



Monday 19<sup>th</sup> September 2022

### The global race to hike rates tilts economies toward recession

Central banks are intent on driving the world economy perilously close to a recession. Late to see the worst inflation in four decades coming, and then slow to crack down on it, the Federal Reserve and its peers around the globe now make no secret about their determination to win the fight against soaring prices.

([www.bloomberg.com](http://www.bloomberg.com) 19/09/22)

### Central banks set to hit peak rates at faster pace

Investors are pricing in a sharper surge in interest rates over the coming months after the world's major central banks strengthened their resolve to tackle soaring prices, signalling they would prioritise inflation over growth.

([www.ft.com](http://www.ft.com) 18/09/22)

### ECB hikes add mortgage agony to 20% inflation at euro zone's eastern edge

Already enduring the euro zone's steepest inflation, the Baltic region is now finding it's the most exposed part of the bloc to rising interest rates. Estonia, Latvia and Lithuania have all seen consumer-price gains surge beyond 20%. ([www.bloomberg.com](http://www.bloomberg.com) 17/09/22)

### Social media: an essential tool for central bank communication

The advent of social media more than a decade ago has given institutions powerful tools to inform and engage with the public.

([www.centralbanking.com](http://www.centralbanking.com) 19/09/22)

### Federal Reserve to keep interest rates above 4% beyond 2023, economists predict

The US central bank will lift its benchmark policy rate above 4% and hold it there beyond 2023 in its bid to stamp out high inflation according to the majority of leading academic economists polled by the Financial Times.

([www.ft.com](http://www.ft.com) 17/09/22)

### Dollar off 20-year peak as Fed headlines big central bank week

The dollar held firm near 2-decade highs against other major currencies, ahead of a week loaded with market holidays and central bank decisions from Washington to London and Tokyo. The dollar index, which measures the currency against six counterparts, was 0.2% stronger at 109.84. ([www.reuters.com](http://www.reuters.com) 19/09/22)

### US consumers' long-term inflation expectations dip to lowest since mid-2021

US long-term inflation expectations fell to the lowest in more than a year in early September, an encouraging sign for the Federal Reserve as it tries to keep views anchored.

([www.bloomberg.com](http://www.bloomberg.com) 16/09/22)

### Pound hits 37-year low against dollar as UK recession fears mount

Sterling slid to its lowest level since 1985 against the dollar after a round of weaker than expected data on UK retail sales amplified concerns that the country was headed for a prolonged recession. ([www.ft.com](http://www.ft.com) 16/09/22)

### China's central bank adds liquidity via reverse repos

China's central bank on Monday conducted a total of ¥12bn of reverse repos to maintain liquidity in the banking system. The amount included ¥2bn of seven-day reverse repos at an interest rate of 2%, and ¥10bn of 14-day reverse repos at an interest rate of 2.15%.

([www.xinhuanet.com](http://www.xinhuanet.com) 19/09/22)

### China to accelerate projects, boost consumption to spur recovery

China will speed up fund injections to expedite project construction and boost domestic consumption, China's state planner said at a news conference on Monday. The world's second-biggest economy slowed sharply in Q2. ([www.reuters.com](http://www.reuters.com) 19/09/22)

#### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.1409	(1.1490)	1.1411	(1.1491)
+USD/EUR	1.0008	(0.9996)	1.0009	(0.9997)
*GHS/USD	8.2856	(8.2756)	8.2938	(8.2838)
*GHS/GBP	9.4530	(9.5086)	9.4641	(9.5190)
*GHS/EUR	8.2921	(8.2727)	8.3011	(8.2810)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 19/09/22 (Rates for 16/09/22 in brackets)

\* BOG INTERNAL TRANSACTION RATES: 19/09/22 (Rates for 16/09/22 in brackets)

### **Russia lowers key rate by 50 bps**

Russia's central bank lowered its key rate by a half-percentage point, after delivering sharp reductions since April. The Board of Directors of Bank of Russia decided to reduce the benchmark rate by 50 basis points to 7.50% from 8.00%. ([www.rttnews.com](http://www.rttnews.com) 16/09/22)

### **Bank of Canada says it must communicate clearly on inflation, the Globe and Mail reports**

The Bank of Canada's Senior Deputy Governor, Carolyn Rogers, says the current period of high inflation has focused the central bank's efforts to communicate clearly and concisely, the Globe and Mail newspaper reported. ([www.reuters.com](http://www.reuters.com) 17/09/22)

### **Australian home buyers could benefit from higher rates, central banker says**

Australians looking to buy a new home could actually benefit from rising interest rates as they lower the price of housing to ultimately result in lower mortgage payments than they would otherwise face, a top central banker said. ([www.reuters.com](http://www.reuters.com) 19/09/22)

### **India economic growth to be sustained by consumer spending rebound, government review says**

A sharp rebound in consumer spending and rising employment will sustain economic growth in India in the months ahead, the government said. It said an increase in private consumption and higher capacity utilisation rates had helped private-sector capital expenditure reach one of its highest levels in the last decade. ([www.reuters.com](http://www.reuters.com) 17/09/22)

### **Sri Lanka to present debt restructuring, IMF bailout plans to creditors**

Crisis-hit Sri Lanka will make a presentation to its international creditors, laying out the full extent of its economic troubles and plans for a debt restructuring and multi-billion dollar IMF bailout. Years of economic mismanagement combined with the COVID-19 pandemic have left Sri Lanka in its worst economic crisis since independence from Britain in 1948. ([www.reuters.com](http://www.reuters.com) 18/09/22)

### **Stocks tense, dollar bullish for central bank binge**

Shares slipped in Asia and the dollar firmed as investors braced for a packed week of central bank meetings that are certain to see borrowing costs rise across the globe, with some risk of a super-sized hike in the United States. Markets are already fully priced for a rise in interest rates of 75 basis points from the Federal Reserve. ([www.reuters.com](http://www.reuters.com) 19/09/22)

### **Oil dips on recession fears; supply concerns limit declines**

Oil prices dipped on Monday as fears of a global recession caused concerns that fuel demand growth will slow, though supply worries ahead of the European Union embargo on Russian oil in December limited declines. ([www.reuters.com](http://www.reuters.com) 19/09/22)

### **Gold futures settle modestly higher on safe haven buying**

Gold prices edged higher on Friday on safe haven buying, as global equities tumbled amid mounting worries of the global economy after World Bank warned of a global recession due to rising interest rates and monetary tightening by central banks. Gold futures for December ended higher by \$6.20 or about 0.4% at \$1,683.50 an ounce, recovering well from a low of \$1,661.90 an ounce.

([www.rttnews.com](http://www.rttnews.com) 16/09/22)

### **Tunisia expects deal on IMF loan in weeks, central-bank governor says**

Tunisia expects to reach a deal with the IMF in coming weeks on a loan of between \$2bn and \$4bn over three years, the central bank Governor said. Tunisia, which is suffering its worst financial crisis, is seeking to secure an IMF loan to save public finances from collapse. ([www.reuters.com](http://www.reuters.com) 19/09/22)

### **South African rand slips as strong dollar, power cuts weigh**

The South African rand traded weaker bruised by a strong dollar and lengthy power cuts by state-owned utility Eskom. At 08:30, the rand traded at 17.6925 against the dollar, around 0.4% weaker than its previous close.

([www.reuters.com](http://www.reuters.com) 19/09/22)

**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.