



Wednesday, 7<sup>th</sup> February 2024

### Lower borrowing costs risk ‘flare-up’ of inflation, warns ECB policymaker

Lower borrowing costs could reinvigorate the Eurozone’s stagnant economy and cause inflation to “flare up again”, a senior European Central Bank official has warned. Isabel Schnabel, the most hawkish member of the ECB’s six-person executive board, said the sharp decline in Eurozone inflation reflected the “quick wins of deflation” as supply shocks faded. ([www.ft.com](http://www.ft.com) 07/02/24)

### ‘The last mile of disinflation may be the most difficult one’ - Isabel Schnabel

Eurozone inflation has slowed from a peak of more than 10% to below 3%, bolstering hopes that the European Central Bank will start cutting interest rates soon, especially after the region’s economy ground to a halt in the past year. ECB rate-setters worry rapid wage growth could keep price pressures high, making them hesitant to cut rates too soon. ([www.ft.com](http://www.ft.com) 07/02/24)

### Fed does not need to evaluate ‘last mile’ of inflation differently

The “last mile” of high inflation does not pose a unique challenge for the US Fed, according to new research. David Rapach, a research economist at the Federal Reserve Bank of Atlanta, believes that viewing the remaining stages of the inflation cycle as exceptionally difficult for the Fed to navigate would be a mistake. ([www.centralbanking.com](http://www.centralbanking.com) 06/02/24)

### Fed official says hot labour market will not derail plans for interest rate cuts

A top Fed official has insisted that the US’s hot labour market is continuing to cool, in a sign that last month’s unexpectedly strong employment numbers will not derail plans by rate setters to cut borrowing costs this year. Loretta Mester said last week’s jobs report for January showed the labour market was “remarkably resilient”. ([www.ft.com](http://www.ft.com) 06/02/24)

### China's benchmark interbank gold prices lower Wednesday

China's benchmark prices for spot interbank gold transactions were lower Wednesday, according to the China Foreign Exchange Trade System. The benchmark price for gold that is 99.95% pure or above stood at ¥480.40 (about \$67.62) per gram, down ¥0.56 from the previous trading day, while the price for gold that is 99.99% pure or above decreased ¥0.30 to ¥478.81. ([www.xinhuanet.com](http://www.xinhuanet.com) 07/02/24)

### UK may have slipped into recession in late 2023, think-tank estimates

The UK may have narrowly slipped into a technical recession at the end of 2023, according to estimates from a leading think-tank, underscoring the fragile health of the economy as the country heads towards a general election. GDP edged down by 0.1% in the final three months of last year, following an equal decline in the previous quarter. ([www.ft.com](http://www.ft.com) 07/02/24)

### UK lawmakers say BoE's bond sales lack value-for-money thinking

Britain's Finance Ministry and the Bank of England should take the interests of taxpayers more into account in decisions around the sale of government bonds from the central bank's massive balance sheet, lawmakers said. The BoE bought some £875bn (\$1.10tr) of gilts over more than a decade after the 2008-09 financial crisis. ([www.reuters.com](http://www.reuters.com) 06/02/24)

### Asia’s central banks ‘must do more to fight climate change’

IMF research says Asia-Pacific’s emerging economies face a shortfall in investment aimed at tackling climate change and calls on central banks and regulators to do more to address the issue. The research estimates that the region’s emerging and developing economies will need at least \$1.1tr a year to address climate risks. ([www.centralbanking.com](http://www.centralbanking.com) 06/02/24)

#### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2587	(1.2526)	1.2588	(1.2527)
+USD/EUR	1.0749	(1.0730)	1.0749	(1.0731)
*GHS/USD	12.0733	(12.0651)	12.0853	(12.0771)
*GHS/GBP	15.1966	(15.1127)	15.2130	(15.1290)
*GHS/EUR	12.9786	(12.9467)	12.9904	(12.9596)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 07/02/24 (Rates for 06/02/24 in brackets)

\* BOG INTERNAL TRANSACTION RATES: 07/02/24 (Rates for 06/02/24 in brackets)

### **French trade gap widens in December**

France's trade deficit increased at the end of the final quarter as imports grew faster than exports, data released by the customs office shows. The trade deficit widened more-than-expected to €6.8bn in Dec. from €5.9bn in Nov. The shortfall was forecast to rise €6.0bn.

([www.rttnews.com](http://www.rttnews.com) 07/02/24)

### **SK has \$7.41bn current account surplus**

South Korea posted a current account surplus of \$7.41bn in Dec. the Bank of Korea said. The goods account recorded an \$8.04bn surplus as exports increased annually by 5.8% to \$59.00bn while imports fell 9.3% on year to \$50.97bn. The services account posted a \$2.54bn deficit owing to deficits in the travel accounts and in other business services.

([www.rttnews.com](http://www.rttnews.com) 06/02/24)

### **Head of Romania's central bank 'deepfaked' by scammers**

The Governor of the National Bank of Romania has been targeted in a deepfake video that appears to show him encouraging people to invest in a financial scam. The central bank said that the video which features Mugur Isărescu's manipulated image and voice had been posted on social networks. ([www.centralbanking.com](http://www.centralbanking.com) 06/02/24)

### **Thai c.bank holds key rate as expected, as government presses for cut**

Thailand's central bank left its key interest rate unchanged for a second straight meeting on Wednesday, as expected, resisting government pressure to reduce borrowing costs to help revive faltering growth. The Bank's MPC decided to hold the one-day repurchase rate at 2.50%. ([www.reuters.com](http://www.reuters.com) 07/02/24)

### **Poland set to keep rates steady for fourth month**

Poland's central bank is set to keep borrowing costs unchanged for a fourth month running as markets and policymakers weigh whether inflation risks warrant bringing a monetary easing cycle to an end. Policymakers will leave the main rate at 5.75%, according to all 35 economists. ([www.bloomberg.com](http://www.bloomberg.com) 07/02/24)

### **Oil rises on lower-than-expected rise in US crude stockpiles**

Oil prices rose for a third day on Wednesday after US crude inventories grew less than expected and a cut in the forecast for output growth in the US, eased concerns about potential oversupply. Brent crude futures were up 26 cents to \$78.85 a barrel as of 0914 GMT. ([www.reuters.com](http://www.reuters.com) 07/02/24)

### **10 African countries with the highest economic forecast in 2024 – WB**

Last year proved economically turbulent for many African countries. According to the World Bank's Global Economic Prospect Report, growth in Sub-Saharan Africa (SSA) decelerated to an estimated 2.9% in 2023.

([www.norvanreports.com](http://www.norvanreports.com) 07/02/24)

### **Kenya surprises by hiking key rate to almost 12-year high**

The Central Bank of Kenya surprised financial markets by raising borrowing costs to their highest level since 2012 as risks to inflation remain elevated and to support the shilling. Bonds fell. The monetary policy committee lifted its benchmark rate to 13% from 12.5%, Governor Kamau Thugge said Tuesday in an emailed statement. ([www.bloomberg.com](http://www.bloomberg.com) 07/02/24)

### **Zimbabwe President hints at local dollar revamp after currency rout**

Zimbabwean President Mnangagwa hinted that the authorities will soon announce steps to halt a plunge in its currency which is the world's worst performer against the dollar this year. "We shall soon be announcing the introduction of our structured currency," Mnangagwa said at his first cabinet meeting.

([www.norvanreports.com](http://www.norvanreports.com) 06/02/24)

### **Zambia set to negotiate bigger stakes in new mining projects**

Zambia is keen to negotiate larger holdings in new mining projects to raise its revenue and boost spending by investors on social projects, mines minister Paul Kibuswe said. The push by Lusaka through state-owned ZCCM would apply to future agreements.

([www.reuters.com](http://www.reuters.com) 06/02/24)

**DISCLAIMER:** This information has been compiled by the Communications Office of Bank of Ghana for general reference purposes only. While every effort is made to ensure that the information is accurate, the Bank of Ghana does not guarantee nor does it accept any responsibility or liability for the accuracy or completeness of the content or for any loss which may arise from reliance on information contained in this document.