

Monday 12th September 2022**Few central banks use FX swaps to defend exchange rate**

An overwhelming majority of central banks do not use foreign exchange (FX) swaps to defend their exchange rates. Of the 41 financial institutions that responded to the subject, 39 (92.86%) central banks said they do not use this method to intervene in FX markets. (www.centralbanking.com 12/09/22)

Central banks will be ‘tested’ by long-term inflation – BIS’s Borio

Structural changes in the economy could add long-term inflationary pressure, which could bring central banks into conflict with governments. (www.centralbanking.com 09/09/22)

ECB ramps up scrutiny of banks’ response to energy crisis

The ECB is intensifying discussions with bank executives over their readiness for a potential surge in company defaults and a drying-up of energy-market liquidity, amid the worsening stand-off over Russian gas supplies. (www.bloomberg.com 09/09/22)

US will take ‘some time’ to decide on CBDC, Powell says

US authorities will take some time to decide on whether to create a central bank digital currency, Federal Reserve chair Powell said. “We haven’t made any decisions at all”, Powell said. (www.centralbanking.com 09/09/22)

US inflation will guide Fed readying next hike

US inflation data in the coming week may give the Federal Reserve mixed signals ahead of a potential third-straight jumbo interest-rate hike with a broad measure of consumer prices likely to simmer down even as a gauge of underlying pressures accelerates. (www.bloomberg.com 10/09/22)

Fed Governor backs ‘significant increase’ in benchmark rate

A Governor on the board of the Federal Reserve has backed “another significant increase” in the US central bank’s benchmark policy rate later this month, saying the resilience of the economy gives officials the “flexibility to be aggressive” in the fight against inflation. (www.ft.com 09/09/22)

US inflation forecasts marked a bit lower through 2023 in survey

Economists trimmed their US inflation forecasts through the end of next year, likely an encouraging sign for the Federal Reserve as it tries to keep price expectations anchored. (www.bloomberg.com 09/09/22)

Bank of England delays next interest rate decision following queen’s death

The Bank of England delayed its next interest-rate decision a week to Sept. 22, to allow a period of mourning after the death of Queen Elizabeth II. The move gives the Monetary Policy Committee more time to consider key inflation and jobs data due to be published next week. (www.bloomberg.com 09/09/22)

UK GDP recovers in July

The United Kingdom economy expanded in July underpinned by the rebound in the service sector. GDP grew 0.2% in July, in contrast to a fall of 0.6% in June. GDP was forecast to expand 0.3%. Monthly GDP is estimated to be 1.1% above its pre-coronavirus levels. (www.rttnews.com 12/09/22)

UK economy recovers slower than expected from bank holiday slump

The UK economy recovered more slowly than expected from a slump triggered by an extra public holiday in June. (www.bloomberg.com 12/09/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.1597	(1.1483)	1.1599	(1.1484)
+USD/EUR	1.0055	(0.9949)	1.0056	(0.9950)
*GHS/USD	8.2524	(8.2424)	8.2606	(8.2506)
*GHS/GBP	9.5703	(9.4647)	9.5815	(9.4750)
*GHS/EUR	8.2974	(8.2010)	8.3065	(8.2092)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 12/09/22 (Rates for 09/09/22 in brackets)

* BOG INTERNAL TRANSACTION RATES: 12/09/22 (Rates for 09/09/22 in brackets)

Biden to hit China with broader curbs on US chip and tool exports

The Biden administration plans next month to broaden curbs on US shipments to China of semi-conductors used for artificial intelligence and chipmaking tools, several people familiar with the matter said. (www.reuters.com 11/09/22)

China's central bank urges more convenient use of digital yuan

China's central bank has called for efforts to facilitate interconnectivity between the digital yuan system and traditional e-payment tools to make it more convenient for customers to use digital currency. Specifically, regulations and standards in areas such as digital identities, Bluetooth, and QR codes should be unified to improve the interconnectivity of various types of payment tools. (www.xinhuanet.com 09/09/22)

Russian economy shrinks 4.1% y/y in Q2 as sanctions weigh - revised data

Russia's economy shrank 4.1% year-on-year in the Q2 of 2022, data from the Federal Statistics Service, Rosstat showed, revising the contraction assessment from the previously reported 4.0%. (www.reuters.com 09/09/22)

Turkey's central bank reserves boosted by friendly country support, Erdogan says

The Turkish central bank's foreign currency reserves are getting stronger as friendly countries are providing support, President Tayyip Erdogan says. The central bank's reserves have come under pressure from its forex market interventions to support the Turkish lira and to meet gov't institutions' forex needs. (www.reuters.com 09/09/22)

Australia to raise key rate 40-basis points in October, IFM says

Australia's central bank will raise interest rates by 40 basis points next month and conclude its tightening cycle at 3% in November as it diverges from global peers, says Alex Joiner. His forecast is more aggressive than the quarter percentage-point hike predicted by most economists at the Reserve Bank's Oct. 4 meeting. (www.bloomberg.com 12/09/22)

European stocks seen opening strong

European stock markets are expected to open on a positive note amidst an improved risk-on sentiment globally. European markets had finished with strong gains led by the pan-European Stoxx 600 which had rallied 1.52%. Germany's DAX had added 1.43% whereas France's CAC 40 had gained 1.41%. UK's FTSE 100 had strengthened 1.23% while Switzerland's SMI had improved 1.02%. (www.rttnews.com 12/09/22)

Oil futures settle sharply higher for 2nd straight day

Crude oil prices rose sharply, extending gains from the previous session, with traders covering short positions and indulging in some bargain hunting. West Texas Intermediate Crude oil futures for October ended higher by \$3.25 or about 3.9% at \$86.79 a barrel. (www.rttnews.com 09/09/22)

Gold futures settle higher as dollar loses ground

Gold prices climbed higher as the dollar came further off a 20-year high touched a couple of sessions ago. The dollar index dropped to a low of 108.36 in the Asian session, and despite recovering fairly well, continues to languish in negative territory at 108.90, down 0.74% from the previous close. (www.rttnews.com 09/09/22)

Ethiopia's inflation slows in August as food prices ease

Ethiopia's inflation decreased in August compared with a month earlier, helped by a slower rise in food prices, data from the country's statistics office showed. Consumer inflation fell to 32.5% year-on-year in August from 33.5% a month earlier, the Ethiopian Statistics Service said. (www.reuters.com 12/09/22)

Ghana: Cedi appreciates marginally

The cedi appreciated marginally against the dollar this week, trading at GHS 9.99 from a record low GHS 10.08 at close of last week. Ghana's local borrowing costs continue to rise, with yields on the 6-month treasury bills shooting past 30% this week. (www.norvanreports.com 10/09/22)

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.