



Friday, 3rd January 2025

IMF develops stress test for central bank balance sheets

Staff at the International Monetary Fund (IMF) have developed a new framework to allow central banks to stress-test their balance sheets to provide greater assurance they have sufficient buffers to conduct policy. The IMF published a note on December 23, detailing the framework. It includes a method of forecasting individual balance sheet items over a 5-year horizon to produce an overall forecast, which can then be tested under various scenarios.

(www.centralbanking.com 02/01/25)

Eurozone private sector credit growth weakens

Lending to the euro area private sector weakened in November, data released by the European Central Bank showed on Thursday [02/01]. Adjusted loans to the private sector grew at a slower pace of 1.5% after rising 1.7% in Oct. Among the borrowing sectors, adjusted loans to households climbed 0.9% compared to 0.8% in Oct. (www.rttnews.com 02/01/25)

Eurozone manufacturing sector continues to shrink

The euro area manufacturing sector continued to shrink in Dec., on accelerated contractions in both orders and output, final data compiled by S&P Global shows. The HCOB manufacturing Purchasing Managers' Index fell slightly to a three-month low of 45.1 in Dec., from 45.2 in Nov. (www.rttnews.com 02/01/25)

ECB's Stournaras says rates to reach about 2% around Autumn

European Central Bank Governing Council member Yannis Stournaras said borrowing costs will probably be lowered to about 2% around the autumn of this year. "The base interest rates of the central bank should fall to around 2%, around the fall of 2025," Stournaras said. (www.bloomberg.com 03/01/25)

Reserves at Fed sink below \$3tr to the lowest since 2020

The US banking system's reserves, a key factor in the Fed's decision to keep shrinking its balance sheet, tumbled below \$3tr to the lowest since Oct., 2020. Bank reserves fell by about \$326bn in the week through Jan., 1 to \$2.89tr, according to Fed data. That is the largest weekly slide in over two-and-a-half years.

(www.bloomberg.com 03/01/25)

US weekly jobless claims unexpectedly dip to eight-month low

First-time claims for US unemployment benefits unexpectedly edged lower in the week ended Dec., 28, according to the Labour Department. The report said initial jobless claims slipped to 211,000, a decrease of 9,000 from the previous week's revised level of 220,000. With the unexpected decrease, jobless claims fell to their lowest level since hitting 209,000 in the week ended April 27, 2024.

(www.rttnews.com 02/01/25)

China will sharply increase funding from treasury bonds to spur growth in 2025

China will sharply increase funding from ultra-long treasury bonds in 2025 to spur business investment and consumer-boosting initiatives, a state planner official said today[03/01], as Beijing ramps up fiscal stimulus to revitalise the faltering economy. (www.reuters.com 03/01/25)

China's central bank likely to cut interest rates in 2025

China's central bank said it is likely to cut interest rates from the current level of 1.5% "at an appropriate time" in 2025, the Financial Times reported on Friday[03/01] citing comments the bank made to the newspaper. The remarks by the People's Bank of China align with policymakers' commitment made last year towards creating a more market-driven interest rate curve. (www.reuters.com 03/01/25)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2389	(1.2517)	1.2390	(1.2518)
+USD/EUR	1.0304	(1.0350)	1.0304	(1.0351)
*GHS/USD	14.6927	(14.6927)	14.7074	(14.7074)
*GHS/GBP	18.2027	(18.3908)	18.2224	(18.4107)
*GHS/EUR	15.1399	(15.2065)	15.1538	(15.2217)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 03/01/25 (Rates for 02/01/25 in brackets)

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UK taxes on minimum wage work dearly double in a decade

Taxes on minimum wage jobs will have effectively doubled in just a decade after the Labour government's increased payroll levy comes into effect. The Centre for Policy Studies said the combined amount of tax paid by employees and employers will rise to more than 21% of salary for minimum wage workers from April, up from 11% in the year 2015.

(www.bloomberg.com 03/01/25)

Turkey makes 250bp cut

Turkey's central bank cut its policy rate by 250 basis points to 47.5% on Dec., 26. The cut was on the highest end of market expectations, as analysts had predicted a cut of between 100 and 250 basis points. The Bank also narrowed its interest rate corridor from 600bp to 300bp by setting the overnight borrowing and lending rates 150bp below and above the policy rate.

(www.centralbanking.com 02/01/25)

Dollar set for best week since November on US rates, economic outlook

The dollar was on track for its best weekly performance in over a month today[03/01], underpinned by expectations of fewer Fed rate cuts this year and the view that the US economy will continue to outperform the rest of its peers globally.

(www.reuters.com 03/01/25)

Pakistan's central bank forex reserves decrease \$143m

Pakistan's central bank foreign exchange reserves have decreased \$143m due to external debt repayments, the central bank said. During the week ending on Dec., 27, total foreign exchange reserves of the bank stood at about \$11.7b.

(www.xinhuanet.com 03/01/25)

Chile's economy grows 2.1% year-on-year in November 2024

Chile's economy grew by 2.1% in November 2024 compared to the same month in the previous year, the Central Bank of Chile reported. According to the report, the Monthly Economic Activity Index (Imacec) saw an increase due to growth across all sectors, with the services sector standing out as a key driver.

(www.xinhuanet.com 03/01/25)

Oil extends gains on optimism over policy support for growth

Oil prices extended gains on Friday[03/01] after closing at their highest in more than two months in the prior session, amid hopes that governments around the world may increase policy support to revive economic growth that would lift fuel demand. Brent crude futures rose 22 cents, or 0.3%, to \$76.15 a barrel by 0420 GMT.

(www.reuters.com 03/01/25)

European stocks close first trading session of New Year on bright note

European stocks shrugged off early weakness and closed on a positive note on Thursday [02/01], the first trading session in 2025, despite data showing a sharp contraction in manufacturing activity in most of the major economies in the region in December persisting concerns on the geopolitical front.

(www.rttnews.com 02/01/25)

South African rand starts 2025 on front foot

South Africa's rand started the new year on a positive note on Thursday[02/01] after a volatile end to 2024. At 0803 GMT, the rand traded at 18.7625 against the dollar, about 0.6% stronger than its previous close.

(www.reuters.com 02/01/25)

Kenyan stock market maintains rally on first trading day of 2025

The Nairobi Securities Exchange (NSE) maintained its rally on the first trading day of 2025 on Thursday [02/01], with all key indices recording gains. Market data from the NSE showed that the benchmark NSE 20 Share Index, which ended 2024 at 2,010.65, rose by 48.02 points to close at 2,058.67.

(www.xinhuanet.com 03/01/25)

Ugandan shilling weaker on banks' hard currency demand

The Ugandan shilling was weaker on Thursday [02/01] compared to the previous session, undercut by a surge in demand for hard currency from the interbank market, traders said. At 0719 GMT commercial banks quoted the shilling at 3,680/3,690, compared to Tuesday's [31/12] close of 3,674/3,684.

(www.reuters.com 02/01/25)

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