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Global economy outlook at odds with aggressive rate cut bets

Global growth is set to stay resilient this year and only pick up pace a bit in 2025, according to economists, a stable outlook at odds with still-relatively aggressive interest rate cut bets in financial markets. Growth among leading economies is not forecast to be consistent, with relative strength in the US and India. (www.reuters.com 26/01/24)

ECB sticks to inflation fighting even as rate cuts loom

The European Central Bank kept interest rates unchanged at a record-high 4% as expected on Thursday and reaffirmed its commitment to fighting inflation, giving no hint that policymakers are even contemplating a start to easing. The ECB ended its fastest-ever cycle of rate hikes in September but has been adamant that it is too soon to discuss a reversal. (www.reuters.com 25/01/24)

US economy defies recession fears with 3.3% growth in fourth quarter

The US economy grew at a 3.3% annualised rate during the final quarter of last year, capping off a strong 2023 that defied recession fears and prompted President Joe Biden to attempt to claim credit. The figures pointed to the US economy’s remarkable resilience in the face of the Fed’s sustained campaign to snuff out inflation with higher interest rates. (www.ft.com 25/01/24)

Yellen says strong US GDP does not raise ‘inflationary concerns’

The US Treasury secretary has said today’s bumper gross domestic product number presented no threat to bets of a soft landing for the US economy. “To me, more output is a good thing,” Janet Yellen said. The US economy grew at an annualised rate of 3.3%, boosted by strong consumer spending. (www.ft.com 26/01/24)

PBoC to set up new credit market department

The People’s Bank of China (PBoC) will set up a department this year to steer lending towards areas that the authorities see as being key to economic growth. The bank’s governor Pan Gongsheng has said that the new credit market department would focus on technology finance, green finance, inclusive finance, pensions finance and digital finance. (www.centralbanking.com 25/01/24)

PBoC and HKMA strengthen financial ties

The People’s Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) on Jan. 24 announced new measures to strengthen financial links between the mainland and the self-administered territory. Hong Kong’s de facto central bank said that from February 24 it would, for the first time, accept some onshore bonds as collateral under its renminbi liquidity facility. (www.centralbanking.com 25/01/24)

UK consumer confidence hits 2-year high

UK consumer confidence reached a two-year high in January according to research company GfK, in the latest positive sign for the economy. The consumer confidence index, which measures people’s views of their finances as well as their view on broader economic prospects, rose 3 points month on month to minus 19, the highest level since January 2022. (www.ft.com 26/01/24)

Japan producer prices up 2.4% on year December

Producer prices in Japan were up 2.4% on year in December the Bank of Japan said. That was in line with expectations and unchanged from the November reading following an upward revision from 2.3%. On a monthly basis, producer prices rose 0.1%, slowing from 0.3% in the previous month. For all of 2023, producer prices were up 2.0%, accelerating from 1.8% in 2022. (www.rttnews.com 25/01/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2713	(1.2743)	1.2714	(1.2744)
+USD/EUR	1.0842	(1.0892)	1.0843	(1.0893)
*GHS/USD	11.9650	(11.9593)	11.9770	(11.9713)
*GHS/GBP	15.2111	(15.2398)	15.2275	(15.2562)
*GHS/EUR	12.9732	(13.0625)	12.9861	(13.0384)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 26/01/24 (Rates for 25/01/24 in brackets)

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BoC holds rates steady for fourth consecutive decision

The Bank of Canada (BoC) maintained its monetary stance on January 24 by keeping the overnight and deposit rates at 5% and the bank rate at 5.25%. "There was a clear consensus to hold at the current policy rate," said Governor Tiff Macklem. "Our deliberations are shifting from whether we've done enough to how long we hold. But there's a clear consensus: it's premature to discuss reducing our policy rate." (www.centralbanking.com 25/01/24)

Turkey ends rate-hike cycle but keeps hawkish bias in place

Turkey's central bank raised interest rates for an eighth straight time and signalled it will continue to tilt hawkish after ending one of its longest-ever tightening cycles. The Monetary Policy Committee led by Governor Hafize Gaye Erkan lifted the one-week repo rate to 45% from 42.5%. (www.bloomberg.com 25/01/24)

Spain producer prices fall at slowest pace in 8 months

Spain's producer prices declined at the slowest pace in eight months in December data from the statistical office INE showed. The producer price index fell 6.3% on a yearly basis in December following a 7.6% decline in November. (www.rttnews.com 25/01/24)

HK trade deficit widens in December

Hong Kong's trade deficit increased in December from a year ago as imports grew faster than exports, data from the Census and Statistics Department showed on Thursday. The visible trade deficit rose to HK\$59.9bn in December from HK\$51.6bn in the same month last year. (www.rttnews.com 25/01/24)

Norway keeps rates on hold, will remain unchanged 'for some time'

Norway's central bank kept its interest rate unchanged at 4.50% as unanimously expected by analysts, and said the cost of borrowing would likely stay at that level "for some time ahead". The prospects for the Norwegian economy did not appear to have changed materially. (www.rttnews.com 25/01/24)

European shares hit two-year high on LVMH, Remy Cointreau results

European equities gained, boosted by upbeat quarterly updates from luxury group LVMH and spirits maker Remy Cointreau, while investors assessed prospects for an interest rate cut this year after the European Central Bank left rates unchanged. By 0951 GMT, the pan-European STOXX 600 index (STOXX), opens new tab was up 0.9%, hitting its highest level in two years. (www.reuters.com 25/01/24)

Prospects of easing in red sea disruptions drag crude oil prices

Crude oil prices declined amidst hopes of an end to the tensions and shipping disruptions in the Red Sea. Brent Oil Futures for March settlement is currently trading at \$81.93, having slipped 0.61% from the previous close of \$82.43. (www.rttnews.com 26/01/24)

South African rand remains steady after rate hold

S.Africa's rand was flat in early trade on Friday, after the central bank kept rates on hold in a widely expected decision. At 0635 GMT, the rand traded at 18.8700 against the US dollar, about the same as its previous close. The dollar was up about 0.07% against a basket of global currencies, ahead of US inflation data later in the day which could provide global markets with fresh direction. (www.reuters.com 26/01/24)

Nigeria needs 'ambitious fiscal reform' to achieve sustainable, 3.1% growth

A sustainable economic growth rate that could push up the output by 3.1% is possible this year. But it will require a "balancing ambitious fiscal reforms", PwC has noted in its Nigeria Economic Outlook 2024 released. (www.guardian.ng 26/01/24)

Foreign investment in equities dwindle amid insecurity, FX challenge

The country's macroeconomic challenges, especially the prolonged insecurity and foreign exchange (FX) shortage, have continued to stifle foreign portfolio investment (FPI) as participation in the last 12 months of 2023 closed at N410.6bn. (www.guardian.ng 26/01/24)

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