

Wednesday 10th August 2022**Central banks weighing up CBDC offline alternatives**

Central banks are studying options to take central bank digital currency capabilities offline, says John Kiff, a retired International Monetary Fund financial expert. In an article published by the IMF, Kiff says offline digital payment systems “could verify availability of funds and validate transactions without the need to check in with an online ledger”.

(www.centralbanking.com 09/08/22)

US inflation eased slightly in July

The US consumer price index is expected to post a slower increase in July, as petrol prices dropped across the country, but inflationary pressures will remain close to 40-year highs in the world’s largest economy. According to economists surveyed by Bloomberg, CPI figures to be released on Wednesday will show an 8.7% annual increase last month compared with July 2021, and a 0.2% increase compared with June. (www.ft.com 10/08/22)

US labor productivity continues to tumble in Q2, labor costs continue to Soar

A report released by the Labor Department shows that US labor productivity continued to slump in the second quarter of 2022, while labor costs continued to soar. Productivity tumbled by 4.6% in the second quarter after plummeting by a revised 7.4% in the first quarter. (www.rttnews.com 09/08/22)

China's CPI up 2.7% in July

China's consumer price index (CPI), a main gauge of inflation, rose 2.7% year on year in July, the National Bureau of Statistics has said. Non-food prices rose 1.9% from a year earlier, easing from the 2.5% rise in June, the NBS data showed. The core CPI, gained 0.8% year on year in July, lower than the 1% increase in June. (www.xinhuanet.com 10/08/22)

China's central bank adds liquidity via reverse repos

China's central bank on Wednesday conducted ¥2bn (about \$295.81m) 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 10/08/22)

UK: Energy bills forecast to hit £4,200

Energy bills for a typical household could hit £4,266 next year, consultancy Cornwall Insight has warned. The higher estimate means the average household would be paying £355 a month, instead of £164 a month currently. Cornwall cited regulator Ofgem's decision to change the price cap every three months, instead of six and higher wholesale prices for its high forecast. (www.bbc.com 09/08/22)

BOE bond sales are blow for market already facing record supply

Gilts sales by the Bank of England will add to the largest pile of long-dated bonds investors have had to absorb in a decade, pressuring a market already on edge over the prospect of looser fiscal policy. The BOE is set to sell around £10bn (\$12.1bn) of government bonds per quarter as it ramps up efforts to shrink its balance sheet. (www.bloomberg.com 09/08/22)

German economy to lose \$265bn in added value due to war, high energy prices

Germany's economy will lose more than £260bn (\$265bn) in added value by 2030 due to the Ukraine war and high energy prices, spelling negative effects for the labour market, said the Institute for Employment Research. In comparison with expectations for a peaceful Europe, Germany's price-adjusted GDP will be 1.7% lower next year. (www.reuters.com 09/08/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2087	(1.2113)	1.2088	(1.2115)
+USD/EUR	1.0222	(1.0218)	1.0223	(1.0219)
*GHS/USD	8.0161	(8.0011)	8.0241	(8.0091)
*GHS/GBP	9.6890	(9.6917)	9.6995	(9.7030)
*GHS/EUR	8.1944	(8.1759)	8.2026	(8.1848)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 10/08/22 (Rates for 09/08/22 in brackets)

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Israeli reserves increase on higher equity prices

The Bank of Israel's foreign exchange reserves increased in July, due to higher equity prices, the central bank has said. The portfolio increased last month by more than \$4bn to reach \$197.8bn. This now represents 39.5% of the Israeli GDP. The central bank explained this rebound was mostly due to the revaluation of its assets, which added \$4.5bn.

(www.centralbanking.com 08/08/22)

Portugal trade deficit widens in June

Portugal's foreign trade deficit widened in June, as imports grew more rapidly than exports, figures from Statistics Portugal shows. The trade deficit rose to €2.522bn in June from €1.619bn in the corresponding month last year. In May, the shortfall was €2.377bn. (www.rttnews.com 09/08/22)

Romania trade deficit widened in June

Romania's foreign trade deficit increased in the month of June from a year ago, as imports grew faster than exports, the National Institute of Statistics has said. The trade deficit widened to €2.689bn in June from €1.847bn in the corresponding month last year. In May, there was a shortfall of €2.726bn.

(www.rttnews.com 09/08/22)

Mexico's July inflation at highest level since 2000

Mexican annual inflation reached its highest level in nearly 22 years in July, official data shows, rising faster than expected and fueling expectations that the central bank will raise the country's benchmark interest later this week. Inflation rose to 8.15% in the year through July from 7.99% in June, national statistics agency INEGI said. (www.reuters.com 09/08/22)

Moldova raises rates as inflation hits 31.8%

Policy-makers at the National Bank of Moldova voted unanimously on August 4, to increase the main interest rate by three percentage points, taking it to 21.5%, a record high. CPI reached 31.8% in June and prices, especially gas, are still rising.

(www.centralbanking.com 09/08/22)

Oil slips as US crude stockpiles rise

Oil prices eased on Wednesday after industry data showed that the US crude inventories unexpectedly rose last week, signaling a potential hiccup in demand, though concerns over supply kept losses in check. Brent crude futures fell 23 cents to \$96.08 a barrel at 0323 GMT. US West Texas Intermediate (WTI) crude futures declined 28 cents to \$90.22 a barrel. (www.reuters.com 10/08/22)

Asian stocks dip as investors brace for US inflation data

Asian equity markets fell on Wednesday as investors braced themselves for the latest US inflation data, which are expected to shape the pace of future monetary tightening by the Fed. Hong Kong's Hang Seng index shed as much as 2.2%, while China's CSI 300 benchmark of Shanghai- and Shenzhen-listed stocks declined up to 1%. (www.publicnewstime.com 10/08/22)

Egypt's annual urban consumer inflation rises to 13.6% in July

Egypt's annual urban consumer inflation accelerated to 13.6% year-on-year in July from 13.2% in June, data from the country's statistics agency, CAPMAS shows.

(www.reuters.com 10/08/22)

Nigeria projects dire fiscal situation without subsidy removal

Nigeria must cut gasoline subsidies and boost revenue collection to avoid a sharp deterioration in government finances next year, the nation's budget office said. The budget deficit may rise to N12.4tr (\$29bn) next year almost three times total revenue, or 5.5% of GDP if the government continues paying fuel subsidies. (www.bloomberg.com 09/08/22)

Ghana: Rising external debt sparks foreign currency demand, cedi depreciation

Auditing and management firm, Deloitte Ghana is warning that the country's rising external debt will lead to increased demand for foreign currency for debt repayment and further depreciation of the cedi. This may also lead to further strain on government's finances for more revenue to repay external debt. (www.myjoyonline.com 09/08/22)

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