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Global economy facing "turning point" amid challenges

The global economy has regained steam after a difficult COVID-19 pandemic, but experts at the World Economic Forum (WEF) say a recovery is far from certain. Under the theme "Cooperation in a Fragmented World," the WEF's 2023 annual meeting concluded. The gathering came amid global challenges such as high inflation and geopolitical conflict. (www.xinhuanet.com 21/01/23)

Eurozone can beat inflation while keeping market stable

Rising inflation has been a game-changer for central banks. A few years ago, when inflation was stubbornly low despite a series of interest rate cuts, central banks expanded their toolkit to lift inflation. This resulted in asset purchases in trillions of Euros. With inflation accelerating to historic highs in 2022 and policy rates rising, it is time to reverse this extraordinary measure. (www.ft.com 22/01/23)

Eurozone set to avoid recession this year as economists' gloom lifts

The Eurozone will avoid a recession this year according to a widely-watched survey of economists which illustrates the sharp about-turn in global economic sentiment in the past couple of weeks. Recently, analysts surveyed by Consensus Economics were predicting the bloc would plunge into recession this year. (www.ft.com 22/01/23)

ECB set to raise rates by 50 bp in Feb and March, Knot says

The European Central Bank (ECB) is set to raise interest rates by 50 basis points in both February and March and will continue to raise rates in the months after, ECB governing council member Klaas Knot said in an interview with Dutch broadcaster WNL on Sunday. (www.reuters.com 22/01/23)

Failure to cut debt burden of some countries could hamper growth, spark conflict, Yellen says

US Treasury Secretary Janet Yellen on Saturday underscored the urgent need to reduce the debt burden of heavily indebted countries, warning that failure to do so would set back development in poor countries and could lead to more war, fragility and conflict. (www.reuters.com 21/01/23)

Fed governor backs quarter-point interest rate rise at next policy meeting

A governor on the board of the Federal Reserve has backed the US central bank further slowing the pace of its interest rate increases to a quarter of a percentage point at its upcoming policy meeting, even as he warned of further monetary tightening ahead. The comments come from Christopher Waller, who sits on the Federal Open Market Committee that is responsible for deciding monetary policy. (www.ft.com 20/01/23)

China's economy to see robust recovery this year, says researcher

China's economic prospects in 2023 look promising, a researcher at a Japanese think tank has said, noting that given China's optimization of COVID-19 response, the economy is likely to see a robust recovery this year. A number of international financial institutions are upbeat about the outlook of the Chinese economy. (www.xinhuanet.com 22/01/23)

BoE expected to keep up interest rate rises

Financial markets expect the Bank of England to raise interest rates by 0.5 percentage points next month owing to high underlying inflation, strong wage growth and broad unexpected resilience in the economy. Analysts said the flow of data over the past two weeks was supportive of further monetary tightening by the central bank. (www.ft.com 23/01/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2357	(1.2362)	1.2359	(1.2363)
+USD/EUR	1.0817	(1.0816)	1.0818	(1.0817)
*GHS/USD	10.3507	(10.3509)	10.3611	(10.3613)
*GHS/GBP	12.7904	(12.7958)	12.8053	(12.8096)
*GHS/EUR	11.1970	(11.1959)	11.2081	(11.2070)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 23/01/23 (Rates for 20/01/23 in brackets)

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German finance minister warns against quick decoupling from China

Germany must reduce its dependence on China gradually as decoupling from the Chinese market would cost jobs in Europe's biggest economy, Finance Minister Christian Lindner has said. Germany is working on a new China strategy that takes a more sober view of relations and aims to reduce dependence on Asia's economic superpower. (www.reuters.com 22/01/23)

HK inflation rises to 2%

Hong Kong's consumer price inflation increased at the end of the year amid rising vegetable and energy prices, the Census and Statistics Department has said. CPI climbed 2.0% year-over-year in Dec. slower than the 1.8% stable rate of rise in Nov. (www.rttnews.com 20/01/23)

Malaysia inflation lowest in 6 months amid slowing food prices

Malaysia's consumer price inflation eased slightly at the end of the year to the lowest level in six months, primarily driven by a moderation in food prices, the Department of Statistics has said. The CPI, climbed 3.8% year-on-year in Dec. following Nov's 4.0% increase. (www.rttnews.com 20/01/23)

Argentine minister announces debt buyback

Argentina's economy minister, Sergio Massa, announced on Jan 18 that the government would repurchase up to \$1bn of its foreign currency bonds. The ministry said the bonds traded at low prices. It said "the difference between the parties and the resulting yields" created an opportunity for "purchase operations". (www.centralbanking.com 20/01/23)

Slovenia's average producer prices increase 19.3% in 2022

Producer prices in Slovenia increased by 19.3% in 2022, the highest annual growth in over 20 years, the country's statistical office said. "Compared to a year ago, prices increased in nearly all activities," the office said, adding that producer prices rose by 10.6% in 2021. (www.xinhuanet.com 21/01/23)

OPEC development fund raises \$1bn with first bond

The OPEC Fund for International Development, a development institution established by the Organization of the Petroleum Exporting Countries' member governments nearly 50 years ago, has raised \$1bn by selling its first ever bond. This will pay investors an interest rate of 4.5%, will also be classed as a 'sustainable development' bond. (www.reuters.com 22/01/23)

European stock exchanges start off 2023 strongly

Stock Exchanges in the European Union have started 2023 strongly, despite broadly mixed economic data. Through the close of trading on Friday, the blue chip index on the Paris stock exchange is up 8.1% over the last month, stocks on the Frankfurt exchange in Germany are up 7.9% over the same period, Milan by 8.7%. (www.xinhuanet.com 22/01/23)

Egypt signs \$1.5bn financing agreement with ITFC, CNBC Arabia reports

Egypt has signed a \$1.5bn financing agreement with the International Islamic Trade Finance Corporation (ITFC) to fund its trade needs, including for importing energy products and essential commodities, CNBC Arabia has said. (www.reuters.com 22/01/23)

Kenya to employ Mobile Money to fight tax evasion

This week, the Kenyan government released its Draft Budget Policy Statement which highlights its economic plans. Part of the statement revealed that revenue collection by the Kenya Revenue Authority (KRA) will be scaled up to Ksh3tr (\$24.1m) in the 2023/24 financial year. (www.newsghana.com 22/01/23)

Nigeria's NNPC spent US\$10bn on fuel subsidy in 2022

Nigeria's NNPC spent N4.39tr (US\$9.7bn) on a petrol subsidy last year, latest data from the state-owned firm showed on Friday, a cost the government has blamed for dwindling public finances. NNPC did not remit funds to federal accounts last year, its data showed. (www.asaaseradio.com 22/01/23)

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