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World economy heads for one of its worst years in three decades

The world economy is facing one of its worst years in three decades as the energy shocks unleashed by the war in Ukraine continue to reverberate. Economist Scott Johnson forecasts growth of just 2.4% in 2023. (www.bloomberg.com 06/12/22)

GDP growth suffers larger forecast errors than inflation

Economic growth and headline inflation are the top forecast indicators for most central banks, but the variable most prone to error is growth, the Economics Benchmarks 2022 show. (www.centralbanking.com 06/12/22)

Global pensions with \$3tr on books fear stagflation

Global public pension schemes and sovereign wealth funds managing more than \$3 tr in assets fear a combination of economic slowdown and higher inflation in the next 12-24 months. (www.reuters.com 06/12/22)

Poor countries' debt servicing is the costliest since 2000 - World Bank

The poorest countries in the world now spend over a tenth of their export income to service external debt, the highest proportion since 2000, the World Bank said Tuesday in its annual International Debt report. (www.reuters.com 06/12/22)

ECB to hike again but "very close" to neutral rates – Herodotou

ECB interest rates will go up again but are now "very near" their neutral level, ECB policymaker Constantinos Herodotou said. "We are very near the neutral rate. There will be I think another hike or hikes," Herodotou, Cyprus' ECB Governing Council member, told. (www.reuters.com 06/12/22)

ECB seizing the day for QT shouldn't count on market tranquility

For ECB Bank officials considering how to wind down €5tr in bond holdings, benign financial markets are offering both a blessing and a curse. A sense of calm that has narrowed the gap between German and Italian debt yields will embolden policymakers as they announce principles for so-called quantitative tightening. (www.bloomberg.com 07/12/22)

US banks warn of recession as inflation hurts consumers; shares fall

Biggest US banks are bracing for a worsening economy next year as inflation threatens consumer demand, according to executives. (www.reuters.com 06/12/22)

Fed's climate risk guidance splits governors

The US Federal Reserve asked for public comment on a framework for assessing climate change risks in the banking sector on. But the proposals faced resistance from two of the Fed's top executives. "I cannot support this issuance of guidance on climate change," said governor Christopher Waller (www.centralbanking.com 06/12/22)

U.S. trade deficit widens as goods exports hit seven-month low

The US trade deficit widened sharply in October as slowing global demand and a strong dollar pushed goods exports to a seven-month low, suggesting that trade could be drag on economic growth this quarter if the trend persists. (www.reuters.com 06/12/22)

UK's soaring inflation rate erodes jump in shop sales, brc says

UK retail sales jumped in November with promotions surrounding Christmas and the World Cup, but rising inflation meant that consumers still were paying more to buy less. (www.bloomberg.com 06/12/22)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2244	(1.2211)	1.2246	(1.2213)
+USD/EUR	1.0512	(1.0534)	1.0513	(1.0536)
*GHS/USD	13.0769	(13.0968)	13.0899	(13.1100)
*GHS/GBP	16.0113	(15.9926)	16.0299	(16.0112)
*GHS/EUR	13.7471	(13.7974)	13.7608	(13.8123)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 07/12/22 (Rates for 06/12/22 in brackets)

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China's trade suffers worst slump in 2-1/2 yrs as COVID woes, feeble demand take toll

China's exports and imports shrank at their steepest pace in at least 2-1/2 years in November, as feeble global and domestic demand, COVID-led production disruptions and a property slump at home piled pressure on the world's second-biggest economy. (www.reuters.com 07/12/22)

China's central bank conducts reverse repos to boost liquidity

China's central bank conducted 2bn yuan of reverse repos to maintain liquidity in the banking system. The interest rate for the seven-day reverse repos was set at 2%, according to the People's Bank of China. (www.xinhuanet.com 07/12/22)

Bank of Canada nears the end of its interest-rate hiking cycle

The Bank of Canada is set to deliver a seventh consecutive increase to borrowing costs as officials begin winding down their forceful rate-hiking cycle. Economists are split on the size of the change at Wednesday's meeting, with a slim majority forecasting a 50-basis-point increase. (www.bloomberg.com 06/12/22)

India won't back off inflation fight after smaller rate hike

India's central bank vowed to stick with its inflation fight, even as it slowed the pace of increase in borrowing costs in a signal that its nearing the peak rate. The Reserve Bank of India's six-member MPC voted 5-1 to raise the benchmark repurchase rate by 35 basis points to 6.25%. (www.bloomberg.com 07/12/22)

Chile to hold rates as inflation starts to ebb

Chile's central bank will likely hold its key interest rate after a streak of 11 consecutive increases, as inflation starts to ease and growth slows from last year's record high. All economists see the board keeping borrowing costs unchanged at 11.25%, the highest in more than 20 years. The decision would be in line with bank guidance that rates will be held steady following a tightening cycle of 10.75 percentage points since July of last year (www.bloomberg.com 06/12/22)

European shares poised for steady start despite dismal china data

European stocks are seen opening on a positive note despite mounting concerns about a possible US recession. As inflation hurts consumers and businesses, top US banks have warned of recession and lower earnings in 2023. However, the depth and duration of the recession is unknown. The pan European STOXX declined 0.6%. The German DAX slipped 0.7% and France's CAC 40 index eased 0.1%. (www.rttnews.com 07/12/22)

Oil futures settle sharply lower as demand concerns weigh

Crude oil prices dropped to an 11-month low amid concerns about the outlook for energy demand. Oil prices fell despite a price cap on Russian oil sales as doubt and consequences of a continued Fed tightening weighed on the commodity. WTI Crude oil futures for January ended lower by \$2.68 at \$74.25 a barrel. Brent crude futures were down \$3.12 at \$79.56 a barrel. (www.rttnews.com 06/12/22)

Gold futures settle slightly higher

Gold futures settled higher but gains for the contract were just marginal as the dollar stayed firm amid bets the Federal Reserve will continue to aggressively hike interest rates. Gold futures for February ended higher by \$1.10 at \$1,782.40 an ounce, after having climbed to \$1,793.20. (www.rttnews.com 06/12/22)

Ethiopian central bank orders branch reopening in conflict-affected areas

The Ethiopian central bank has ordered banks to reopen branches in areas controlled by the Ethiopian National Defence Force, after the Tigray war ended on November 2. (www.centralbanking.com 06/12/22)

São Tomé appoints new central bank governor

The government of São Tomé and Príncipe has removed the central bank's administrative council and appointed former finance minister Américo Ramos governor. The government also appointed Lara Beirão Guadalupe deputy governor of Central Bank of São Tomé and Príncipe. (www.centralbanking.com 06/12/22)

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