

Thursday, 18th May 2023**European Council adopts Mica regulation**

The European Council adopted the Markets in Crypto Assets (Mica) regulation on May 16, bringing crypto firms under a legal framework in the European Union for the first time. “I am very pleased that today we are delivering on our promise to start regulating the crypto assets sector,” said Elisabeth Svantesson, finance minister of Sweden. (www.centralbanking.com 17/05/23)

Inflation impact of ECB tightening will peak in 2024, says research

The inflation impact of the monetary policy tightening implemented by the European Central Bank will peak in 2024, says research published by the institution on May 15. However, the effect on economic activity is likely to be faster, and is projected to reach its highest intensity in 2023. (www.centralbanking.com 17/05/23)

ECB seeks new supervision chief

The European Central Bank is seeking a new chair to lead its supervisory board and head up the Single Supervisory Mechanism. Current chair Andrea Enria is due to complete his five-year, non-renewable term at the end of 2023. The ECB published a vacancy notice on its website on May 17 and invited potential candidates to apply by June 23. (www.centralbanking.com 17/05/23)

US housing starts suddenly rebound in April

New residential construction in the US unexpectedly saw a significant rebound in the month of April, according to a report released by the Commerce Department on Wednesday. The report said housing starts jumped by 2.2% to an annual rate of 1.401m in April after plunging by 4.5% to a revised rate of 1.371m in March. (www.rttnews.com 17/05/23)

China's fiscal revenue growth quickens as economy recovers

China's fiscal revenue rose 11.9% in the first four months of 2023 from the same period a year earlier, accelerating sharply from a 0.5% rise in Jan-March, official data showed, as the economy stages a gradual but uneven post-COVID recovery. Fiscal revenue totalled ¥8.32tr (\$1.20tr) in the first four months while fiscal expenditure grew 6.8% to ¥8.64tr. (www.reuters.com 18/05/23)

China's home prices see slower growth in April

China's housing market saw narrowed growth last month, official data showed Wednesday. In April, 62 out of 70 large- and medium-sized cities saw month-on-month increases in new home prices, slightly down from 64 in March, according to the National Bureau of Statistics (NBS). (www.xinhuanet.com 17/05/23)

BoE governor admits UK economy suffering from wage price spiral

Andrew Bailey has acknowledged for the first time the Bank of England is dealing with a UK wage price spiral as he pledged to raise interest rates as far “as necessary” to get inflation back to the bank’s 2% target. At the British Chambers of Commerce annual conference in London, the BoE governor said the UK was experiencing “second-round” effects of inflation. (www.ft.com 17/05/23)

Japan has ¥432.4 trade deficit in April

Japan posted a merchandise trade deficit of ¥432.4bn in April, the Ministry of Finance said on Thursday. That beat expectations for a shortfall of ¥613.8bn following the ¥755.1bn deficit in March. Exports were up 2.6% on year, shy of forecasts for an increase of 3.0% and slowing from 4.3% in the previous month. (www.rttnews.com 17/05/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2490	(1.2485)	1.2491	(1.2486)
+USD/EUR	1.0836	(1.0860)	1.0837	(1.0861)
*GHS/USD	10.9365	(10.9538)	10.9475	(10.9648)
*GHS/GBP	13.6597	(13.6758)	13.6745	(13.6906)
*GHS/EUR	11.8523	(11.8972)	11.8640	(11.9080)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 18/05/23 (Rates for 17/05/23 in brackets)

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Italy's trade surplus biggest since July 2021

Italy's foreign trade balance logged its biggest surplus in twenty months in March, underpinned by a favorable trade of non-energy products, the statistical office Istat has said. The trade balance for March came in at a surplus of €7.5bn versus a deficit of € 0.76bn in the corresponding month last year. (www.rttnews.com 17/05/23)

Austria unveils new relief package to combat high inflation

The Austrian government has announced a new relief package worth €500m (\$542m), to help vulnerable citizens cope with high inflation. Families with children will particularly benefit from the aid package, with those on unemployment benefits and social assistance receiving an additional €60 per child each month until the end of 2024. (www.xinhuanet.com 17/05/23)

Lebanon's growing dollarized cash economy hinders economic recovery: WB

Crisis-hit Lebanon's economic recovery is hampered by a growing dollarized cash economy, which is predicted to be \$9.9bn in 2022, or almost half the size of the Lebanese economy, the World Bank said in a report on Tuesday. (www.xinhuanet.com 17/05/23)

TCB opposes sovereign wealth fund proposal

Taiwan's central bank has voiced opposition to a proposal that central bank laws be amended to create a sovereign wealth fund (SWF), partly funded by the bank's foreign reserves. The Central Bank of the Republic of China (Taiwan) stated its position on May 8. (www.centralbanking.com 17/05/23)

Ireland trade surplus grows to €6.6bn

Ireland's foreign trade surplus increased at the end of the first quarter, as imports fell more rapidly than exports, the Central Statistics Office has said. The seasonally adjusted trade surplus rose to €6.56bn in March from €4.43bn in the previous month. In the corresponding month last year, the trade balance showed a surplus of €7.3bn. (www.rttnews.com 17/05/23)

Oil prices ease as all eyes on US debt ceiling talks

Oil prices eased on Thursday as traders warily watched for signs of progress on talks to raise the US debt ceiling, after surging in the previous session on optimism over US fuel demand. Brent crude futures dipped 37 cents, or 0.5%, to \$76.59 a barrel as of 0841 GMT. (www.reuters.com 18/05/23)

Gold prices ease as dollar holds firm

Gold prices eased on Thursday as traders sought direction from ongoing talks on the US debt ceiling. Spot gold slipped 0.2% to \$1,977.56 per ounce, while US gold futures were down 0.3% at \$1,979.55. The dollar index held firm after hitting a seven-week high in the previous session on hopes that the U.S. debt default will be avoided. (www.rttnews.com 18/05/23)

Crisis in SA is eroding a basic rule of monetary policy

The South African Reserve (SARB) Bank wants to support the rand to cut the cost of imports and ease pressure on inflation. The normal response of raising interest rates to defend the currency may prove counterproductive, undermining a fragile economy and pushing the rand even lower, according to economists at Goldman Sachs International. (www.news24.com 18/05/23)

Zimbabwe frees up grain trade, opens door for private sector

The private sector will fund three quarters of Zimbabwe's wheat crop this year, playing a growing role in agriculture as the government opens the sector to boost food security, a commodity contractors' body said. (www.reuters.com 17/05/23)

IMF deal firmly positions Ghana towards a resilient economic recovery-FM

The Finance Ministry has said the \$3bn bailout approved by the International Monetary Fund and other reforms taken by the government will position Ghana towards a resilient economic recovery. The Ministry said "The IMF Board has approved Ghana's request for a \$3bn ECF. (www.3news.com 18/05/23)

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