

Wednesday 3rd August 2022**Eurozone mortgage rate rises threaten house price growth**

Eurozone mortgage rates are rising sharply, raising the prospect of a slowdown in the housing market after government support provided during the coronavirus pandemic and a desire for more space triggered a surge in house prices. The cost of new loans to households for house purchases increased by 16 basis points between May and June to 1.94%, according to European Central Bank. (www.ft.com 03/08/22)

Hawkish remarks from Fed officials prompt jump in Treasury yields

Fed officials on Tuesday signalled the US central bank was committed to its aggressive fight against soaring prices, prompting a jump in short-dated Treasury yields as investors priced in more interest rate rises. The two-year yield, which moves with interest rate expectations, jumped by 0.19 percentage points to 3.06%. (www.ft.com 02/08/22)

Fed's Bullard: Rates will need to be 'higher for longer' if inflation does not recede

If inflation does not respond to the Federal Reserve's interest rate increases by easing as expected, then rates will have to remain "higher for longer," St. Louis Fed President James Bullard said on Tuesday. (www.reuters.com 02/08/22)

China's central bank adds liquidity via reverse repos

China's central bank on Wednesday conducted ¥2bn (about \$294.93m) of reverse repos to maintain liquidity in the banking system. The interest rate for the seven-day reverse repos was set at 2.1%, according to the People's Bank of China. The move aims to keep stable liquidity in the banking system, the central bank said. (www.xinhuanet.com 03/08/22)

UK risks deepening recession, warns think-tank

The UK economy is sliding into recession, with no let-up in sight in a cost of living crisis that will leave more than 5m households with their savings exhausted by 2024, according to new forecasts by the National Institute of Economic and Social Research. The think-tank expects GDP to fall "slightly" over the second half of 2022 and the first quarter of 2023. (www.ft.com 03/08/22)

UK house price inflation rises less than forecast

UK house price inflation accelerated less-than-expected in July, after easing in the previous three months, survey results from the Nationwide Building Society showed on Tuesday. The house price index logged a double-digit annual growth of 11.0% in July, faster than the 10.7% rise in June. However, this was slower than the economists' forecast of 11.5%. (www.rttnews.com 02/08/22)

Japan's services sector nearly stagnates in July – PMI

Japan's services sector activity almost completely stagnated in July as rising inflation and growing economic uncertainty weighed on sentiment, while firms also said a boost from the lifting of COVID-19 pandemic curbs had faded. (www.reuters.com 03/08/22)

Spain consumer confidence at 4-month low

Spain's consumer confidence weakened sharply in July to reach its lowest level in four months, survey figures from the Centre for Sociological Research, show. The consumer confidence dropped to 55.5 in July from 65.8 in June. Further, this was the lowest reading score since March, when it was 53.8. The current situation index dropped from 59.5 in June to 53.1 in July. (www.rttnews.com 02/08/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2210	(1.2264)	1.2212	(1.2266)
+USD/EUR	1.0196	(1.0264)	1.0197	(1.0265)
*GHS/USD	7.6402	(7.6102)	7.6478	(7.6178)
*GHS/GBP	9.3287	(9.3331)	9.3395	(9.3440)
*GHS/EUR	7.7901	(7.8115)	7.7992	(7.8199)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 03/08/22 (Rates for 02/08/22 in brackets)

* BOG INTERNAL TRANSACTION RATES: 03/08/22 (Rates for 02/08/22 in brackets)

Turkish inflation is likely to exceed 80% and it has yet to peak

Turkish inflation is likely to accelerate again and may be months away from peaking, soaring to levels unseen since the aftermath of the Asian financial crisis in 1997 as the central bank sticks with its ultra-loose monetary course. (www.bloomberg.com 03/08/22)

HK PMI eases to 52.3 in July - S&P global

The private sector in Hong Kong continued to expand in July, albeit at a fractionally slower pace, the latest survey from S&P Global showed on Wednesday with a PMI score of 52.3. That's down from 52.4 in June although it remains above the boom-or-bust line of 50 that separates expansion from contraction. (www.rttnews.com 02/08/22)

Singapore private sector surges in July - S&P Global

The private sector in Singapore continued to expand in July and at a faster pace, the latest survey from S&P Global showed on Wednesday with a PMI score of 58.0. That's up from 57.5 in June and it moves further above the boom-or-bust line of 50 that separates expansion from contraction. Sector improvement was primarily underpinned by sustained expansions in output and new orders, with rates of growth accelerating from June in both cases. (www.rttnews.com 02/08/22)

NZ's unemployment rate low at 3.3%

New Zealand's unemployment rate was 3.3% in the June 2022 quarter, much lower than other developed countries, the statistics department has said. The underutilization rate was 9.2% in that quarter, and these rates were relatively unchanged from the March 2022 quarter. (www.xinhuanet.com 03/08/22)

Swiss Q3 consumer confidence weakens

Swiss consumer sentiment deteriorated sharply in the third quarter as households turned far more pessimistic about the future general economic situation, survey data from the State Secretariat for Economic Affairs, shows. The consumer sentiment index fell to -41.7 in the third quarter from -27.4 in the second quarter. (www.rttnews.com 02/08/22)

OPEC+ might have to raise oil output so market doesn't overheat, Kazakhstan says

OPEC might have to raise oil production to avoid market overheating, OPEC member Kazakhstan said on Wednesday, as the group of oil producers meets amid US pressure to add barrels to the market while most members have already exhausted their output potential. "We have always said that the preferred price corridor is \$60-80 per barrel. Today the price is \$100. (www.reuters.com 03/08/22)

Africa defies global trend with funding for startups surging

As funding for start-ups falls across the globe, Africa is standing out as a notable exception, with it under-served population outweighing the impact of inflation and slowing economies. Funding for start-ups in the world's second-largest continent more than doubled to \$3.14bn in the first six months of the year, according to research firm Africa: "The Big Deal". (www.bloomberg.com 03/08/22)

Botswana impose zero VAT charge on supply of LPG, cooking oil

Botswana is seeking to impose a zero VAT charge on the supply of LPG and cooking oil by companies for a period of six months. The move by the State, is contained in a Value Added Tax Amendment Bill, 2022 presented to the National Assembly by the country's Minister for Finance, Peggy Serame. (www.norvanreports.com 03/08/22)

Nigeria to fix FX crisis, tame inflation

Nigeria may have to allow a 10% yearly depreciation in the naira and adopt what economists call a crawling peg to fix a protracted crisis in its foreign exchange market that has spooked foreign investors and raised the cost of doing business in the country. (www.norvanreports.com 03/08/22)

MCB raises key rate to 8.9% from 8%

Madagascar's monetary policy committee raised the benchmark interest rate by 90 basis points to 8.9%, raising borrowing costs for a second consecutive quarter. Central banks across the continent have hiked rates to fight consumer prices. (www.bloomberg.com 03/08/22)

DISCLAIMER: This information has been compiled by the Communications Office 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.