BANK OF GHANA NEWS BRIEF
News Summaries from Foreign and Local Media

Thursday, 25th July 2024

Emerging markets at greater risk from stablecoins, FSB warns

Emerging markets and developing economies (EMDEs) face higher risks from global stablecoins, the Financial Stability Board (FSB) says. In a report published on July 23, the FSB cites a litany of risks associated with stablecoins in all countries. These risks relate to financial integrity, illicit finance, data privacy, cyber security, consumer and investor protections, market integrity, fiscal stability, and macroeconomic stability.
(www.centralbanking.com 24/07/24)

Eurozone private sector recovery wanes in July

The Euro area private sector recovery waned further in July amid deteriorating manufacturing sector performance and softening services activity growth, S&P Global revealed on Wednesday, July 24. The HCOB composite output index dropped unexpectedly to 50.1 in July from 50.9 in June.
(www.rttnews.com 24/07/24)

Inflation more persistent in post-Covid era – Fed research

Inflation has become more persistent in the post-pandemic era, according to research from the US Fed even when energy shocks and supply disruptions are factored in. The study by Andrea De Michelis, Grace Lofstrom, Mike McHenry, Musa Orak, Albert Queralto and Mikaël Scaramucci was published on July 19.
(www.centralbanking.com 24/07/24)

China central bank surprises by lending again at lower rates

China's central bank surprised markets for a second time this week by conducting an unscheduled lending operation on July 24, at steeply lower rates, suggesting authorities are trying to provide heavier monetary stimulus to prop up the economy. (www.reuters.com 25/07/24)

China to allocate $41bn in bonds for trade-ins to boost consumption

China will allocate 300 billion yuan ($41.40bn) in ultra-long treasury bonds to support a programme of equipment upgrades and consumer goods trade-ins, the government said on July 24, in the latest step to spur an economic recovery. (www.reuters.com 25/07/24)

Chinese banks cut deposit rates to relieve squeezed margins

Five of China's major state-owned banks on July 24, cut deposit rates to cushion a hit to their already record low margins after this week's surprise lowering of lending benchmarks to bolster stuttering economic growth. Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China cut deposit rates by 5 to 20 basis points.
(www.reuters.com 25/07/24)

BOE rate rises pushed 320,000 more people into poverty, IFS says

Britain has 320,000 more people living in poverty because of the Bank of England's decision to raise borrowing costs to the highest level in 16 years, the Institute for Fiscal Studies estimated. The economics research group warned that the official poverty measure are understating the financial pain caused by the central bank's most aggressive tightening cycle in decades. (www.bloomberg.com 24/07/24)

Yen's sudden gain sparks 'widespread liquidation' across markets

The yen's stunning revival is upending global markets, dragging the yuan higher alongside it and hammering assets from Japanese stocks to gold and Bitcoin as investors reassess their leveraged bets. The currency rose to the highest in more than two months against the dollar on July 25, reflecting burgeoning wagers that the interest rate gap between Japan and the US will likely narrow. (www.bloomberg.com 25/07/24)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2926	(1.2912)	1.2927	(1.2913)
+USD/EUR	1.0854	(1.0856)	1.0854	(1.0856)
*GHS/USD	14.7910	(14.7790)	14.8058	(14.7938)
*GHS/GBP	19.1188	(19.0827)	19.1395	(19.1032)
*GHS/EUR	16.0541	(16.0439)	16.0701	(16.0599)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 25/07/24 (Rates for 24/07/24 in brackets)
* BOG INTERNAL TRANSACTION RATES: 25/07/24 (Rates for 24/07/24 in brackets)

German business sentiment unexpectedly darkens in July, says Ifo

German business morale unexpectedly fell in July amid increasing pessimism about the performance of Europe's largest economy, a survey of around 9,000 managers showed on Thursday, July 25. The Ifo institute said its business climate index sank to 87.0 in July from 88.6 in June, compared with a reading of 88.9 forecast by analysts in a Reuters poll.
(www.reuters.com 25/07/24)

RBA examines central clearing for bond and repo markets

Australia's central bank on July 24 began a consultation on whether to introduce central counterparties (CCPs) to clear transactions in the country's bond and repurchase markets. In 2015, the bank concluded that the case for introducing CCPs to the repo market on grounds of financial stability was not strong. (www.centralbanking.com 24/07/24)

BoC trims 2024 growth forecast, sees inflation hitting target in 2nd half of 2025

The Bank of Canada on Wednesday, July 24 trimmed its growth forecast for 2024, citing lower consumption, and reiterated that it expected inflation to return sustainably to its 2% target in the second half of 2025. In its quarterly monetary policy report, the central bank said 2024 growth would be 1.2%.
(www.reuters.com 24/07/24)

Indian banks selling retail loan portfolios as deposits lag

India's private banks are selling portfolios of retail loans as regulators pressure them to improve credit-deposit ratios. India's largest lender, HDFC Bank Ltd., sold a 50bn rupee ($597m) loan portfolio to an undisclosed buyer in June, Chief Financial Officer Srinivasan Vaidyanathan said in a post-earnings media call last week. (www.reuters.com 25/07/24)

South Korea GDP slips 0.2% in Q2

South Korea's gross domestic product unexpectedly contracted a seasonally adjusted 0.2% on quarter in the second quarter of 2024, the Bank of Korea said in Thursday's report. (www.rttnews.com 24/07/24)

Oil slips on mixed demand signals

Oil prices fell on Thursday, July 24 on mixed demand signals a day after large draws on US inventories while consumption in China, the world's largest crude importer, remains lacklustre. Brent crude futures for September fell 74 cents, or 0.9%, to $80.97 a barrel by 0855 GMT. US West Texas Intermediate crude for September slid 74 cents, or 1%, to $76.85.
(www.reuters.com 25/07/24)

Shares drop in US and Asia as AI stocks slide

Financial markets in the US and Asia have fallen sharply as investors sell off shares in technology companies, with artificial intelligence (AI) stocks hit particularly hard. In Wednesday's trading in New York, the S&P 500 lost 2.3% and the tech-heavy Nasdaq fell 3.6%, in their biggest one-day falls since 2022.
(www.bbc.com 25/07/24)

Zambia inflation nears three-year high as food prices rise

Zambia's annual inflation rate climbed in July to the highest level since December 2021, even as the southern African nation considers rules to curb increasing dollarization that's making it harder to contain price pressures. Consumer prices rose 15.4% from a year ago, compared with 15.2% in June, fanned by higher food prices. (www.bloomberg.com 25/07/24)

Egypt hikes fuel prices in latest spending cut after IMF deal

Egypt raised prices for a wide range of fuel products by up to 15%, the latest trimming of state subsidies following a new pact with the IMF. Rates of gasoline, diesel, kerosene and a type of fuel oil were all raised, apart from fuel oil used for electricity and food related industries. (www.bloomberg.com 25/07/24)

Nigeria auctions t-bills at record high yield as policy tightens

Nigerian Treasury bills were auctioned at a record high yield on Wednesday, July 24, a day after the central bank raised interest rates again in a bid to tackle inflation and support the nation's currency. The Central Bank of Nigeria sold 258.4 bn naira ($163m) of one-year bills at a yield of 22.1%. (www.bloomberg.com 25/07/24)

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