



BANK OF GHANA NEWS BRIEF

News Summaries from Foreign and Local Media

Wednesday, 22nd May 2024

Vulnerabilities in short-term funding markets need addressing, global watchdog says

Vulnerabilities in widely used short-term markets for funding companies need to be addressed as stresses there can spread to the broader financial system during market turmoil, the global Financial Stability Board (FSB) says. The FSB published a report on the commercial paper (CP) and negotiable certificates of deposit (CD) markets, which were worth some \$4.7tr at the end of March last year. (www.reuters.com 21/05/24)

ECB's Lagarde sees June rate cut with inflation 'under control'

European Central Bank President Christine Lagarde indicated that an interest-rate cut is probable next month with the rapid gain in consumer-price growth now largely contained. "It is a case that if the data that we receive reinforces the confidence level that we have, we will deliver 2% inflation in the medium term" Lagarde said. (www.bloomberg.com 21/05/24)

Yellen pushes for joint G7 response to China's industrial overcapacity

U.S. Treasury Secretary Janet Yellen said that the U.S. and Europe needed to respond to China's industrial overcapacity in a "strategic and united way" to keep manufacturers viable on both sides of the Atlantic. Yellen said during a visit to Frankfurt that G7 Finance Ministers shared U.S. concerns about Chinese efforts to dominate clean energy industries. (www.reuters.com 21/05/24)

UK government borrowing exceeds estimate

UK public sector net borrowing exceeded the estimate in April, official data revealed. Public sector net borrowing rose to £20.5bn in April, the fourth highest April borrowing since monthly records began in 1993. (www.rttnews.com 22/05/24)

UK inflation pressure stays hot, dashing hopes for June rate cut

Inflation in Britain eased less than expected and a key core measure of prices barely dropped, prompting investors to pull bets on a Bank of England rate cut next month which could have boosted embattled Prime Minister Rishi Sunak before an election. The consumer price index (CPI) rose by 2.3% in the 12 months to April, down sharply from March's 3.2% increase and its lowest since July 2021.

(www.reuters.com 21/05/24)

Bundesbank warns of inflation risk as wages rise more than expected

Wages in Germany have been rising faster than expected, casting some doubt on expectations for a continued fall in inflation, the country's central bank said. The European Central Bank is all but certain to begin lowering interest rates next month, with President Christine Lagarde saying she was "really confident" inflation was now "under control".

(www.reuters.com 21/05/24)

Japan trade deficit shows weak Yen is weighing on economy

Japan's imports rebounded in April as the weak yen boosted their value, pushing the nation's trade balance into deficit and highlighting the increasing economic burden stemming from the currency's plunge. Imports gained 8.3% from a year ago, the Finance Ministry reported Wednesday [22/05], compared with the consensus estimate of an 8.9% increase.

(www.bloomberg.com 22/05/24)

Turkish rates likely already at peak even if inflation isn't yet

Turkey's central bank is set to look past a final spurt in inflation to around 75% this month, likely extending an interest-rate pause it justifies by focusing on more optimistic projections. (www.bloomberg.com 22/05/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2722	(1.2704)	1.2723	(1.2705)
+USD/EUR	1.0859	(1.0863)	1.0860	(1.0864)
*GHS/USD	13.8687	(13.8326)	13.8825	(13.8464)
*GHS/GBP	17.6437	(17.5729)	17.6628	(17.5919)
*GHS/EUR	15.0608	(15.0273)	15.0745	(15.0409)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 22/05/24 (Rates for 21/05/24 in brackets)

* BOG INTERNAL TRANSACTION RATES: 22/05/24 (Rates for 21/05/24 in brackets)

Canada's inflation cools to three-year low boosting June rate cut bets

Canada's annual inflation rate slowed to a three-year low of 2.7% in April and core measures continued to ease, data showed, prompting money markets to see an increased chance of an interest rate cut in June. Analysts polled by Reuters had forecast inflation to cool to 2.7% from 2.9% in March. Month on month, the consumer price index rose 0.5% in April, also less than a forecast of a 0.6% gain.

(www.reuters.com 21/05/24)

Indonesia keeps key rate unchanged as pressure on Rupiah abates

Indonesia's central bank left its interest rate steady after a surprise rate hike in April reduced the pressure on the currency. Governor Perry Warjiyo and his board, whose key mandate includes currency stability left the BI-Rate steady at 6.25%. (www.bloomberg.com 22/05/24)

Denmark economy contracts most in almost 4 years

The Danish economy contracted at the steepest pace in nearly four years in the first quarter, mainly due to a decline in both transport and industry, data from Statistics Denmark shows. GDP decreased 1.8% sequentially in the March quarter, reversing a 2.7% growth in the final quarter of 2023. (www.rttnews.com 21/05/24)

New Zealand now sees cash rate cuts starting later in 2025

New Zealand's central bank kept interest rates unchanged for a seventh straight meeting and signaled policy will need to stay tight for longer to stamp out stubborn inflation. The Reserve Bank's Monetary Policy Committee held the Official Cash Rate at 5.5% in Wellington, as anticipated. (www.bloomberg.com 22/05/24)

Hungarian minister calls central bank 'unco-operative'

The Hungarian government again criticised the central bank after it published an analysis of the national economic strategy, local pro-government publication Index reported. "In the government's view, strategy analysis itself is not a problem," said the Minister for economy. (www.centralbanking.com 21/05/24)

European shares to hit pause before rising again in 2025

A record-breaking run in European shares has made them more vulnerable to possible pull-backs in the latter part of 2024, although the region's recovering economy and the start of a rate-cut cycle is seen pushing them back to new peaks in 2025. Fund managers and equity strategists surveyed from May 13 to 22, STOXX 600 (.STOXX), index at 513 points by end-2024, implying a 1.9% fall from Tuesday's close. (www.reuters.com 22/05/24)

Oil slips for third day on likely 'higher for longer' U.S. rates

Oil prices fell on Wednesday, retreating for a third straight day on expectations that the Federal Reserve might keep U.S. interest rates higher for longer due to sustained inflation, potentially affecting fuel use in the world's largest consumer. (www.reuters.com 22/05/24)

Emerging market credit ratings are finally looking up again

From Brazil, Nigeria and Turkey to even some of the riskiest emerging markets such as Egypt and Zambia, evidence is growing that a decade-long deterioration in sovereign credit ratings has finally started to reverse. Economists watch ratings because they influence a country's borrowing costs and many are now highlighting a turnaround that seems incongruous with the usual warnings about rising debt pressures. (www.reuters.com 22/05/24)

South Africa's inflation slows but no rate cut seen in election week

South Africa's headline inflation slowed slightly in April, but analysts said an interest rate cut was unlikely next week when the central bank's monetary policy meeting overlaps with a national election whose outcome is uncertain. (www.reuters.com 22/05/24)

Nigerian central bank further raises interest rate to over 26%

Nigeria's central bank further raised the benchmark interest rate, pushing it by 150 basis points to 26.25% in a move to combat the country's persistent inflation. (www.xinhuanet.com 22/05/24)

DISCLAIMER: This information has been compiled by the Communications Department of Bank of Ghana for general reference purposes only. While every effort is made to ensure that the information is accurate, the Bank of Ghana does not guarantee nor does it accept any responsibility or liability for the accuracy or completeness of the content or for any loss which may arise from reliance on information contained in this document.