



Monday 30th January 2023

Global liquidity driven higher by derivatives and euro lending

Cross-border flows of liquidity rose higher in the third quarter of 2022, with growth of euro lending running much faster than credit in dollars, statistics published by the Bank for International Settlements show. The latest global liquidity indicators show banks' cross-border claims expanded \$1.1 tr during Q3, growth of 10% year on year. (www.centralbanking.com 30/01/23)

Eurozone economic sentiment at 7-month high

Eurozone economic confidence strengthened to a seven-month high in January as there were strong improvements across all sectors except construction, survey data from the European Commission showed Monday. The economic confidence index rose to 99.9 in Jan. from revised 97.1 in the previous month. (www.rttnews.com 30/01/23)

Fed rate-setters differ over US labour pressures

Two US Fed rate-setters, Lael Brainard and Christopher Waller, have agreed the US economy may avoid a recession, but differ over labour market pressures on inflation. Board of governors' member Waller said that he favoured a 25-basis-point rate hike at the next Fed Open Market Committee meeting. (www.centralbanking.com 27/01/23)

China central bank to roll over lending tools to spur growth

China's central bank said on Sunday it will roll over three lending tools to increase support for targeted sectors of the economy. The People's Bank of China will roll over a lending tool for supporting carbon emission reduction to the end of 2024, and extend a relending tool for promoting the clean use of coal to the end of 2023. (www.reuters.com 29/01/23)

China's central bank adds liquidity via reverse repos

China's central bank continued to inject funds into the financial system through open market operations on Sunday. The People's Bank of China said on its website that it has conducted ¥128bn (about \$18.91bn) of seven-day reverse repos at an interest rate of 2 percent. The move is aimed at keeping liquidity stable at the end of the month. (www.xinhuanet.com 20/01/23)

UK company profit warnings up 50% last year

The number of profit warnings from UK-listed companies rose 50 % in 2022 to a total of 305, as a combination of rising costs and falling consumer confidence hit British business. During the year, close to 18 per cent of the UK's 1,193 listed businesses issued a profit warning, according to analysis by EY Parthenon. (www.ft.com 29/01/23)

German economy shrinks as soaring energy costs pinch demand

The German economy unexpectedly contracted by 0.2 % in the final quarter of 2022, as high gas prices squeezed demand and placed the eurozone's manufacturing powerhouse on the brink of recession. The German figures, raise the prospect of the region's largest economy recording two quarters of negative growth meeting the technical definition of recession. (www.ft.com 30/01/23)

German economy contracts in Q4

The German economy contracted at the end of the year, damping the possibility of the euro area skirting a technical recession, as suggested by recent surveys. GDP logged an unexpected quarterly fall of 0.2 %, reversing the revised 0.5% expansion in the third quarter, preliminary data from Destatis revealed Monday. (www.rttnews.com 30/01/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2385	(1.2371)	1.2387	(1.2372)
+USD/EUR	1.0869	(1.0887)	1.0870	(1.0888)
*GHS/USD	10.7946	(10.5947)	10.8054	(10.6053)
*GHS/GBP	13.3691	(13.1067)	13.3846	(13.1209)
*GHS/EUR	11.7324	(11.5345)	11.7450	(11.5460)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 30/01/23 (Rates for 27/01/23 in brackets)

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Canadian governor rules out early rate cuts

Bank of Canada governor Tiff Macklem has said he views rate cuts as a distant measure, not in immediate consideration. If the economy evolves in line with projections, the central bank expects to hold the interest rate at the current level, “while it assesses the impact of the cumulative interest rate increases”. (www.centralbanking.com 28/01/23)

Argentina and Brazil’s currency proposal met with scepticism

The governments of Argentina and Brazil said they are examining a common currency earlier this week, but several observers have expressed scepticism to Central Banking. Some cast doubt on whether the project aimed to create a monetary union or a more limited mechanism to support trade transactions. (www.centralbanking.com 28/01/23)

Vietnam's state-owned banks under capital increase pressure

Vietnam's major state-owned banks are under pressure for a capital increase in 2023 as their charter capital is too low, with some unable to ensure the regulated minimum capital adequacy ratio (CAR), local media reported on Monday. The low CAR will affect the credit supply of the state-owned banks, which will limit their support to businesses. (www.xinhuanet.com 30/01/23)

Polish economy expands 4.9% in 2022

The Polish economy expanded during the year 2022 amid a solid increase in domestic demand and investments, though at a slower pace compared to the previous year, flash data from Statistics Poland showed on Monday. Gross domestic product advanced 4.9 percent in 2022 versus a 6.8 percent rise in 2021. (www.rttnews.com 30/01/23)

Colombia says tightening cycle nearing end

The Central Bank of Colombia raised its policy rate by 75 basis points on January 27, to 12.75%, continuing a cycle of 12 straight increases begun in September 2021. However, policy-makers said the rate is now near its peak. The central bank’s seven-member board split 5–2 on the scale of the rate hike. (www.centralbanking.com 30/01/23)

Oil prices ease on demand concerns

Oil prices fell on Monday to trade at over one-week low amid concerns about economic growth and the outlook for oil demand. Benchmark Brent crude futures dropped 0.3 percent to \$86.11 a barrel, while WTI crude futures were down half a percent at \$79.31. (www.rttnews.com 30/01/23)

Development partners commit \$30bn to food production in Africa

Development partners have committed \$30bn to boost food production in Africa over the next five years, the president of the African Development Bank said on Friday at the close of a summit on food security on the continent. The continent is facing its worst food crisis ever, with more than one in five Africans. (www.reuters.com 28/01/23)

Shocking IMF report reveals Angola and Ethiopia to surpass Kenya as top economies in Sub-Saharan Africa

The International Monetary Fund (IMF) has recently projected that the economies of Ethiopia and Angola are set to overtake Kenya in terms of size. According to the IMF, faster GDP growth in Angola and Ethiopia will see Kenya relegated to the fifth spot in sub-Saharan Africa’s economic rankings. (www.norvanreports.com 29/01/23)

Egypt central bank forecast to raise interest rates by 150 bps

The Central Bank of Egypt (CBE) is expected to hike its overnight interest rates by 150 basis points on Thursday as it keeps battling inflation after a series of currency devaluations, a Reuters poll showed on Monday. (www.reuters.com 30/01/23)

Nigeria's central bank extends deadline to turn in old naira notes

Nigeria's central bank will extend by 10 days a deadline for swapping old naira currency notes, it has said. Nigerians will now have until Feb. 10, 2023 to turn in 1,000 (\$2.17), 500- and N200 notes. The central bank of Nigeria (CBN) started releasing newly designed notes last month but many say they cannot find them at banks or cash machines. (www.reuters.com 29/01/23)

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