



Wednesday, 21st February 2024

Inflation memories pass from parents to children

Memories of Germany’s hyperinflation in the 1920s have been passed from generation to generation and continue to shape behaviour a century later, new research finds. The National Bureau of Economic Research’s working paper says citizens of European countries that experienced hyperinflation before 1930 expect inflation to be around 1.4 percentage points higher than people from elsewhere.

(www.centralbanking.com 20/02/24)

Negotiated euro zone wage growth slows in Q4 from record high

Negotiated euro zone wage growth slowed in the final quarter of last year, confirming market expectations that pay growth has peaked although it remains far above a level consistent with 2% inflation, ECB data showed.

(www.reuters.com 21/02/24)

The 'art' of rate cut timing - or clumsy indecision?

Just two months after Federal Reserve policymakers flagged 75 basis points of interest rate cuts for this year, some are already musing about the risks the economy takes off again from here - potentially obviating the need for any cuts at all.

(www.reuters.com 21/02/24)

US CBDC ‘could enhance dollar’s international role’

A US central bank digital currency (CBDC) could increase the dollar’s role as a transaction medium, according to new research from economists at the Federal Reserve Board. “For the international role of the dollar, a widely accessible US CBDC at the margin is likely to enhance the appeal of the dollar,” write Jean Flemming and Ruth Judson.

(www.centralbanking.com 20/02/24)

US hard landing bets rise in rate options market after Fed hikes

Investors in interest rate options are paying for trades that benefit from a sharp slowdown in the US economy, contrary to the upbeat outlook held by many bond market participants.

(www.reuters.com 20/02/24)

Conference Board gives up on US recession call

The Conference Board abandoned a long-running call for the US economy to fall into recession, although its Leading Economic Index still sees economic output flatlining in the months ahead. The business research group's index, meant to be a gauge of future economic activity, fell 0.4% in January to 102.7, the lowest level since April 2020 when the US was in a brief recession after the onset of the COVID-19 pandemic and related shutdowns.

(www.reuters.com 20/02/24)

Copper, gold to get 'largest immediate' boost from Fed easing, Goldman says

Copper and gold are expected to see the largest immediate price boost in the commodities sector from potential US Federal Reserve interest rate cuts, analysts at Goldman Sachs said. "The immediate price boost from a Fed driven 100 basis point decline in US 2-year rates is the largest for metals, especially copper (6%), and then gold (3%), followed by oil (3%)," Goldman Sachs said in a note dated February 20.

(www.reuters.com 21/02/24)

Dollar tracks global yields lower as Fed minutes awaited

The dollar fell broadly as it tracked a global decline in bond yields, while traders awaited minutes of the Federal Reserve's latest policy meeting due later in the day for further clues on the central bank's rate outlook.

(www.reuters.com 21/02/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2654	(1.2585)	1.2655	(1.2586)
+USD/EUR	1.0820	(1.0768)	1.0821	(1.0768)
*GHS/USD	12.2892	(12.2753)	12.3014	(12.2875)
*GHS/GBP	15.5507	(15.4484)	15.5675	(15.4651)
*GHS/EUR	13.2980	(13.2185)	13.3112	(13.2305)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 21/02/24 (Rates for 20/02/24 in brackets)

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China's central bank adds liquidity via reverse repos

China's central bank conducted ¥49bn (about 6.9bn US dollars) of seven-day reverse repos at an interest rate of 1.8% Wednesday. The move aims to keep liquidity reasonable and ample in the banking system, the People's Bank of China said in a statement.

(www.xinhuanet.com 21/02/24)

Chinese yuan strengthens to 7.1030 against USD Wednesday

The central parity rate of the Chinese currency renminbi, or the yuan, strengthened 38 pips to 7.1030 against the US dollar Wednesday, according to the China Foreign Exchange Trade System. In China's spot foreign exchange market, the yuan is allowed to rise or fall by 2% from the central parity rate each trading day. (www.xinhuanet.com 21/02/24)

Seasonal tax inflows lift UK budget surplus to record in January

Britain recorded its highest ever budget surplus in January, official figures showed on Friday, due to record seasonal tax inflows, although the broader fiscal picture remains tough as finance minister Jeremy Hunt prepares his annual budget. Britain recorded a budget surplus of 16.7bn pounds (\$21.1bn) in January, the Office for National Statistics said on Wednesday. (www.reuters.com 21/02/24)

UK public sector finance data due

Public sector finances data from the UK is the only major economic data due on Wednesday, headlining a light day for the European economic news. At 2.00 am ET, the Office for National Statistics releases UK public sector finance for January. (www.rttnews.com 21/02/24)

Germany's economic advisers to cut 2024 growth forecast

Germany's economic advisers plan to follow the federal government's lead and reduce their forecast for economic growth in 2024, adviser Ulrike Malmendier told Reuters in an interview published. "I think we will definitely be going in the same direction... that is what our numbers are indicating," Malmendier said.

(www.reuters.com 21/02/24)

European shares set for cautious start before Nvidia earnings

European stocks look set to open broadly lower on Wednesday as investors await Nvidia Corp.'s earnings due later in the day and digest the impact of fresh measures announced by Chinese policymakers to revive investor confidence. The tech-heavy Nasdaq Composite shed 0.9%, the S&P 500 dropped 0.6% and the Dow eased 0.2%. (www.reuters.com 20/02/24)

Crude oil moves sharply lower amid demand concerns

Reflecting ongoing concerns about the outlook for demand, the price of crude oil moved sharply lower during trading on Tuesday. Crude for March delivery slumped \$1.01 to \$78.18 a barrel, while the more actively traded crude for April delivery tumbled \$1.42 to \$77.04 a barrel. (www.rttnews.com 20/02/24)

Gold closes higher for third consecutive session

The price of gold advanced during trading on Tuesday, closing higher for the third consecutive session amid a decrease in the value of the US dollar. Gold for April delivery climbed \$15.70 to \$2,039.80 an ounce after rising \$9.20 to \$2,024.10 an ounce last Friday. (www.rttnews.com 20/02/24)

South African rand edges up; focus on local CPI and budget

The South African rand inched higher in early trade on Wednesday, with domestic inflation data and the 2024 budget due later in the day being the main focal points. At 0550 GMT, the rand traded at 18.8825 against the dollar, around 0.2% stronger than its previous close. The January Consumer Price Index (CPI) around 0800 GMT. (www.reuters.com 21/02/24)

South African inflation picks up in January

South Africa's headline consumer inflation quickened to 5.3% year on year in January from 5.1% in December (ZACPIY=ECI), opens new tab, data showed on Wednesday. Key contributors to the annual inflation rate included food, housing, utilities and transport, according to a Statistics South Africa report.

(www.reuters.com 21/02/24)

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