



Thursday 22nd September 2022

Central banks divided on how Russia sanctions will hit reserve currencies

Central banks are divided over how Western sanctions on Bank of Russia will affect the role of major reserve currencies. Among the 41 central banks that addressed this question, 29.2% said they thought sanctions will reduce the share of the dollar in global reserves portfolios. (www.centralbanking.com 21/09/22)

ECB’s Schnabel says rates must rise further despite downturn

The ECB must push on with interest-rate increases despite the souring outlook for the euro-zone economy, according to Isabel Schnabel. While the 19-member currency bloc may stagnate rather than slip into a recession, Germany is less likely to avoid a contraction. (www.bloomberg.com 22/09/22)

Traders ramp up BOE, ECB rate hike bets after hawkish Fed

Traders are ramping up bets on the extent of rate hikes by the ECB and the BoE, as policy makers globally step up the fight against inflation. (www.bloomberg.com 22/09/22)

Fed raises interest rate 75bp for third time

The Federal Reserve raised its target interest rate by 75 basis points. The action unanimously backed by the Federal Open Market Committee, followed two other 75bp hikes. It was the Fed’s fifth hike in 2022. (www.centralbanking.com 21/09/22)

Fed paper explores rate hike impact on money markets

Research published by the Federal Reserve estimates how money markets will readjust as the central bank hikes rates and sells assets. Tighter policy is likely to set off a complicated series of fund flows. The Fed is keen to understand where the money will end up. (www.centralbanking.com 21/09/22)

US CBDC research ‘could take years’, says Treasury

New reports by the US Treasury outline continued interest in a central bank digital currency, though they still stop short of giving CBDC a green light. The reports encourage the Federal Reserve to continue its ongoing CBDC research, experimentation, and evaluation. (www.centralbanking.com 21/09/22)

Fed forecasts may show fraying faith in soft landing

How much faith Federal Reserve officials still have in prospects for a "soft landing" as they take aggressive action to quash the highest inflation in 40 years was revealed, when the central bank released fresh policymaker forecasts. (www.reuters.com 21/09/22)

Bank of England set for second hefty rate rise in a row

The BoE is set to raise interest rates and start selling assets built up during a decade-long stimulus program, a historic tightening of monetary policy designed to clamp down on inflation. (www.reuters.com 21/09/22)

UK to set out financial regulation reforms on Friday – Truss

British Prime Minister Liz Truss said her government will on Friday set out sweeping reforms to the financial service industry to unleash growth and boost investment. Truss told executives at a meeting in New York she wants to reform the rules known as Solvency II and MiFID. (www.reuters.com 21/09/22)

UK budget deficit exceeds estimate in August

The UK budget deficit exceeded the official estimate in August, despite a notable increase in tax revenue, as high inflation raised the debt servicing costs. (www.rttnews.com 21/09/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.1409	(1.1402)	1.1410	(1.1404)
+USD/EUR	0.9991	(1.0005)	0.9992	(1.0006)
*GHS/USD	9.0355	(9.0055)	9.0445	(9.0145)
*GHS/GBP	10.3086	(10.2681)	10.3198	(10.2801)
*GHS/EUR	9.0268	(9.0102)	9.0366	(9.0200)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 22/09/22 (Rates for 20/09/22 in brackets)

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China's central bank signals it has policy space to ease

China's current interest rates are "reasonable" and provide room for future policy action, the People's Bank of China said, adding to expectations it may resume lowering rates in coming months. Real interest rates in the country are "slightly lower" than the pace of economic growth. (www.bloomberg.com 21/09/22)

China's central bank adds liquidity via reverse repos

China's central bank on Thursday conducted a total of ¥18bn 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 16bn yuan of 14-day reverse repos at an interest rate of 2.15%. (www.xinhuanet.com 22/09/22)

BOJ to keep ultra-low rates, remain global outlier despite weak yen

The Bank of Japan is expected to keep interest rates ultra-low on Thursday and reassure markets that it will continue to swim against a global tide of central banks tightening monetary policy to combat soaring inflation. (www.reuters.com 22/09/22)

Turkey set on ultra-loose course after shock rate cut

Turkey's central bank isn't about to reverse course after a shock decision to cut interest rates last month and may even surprise by easing monetary policy again despite raging inflation. Elections less than a year from now will likely set the tone for policy makers. (www.bloomberg.com 22/09/22)

Swiss central bank lifts policy rate to positive territory

The Swiss National Bank raised its key interest rate to positive territory to counter the renewed rise in inflationary pressure. The central bank hiked the SNB policy rate by 0.75 percentage points to 0.5%, as expected. This was the second consecutive rate hike. The interest rate turned positive for the first time since early 2015. (www.rttnews.com 22/09/22)

European shares poised for sharp sell-off as recession fears mount

European stocks look set to open deep in the red after Federal Reserve officials raised rates by 75 basis points for the third consecutive meeting. European stocks closed higher on Wednesday ahead of the Fed decision. The pan European Stoxx 600 gained 0.9%. The German DAX rose 0.8%, France's CAC 40 index climbed 0.9 % and the UK's FTSE 100 added 0.6%. (www.rttnews.com 22/09/22)

Oil futures settle lower as inventory data, Fed rate hike weigh

Crude oil prices drifted lower amid concerns about the outlook for energy demand after the Federal Reserve's announcement of a sharp hike in interest rates raised fears about a recession. West Texas Intermediate Crude oil futures for November ended lower by \$1.00 or about 1.2% at \$82.94 a barrel, coming off a high of \$86.68. (www.rttnews.com 21/09/22)

Gold futures settle modestly higher ahead of Fed decision

Gold futures settled higher, with investors picking up the safe haven asset amid rising geopolitical tensions in Europe and looking ahead to the Federal Reserve's interest rate decision. Gold futures for December ended higher by \$4.60 or about 0.3% at \$1,675.70 an ounce. (www.rttnews.com 21/09/22)

Egyptian rate intrigue may hold clues to what's ahead

Egypt's central bank is plotting out its next moves on interest rates to get a grip on inflation that only threatens to get worse because of depreciation pressure on the pound. (www.bloomberg.com 22/09/22)

Black market currency trade thrives in Ethiopia as economy tanks

The gap between the Ethiopian currency's official and parallel-market exchange rates widened to a record as foreign reserves dwindled and fighting in the country's north resumed. The birr traded as high as 92 a dollar on the black market while the official rate remained at 52.5. (www.bloomberg.com 21/09/22)

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