



Thursday, 7<sup>th</sup> March 2024

### ECB on hold but forecasts to boost case for rate cuts

The European Central Bank is set to keep borrowing costs steady for a fourth meeting, though new economic projections should bolster arguments for cuts to start later this year. Analysts predict the deposit rate will be held at a record 4%, with most officials continuing to caution that it's too soon to declare victory over inflation despite it nearing the 2% goal. ([www.bloomberg.com](http://www.bloomberg.com) 07/03/24)

### US economic activity slightly increases amid persisting price pressures

The US economic activity has increased slightly since early January, while the price pressures persisted, the US Fed said in its Beige Book. During the reporting period, eight districts reported slight to modest growth in activity, and three others reported no change, and one district noted a slight softening. ([www.xinhuanet.com](http://www.xinhuanet.com) 07/03/24)

### US House sends \$460bn spending bill to Senate, averting partial government shutdown

The US House of Representatives has voted to approve a \$467.5bn (£367bn) spending package, the first step in averting a partial government shutdown. Funding for roughly 30% of the federal government - including agriculture, energy, housing and veterans' affairs - is due to expire at midnight on Friday. ([www.bbc.com](http://www.bbc.com) 07/03/24)

### China's foreign trade in goods up 8.7% in Jan-Feb

China's total import and export of goods expanded 8.7% year on year in yuan terms in the first two months of 2024, official data showed Thursday. From Jan. to Feb. the country's foreign trade in goods stood at ¥6.61tr (about \$930.96bn), according to the General Administration of Customs (GAC). ([www.xinhuanet.com](http://www.xinhuanet.com) 07/03/24)

### UK is 'On Track' for 4% hit to economy from Brexit, OBR says

Britain's budget watchdog said a hit to the economy from leaving the European Union is unfolding as it expected, maintaining an outlook that Brexit supporters have criticized as overly pessimistic. The Office for Budget Responsibility said its long-running prediction is "broadly on track" to show a 15% fall in trade and a 4% reduction in the UK economy's potential. ([www.bloomberg.com](http://www.bloomberg.com) 07/03/24)

### German trade surplus rises on robust rebound in exports

Germany's trade surplus increased at the start of the year as exports rebounded more than expected, providing a glimpse of hope to an otherwise weak economy. Exports posted a monthly growth of 6.3% in Jan. after falling 4.5% in the previous month, data released by Destatis shows. This was also far better than economists' forecast of a 1.5% increase. ([www.rttnews.com](http://www.rttnews.com) 06/03/24)

### BOJ bets swing toward March rate hike as wages beat estimates

Japan's latest wage figures cemented expectations the central bank will hike interest rates for the first time since 2007, with the yen climbing on speculation that the move may come as soon as this month. Both overall monthly cash earnings and a separate set of full-time pay figures rose 2% in Jan. ([www.bloomberg.com](http://www.bloomberg.com) 07/03/24)

### Minimum reserves are stabilising force – Bank of Italy study

Minimum reserve requirements are effective at generating predictable demand from commercial lenders for central bank credit, a new research paper finds. The Bank of Italy paper examines the minimum reserve requirement system with averaging provision, used by the European Central Bank (ECB). ([www.centralbanking.com](http://www.centralbanking.com) 06/03/24)

#### EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2725	(1.2691)	1.2726	(1.2692)
+USD/EUR	1.0869	(1.0861)	1.0869	(1.0861)
*GHS/USD	12.4991	(12.4956)	12.5117	(12.5082)
*GHS/GBP	15.9052	(15.8582)	15.9223	(15.8753)
*GHS/EUR	13.5860	(13.5714)	13.5984	(13.5849)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 07/03/24 (Rates for 05/03/24 in brackets)

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### **BoC keeps rates on hold, rules out a calendar for cuts**

The Bank of Canada (BoC) kept its key overnight rate steady at 5% on Wednesday as expected but dashed the hopes of borrowers seeking relief, saying underlying inflation meant it was too early to consider a cut. Governor Tiff Macklem, saying he realized monetary policy worked slowly and declined to lay out a calendar for rate cuts.

([www.reuters.com](http://www.reuters.com) 06/03/24)

### **Malaysia set to keep rate steady with eye on ringgit slide**

Malaysia's central bank is expected to keep its benchmark interest rate at a 5-year high 5, maintaining what limited policy support it can afford to shore up a currency that hit a 26-year low. Bank of Malaysia will hold the overnight policy rate at 3% at its second meeting of the year. ([www.bloomberg.com](http://www.bloomberg.com) 07/03/24)

### **Vietnam's central bank asked to keep interest rates low**

The State Bank of Vietnam has been tasked to keep interest rates low and financial access easier for businesses, citing the recent order made by Prime Minister Pham Minh Chinh. The prime minister asked the central bank to conduct reviews on the results of credit issuance by financial institutions across the country. ([www.xinhuanet.com](http://www.xinhuanet.com) 07/03/24)

### **Mongolia's foreign trade up 11.5% in first two months**

Mongolia's total imports and exports expanded by 11.5% year on year to \$3.8bn in the first two months of this year, Mongolian Customs General Administration reveals. The Asian country registered a surplus in foreign trade balance as exports exceeded imports by around \$644.4m. ([www.xinhuanet.com](http://www.xinhuanet.com) 07/03/24)

### **Bosnia's reserves rebound after asset reshuffle**

The Central Bank of Bosnia and Herzegovina has reshaped its reserves management in the face of poor returns, helping to trigger a rebound in reserves, a vice-governor said on March 5. ([www.centralbanking.com](http://www.centralbanking.com) 06/03/24)

### **Oil prices hold gains on upbeat China trade data**

Oil prices held steady on Thursday, holding onto overnight gains after upbeat Chinese trade data and after US data showed a smaller-than-expected rise in crude inventories and large draws in fuel stocks. However, expectations that US interest rate cuts could be delayed capped gains. Brent crude futures slipped 4 cents to \$82.92 a barrel by 0432 GMT. ([www.reuters.com](http://www.reuters.com) 07/03/24)

### **Gold extends record run as Powell hints at rate cuts**

Gold prices extended gains to hit an all-time high after comments from Federal Reserve Chair Jerome Powell fostered expectations for lower U.S. interest rates this year. Gold tends to rise when interest rates are low, which reduces the opportunity cost of holding non-yielding bullion. ([www.reuters.com](http://www.reuters.com) 07/03/24)

### **SA's business confidence slips in Q1, survey shows**

South Africa's business confidence slipped in the first quarter of 2024 amid ongoing load shedding, port congestion and inflation. The business confidence index fell to 30 points in the first quarter from 31 points in the previous 3 months. ([www.reuters.com](http://www.reuters.com) 06/03/24)

### **Egypt secures IMF deal after pound plunge, bumper rate hike**

Egypt secured an expanded \$8bn deal on Wednesday with the IMF, hours after the central bank unshackled its currency and delivered a 600bp rate hike in a push to stabilise the economy. Egypt would obtain a \$1.2bn loan for environmental sustainability, bringing its total from the IMF to more than \$9bn. ([www.centralbanking.com](http://www.centralbanking.com) 06/03/24)

### **Fight against money laundering must continue, Somali official says**

The deputy governor of the Central Bank of Somalia has reiterated its commitment to fighting financial crime, saying it would continue implementing anti-money laundering and countering the financing of terrorism (AML/CFT) regulations.

([www.centralbanking.com](http://www.centralbanking.com) 06/03/24)

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