



Tuesday, 13th February 2024

Central banks can be ‘too cautious’ with policy, BdF paper says

Central banks can be too cautious when responding to inflation shocks, according to researchers with the Bank of France. In A Pitfall of Cautiousness in Monetary Policy, Stéphane Dupraz, Sophie Guilloux-Nefussi and Adrian Penalver say caution has characterised many recent central bankers’ approaches. (www.centralbanking.com 12/02/24)

ECB doesn't need to dampen still weak economy

The European Central Bank does not need to dampen the euro zone's economy even more to get inflation under control because demand is still weak, ECB board member Piero Cipollone said. While cautious, Cipollone's first remarks on monetary policy since joining the ECB late last year likely placed him in the dovish tradition of his predecessor and fellow Italian, Fabio Panetta. (www.reuters.com 12/02/24)

US January deficit drops sharply as receipts grow, tax refunds fall

The US federal budget deficit fell sharply in Jan. to \$22bn as receipts hit a record for that month, partly because tax refunds fell after the Internal Revenue Service (IRS) cleared a backlog of pandemic-delayed tax returns, the Treasury Department said. The deficit last month was \$17bn, or 43%, less than the \$39bn deficit in Jan. 2023. (www.reuters.com 12/02/24)

US CPI data to show disinflation handoff from goods to services

Monthly data on US consumer prices shows more disinflation in services following recent declines in goods prices, which will bolster the case for Fed’s interest-rate cuts, according to Bloomberg economists. The Bureau of Labor Statistics report will probably show the CPI and the core index excluding food and energy items. (www.bloomberg.com 13/02/24)

Dollar nears 150 yen ahead of US inflation data; sterling edges up

The yen fell close to the psychological 150 per dollar level on Tuesday ahead of a key reading on US inflation due later in the day, while the pound rose to an almost six-month high against the euro after stronger-than-forecast wage data. (www.reuters.com 13/02/24)

Russia to hold interest rates at 16% after months of tightening

Russia will hold interest rates at 16% after 850 basis points of rate hikes in five meetings since July, a Reuters poll showed on Monday, with economists divided over the signal the bank will give to the market. Widespread labour shortages, rouble weakness, strong credit growth and high government spending all contributed to stubborn price pressure in 2023, when annual inflation reached 7.4%, following on from an 11.9% reading in 2022. (www.reuters.com 12/02/24)

Must pay special attention to containing Russian inflation

President Vladimir Putin said that special attention needed to be paid to containing price rises, while pointing out that inflation was trending lower. The central bank is widely expected to keep interest rates on hold at 16% at its rate-setting meeting on Feb. 16, after hiking rates by 850 basis points since July. (www.reuters.com 12/02/24)

Australia business conditions ease as households see improvement

Australia’s business conditions eased and confidence remained subdued, pointing to softer economic growth as tight monetary policy takes its toll, while consumers reported a more upbeat outlook on expectations interest-rate hikes have ended. Business conditions slid 2 points to 6 in January. (www.bloomberg.com 13/02/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2612	(1.2622)	1.2613	(1.2623)
+USD/EUR	1.0762	(1.0780)	1.0763	(1.0781)
*GHS/USD	12.1549	(12.1117)	12.1671	(12.1239)
*GHS/GBP	15.3298	(15.2874)	15.3463	(15.3039)
*GHS/EUR	13.0823	(13.0573)	13.0953	(13.0702)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 13/02/24 (Rates for 12/02/24 in brackets)

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Swiss inflation slows, opening door for earlier SNB cuts

Swiss inflation unexpectedly eased in January, a development that could open the door to earlier rate cuts at the Swiss National Bank. Consumer prices rose 1.3% in January from a year earlier, the Swiss statistics office said. That's much less than the 1.7% predicted by economists, which would have matched the December reading. (www.bloomberg.com 13/02/24)

Turkey unemployment rate falls slightly

Turkey's unemployment rate dropped marginally in December the Turkish Statistical Institute reported Monday. The unemployment rate fell to seasonally adjusted 8.8% in December from 8.9% in the previous month. The number of people out of work slid 12,000 on month to 3.1m in December. (www.rttnews.com 12/02/24)

S. Korea's jobless claims rise 7% in January

South Korea's jobless claims rose last month amid the lingering worry about economic slump, labor ministry data showed Tuesday. The number of new applicants for job-seeking benefits stood at 201,500 in January, up 7.0% from the same month of last year, according to the Ministry of Employment and Labor. (www.xinhuanet.com 13/02/24)

Portugal inflation confirmed at 2.3%, highest in 4 months

Portugal's consumer price inflation accelerated to the highest level in four months, as initially estimated in January, the latest data from Statistics Portugal showed on Monday. Consumer price inflation accelerated to 2.3% in January from 1.4% in the previous month. (www.rttnews.com 12/02/24)

Chilean analysts forecast 3% inflation for 2024

Chilean market analysts have forecast 3% inflation for 2024, in line with the Central Bank of Chile's target range, as consumer prices saw a smaller cumulative increase of 3.8% in the 12 months ending in January. (www.xinhuanet.com 13/02/24)

European shares fall ahead of US data; earnings in focus

European shares fell as investors turned cautious ahead of US consumer price data that is crucial to determine the Federal Reserve's interest rate trajectory, and also assessed corporate earnings updates. The pan-European STOXX 600 index (.STOXX), opens new tab retreated 0.3% from a two-year high, with rate-sensitive technology shares (.SX8P). (www.reuters.com 13/02/24)

Oil prices drift up with focus on Middle East risk

Oil prices edged up as uncertainty over fighting in the Middle East kept markets on edge, but gains were capped by concerns that central banks will keep interest rates higher for longer, weighing on energy demand. Brent futures rose 30 cents to \$82.30 a barrel as of 0924 GMT. (www.reuters.com 13/02/24)

10 African countries with the weakest currencies in 2024

The drawbacks of a weak currency, particularly in Africa are numerous and pervasive, impacting every aspect of society. Addressing the fundamental causes of currency weakness needs a collaborative effort by governments, industry, and international partners. So far between 2023 and 2024. (www.norvanreports.com 12/02/24)

South African rand flat before mining data

The South African rand was little changed in early trade on Tuesday before the release of local mining production figures. At 0710 GMT, the rand traded at 18.90 against the US dollar, compared with its previous close of 18.91. (www.reuters.com 13/02/24)

Nigeria's foreign reserve to drop to \$24bn in 2024 – IMF

In a concerning forecast by the IMF, Nigeria's foreign reserve is expected to see a significant reduction, falling to \$24bn in the year 2024. This prediction was detailed in the IMF's latest country report for Nigeria, signalling potential challenges ahead for Africa's largest economy. (www.norvanreports.com 12/02/24)

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