



Tuesday, 16th April 2024

Why economic forecasting is performance art for central bankers

In the early years of inflation targeting in the UK, the then head of forecasting at the Bank of England entered my room clutching a piece of paper. On it were two lines: the inflation forecast produced painstakingly by his team over the preceding weeks, and an alternative inflation projection hand-drawn in pencil by the then governor. Only the latter “forecast” ever saw the light of day. (www.ft.com 16/04/24)

The overlooked threats to the global financial system

Since the great financial crisis of 2007-08 regulators have engaged in the biggest push to de-risk the global financial system since the 1930s. Yet instability and flawed risk management have proved extraordinarily resistant to this regulatory onslaught. The collapse last year of Silicon Valley Bank, the 16th largest in the US, exposed very basic mistakes. (www.ft.com 16/04/24)

Incoming EU business envoy withdraws from post after criticism

European Commission President Ursula von der Leyen said on Monday [15/04] her pick for the EU's new business envoy had decided not to take up the post, after critics linked the appointment to cronyism. The European Commission, the EU's executive body, has reiterated that it followed all the rules in picking Markus Pieper. (www.reuters.com 15/04/24)

IMF appoints Georgieva for a second term

The executive board of the International Monetary Fund (IMF) renewed Kristalina Georgieva's position as managing director for a second five-year term, it announced on April 12. The decision was unanimously approved by the board. Georgieva was the sole candidate for the position, the IMF said. (www.centralbanking.com 15/04/24)

ECB's Rehn says geopolitics pose biggest risk to rate cuts

Slower inflation has opened the door for the ECB to start lowering interest rates this summer, though geopolitics could still derail such plans, Olli Rehn. If updates on the inflation outlook, underlying inflation and the strength of monetary policy transmission increase confidence that inflation is converging to 2%, borrowing costs could be cut. (www.bloomberg.com 16/04/24)

Stablecoin rules are ‘diverse and fragmented’, FSI paper warns

Regulatory frameworks designed to tackle risk from stablecoins are “diverse and fragmented”, the Financial Stability Institute (FSI) warns. The institute, part of the Bank for International Settlements (BIS), reviewed stablecoin regulations adopted or proposed in 11 jurisdictions. Stablecoins are designed to maintain their value by backing their tokens with a pool of reserve assets. (www.centralbanking.com 15/04/24)

Fed's Daly says no urgency to cut, policy in a good place

Federal Reserve Bank of San Francisco President Mary Daly reiterated there's no urgency to adjust interest rates, pointing to solid economic growth, a strong labor market and still-elevated inflation. Daly said she needs to be confident inflation is heading toward the Fed's 2% target before reacting. (www.bloomberg.com 16/04/24)

China's economy expands 5.3% in first quarter

China's gross domestic product increased 5.3% in the first quarter against a year earlier, beating expectations as Beijing tries to steer a manufacturing-led revival of the world's second-largest economy. The strong first-quarter growth rate followed mixed economic data in recent weeks. (www.ft.com 16/04/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2466	(1.2457)	1.2467	(1.2458)
+USD/EUR	1.0644	(1.0649)	1.0644	(1.0649)
*GHS/USD	12.9907	(12.9802)	13.0037	(12.9932)
*GHS/GBP	16.1942	(16.1694)	16.2117	(16.1869)
*GHS/EUR	13.8270	(13.8224)	13.8420	(13.8362)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 16/04/24 (Rates for 15/04/24 in brackets)

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UK jobs market cools again but worries remain for Bank of England

Britain's labour market lost a bit more of its inflationary heat, data showed on Tuesday [16/04], offering some relief to the BoE, but stubborn underlying problems continued with wage growth still high and more people dropping out of the workforce. Core wages rose by the least since mid-2022 in the three months to February but remained strong by historical standards. (www.reuters.com 16/04/24)

BOJ's new policy approach takes shine off its inflation forecasts

The Bank of Japan is shifting to a more discretionary approach in setting policy, with less emphasis on inflation, sources said, as the central bank maps its monetary path following the historic decision to end a radical stimulus programme in March. With monetary settings seen on hold, market players are focusing on the BOJ's fresh quarterly growth and price projections due at its April 25-26 policy meeting. (www.reuters.com 15/04/24)

Italy inflation rises less than estimated to 1.2%

Italy's inflation accelerated slightly less than initially estimated in March, the latest data from the statistical office ISTAT showed on Tuesday [16/04]. Consumer prices logged an annual increase of 1.2% in March after rising 0.8% in February. (www.rttnews.com 16/04/24)

Israel inflation rate accelerates to 2.7% in March, above consensus

Israeli inflation accelerated in March, the Central Bureau of Statistics said, in data that could delay further interest rate reductions. The annual inflation rate rose by a higher-than-expected 2.7% in March from 2.5% in February. The rate was forecast to edge up to 2.6%. (www.reuters.com 15/04/24)

Indonesian central bank intervenes after rupiah weakens beyond 16,000

Bank Indonesia stepped in to support the rupiah after the currency weakened past 16,000 per dollar for the first time in four years. (www.bloomberg.com 16/04/24)

Asian shares slide on Fed rate cut rethink; China GDP in focus

Asian stocks fell and the dollar climbed to more than five-month highs on Tuesday [16/04]. as stronger-than-expected U.S. retail sales for March further reinforced expectations that the Federal Reserve is unlikely to be in a rush to cut interest rates this year. Rising geopolitical tensions kept risk sentiment in check, lifting prices of gold and oil, while investor focus in Asia turns to China with GDP data due at 0200 GMT.

(www.reuters.com 16/04/24)

Oil steadies on China growth as Middle East tensions simmer

Oil steadied on Tuesday [16/04] with support from data showing China's economy grew faster than expected and Middle East tensions but weighed by concern that U.S. interest rates may stay higher for longer and reduce demand. Brent futures for June delivery rose 7 cents, or 0.1%, to \$90.17 a barrel by 0801 GMT. U.S. crude for May was up 6 cents, or 0.1%, to \$85.47. (www.reuters.com 16/04/24)

OPEC woos Namibia as African nation prepares to produce from 2030

The OPEC+ oil producers group, having lost Angola and other players in recent years, is eyeing Namibia for possible membership as it sets up what could be Africa's fourth-largest output by the next decade.

(www.reuters.com 15/04/24)

Nigerian currency's world-beating gains yet to temper inflation

Nigerian inflation accelerated more than anticipated to a 28-year high, as the nation's surging currency has yet to reflect on the cost of imported goods. (www.bloomberg.com 15/04/24)

Ghana debt revamp snag just a hiccup, finance minister says

Ghana has made "significant progress" in debt-restructuring negotiations and the latest snag that sent its eurobonds tumbling on Monday will be ironed out in further talks with bondholders, Finance Minister Mohammed Amin Adam said. (www.bloomberg.com 15/04/24)

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