



Monday, 20th March 2023

Central banks take swift action to keep cash flowing amid investor fears

Central banks have moved globally to keep credit flowing after an unsettled period in the US banking sector and the Credit Suisse merger. Six central banks, including the BoE, announced they would boost the flow of US dollars through the global financial system. On 19th March the struggling Credit Suisse was taken over by UBS in a Swiss government-backed deal. (www.bbc.com 20/03/23)

Eurozone record high core inflation confirmed; labor costs rise faster

Eurozone harmonized prices logged a slower increase in Feb. while core inflation accelerated to a record as estimated initially. Underlying inflation is likely to remain sticky with wage growth gaining strength towards the end of 2022. The harmonized index of consumer prices, increased 8.5% on a yearly basis. (www.rttnews.com 17/03/23)

US banks tap \$11.8bn from new Fed facility

The US Fed made loans of \$11.8bn by March 15 under its new liquidity facility, the Bank Term Funding Program. The Fed operationalised the BTFP on March 12, in the wake of Silicon Valley Bank’s collapse. It published data on the programme’s first days on March 16. The programme offers one-year loans to depository institutions that pledge high-quality assets as collateral. (www.centralbanking.com 17/03/23)

PBoC to cut reserve requirement ratio

China’s central bank said it would cut the amount of cash reserve requirements for banks, in its first such move this year. It said it would cut the reserve requirement ratio (RRR) for almost all banks by 25 basis points. The move does not apply to a minority of banks that have already implemented a 5% reserve ratio. (www.centralbanking.com 17/03/23)

BOE rate decision set to cap tumultuous week for UK and Sunak

The Bank of England is expected to push through yet another increase in interest rates, one of the key events set to shape a turbulent week for the UK economy and Prime Minister Rishi Sunak. With markets roiled by the rescue of Credit Suisse Group AG, policy makers in government and at the central bank are set to explain their handling of the economy in high-profile events. (www.bloomberg.com 20/03/23)

Japan says banking system stable, plays down risk of contagion

Japan's top government spokesperson said on Monday the banking system was stable, seeking to reassure markets the country won't see a contagion from US and European banking sector woes. Chief Cabinet Secretary Hirokazu Matsuno also welcomed Sunday's decision by top central banks, including the BoJ. (www.reuters.com 20/03/23)

Italy trade gap narrows sharply as exports surge 15.3%

Italy's foreign trade deficit decreased notably at the start of the year, as exports grew more rapidly than imports, data from the statistical office Istat shows. The trade deficit decreased to €4.19bn in Jan from €6.52bn in the corresponding month last year. In Dec there was a surplus of €1.4bn. Exports grew 15.3% year-over-year in Jan. (www.rttnews.com 17/03/23)

Australia's central bank says bank stress just one consideration for rate policy

A top Australian central banker said stress in the global banking system was mainly confined to a small number of poorly managed banks and was just one of many considerations for domestic monetary policy. Asked whether the stress argued for a pause in rate rises, Reserve Bank of Australia (RBA) (www.reuters.com 20/03/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2168	(1.2098)	1.2170	(1.2099)
+USD/EUR	1.0667	(1.0606)	1.0668	(1.0607)
*GHS/USD	11.0086	(11.0086)	11.0196	(11.0196)
*GHS/GBP	13.3953	(13.3182)	13.4109	(13.3326)
*GHS/EUR	11.7440	(11.6775)	11.7557	(11.6871)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 20/03/23 (Rates for 17/03/23 in brackets)

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Russia Central Bank keeps key rate unchanged at 7.50%

Russia's central bank decided to keep its key interest rate unchanged for the fourth straight policy session at its March meeting as inflation expectations eased notably although they remain elevated. The Board of Directors of the Bank of Russia decided to retain the key interest rate at 7.50%, as widely expected. (www.rttnews.com 17/03/23)

Malaysia trade surplus shrinks to RM19.56bn

Malaysia's trade surplus decreased slightly in Feb. as imports grew faster than exports, data from the statistical office showed on Monday. The trade surplus dropped to RM19.56bn in Feb. from RM19.81bn in the same month last year. In Jan. the trade surplus was RM18.1bn. (www.rttnews.com 20/03/23)

Denmark adjusts rates after ECB increase

The National Bank of Denmark increased interest rates by 50 basis points on March 16 to maintain the krone's fixed exchange rate against the euro. The move followed the European Central Bank's decision on the same day to increase rates by 50bp to 3%. From March 17, Denmark's current account rate is 2.6%. (www.centralbanking.com 17/03/23)

Philippine Finance Chief sees quarter-point rate hike or halt

The Philippine central bank may increase its key rate by 25 basis points or leave it unchanged at its policy meeting on Thursday, Finance Secretary Benjamin Diokno said. A shift in the Federal Reserve's stance to smaller interest rate hikes allows other central banks to slow their pace of monetary tightening. (www.bloomberg.com 20/03/23)

Slovakia HICP inflation rises to 15.4%

Slovakia's EU measure of inflation continued to rise in Feb. data from the Statistical Office of the Slovak Republic shows. The EU measure of the harmonized index of consumer prices, or HICP, rose 15.4% year-on-year in Feb. after a 15.1% increase in Jan. On a month-on-month basis, the HICP increased 1.1% in Feb. (www.rttnews.com 17/03/23)

Oil falls as banking concerns persist, likely Fed rate hike

Oil prices fell on Monday for a second session on concerns that risks in the global banking sector may cause a recession that would lead fuel demand to decline and ahead of a potential interest rate hike by the US Fed this week. Brent crude futures for May settlement slid 68 cents, or 0.9%, to \$72.29 a barrel at 0500 GMT after a near 12% loss last week. (www.reuters.com 20/03/23)

Bank crisis, sticky inflation to spur rate hikes in Africa's biggest economies

Central banks in Africa's biggest economies are poised to raise interest rates this month to contain sticky inflation and deter a selloff in their assets exacerbated by the collapse of US lender Silicon Valley Bank and stress at Credit Suisse Group AG. (www.bloomberg.com 20/03/23)

AfCFTA: Building a positive image for the African market

The African Continental Free Trade Area (AfCFTA) has the potential to be a transformative force in the entire Africa's economic development, connecting people and markets across the continent and fostering a new era of regional integration. (www.norvanreports.com 20/03/23)

Italy pushing IMF to help Tunisia and avoid instability, minister says

Italy wants the International Monetary Fund (IMF) to unblock a \$1.9bn loan to Tunisia, fearful that without the cash, the country will be destabilised, unleashing a new wave of migrants towards Europe, Foreign Minister Antonio Tajani said. Tunisia's bailout talks with the IMF have been stalled for months. (www.reuters.com 19/03/23)

Help rural banks raise funds on stock — BoG Governor

The Governor of the Bank of Ghana, Dr Ernest Addison, has urged the Ghana Stock Exchange to explore the possibility of helping rural and community banks (RCBs) to list on the stock market. He said the GSE's Ghana Alternative Market (GAM) was an avenue for patient capital. (www.graphic.com.gh 17/03/23)

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