



Monday, 29th May 2023

Emerging markets warned against swift rate cuts until inflation is under control

Tight labour markets and loose fiscal policies will prolong inflation in some developing countries, warn analysts, with underlying price pressures remaining stubbornly entrenched even as food and energy prices fall from last year's highs. Central bank policymakers are keen to cut interest rates quickly to boost weak growth. But analysts warn that cutting too soon will backfire on developing economies.

(www.ft.com 29/05/23)

ECB needs 'persistence' in tight policy, French Governor says

Monetary policy transmission in the Eurozone will be over in two years, Banque de France Governor François Villeroy de Galhau said in a speech on May 25. The European Central Bank will have to keep interest rates high for longer to bring inflation down to the 2% target by 2025.

(www.centralbanking.com 26/05/23)

US: Investors expect higher interest rates as inflation pressures mount

Stronger than expected US inflation and a bump in consumer spending have fuelled worldwide expectations that interest rates will go higher, as predictions about future monetary policy rapidly shift. The Fed's preferred measure of inflation overshoot expectations in April, data published on Friday show.

(www.ft.com 26/05/23)

US consumer sentiment deteriorates less than previously estimated in May

Consumer sentiment in the US deteriorated less than previous estimates in May, according to the University of Michigan. The report said the consumer sentiment index for May was upwardly revised to 59.2 from the preliminary estimate of 57.7. Economists had expected the index to be unrevised.

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

China considers tax breaks for manufacturers as economy cools

China is considering new tax incentives for high-end manufacturing companies, according to a person familiar with the matter, as Beijing seeks to bolster the economy and encourage more innovation in technology to counter US competition. The tax policy being considered could save advanced manufacturers hundreds of billions of yuan, said the person, asked not to be identified.

(www.bloomberg.com 29/05/23)

China conducts central bank bills swap

The People's Bank of China, or the central bank, conducted a central bank bills swap (CBS) operation on Monday to improve the liquidity of perpetual bonds. The CBS, valued at 5 billion yuan (about \$708.5m), is open to primary dealers for bidding at a fixed rate of 0.1%, the central bank said in a statement.

(www.xinhuanet.com 29/05/23)

French consumer confidence remains stable

France's consumer confidence remained unchanged in May, the statistical office INSEE show. The CCI held steady at 83 in May while the score was forecast to rise to 84.0. The index has remained below its long-term average of 100. The balance of opinion among households regarding their future financial situation increased two points to -18.

(www.rttnews.com 26/05/23)

Italy consumer confidence moderates in May

Italy's consumer confidence moderated in May from a 14-month high, the statistical office has said. The CCI fell to 105.1 in May from 105.5 in April. The score also remained below economists' forecast of 105.2. Within in the CCI, only the economic climate improved in May, to 119.8 from 119.0, while all other indicators worsened.

(www.rttnews.com 26/05/23)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2332	(1.2338)	1.2334	(1.2339)
+USD/EUR	1.0708	(1.0727)	1.0709	(1.0728)
*GHS/USD	10.9700	(10.7747)	10.9810	(10.7855)
*GHS/GBP	13.5282	(13.2938)	13.5440	(13.3082)
*GHS/EUR	11.7473	(11.5589)	11.7600	(11.5693)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 29/05/23 (Rates for 26/05/23 in brackets)

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Turkish currency hits record lows despite forex from Gulf states

Turkey received foreign exchange from Persian Gulf states ahead of its presidential election, after central bank reserves fell to their lowest in over 20 years. President Recep Tayyip Erdoğan, speaking on May 26, apparently confirmed earlier press reports that several states had sent large sums to the central bank. (www.centralbanking.com 26/05/23)

Singapore producer prices decline 4.6%

Singapore's producer prices decreased for the third straight month in April, largely due to a slump in the oil index, the Department of Statistics has said. The manufacturing producer price index fell 4.6% year-on-year in April, slightly faster than the 4.4% rise in the prior month. The oil index plunged 21.0% annually in April. (www.rttnews.com 29/05/23)

Vietnam exports continue to contract as global demand wanes

Vietnam's exports contracted for a fourth month so far this year, adding to risks of a growth slowdown in an economy already battling a crisis in the local property sector. Exports declined 5.9% in May, while imports shrank 18.4%, according to data released by General Statistics Office in Hanoi. (www.bloomberg.com 29/05/23)

BCC sets first counter-cyclical buffer

The board of the Central Bank of Chile (BCC) imposed a counter-cyclical capital buffer (CCyB) for the first time at its May 23 financial stability meeting. The five-member board unanimously backed the move, which requires banks to set aside the equivalent of 0.5% of risk-weighted assets within a year. (www.centralbanking.com 26/05/23)

Iceland inflation lowest in 6 months

Iceland's consumer price inflation eased to its lowest level in six months in May, figures from Statistics Iceland showed on Friday. The CPI rose 9.5% year-on-year in May, after a 9.9% increase in April. The latest rate was the weakest since November last year, when inflation was 9.3%. (www.rttnews.com 26/05/23)

Oil rises after US leaders strike provisional debt deal

Oil prices rose on Monday after US leaders reached a tentative debt ceiling deal, possibly averting a default in the world's largest economy and oil consumer, although concerns about further interest rate hikes capped gains. Brent crude futures climbed 66 cents, or 0.9%, to \$77.61 a barrel by 0247 GMT. (www.reuters.com 29/05/23)

Gold struggles for direction in Lackluster trade

Gold prices were unchanged on Monday and the dollar edged down after US President Joe Biden and House Speaker Republican Kevin McCarthy reached an agreement to suspend the \$31.4tr debt ceiling until January 1, 2025. (www.rttnews.com 29/05/23)

Egypt introduces tax, fee hikes to boost gov't revenues

The Egyptian Parliament has approved new tax and fee hikes on a number of imported goods and entertainment activities to boost revenues amid strained public finance. Parliament approved revisions to 3 laws that will impose an additional 1% stamp tax on life insurance premiums. (www.xinhuanet.com 29/05/23)

Kenya's central bank to hold rates at 9.50% on May 29, Reuters poll finds

Kenya's central bank will hold interest rates at 9.50% on Monday as authorities have probably done enough to slow consumer price rises, a Reuters poll found on Friday. The central bank has lifted rates by 250 basis points in the past year. (www.reuters.com 26/05/23)

BoG Act review will ensure clarity – Governor

BoG Governor, Dr. Ernest Addison, has emphasised that the primary objective of the bank's stance on the new Bank of Ghana Act of 2002 (Act 612) is to guarantee clarity of the law. He pointed out that the current Act requires an amendment to address inconsistencies and challenges with its implementation. (www.thebftonline.com 29/05/23)

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