



Tuesday, 20th February 2024

Profit now key driver of inflation, BIS research finds

Firms' profits played a central role in driving the recent surge in inflation and this may require a different response from policymakers, new research findings reveal. Enisse Kharroubi and Frank Smets of the Bank for International Settlements say the post-Covid surge in prices was "fundamentally different" to that of the 1970s, even though both were triggered by commodities shocks. (www.centralbanking.com 19/02/24)

Dollar keeps a grip on 150, yuan shrugs off China rate cut,

The dollar rose, trading above 150 yen for a sixth day, as investors grew less certain Japan's era of ultra-low rates will end any time soon given the country is in recession, while the yuan shrugged off a cut in China's key borrowing rate. (www.reuters.com 20/02/24)

China cuts longer-term benchmark lending rate

China lowered the longer-term benchmark lending rate at a slightly sharper than expected pace on Tuesday. The People's Bank of China cut its five-year loan prime rate, the benchmark for mortgage rates, to 3.95% from 4.20%. The bank was expected to lower the rate to 4.10%. (www.rttnews.com 19/02/24)

China's securities watchdog solicits proposals to revive market

China's securities watchdog said it held a series of seminars with market participants who proposed tighter scrutiny of company listings and trading behaviour as part of efforts to revive market confidence. The meetings were led by the watchdog's newly-installed chairman Wu Qing and held immediately after the week-long Lunar New Year holiday, reflecting the urgency to stabilize a market. (www.reuters.com 20/02/24)

Australia central bank needed "some time" to be certain on inflation decline

Australia's central bank needs more time to be confident inflation is on the decline before it can rule out another hike in interest rates, though a slowdown in consumption was bringing the economy back into better balance. (www.reuters.com 20/02/24)

RBI extends deadline for Paytm to close lender

India's central bank has extended the deadline for one of the country's largest payments firms to cease its core operations, as the crisis at the fintech lender continues. The Bank is continuing its clampdown on Paytm Payments Bank for "persistent non-compliances and continued material supervisory concerns". (www.centralbanking.com 19/02/24)

RBA considered interest-rate hike, saw pause case as stronger

Australia's central bank considered raising interest rates at its first meeting of the year but decided the case to stand pat was the "stronger one" as risks had eased that inflation wouldn't return to the board's 2-3% target within a reasonable timeframe. The Reserve Bank left its benchmark rate at a 12-year high of 4.35% this month on cooling inflation and weaker-than-expected jobs and consumer spending reports. (www.bloomberg.com 20/02/24)

Malaysia's exports up 8.7% in January

Malaysia's exports edged up by 8.7% year on year to 122.43bn ringgit (\$25.55bn) in January, official data showed Tuesday. The Ministry of Investment, Trade and Industry said in a statement that the export growth was boosted by higher shipments of petroleum products, machinery, equipment and parts, iron and steel products as well as manufactures of metal, land risks economist Haldane warned. (www.xinhuanet.com 20/02/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2585	(1.2591)	1.2586	(1.2592)
+USD/EUR	1.0768	(1.0773)	1.0768	(1.0773)
*GHS/USD	12.2753	(12.2003)	12.2875	(12.2125)
*GHS/GBP	15.4484	(15.3614)	15.4651	(15.3780)
*GHS/EUR	13.2185	(13.1440)	13.2305	(13.1559)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 20/02/24 (Rates for 19/02/24 in brackets)

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Spain trade deficit narrows in 2023

Spain's foreign trade gap decreased during the year 2023, mainly due to the maintenance of non-energy exports and the decline in imports of energy products, data from the Economy Ministry showed. The trade deficit dropped to €40.6bn in 2023 from €71.6bn in 2022. (www.rttnews.com 19/02/24)

Brazil's economic activity caps 2023 with better-than expected growth

Brazil's economy grew more than expected in December indicating activity is still showing some resilience to high interest rates as President Luiz Inacio Lula da Silva readies higher government spending. The central bank's economic activity index, a proxy for GDP, rose 0.82% from the month prior. (www.bloomberg.com 19/02/24)

Mexican headline inflation seen slowing in early February

Mexico's headline inflation rate likely eased in the first half of February reinforcing bets that the country's central bank could soon lower its key benchmark interest rate for the first time since 2021. The expected rate of rising consumer prices still hovers above the central bank's target of 3%, +or -1 percentage point. (www.reuters.com 19/02/24)

Sweden inflation expectations fall further

Money market players' one-year expectations for inflation in Sweden fell further in February results of a survey by Kantar Prospera shows. One-year CPI inflation expectations dropped to 2.1% from 2.4%. However, the 2-year expectations rose to 1.9 % from 1.8%, while the longer term 5-year projection was unchanged at 2.1%. (www.rttnews.com 20/02/24)

Swiss trade surplus grows in January

Switzerland's foreign trade surplus increased in January from a month earlier as imports fell faster than exports, data from the Federal Customs Administration shows. The trade surplus rose to CHF 2.8bn in January from CHF 1.3bn in December. In real terms, exports dropped 0.4% over the month, reversing a 1.1% increase in December. (www.rttnews.com 20/02/24)

Asia stocks dip, unimpressed by China rate cut

Asian shares slipped from 1-1/2 month highs as a record rate cut in China failed to excite investors, while US and Europe futures fell on fading chances for early cuts there. China's five-year loan prime rate was lowered by 25 basis points to 3.95%, bigger than the five to 15 bp cuts forecast by economists. (www.reuters.com 20/02/24)

Oil prices hover near 3-week highs on Middle East tensions, China demand

Oil prices were broadly steady on Tuesday, hovering close to three-week highs on heightened Middle East tensions and recovering China demand. Brent futures ticked down 11 cents to \$83.45 a barrel by 0413 GMT. (www.reuters.com 20/02/24)

Nigerian president nominates seven MPC members

Nigeria's president nominated seven people to serve on the central bank's monetary policy committee, which has not met for several months despite rising inflation. Bola Tinubu asked the senate to confirm his nominees on February 14, on the same day the central bank tightened foreign exchange restrictions for international oil companies. (www.centralbanking.com 19/02/24)

Tanzania's domestic economic outlook for 2024 remains strong: central bank

Tanzania's domestic economic outlook for 2024 is expected to remain strong, the country's central bank said. In its Monetary Policy Statement for Mid-Year Review 2023/2024, output growth in Tanzania's mainland is projected at about 5.5% in 2024. (www.xinhnet.com 20/02/24)

Uganda sees 2024/25 spending rising marginally on current fiscal year

Uganda's government plans spending of 53.3tr shillings (\$13.74bn) in the fiscal year that starts in July, up about 1% on the current year's spending. In the 2024/25 fiscal year the government plans to direct a greater share of development expenditure to improving roads. (www.reuters.com 20/02/24)

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