ought to be moving towards.

Some policy strategies that will improve sentiments about the economy and help catalyze growth include but not limited to:

- Expenditure-control measures by Government, together with new revenue mobilization measures, that would support the fiscal consolidation path and help lift financing constraints.
- Policies to improve the business operating environment to attract private capital, both foreign direct investment and portfolio investment through rule of law, protection of property rights, transparency and accountability and political and macroeconomic stability will contribute immensely to regaining investor confidence.
- Exports diversification and building imports substitution industries to leverage the African Continental Free Trade Area that provides a tremendous opportunity to increase intra-regional trade and regional integration. This will help improve the trade balance and possibly the current account and reduce the need for external financing.



- Leveraging technology to improve remittance flows, digitalization and mobile money applications which offer a great opportunity in improving the financial landscape. The payment system had been identified as one of the many critical preconditions that will have to be put in place to foster the building of a strong business friendly environment to boost investor confidence.
  - Enhancing private and public sector savings by cutting consumption to create space for resources to fund investment needs.
  - Devising mechanisms to tap in diaspora resources including issuing diaspora bonds to help close any financing gap. Addressing diaspora investment challenges and creating a conducive and enabling environment that would attract diaspora capital into the sub-region
12. The Central Banks believe that when these structures are firmly in place and institutions are working to deliver their best then together with sound pursuit of monetary policy actions, should help re-anchor inflation expectations, regain macroeconomic stability and restore investor confidence in the economy.
13. Let me, at this stage, now turn to the issue of the link between accurate reportage and financial /economic stability. Permit me to draw a distinction between accurate reportage that comes from publicly available data and accurate reportage from non-publicly available information. Since the media obtains information from various sources, it is important to keep this distinction in mind. First, it is generally acknowledged that the behaviour of economic agents are influenced by both the economic and financial environment, which is largely shaped by the narratives of the media. The media's role in influencing the economic narrative is even more crucial during periods of heightened uncertainty. Under such instances, the media has additional responsibilities to decide the timing of release and newsworthiness of the information at hand for accurate reportage. As financial journalists, it is possible to come in contact with different information sets, some of which may be confidential and which, if published, could destabilise the financial system. Financial journalists therefore have a responsibility to carefully weigh the implications for financial stability of information they intend to publish. Workshops like this can help equip journalists like yourselves with the



relevant knowledge of the financial sector and the nature of risks and incentives facing the sector.

14. The role of the press here is also critical and that is what I want to stress on. We see the role of journalists as key facilitators on the transmission mechanism of policy actions. Accurate reportage helps transmit policies quicker and monetary policy becomes efficient. Time and again we in Africa have complained about weak transmission of monetary policy. But we must know that there is a relationship between freedom of the press and transmission of monetary policy action and an educated population. A free press operating in an environment where data is easily assessable if more efficient and supports transmission of policy actions to the economy in an efficient manner. I see the press as that strong salesman selling the policy to provide confidence to drive economic activity and growth. This is who you are as a group and you must live by these ideals. And so your role is crucial for monetary policy and we at the Central Bank view this program as very important.
15. Ladies and Gentlemen, as an inflation-targeting central bank, the Bank of Ghana views transparency as key in promoting credibility of the Bank's policies. Transparency is possible when accurate reportage informs the public of the exact nature of developments in the economy as well as the real implications of actions taken by policymakers. Hence, such training workshops, which seek to equip financial journalists to play key roles in the dissemination of economic and financial information to the public, should be taken seriously. Engagements with stakeholders also foster the creation of an informed public, whose accurate grasp of economic and financial issues are important in ensuring the seamless functioning of the economy.
16. Before I end, I would like to extend the Bank's gratitude to Ecobank for its commitment to improving the quality of financial journalism in Ghana by sponsoring this training workshop. Together with the Bank, we can build a critical mass of financial journalists capable of accurate reporting on Ghana's emerging vibrant financial markets.

**Thank you and I wish you fruitful deliberations.**