



Friday 25th November 2022

ECB says ‘a few’ officials preferred half-point October hike

“A few” ECB officials favoured a smaller increase in interest rates in October to tackle record inflation, an account of their last meeting showed. Those who preferred a less aggressive step cited the fact that the hike was accompanied by other monetary-tightening measures. (www.bloomberg.com 24/11/22)

ECB's Lane plays down wage, core inflation fears

Euro zone wage growth could keep pushing up inflation for years, but this does not signal a permanent shift in wage dynamics and current indicators underlying inflation may be misleading, ECB chief economist Philip Lane said on Friday. (www.reuters.com 25/11/22)

Euro area inflation likely near its peak, ECB's De Guindos says

Inflation in the euro area will hover around its current level over the next few months before starting to decline at some point during the first half of 2023, ECB Vice President Luis de Guindos has said. (www.reuters.com 24/11/22)

BoE's Ramsden favours more rate hikes, but sees potential for cuts

BoE Deputy Governor Dave Ramsden backed more interest rate hikes, but said he would consider cutting rates if the economy and inflation pressures panned out differently to his expectation. (www.reuters.com 24/11/22)

BoE won't accept interference over interest payments to banks - Pill

The BoE will not accept interference with the system of paying interest to banks from reserves issued by the central bank, BoE Chief Economist said. "From the Bank's point of view, from a monetary policy perspective, we want to be able to set Bank Rate", Pill says. (www.reuters.com 24/11/22)

Balance sheet policy needs rethink, economists say

The BoE’s September intervention in the UK bond market highlights the evolution of central bank balance sheet policy. More central banks are using their balance sheets as a policy tool. Though a growing number have experimented with QE, there are many other tools available, from funding for lending schemes to market-maker of last resort facilities. (www.centralbanking.com 24/11/22)

Former BOE official says bond buying overdone during pandemic

A former BoE policymaker said the central bank overdid QE during the pandemic, without properly assessing whether it was needed. Gertjan Vlieghe made a contrast between the £450bn program launched in response to the Covid crisis. (www.bloomberg.com 24/11/22)

China central bank to offer cheap loans to support developers' bonds

China's central bank will offer cheap loans to financial firms for buying bonds issued by property developers, four people with direct knowledge of the matter said. The strongest policy support yet for the crisis-hit sector. (www.reuters.com 25/11/22)

China's central bank conducts reverse repos to boost liquidity

China's central bank conducted ¥8bn of reverse repos to maintain liquidity in the banking system. The interest rate for the 7-day reverse repos was set at 2%. (www.xinhuanet.com 25/11/22)

Germany's economy was stronger than expected in Q3

Germany’s economy proved more resilient in Q3 than initially reported, growing 0.4% on strong consumer spending. (www.bloomberg.com 25/11/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2140	(1.2041)	1.2142	(1.2042)
+USD/EUR	1.0409	(1.0365)	1.0410	(1.0366)
*GHS/USD	13.0987	(13.0989)	13.1119	(13.1121)
*GHS/GBP	15.9019	(15.7724)	15.9204	(15.7895)
*GHS/EUR	13.6356	(13.5770)	13.6515	(13.5917)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 25/11/22 (Rates for 24/11/22 in brackets)

* BOG INTERNAL TRANSACTION RATES: 25/11/22 (Rates for 24/11/22 in brackets)

Turkish central bank cuts rates drastically despite soaring inflation

The Central Bank of the Republic of Turkey sharply lowered its main policy rate again, following calls from the country's President to do so despite high inflation. The CBRT's MPC cut its benchmark rate by 150 basis points to 9%. Turkish President Recep Tayyip Erdoğan has made several speeches this autumn that effectively ordered the MPC to cut rates. (www.centralbanking.com 24/11/22)

Sweden central bank hikes rate by 75 bps

Sweden central bank lifted its key interest rate by 75 basis points and signaled additional hike early next year to tame inflation. The Executive Board of Riksbank decided to raise the policy rate by 0.75 percentage points to 2.50%. The central bank started tightening its policy in April, when the policy rate was zero percent. (www.rttnews.com 24/11/22)

BoJ to test CBDC next year, reports say

The Bank of Japan will launch a prototype central bank digital currency with major Japanese commercial banks next spring. The two-year pilot study will be with the country's biggest three commercial banks and some regional lenders, Nikkei Asia reported. (www.centralbanking.com 24/11/22)

Bank of Korea needs strong signs inflation curbed before pivot

The Bank of Korea needs to see strong signs that inflation is under control before plotting any pivot away from policy tightening, Governor Rhee Chang-yong said, dismissing as premature speculation about a return to easing next year. (www.bloomberg.com 25/11/22)

Sri Lankan c.bank threatens administrative measures to bring down market rate

Sri Lanka's central bank threatened administrative intervention to control high market interest rates that it regarded as out of line with its policy rates and the outlook for falling inflation. Any such action, interpreted by economists as a downward push, would cut high deposit rates and borrowing costs for business. (www.reuters.com 24/11/22)

European shares to open on cautious note amid china covid surge

European stocks may open on a cautious note on Friday as investors weigh easing rate hike worries against a worsening COVID situation in China. The pan European STOXX 600 gained half a percent. The German DAX climbed 0.8% and France's CAC 40 index edged up 0.4% while the UK's FTSE 100 ended little changed with a positive bias. (www.rttnews.com 25/11/22)

Oil extends losses as supply-disruption fears ease

Oil prices fell to extend steep overnight losses on easing fears of a supply disruption. Benchmark Brent crude futures slipped 0.3% to \$85.15 a barrel, while WTI crude futures were down 0.2% at \$77.80. Both contracts fell more than 3% on Wednesday as data showed a larger-than-expected build-up in US gasoline inventories. (www.rttnews.com 24/11/22)

Gold edges higher as dollar weakens on improved risk sentiment

Gold prices rose after the minutes of the Fed's early-November policy meeting showed a "substantial majority" of Fed officials supported slowing down the pace of interest rate hikes at upcoming meetings. Spot gold rose 0.4% to \$1,756.71 per ounce, while US gold futures were up 0.6 % at \$1,756.75. (www.rttnews.com 24/11/22)

South Africa: Latest jumbo hike puts key South African rate at five-year high

South Africa's central bank delivered another jumbo interest-rate increase, prolonging its most aggressive monetary policy tightening cycle in at least two decades as it tries to tame inflation. The MPC raised the benchmark rate to 7% from 6.25%.

(www.bloomberg.com 24/11/22)

Ghana to restructure debt as study shows high distress risk

Ghana is planning a debt-exchange program to lower its borrowing costs after an analysis of the sustainability of its loans showed the West African nation faces a high risk of distress. (www.bloomberg.com 24/11/22)

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.