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Governors weigh trade-offs between inflation and financial stability

Governors of central banks from Latin America and the Euro system stressed independence is key to bring inflation back to targets while preserving financial stability, in remarks at a recent event. Additionally, the officials pointed out sustainable fiscal policies and structural reforms to boost competitiveness are required to maintain stable macroeconomic conditions.

(www.centralbanking.com 24/05/23)

‘Robust’ wage growth consistent with disinflation – BIS paper

“Robust” growth in nominal wages is consistent with disinflation in the Eurozone and US, provided firms curb their profit margins, research published by the Bank for International Settlements finds.

(www.centralbanking.com 24/05/23)

ECB President vows to tame inflation

The President of the European Central Bank (ECB) has vowed to bring down soaring inflation in the eurozone to its 2 percent target level "in a timely manner." This is an "immediate and over-riding priority" for the Bank, Christine Lagarde said at an event held in Frankfurt on Wednesday to celebrate the 25th anniversary of the ECB.

(www.xinhuanet.com 25/05/23)

ECB paper estimates inflationary effects of climate change

Climate change is significantly increasing global inflation and this impact will grow as temperatures rise, a working paper published by the European Central Bank (ECB) finds. Maximilian Kotz, Friderike Kuik, Eliza Lis and Christiane Nickel use monthly data from 121 countries on consumer price indexes (CPI) and climatic conditions.

(www.centralbanking.com 24/05/23)

US credit rating at risk for downgrade amid debt ceiling ‘brinkmanship’

Fitch, the credit rating agency, has placed the US’s triple A rating on watch for a possible downgrade as talks to resolve a looming fiscal crisis dragged on without a deal nearly a week before a possible default. In a statement on Wednesday evening, Fitch said the move reflected “increased political partisanship that is hindering reaching a resolution” on the debt ceiling.

(www.ft.com 25/05/23)

UK inflation surprises for all the wrong reasons

UK inflation dropped back below 10% in April, but didn’t fall as sharply as economists were expecting, and one crucial measure of prices rose further to hit a 31-year high. Consumer prices rose 8.7% last month compared with a year ago, down from 10.1% in March, Statistics Office says.

(www.cnn.com 24/05/23)

UK energy bills to fall as price cap is cut by more than a third

The UK energy regulator has cut the price cap on domestic energy bills by £1,206 following a fall in wholesale gas and electricity prices. The price cap will fall to £2,074 per year from July for typical households, compared with £3,280 over the past three months.

(www.ft.com 25/05/23)

German economy entered recession in Q1

The German economy contracted in the first quarter of 2023 compared with the previous three months, thereby entering recession, the statistics office says. Gross domestic product fell by 0.3% for the quarter when adjusted for price and calendar effects, a second estimate showed. This follows a decline of 0.5% in the fourth quarter of 2022. A recession is commonly defined as two successive quarters of contraction.

(www.reuters.com 25/05/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2376	(1.2425)	1.2377	(1.2426)
+USD/EUR	1.0759	(1.0778)	1.0760	(1.0779)
*GHS/USD	10.7720	(10.7720)	10.7828	(10.7828)
*GHS/GBP	13.3314	(13.3842)	13.3459	(13.3987)
*GHS/EUR	11.5905	(11.6112)	11.6021	(11.6217)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 25/05/23 (Rates for 24/05/23 in brackets)

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BoK lowers growth forecast as exports fall

The Bank of Korea lowered its growth projection for this year to 1.4% from its previous forecast of 1.6% as exports continued to fall amid cooling global demand. The central bank kept its benchmark interest rate unchanged at 3.5% for a third straight meeting, considering slowing growth in Asia's fourth-largest economy. (www.ft.com 25/05/23)

Singapore beats growth projections thanks to removal of Covid curbs

Singapore's economy grew faster than initially estimated in the first quarter, buoyed by a strong rebound for sectors benefiting from the unwinding of Covid-19 curbs. Gross domestic product grew 0.4% compared with the same period a year earlier, up from initial estimates for growth of 0.1%. (www.ft.com 25/05/23)

SK producer prices dip 0.1% in April

Producer prices in South Korea were down 0.1% on month in April, the Bank of Korea has said. That was shy of expectations for an increase of 0.3% and down from the 0.1% gain in March. Individually, prices for agricultural, forestry & marine products fell 1.8% on month. (www.rttnews.com 24/05/23)

Swedish housing starts slump 55% in latest sign of crisis

Sweden's residential property market saw construction levels falling more than half in the first quarter as one of the world's worst real estate routs continues to gather steam. The overall number of new dwelling starts totaled 7,437 in the first quarter compared to 16,675 in the same period of 2022, according to data compiled by Statistics Sweden. (www.bloomberg.com 25/05/23)

Macau's economy grows nearly 40% after return of tourists

Macau's economy grew 38.8% year on year in the first quarter of 2023, roaring back to life after years of strict zero-Covid travel curbs in the territory and mainland China kept it in hibernation. The quarter marked first period of growth in the gambling hub after four consecutive contractions. (www.ft.com 25/05/23)

Oil eases as Russia downplays additional OPEC+ cuts

Oil prices fell on Thursday after Russian Deputy Prime Minister Alexander Novak played down the prospect of further OPEC+ production cuts at its meeting next week. Brent crude futures was down 41 cents, or 0.5%, to \$77.95 a barrel at 0815 GMT. (www.reuters.com 25/05/23)

UN chief says African free trade area catalyst for sustainable growth

UN Secretary-General Antonio Guterres has highlighted the vital role of AfCFTA in the sustainable development of the continent. The top UN official spoke on the final day of the annual Africa Dialogue Series in New York, where the focus this year was on accelerating implementation of AfCFTA. (www.xinhuanet.com 25/05/23)

UN gets \$2.4bn in pledges for Horn of Africa aid efforts

The United Nations received pledges of \$2.4bn to help fund aid operations for some 32m people across Ethiopia, Kenya and Somalia, but the donations fell short of what the UN was seeking as it warned against a possible "catastrophe." (www.reuters.com 24/05/23)

Nigeria raises rates again to halt continued inflation rise

Nigeria's central bank raised its main interest rate by another 50 basis points to 18.50% on Wednesday, and its Governor promised to sustain rate hikes for as long as price pressures remained elevated in Africa's biggest economy. Inflation struck a more than 17-year high of 22.22% in April versus 22.04% in March. (www.reuters.com 24/05/23)

BoG commissions Financial Industry Command Security Operations Centre

In its quest to ensure the delivery of a safer digital financial industry, the Bank of Ghana has inaugurated an advanced command centre known as the 'Financial Industry Command Security Operations Centre (FICSOC)'. (www.citibusiness.com 25/05/23)

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