



Friday, 19th May 2023

Dollar’s commodities link is creating risks, BIS paper warns

The dollar’s new positive correlation with commodity prices could contribute to higher inflation and low growth, says the Bank for International Settlements. If the link persists, it could also endanger macro-financial stability. Commodity-importing countries could find themselves hit by severe falls in their currencies’ purchasing power.

(www.centralbanking.com 18/05/23)

Yellen warns bank CEOs of ‘severe’ economic consequences if debt ceiling isn’t addressed

During a meeting with more than two dozen bank CEOs on Thursday, Treasury Secretary Janet Yellen stressed the urgent need for Congress to address the debt ceiling. Yellen described how a failure to raise or suspend the debt limit would be “catastrophic” for the financial system.

(www.cnn.com 18/05/23)

Fed’s Bullard suggests higher rates as ‘insurance’ against inflation

A top Federal Reserve official has reaffirmed his support for lifting interest rates further as an “insurance” policy against inflation, underscoring divisions that have emerged at the US central bank about monetary policy.

(www.ft.com 18/05/23)

China establishes national financial regulatory administration

The National Administration of Financial Regulation (NAFR) was set up as China’s new financial regulator to mark an important step in the country’s institutional reform on financial supervision. The new administration is in charge of regulating the financial industry, with the exception of the securities sector.

(www.xinhuanet.com 18/05/23)

UK: Failure to spot inflation dents central banks’ credibility

The Bank of England is holding a “Festival of Mistakes” this week, celebrating lessons learnt from financial disasters of the distant past. Some would argue that they, and their counterparts at other central banks, should focus on more recent errors. Advanced economies are experiencing the most acute and most enduring outbreak of inflation for a generation.

(www.ft.com 18/05/23)

Japan’s inflation quickens again, putting pressure on BOJ view

Japan’s inflation re-accelerated in April after cooling earlier in the year, likely supporting views that the central bank may have to revise its price outlook, bringing the Bank of Japan a step closer to policy normalization. Consumer prices rose 3.4% from a year ago, quickening from the previous month driven by gains in processed food and hotel prices.

(www.bloomberg.com 18/05/23)

Australia’s jobless rate rises to 3.7%

Australia’s unemployment rate increased unexpectedly at the start of the second quarter. The jobless rate was a seasonally adjusted 3.7% in April, up from 3.5% in March. Economists had forecast the rate to remain stable at 3.5%. The number of unemployed people increased from 18,400 to 528,000 in April.

(www.rttnews.com 18/05/23)

Spain trade gap narrows sharply on exports

Spain’s foreign trade deficit decreased notably in March from a year ago as exports grew more rapidly than imports, preliminary data from the Economy Ministry showed on Thursday. The trade deficit dropped to €0.16bn in March from €4.64bn in the corresponding month last year.

(www.rttnews.com 18/05/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2400	(1.2490)	1.2401	(1.2491)
+USD/EUR	1.0765	(1.0836)	1.0766	(1.0837)
*GHS/USD	10.8289	(10.9365)	10.8397	(10.9475)
*GHS/GBP	13.4278	(13.6597)	13.4423	(13.6745)
*GHS/EUR	11.6581	(11.8523)	11.6697	(11.8640)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 19/05/23 (Rates for 18/05/23 in brackets)

* BOG INTERNAL TRANSACTION RATES: 19/05/23 (Rates for 18/05/23 in brackets)

HK budgets HK\$5bn extra for National Security fund

Hong Kong set aside an extra HK\$5bn (\$640m) for a special national security fund. The money will be allocated this year for the maintenance of national security, a government document stated. The government said in 2021 that it had set aside HK\$8bn for that fund. (www.bloomberg.com 19/05/23)

Chile's economy up for 2nd straight quarter as recovery tries to gain steam

Chile's economy grew 0.8% in the first quarter of 2023 from the previous three-month period, the central bank says, extending its recovery for a second quarter after major drops seen last year. Chile faced a slowdown last year after recovering rapidly from the COVID-19 downturn. (www.reuters.com 18/05/23)

PCB pauses tightening as inflation eases

The Philippine central bank has paused its monetary tightening cycle after nine consecutive interest rate hikes, as inflation eases. The BSP's seven-member monetary board decided to keep its overnight reverse repurchase rate unchanged at 6.25% on May 18. (www.centralbanking.com 18/05/23)

World Bank raises Cambodia's 2023 growth forecast to 5.5%

The World Bank has raised its growth forecast for Cambodia to 5.5% in 2023, up from its earlier projection of 5.2%. "Driven by pent-up consumer demand and the return of foreign tourists, the overall contribution of the services sector to economic growth is returning to the 2019 levels," says Maryam Salim, World Bank country manager for Cambodia. (www.xinhuanet.com 18/05/23)

Czech PPI eases to 6.4%, lowest in 22 months

The Czech Republic's industrial producer prices increased at the slowest pace in nearly two years in April, figures from the Czech Statistical Office shows. The industrial PPI climbed 6.4% year-on-year in April, much slower than the 10.2% surge in March. (www.rttnews.com 18/05/23)

Oil rebounds on fading risk of US debt default

Oil prices rebounded on Friday from losses of more than 1% the previous day as investors turned cautiously optimistic over the fading risk of a US debt default. Brent futures rose 73 cents to \$76.59 a barrel by 0650 GMT, while US West Texas Intermediate crude climbed 62 cents to \$72.48. (www.reuters.com 18/05/23)

Nigeria's debt service to revenue ratio rises to 112% in 2022

The latest data from the Central Bank of Nigeria reveal the federal government's debt service to revenue ratio rose to 111.8% in 2022. This is according to the CBN's 2022 statistical survey data where most of the country's fiscal and monetary-based data is reported. (www.norvanreports.com 19/05/23)

Nigeria: Foreign transactions on capital market dip by 75% in eight years

Market uncertainty, political risk and foreign exchange (FX) illiquidity and other headwinds have triggered an unprecedented drop in foreign appetite for the Nigerian capital market as total foreign transactions executed on the equities market declined by about 75% in the last eight years. (www.guardian.ng 19/05/23)

Debt crippling our economy but...', Hichilema says Zambia has done enough to earn creditors' confidence

President Hakainde Hichilema has said it was now time for the G20 common framework to decide on Zambia for debt treatment as he is confident that the country has met all the required benchmarks, without exception. (www.norvanreports.com 19/05/23)

BoG's goal is to bring inflation to 6-10% target by 2026 – IMF

The Bank of Ghana's monetary policy goal is to bring inflation back to the 6-10% target by the end of the International Monetary Fund (IMF) programme in 2026. According to the IMF, the Bank of Ghana is committed to continuing increasing its policy rate and maintaining the tight monetary policy stance. (www.myjoyonline.com 19/05/23)

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