



Friday, 2<sup>nd</sup> June 2023

### Global factories struggle for momentum amid patchy demand

Sluggish global demand deepened the decline in manufacturing activity across Europe and the US and remained a major challenge for many of Asia's big exporters, business surveys for May showed on Thursday. Purchasing managers' indexes (PMIs) for the Eurozone moved further below breakeven despite factories cutting prices for the first time since September 2020. ([www.reuters.com](http://www.reuters.com) 01/06/23)

### Eurozone inflation declines sharply in May

Inflation in the eurozone declined sharply from 7% in April to 6.1% in May, according to official statistics released on June 1. Although headline inflation has been progressively declining over the last few months, after peaking at 10.6% in Oct; core inflation fell for the first-time last month. ([www.centralbanking.com](http://www.centralbanking.com) 01/06/23)

### ECB rates not far off 'final destination,' Panetta tells Monde

The European Central Bank isn't done raising borrowing costs, though it doesn't have a lot further to go, Executive Board member Fabio Panetta told Le Monde. "I think now is not the time to go too fast, because we have already come a long way," he said. "We have not yet reached the final destination, but we are not far from it." ([www.bloomberg.com](http://www.bloomberg.com) 02/06/23)

### Lagarde warns against excessive tightening

The European Central Bank could be approaching the end of policy normalisation, its President Christine Lagarde has said. Official statistics show headline Eurozone inflation falling more than expected may reinforce the case for a more cautious approach to rate increases. Figures from European Union's statistical agency Eurostat show inflation reaching 6.1% in May, from 7% in April. ([www.centralbanking.com](http://www.centralbanking.com) 01/06/23)

### Asia's factories struggle for momentum amid patchy recovery

Factories in Asia's largest economies stepped up a gear in May as supply chain problems eased but sluggish global demand remained a major challenge for many of the region's big exporters. Purchasing managers' indexes (PMIs) for China and Japan showed swings in factory activity to growth in the month of May. ([www.reuters.com](http://www.reuters.com) 01/06/23)

### US manufacturing sector contracts in May on weak demand

The US manufacturing sector shrank in May for the seventh consecutive month, its longest contractionary streak since the financial crisis. The Institute for Supply Management said its index tracking factory activity edged down to 46.9 last month from 47.1 in April, and fractionally below economists' forecasts. ([www.ft.com](http://www.ft.com) 01/06/23)

### US hiring expected to have cooled in May

US jobs growth is expected to have slowed in May, in one of the last key data releases before central bank officials decide whether to hold interest rates steady or push ahead with another increase at their next meeting. Economists surveyed by Bloomberg estimate the US economy added 195,000 new non-farm jobs last month, down from 253,000 in April. ([www.ft.com](http://www.ft.com) 02/06/23)

### PBOC injects liquidity into market in May

China's central bank pumped cash into the money market in May to meet liquidity demand from financial institutions. A total of ¥125bn (about \$17.61bn) was injected into the market through the medium-term lending facility (MLF) last month to maintain liquidity in the banking system at a reasonably sufficient level, according to the Bank. The funds will mature in one year at an interest rate of 2.75%. ([www.xinhuanet.com](http://www.xinhuanet.com) 01/06/23)

#### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2535	(1.2385)	1.2536	(1.2386)
+USD/EUR	1.0755	(1.0662)	1.0755	(1.0662)
*GHS/USD	10.9654	(10.9660)	10.9764	(10.9770)
*GHS/GBP	13.7451	(13.5814)	13.7600	(13.5961)
*GHS/EUR	11.7933	(11.6920)	11.8051	(11.7036)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 02/06/23 (Rates for 01/06/23 in brackets)

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### **UK companies show signs of tempering price rises, says BoE**

The Bank of England received some relief from poor UK inflation data as its own survey showed companies moderating their pricing intentions over the coming year. Businesses surveyed in the BoE's May decision maker panel said they expected to raise prices 5.1% in the year ahead, down from 5.9% in April. ([www.ft.com](http://www.ft.com) 01/06/23)

### **Australia raises minimum wage by 5.75%**

Australia's industrial relations umpire raised the national minimum wage by 5.75% in an effort to support low-paid workers, a decision that boosted the chances of an interest-rate increase next week. The new minimum rate will be A\$882.80 from July 1, Justice Adam Hatcher, president of the Fair Work Commission, said. ([www.bloomberg.com](http://www.bloomberg.com) 02/06/23)

### **Singapore's central bank to work with Google on AI**

The Monetary Authority of Singapore will work with Google to develop ways to use generative artificial intelligence, it announced on May 31. The MAS and Google signed a memorandum of understanding saying they will carry out work "grounded on responsible AI practices." ([www.centralbanking.com](http://www.centralbanking.com) 01/06/23)

### **CBM lowers 2024 GDP growth forecast**

The Central Bank of Mexico (Banxico) has upgraded its economic growth forecast for 2023 but slightly lowered its projected growth for 2024 due to an expected slowdown in industrial activity in the US. Governor Victoria Rodriguez said GDP could expand by 2.3% this year, better than the 1.6% in previous forecast. ([www.xinhuanet.com](http://www.xinhuanet.com) 01/06/23)

### **Brazil's economy grows 1.9% in Q1**

Brazil's gross domestic product (GDP) grew by 1.9% in the first quarter of 2023 compared with the previous quarter, and increased by 4% year-on-year, the Brazilian Institute of Geography and Statistics (IBGE) said. The GDP of Latin America's largest economy expanded 3.3% over the last four quarters. ([www.xinhuanet.com](http://www.xinhuanet.com) 02/06/23)

### **Global equities rise, US yields fall after debt ceiling bill advances**

Global equities rose on Thursday after the US House of Representatives passed a bill to raise the Fed debt ceiling, while US Treasury yields fell as data reflected a cooling labor market that reduces the possibility of an interest rate hike by the Fed. A bill that suspends the \$31.4tr debt ceiling sailed through the House of Representatives. ([www.reuters.com](http://www.reuters.com) 01/06/23)

### **Benchmark crude oil price rises after US passes debt legislation**

Oil prices rose on Friday after the US senate passed a bill to raise the country's debt limit and avert a default on the country's liabilities. West Texas Intermediate, added 0.6% to trade at 70.49 per barrel, while international benchmark Brent crude rose by the same margin to \$74.68. ([www.ft.com](http://www.ft.com) 02/06/23)

### **SARB prepares for total power failure**

South Africa's central bank says the country's payment system is not yet ready to cope with a feared complete shutdown of the electrical grid. The Bank is working with the private sector to prepare emergency plans in case the electrical grid, already under severe strain, collapses. ([www.centralbanking.com](http://www.centralbanking.com) 01/06/23)

### **NCB denies devaluing Naira as calls grow**

Nigeria's central bank dismissed a report that it had devalued the naira as traders raised bets for it to weaken by almost a third. The claimed it had devalued the naira by 26% to 630 per dollar was inaccurate. The exchange rate is N465 per dollar and "has been stable around that rate for a while," it said on Twitter. ([www.bloomberg.com](http://www.bloomberg.com) 01/06/23)

### **Ghana to receive \$300m first tranche of \$1bn World Bank budget support funding in Sept.**

Ghana is to receive a significant financial boost as it prepares to receive the first tranche of \$300m out of a total \$1bn budget support funding from the World Bank. According to Pierre Laporte, the Country Director of the World Bank for Ghana, the disbursement of the funds is scheduled to take place in Sept. of this year. ([www.norvanreports.com](http://www.norvanreports.com) 02/06/23)

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