



Thursday, 23rd January 2025

Traders pile into bets on supersized rate cut from European Central Bank

Traders are placing big options bets on the European Central Bank delivering at least one half-point cut to interest rates by the middle of the year. The wagers have focused heavily on options tied to the three-month Euribor funding rate that's expiring in June.

(www.bloomberg.com 23/01/25)

ECB's Rehn says inflation confidence will allow for rate cuts

European Central Bank interest rates will keep falling as policymakers are confident that inflation will stabilise at the bank's 2% target, Finnish central bank chief Olli Rehn said on Wednesday [22/01]. "We are now confident that inflation will stabilise at the target as predicted and monetary policy will stop being restrictive in the near future," Rehn said in a speech. (www.reuters.com 22/01/25)

EBA launches stricter EU-wide stress test for 2025

The European Banking Authority (EBA) on January 20 launched its latest large-scale stress test, which will involve the European Union's biggest lenders. The 2025 EU-wide stress test will be conducted on a sample of 64 lenders that cover 75% of total banking assets in the EU and Norway. (www.centralbanking.com 22/01/25)

ECB's Villeroy: Trump policies unlikely to have much impact on euro inflation

The new Trump administration's policies may affect inflation in the United States, but are unlikely to have much impact on price pressures in Europe, ECB policymaker Francois Villeroy de Galhau said on Wednesday. "We could expect, but I say it very cautiously, this programme to have inflationary effects in the US due to tariffs, fiscal expansions," Villeroy told a panel at the Davos economic forum. (www.reuters.com 22/01/25)

China's southbound bond outflows hit highest since 2022

Chinese sovereign bonds' falling yields are driving onshore investors to actively hunt for overseas alternatives with higher returns. Capital outflows from mainland China via its Southbound Bond Connect program totaled nearly 52bn yuan (\$7.1bn) in December.

(www.reuters.com 23/01/25)

China to allow foreign institutions to offer new types of financial services in free trade zones

China will grant foreign financial institutions the same treatment as domestic ones in offering new types of financial services not yet available in the country in some free trade zones, the central bank said. The country will also facilitate the transfer of inbound and outbound funds related to foreign investments in these areas in regions such as Beijing and Shanghai, according to guidelines jointly published by five government agencies.

(www.reuters.com 22/01/25)

China tones it down at Davos this time ahead of Trump tariffs

In 2017, weeks after Trump's first presidential election victory, Xi Jinping became the first Chinese head of state to address the World Economic Forum in Davos, Switzerland — winning applause as he inveighed against protectionism and declared that a trade war would hurt both sides.

(www.reuters.com 22/01/25)

UK borrowing jumps in December as debt interest climbs

Britain ran a bigger-than-expected budget deficit in December, swelled by debt interest costs and a one-off purchase of military homes, according to official data that underlined the fiscal pressure faced by finance minister Rachel Reeves. (www.reuters.com 22/01/25)

EXCHANGE RATES OF SELECTED CURRENCIES

CURRENCIES	BUYING		SELLING	
+USD/GBP	1.2318	(1.2276)	1.2319	(1.2277)
+USD/EUR	1.0419	(1.0385)	1.0420	(1.0386)
*GHS/USD	15.0525	(15.0121)	15.0675	(15.0271)
*GHS/GBP	18.5416	(18.4288)	18.5617	(18.4488)
*GHS/EUR	15.6840	(15.5912)	15.6983	(15.6055)

+SOURCE: BOG INTERNAL TRANSACTION RATES: 23/01/25 (Rates for 22/01/25 in brackets)

* BOG INTERNAL TRANSACTION RATES: 23/01/25 (Rates for 22/01/25 in brackets)

Norway sees rate cut in march after no change this month

Norway's central bank primed investors for its first easing move in March after keeping borrowing costs unchanged this month at a 16-year high. Norges Bank officials held the key deposit rate on Thursday[23/01] at 4.5%, in a decision anticipated by all economists surveyed by Bloomberg. (www.bloomberg.com 23/01/25)

Japan cautious on economy as Trump's policies take centre stage

Japan's government on Thursday[23/01] maintained a cautious outlook for the economy in part as policymakers kept a wary eye on US President Donald Trump's policies and their potential impact on global growth. The government also said fluctuations in financial markets are among other factors to watch. (www.reuters.com 23/01/25)

Japanese investors boost foreign stock purchases on Fed rate-cut hopes

Japanese investors raised their holdings in foreign stocks, driven by a benign US core inflation report that fuelled expectations of Federal Reserve cuts and boosted global equities, while a strong yen also lifted domestic buying power. They invested a net 489.8bn yen (\$3.13bn) into overseas stocks, for a sixth straight week through January 18. (www.reuters.com 23/01/25)

S.Korea's economy barely grows in Q4 as political crisis jolts 2025 outlook

South Korea's economy barely grew in the fourth quarter of 2024, as the country's worst political crisis in decades hurts already weakened domestic demand and threatens to further sap growth in a year of rising external risks under a second Trump presidency. (www.reuters.com 23/01/25)

Thai exports beat forecast in December, seen rising in January amid trade uncertainty

Thailand's exports rose for a sixth straight month and more than expected in December, with the commerce ministry saying that shipments would increase further in January but that uncertainty over US trade policies posed a challenge. (www.reuters.com 23/01/25)

European stocks little changed as investors assess mixed earnings

European shares were flat on Thursday[23/01], hovering below a record high touched in the previous session, as a drop in technology shares offset gains in telecom and utilities, while investors assessed a mixed set of corporate earnings. The pan-European STOXX 600 was little changed as of 0825 GMT. (www.reuters.com 23/01/25)

Oil edges up on weak Dollar

Oil prices edged up slightly on Thursday[23/01] after tumbling from near six-month highs in the past week on uncertainty over US President Donald Trump's tariff plans and concerns about market oversupply. Benchmark Brent crude futures edged up by 0.1% to \$79.11 a barrel in European trade, while WTI crude futures were up 0.2% at \$75.55. (www.rttnews.com 23/01/25)

Gold holds steady with focus on Trump policies

Gold prices were little changed on Thursday[23/01], as market participants awaited further clarity on policies from US President Donald Trump's administration. Spot gold eased 0.1% to \$2,753.14 per ounce by 0852 GMT, trading in a tight range of \$8. Prices hit their highest since October 31 on Wednesday [22/01]. (www.reuters.com 23/01/25)

South Africa's Reserve Bank to cut rates by 25 bps January 30 to 7.50%

The South African Reserve Bank will trim its repo rate next week by a quarter of a percentage point to 7.50% and repeat that in March, but then delay its final 25 basis point cut of the cycle to the third quarter. As US President Donald Trump's new administration settles into office, South Africa's Reserve Bank was expected to ease interest rates gently this year as it awaits clarification on his proposed tariffs and other policies. (www.reuters.com 23/01/25)

Kenyan shilling stable, supported by foreign exchange remittances

Kenya's shilling was stable against the US dollar, supported by remittances amid muted foreign exchange demand, traders said. (www.reuters.com 23/01/25)

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.