



Tuesday, 16<sup>th</sup> May 2023

### EU lifts Eurozone growth & inflation projections

The European Commission raised the euro area economic growth and inflation projections for this year and next on Monday, but warned that the single currency bloc faces several risks that policymakers must monitor closely. The currency-bloc is projected to grow 1.1% this year and 1.6% in 2024.

([www.rttnews.com](http://www.rttnews.com) 15/05/23)

### EBRD: Inflation has peaked, but rising gas prices will pressure households

Inflation has peaked in emerging Europe, central Asia and north Africa, rising gas prices in winter will keep pressure on household finances, the European Bank for Reconstruction and Development (EBRD) has said. Consumer Price Index in the region covering 40 economies peaked at 17.5% in Oct. ([www.reuters.com](http://www.reuters.com) 16/05/23)

### European body criticises some of ECB's supervisory methods

The European Central Bank has rejected some criticisms made by an audit of its supervision practices, while accepting others. The European Court of Auditors (ECA) criticised the ECB supervisory mechanism's approach to setting banks' capital requirements, assessing risks and dealing with non-performing loans.

([www.centralbanking.com](http://www.centralbanking.com) 15/05/23)

### Impact of rate rises on inflation to peak next year, ECB says

Higher interest rates and lower official bond purchases will only start to make significant progress in reducing Eurozone inflation from this year, the European Central Bank (ECB) has said, underlining why it slowed the pace of rate rises this month. It has raised interest rates by an unprecedented 3.75 percentage points since July 2022. ([www.ft.com](http://www.ft.com) 15/05/23)

### Fed faces a long battle to trim inflation to its 2% target

Economists and policymakers are bracing for a long and rocky road back to the US Fed's target of 2% inflation, even as early signs of relief emerge following the worst shock in decades. Recent economic data suggests price pressures are finally beginning to ease, with the consumer price index showing the relentless rise in costs for some goods and services. ([www.ft.com](http://www.ft.com) 15/05/23)

### China's economic recovery in doubt as industrial output falls short

China's industrial output and consumer spending have fallen short of expectations, fuelling doubts over the strength of the country's rebound after it dismantled its zero-Covid policy. Youth unemployment hit a record while a key measure of investment lagged estimates, casting a shadow over the outlook for the country. ([www.ft.com](http://www.ft.com) 16/05/23)

### China's youth jobless rate hits record 20.4% in danger sign

China's youth jobless rate rose to a record 20.4% in April, showing the economy is still struggling to absorb new workers even as the overall labor force declines. The youth jobless rate rose from 19.6% and topped last summer's previous record of 19.9% even as the overall surveyed jobless rate declined to 5.2%. ([www.bloomberg.com](http://www.bloomberg.com) 16/05/23)

### UK labor market softens even as wages continue to March higher

UK labor market showed signs of cooling in a boost for bets that interest rates are close to peaking, although accelerating wage growth remained above the Bank of England's comfort zone. The number of pay rolled employees fell 136,000 in April, the first drop since Feb 2021. ([www.bloomberg.com](http://www.bloomberg.com) 16/05/23)

### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2520	(1.2455)	1.2521	(1.2457)
+USD/EUR	1.0873	(1.0853)	1.0874	(1.0854)
*GHS/USD	10.9580	(10.9590)	10.9690	(10.9700)
*GHS/GBP	13.7194	(13.6495)	13.7343	(13.6653)
*GHS/EUR	11.9165	(11.8950)	11.9273	(11.9067)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 16/05/23 (Rates for 15/05/23 in brackets)

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### **Australian consumer mood bleak in May after surprise rate hike, budget**

A measure of Australian consumer sentiment fell in May after a surprise hike in interest rates by the Reserve Bank of Australia (RBA) and a "mildly disappointing" federal budget clouded the outlook for family finances and the economy. The Westpac-Melbourne Institute index of consumer sentiment out on Tuesday slid 7.9% in May from April. ([www.reuters.com](http://www.reuters.com) 16/05/23)

### **RBI to consider dividend payout Friday**

The Reserve Bank of India's board will meet on Friday, when it is expected to consider a dividend payout to the government, according to people with knowledge of the matter. The meeting will be held in Mumbai, the people said, asking not to be identified as the details are private. ([www.bloomberg.com](http://www.bloomberg.com) 16/05/23)

### **German economic sentiment turns negative in May**

Germany's investor confidence turned negative in May for the first time in five months amid concerns over further interest rate hikes by the European Central Bank and the uncertainty on the global markets over worries of a US debt default, survey results from ZEW showed ([www.rttnews.com](http://www.rttnews.com) 16/05/23)

### **Argentina's central bank hikes benchmark interest rate to 97%**

The Argentine central bank on Monday again raised the benchmark interest rate, this time by 600 basis points, pushing the rate from 91% to 97% annually. The decision aims to promote "positive real returns on investments in local currency" and "prevent financial volatility from acting as a driver of inflation expectations." ([www.xinhuanet.com](http://www.xinhuanet.com) 16/05/23)

### **Denmark GDP expands 0.3% in Q1**

The Danish economy expanded at a slower pace in the first quarter amid a weak performance in the construction industry, preliminary data from Statistics Denmark showed on Monday. Gross domestic product advanced 0.3% sequentially in the March quarter, following a 0.6% rise in the final quarter of 2022. ([www.rttnews.com](http://www.rttnews.com) 16/05/23)

### **Oil trades sideways amid US plan to refill reserves, mixed China outlook**

Oil futures traded sideways on Tuesday, after mostly weaker-than-expected data from China muddied the outlook for demand from the world's top crude importer while US plans to refill its Strategic Petroleum Reserve (SPR) underpinned prices. Brent crude futures rose 1 cent, or 0.1%, to \$75.24 a barrel by 0650 GMT. ([www.reuters.com](http://www.reuters.com) 16/05/23)

### **AfDB working to raise billions to compensate Zimbabwe's white farmers**

The African Development Bank has developed the financial tools needed to make \$3bn in compensation payments to white farmers who lost land and other assets in Zimbabwe. The bank's president Akinwumi Adesina, said the proposal would 'leverage capital markets' to avoid aggravating Zimbabwe's debt situation. ([www.africanews.com](http://www.africanews.com) 15/05/23)

### **Ex-IMF economist nominated to head Kenya's Central Bank**

Kenya's President William Ruto nominated Kamau Thugge as the nation's central bank governor, as he looks to boost an economy reeling from sticky inflation and a weakening currency. Ruto sent his decision to parliament, according to a statement from his office. ([www.bloomberg.com](http://www.bloomberg.com) 15/05/23)

### **Egypt's exchange rate uncertainty stifling business, say entrepreneurs**

Egyptian entrepreneurs have warned that uncertainty over the exchange rate is suffocating business and impeding their ability to plan and invest, as the country endures its worst foreign currency crisis in years. ([www.ft.com](http://www.ft.com) 16/05/23)

### **Ghana: Market anticipates BoG MPC to hold policy rate at 29.5%**

As inflation continues to dip, the market anticipates the Bank of Ghana's Monetary Policy Committee to adopt a policy-hold strategy at its 112th meeting this week by retaining the rate at 29.5%. Consumer prices slowed for the 4th month in April 2023 to 41.2%. ([www.ghanaweb.com](http://www.ghanaweb.com) 16/05/23)

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