



Tuesday, 30<sup>th</sup> May 2023

## Interest rate rises set back European bank M&A by two years

Rising interest rates have set back European bank mergers and acquisitions by at least two years, dealmakers warn, as a punitive feature of accounting rules means a long-awaited consolidation in the sector faces even higher hurdles. Dealmakers had bet higher rates would provide more cash for acquisitions as banks benefited from better margins and a boost to their share prices as profitability improved. ([www.ft.com](http://www.ft.com) 30/05/23)

## US dollar edges up amid debt ceiling deal

The US dollar rose slightly in late trading on Monday with improving risk appetite following the announcement of US debt ceiling deal. The dollar index, which measures the greenback against six major peers, rose 0.06% at 104.2663 in late trading. ([www.xinhuanet.com](http://www.xinhuanet.com) 30/05/23)

## Small investors are souring on China's recovery

The last great hope for China's faltering post-pandemic rally is fading as the nation's legion of small-time investors turns bearish on equities to double down instead on safer assets amid a stuttering economic recovery. Brokers and money managers had expected billions of yuan in excess savings that would find their way to the stock market this year. ([www.reuters.com](http://www.reuters.com) 30/05/23)

## Inflation in UK shops hits record with little sign of relief

Prices in UK stores are rising at a record pace as the cost-of-living crisis shows little indication of easing. Shop price inflation accelerated to 9% this month, a new peak for an index that started in the year 2005, the British Retail Consortium said on Tuesday. That's an increase from 8.8% in April. ([www.bloomberg.com](http://www.bloomberg.com) 30/05/23)

## BOJ chief says to patiently keep ultra-easy policy

Bank of Japan Governor Kazuo Ueda said on Tuesday the central bank will patiently maintain its ultra-loose monetary as there is some distance to sustainably achieve its 2% inflation target, downplaying expectations for a policy change in the near-term. "We expect inflation to quite clearly slow below 2%" toward the middle of the current fiscal year. ([www.reuters.com](http://www.reuters.com) 30/05/23)

## BOJ to build case for big move in latter half of 2024, BE says

The Bank of Japan will gradually build a case for a major overhaul of its stimulus framework in the second-half of next year, using the results of a review to support its move, according to Bloomberg. Governor Kazuo Ueda is aware that the current yield curve control stimulus framework is unsustainable. ([www.bloomberg.com](http://www.bloomberg.com) 29/05/23)

## Australia's building approvals slump to lowest level in 11 years

Australian approvals to build new homes tumbled to the lowest level in 11 years, driven by fewer permits for apartment buildings, suggesting weak residential property investment will drag on the economy. Total dwelling approvals slid 8.1% in April from a month earlier as permits for apartments plunged 16.5%. ([www.bloomberg.com](http://www.bloomberg.com) 30/05/23)

## Italy's non-EU trade balance swings to surplus

Italy's non-EU trade balance turned to a surplus in April from a deficit in the previous year, as imports fell more rapidly than exports, preliminary data from the statistical office Istat showed on Monday. The non-EU trade balance logged a surplus of €1.22bn in April versus a shortfall of €1.16bn in the same month last year. ([www.rttnews.com](http://www.rttnews.com) 29/05/23)

### EXCHANGE RATES OF SELECTED CURRENCIES

| CURRENCIES | BUYING  |           | SELLING |           |
|------------|---------|-----------|---------|-----------|
| +USD/GBP   | 1.2332  | (1.2332)  | 1.2334  | (1.2334)  |
| +USD/EUR   | 1.0708  | (1.0708)  | 1.0709  | (1.0709)  |
| *GHS/USD   | 10.9700 | (10.9700) | 10.9810 | (10.9810) |
| *GHS/GBP   | 13.5282 | (13.5282) | 13.5440 | (13.5440) |
| *GHS/EUR   | 11.7473 | (11.7473) | 11.7600 | (11.7600) |

+SOURCE: BOG INTERNAL TRANSACTION RATES: 30/05/23 (Rates for 29/05/23 in brackets)

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### **Spanish inflation slows more than expected, nears 2-year low**

Spanish inflation slowed by more than anticipated, supporting the European Central Bank officials who say the continent's historic price spike is fading and interest-rate increases can soon end. May's reading moderated to 2.9% the least since July 2021 as fuel costs fell and the growth in food prices eased.

([www.bloomberg.com](http://www.bloomberg.com) 30/05/23)

### **IMF aims for \$6.7bn Pakistan loan decision by End-June**

The International Monetary Fund is working with Pakistan's government as the country aims for a decision on the resumption of its \$6.7bn bailout by the end of June. "IMF staff continues the engagement with the Pakistani authorities to pave the way for a Board meeting before the current program expires at end-June." ([www.bloomberg.com](http://www.bloomberg.com) 30/05/23)

### **HK hires banks for its third green-bond sale of 2023**

Hong Kong has hired banks for what would be the government's third green-debt sale this year, part of the city's push to be a sustainable-financing hub. A series of fixed-income investor calls were to begin Tuesday for the possible issuance of green bonds in US dollars, euros and offshore yuan.

([www.bloomberg.com](http://www.bloomberg.com) 30/05/23)

### **S. Korean banks' lending rate falls for 5th month in April**

South Korean banks' lending rate fell for the fifth consecutive month last month due to lower expectations for policy rate hikes, central bank says. The weighted average rate for new bank loans stood at an annualized 5.01% in April. ([www.xinhuanet.com](http://www.xinhuanet.com) 30/05/23)

### **Sweden's GDP grows more than expected at start of year**

Sweden's economic output grew more than previously estimated at the start of the year, as rising inventories and higher net exports helped offset a decline in private spending. First-quarter GDP increased 0.6% from the previous three-month period.

([www.bloomberg.com](http://www.bloomberg.com) 30/05/23)

### **Oil falls on US debt deal struggles, OPEC+ talks uncertainty**

Oil fell on Tuesday, giving up earlier gains, as concerns about the viability of the US debt ceiling pact cooled the market's risk-on sentiment and mixed messages from major producers clouded the supply outlook ahead of their meeting this weekend. Brent crude futures fell 59 cents, or 0.8%, to \$76.48 a barrel by 0615 GMT after rising by 0.5% earlier on Tuesday. ([www.reuters.com](http://www.reuters.com) 30/05/23)

### **European shares slip, but debt ceiling deal buoys US futures**

European stock indexes edged lower on Monday and Eurozone bond yields dropped. US President Joe Biden and top congressional Republican Kevin McCarthy had reached a tentative deal to raise the Fed government's \$31.4tr debt ceiling. ([www.reuters.com](http://www.reuters.com) 29/05/23)

### **RBSA sounds alarm on threat of sanctions**

South Africa's central bank has warned of dire consequences should the country face censure due to its stance on Russia's invasion of Ukraine. At worst, secondary or indirect sanctions could be imposed on the country and lead to a sudden halt to capital inflows and increased outflows. ([www.news24.com](http://www.news24.com) 29/05/23)

### **Namibia gov't considers taking stakes in mining and petroleum companies**

Namibia is considering taking minority stakes in mining and petroleum production companies amid increasing concerns over local ownership of valuable resources. "We are making a case that local ownership must start with the state, which holds ownership of our natural resources," Mines and Energy Minister Tom Alweendo said. ([www.news24.com](http://www.news24.com) 30/05/23)

### **Nigeria's \$10bn of fuel subsidies are gone, Tinubu says**

Bola Tinubu took over as Nigeria's President and pledged to scrap a costly fuel subsidy, address widening insecurity and revive Africa's largest economy. The 71-year-old former state governor was sworn in at a ceremony in the capital, Abuja, on Monday. ([www.norvanreports.com](http://www.norvanreports.com) 29/05/23)

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