



Monday, 25th September 2023

Global trade contracts at fastest pace since early pandemic

Global trade fell at the fastest annual pace since the first Covid-19 restrictions of 2020, reflecting slowing global demand as interest rates rise. Global goods trade volumes were down 3.2% in July compared with the same month last year, a deterioration from a 2.4% contraction in June and the largest drop since July 2020. (www.ft.com 25/09/23)

High income countries less likely to tranche reserves

High income central banks are less likely to tranche their reserves than peer institutions in economies with lower economic development. Data from the Reserve Benchmarks 2023 shows that, overall, 72.4% of the 58 reserve managers that provided an answer implement this strategy to boost returns on their portfolios. (www.centralbanking.com 25/09/23)

Euro inflation holds key to how long ECB rate squeeze will last

Eurozone inflation readings used to be poured over for clues about how much higher the European Central Bank (ECB) would send interest rates. Now, though, the figures are set to shape best on cuts. The shift is down to the latest ECB hike. (www.bloomberg.com 25/09/23)

Lagarde says ECB rates to stay restrictive as long as needed

European Central Bank President Christine Lagarde reiterated that borrowing costs will remain elevated for as long as needed to tame consumer prices even as the economy struggles. "Our future decisions will ensure that the key ECB interest rates will be set at sufficiently restrictive levels for as long as necessary," Lagarde told lawmakers Monday in the European Parliament in Brussels. (www.bloomberg.com 25/09/23)

Charting the global economy: Fed, BoE deliver hawkish holds

The Fed and Bank of England left interest rates unchanged this week, while both left the door open to additional increases should inflation prove persistent. Bank of Japan Governor Kazuo Ueda tamped down speculation of a near-term interest rate hike after the central bank (Bank of Japan) chose to stick with its ultra-easy stimulus. (www.bloomberg.com 23/09/23)

China central-bank adviser proposes structural reforms to revive economy

China has limited room for further monetary policy easing, and it should pursue structural reforms such as encouraging entrepreneurs rather than counting on macroeconomic policies to revive growth, a central bank adviser said. Liu Shijin, a member of the PBOC monetary policy committee, said monetary policy easing was limited by widening interest rate differentials with the US. (www.reuters.com 25/09/23)

Bernanke review at BOE to probe use of market rates in forecasts

Ben Bernanke's review into the Bank of England's forecasting process will look into whether the market path for interest rates should continue to be used as the main assumption from which to build its projections. (www.bloomberg.com 25/09/23)

German business confidence 'bottoms out'

German business confidence has been more resilient than expected this month but economists said the fifth consecutive fall in the benchmark survey of corporate sentiment still pointed to an economic contraction in the third quarter. The Ifo Institute's index dipped from 85.8 in August to 85.7 in Sept. Companies were more upbeat about the next 6 months. (www.ft.com 25/09/23)

EXCHANGE RATES OF SELECTED CURRENCY

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2253	(1.2413)	1.2255	(1.2414)
+USD/EUR	1.0655	(1.0733)	1.0656	(1.0734)
*GHS/USD	11.0690	(11.0690)	11.0800	(11.0800)
*GHS/GBP	13.5628	(13.7399)	13.5786	(13.7548)
*GHS/EUR	11.7937	(11.8816)	11.8064	(11.8924)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 25/09/23 (Rates for 22/09/23 in brackets)

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Australia considers new, broader definition of full employment

Australia is considering a “broader definition” of full employment and aims to plug labor market data gaps, a new policy paper showed, as the government prepares to tweak the central bank’s mandate. “We are improving our policy development process, and improving the data and analysis we have to measure progress and highlight shortfalls in pursuit of full employment.”

(www.bloomberg.com 25/09/23)

Spain GDP expands more than estimated

Spain's economy grew more than initially estimated in the second quarter, the latest data from the statistical office INE shows. GDP, advanced 0.5% from the previous quarter, when the economy expanded 0.6%. That was above the 0.4% increase in the flash data published earlier. (www.rttnews.com 22/09/23)

Singapore’s slowing inflation allows MAS room to be dovish

Singapore’s core inflation moderated in August from a year ago, reflecting improvements to supply chains and lower import costs that allow the central bank room to extend its pause on monetary tightening. Core inflation, tracked by the Monetary Authority of Singapore to determine policy settings, came in at 3.4% last month. (www.bloomberg.com 25/09/23)

Iraqi central bank bans use of dollar for internal transactions

Iraq’s central bank said the country’s commercial lenders must only use domestic currency for internal transactions from January 2024, amid an increasing dollar shortage. It will also allow firms to settle foreign transactions in foreign currencies other than the US dollar, governor Ali Mohsen al-Alaq announced on September 24. (www.centralbanking.com 25/09/23)

Belgium business confidence improves

Business confidence in Belgium strengthened in Sept. on the back of an improvement in the services sector, Bank of Belgium has said. Business confidence index rose to -14.4 from -14.9 in August. (www.rttnews.com 25/09/23)

Oil prices rise on expectations of higher demand from US and China

Oil futures rose on Monday as expectations of tight supply and signs of stronger economic performance in China and the US boosted prices. Brent crude, the international benchmark, added 0.4% to trade at \$93.64 a barrel, while West Texas Intermediate rose by the same margin to \$90.42. Russia last week banned the export of diesel and petrol.

(www.ft.com 25/09/23)

Africa’s food insecurity to be non-existent in the next 5 years – AfDB

The \$25bn goal of the African Development Bank (AfDB) is “well on track,” according to AfDB President Akinwumi Adesina, whose organization supports programs in over 30 African nations that have contributed to the production of almost \$12bn worth of food.

(www.norvanreports.com 25/09/23)

SARB warns ANC over spending risks

South Africa is strapped for cash and the country’s central bank has a stern warning for the ruling African National Congress: You can’t spend your way out of trouble. “Deteriorating fiscal risks lead to higher interest rates,” Reserve Bank Governor Lesetja Kganyago said after holding interest rates at 8.25%. (www.bloomberg.com 23/09/23)

Kenyan taxpayers meet with tax burdens

As a result of increased borrowing during President Willam Ruto’s first year in office, Kenya’s total debt has surpassed Ksh10tr (\$68bn), putting more responsibilities on the taxpayer. Kenya’s debt stock was Ksh10.189tr (\$69.3bn) at the end of June 2023 compared to Ksh8.579tr (\$58.4bn) in June last year.

(www.norvanreports.com 24/09/23)

Monetary policy rate held steady at 30%

The Bank of Ghana has maintained the monetary policy rate at 30% after reviewing developments in the economy. This means that the lending rate in the country will remain steady. It is the second time the Central Bank has held the rate in a year after doing the same in May 2023. (www.citibusinessnews.com 25/09/23)

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