

Week ending May 25, 2016

GTBank

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	16-May-16	09-May-16	Change
91- Day	22.78%	22.81%	-0.03%
182- Day	24.55%	24.61%	-0.06%
1 Year Note	23.00%	23.00%	-
3 Year Fixed Rate Bond	24.50%	24.50%	-

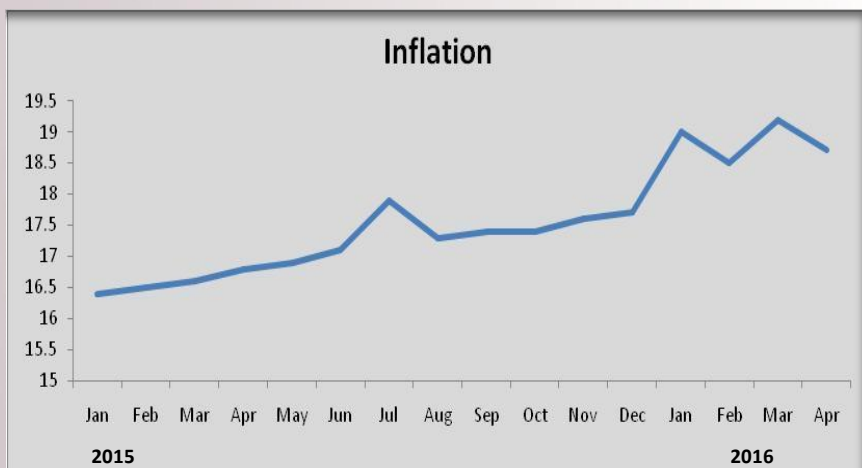
Key Economic Indicators 2016 Target

GDP Growth	5.4%
Inflation	10.1%
Import Cover	≥3 Months

The Central Bank has decided to maintain its Policy Rate at 26% following the last MPC meeting. The decision is premised on the Cedi's stability and recent inflation trends. Prior to the meeting, there were calls by some analysts and stakeholders in the private sector for a reduction of the rate, in order to address the present challenge of high cost of credit in the system.

A number of economic commentators have also called on Bank of Ghana to reconsider its inflation-targeting regime as its effectiveness is often hampered by hikes in petroleum prices and utility tariffs.

Following a review of the Extended Credit Facility (ECF) programme, the International Monetary Fund (IMF) has given government the green light to issue its 5th Eurobond. The review was carried out to assess the country's adherence to conditions attached to the ECF, and to ensure that government's fiscal control measures are on track.



Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	3.7100 – 3.7300	3.8640 – 3.8690
GBP/GHS	5.3200 – 5.3400	5.6050 – 5.6100
EUR/GHS	4.1600 – 4.1800	4.3900 – 4.3950

Foreign exchange supply has been relatively subdued this week on the local market, resulting in a slight depreciation of the Cedi against the US Dollar. The Pound retreated 550 pips while the Euro advanced 100 pips to reflect current international market trends.

Should the central bank stick to its plan of issuing a GHS500 million 3-year bond by the end of this month, there is likely to

Indicative FX Forward Rates (USD)

Tenor	Bid	Ask
Spot	3.7100	3.8690
Forward Points		
3 Months	0.1953	0.2229
6 Months	0.4166	0.4729

be an improvement in FX supply, resulting in stability of rates in the coming weeks.

Deposit Rates

Tenor	Rates
O/N	5.00%
1 Month	15.00% - 18.00%
3 Months	18.00% - 21.00%
6 Months	17.00% - 20.00%
1 Year	18.00% - 19.00%
BoG Policy Rate	26.00%
Average InterBank Rate	25.49%
GTBank Base Rate	25.56%

The average interbank rate progressed 2 basis points to settle at 25.49%. With the BoG's decision to hold the Policy Rate, lending rates will continue to trend towards 26%.

CCY PAIR	16-May-16	09-May-16	Change
GBP/USD	1.4580	1.4428	+0.0152
EUR/USD	1.1217	1.1399	-0.0182
USD/JPY	110.26	107.10	+3.16
USD/CHF	0.9876	0.9729	+0.0147
Commodities			
Gold	1,255.38	1,270.15	-14.77
Oil (Brent)	48.07	45.30	+2.77
Cocoa	2,931.00	3,106.00	-175.00

Minutes of the last Fed meeting, which showed that monetary authorities are leaning in favour of liquidity tightening, gave dollar bulls hope of a possible rate hike next month. This has propelled the dollar above the Euro and Yen after a tough couple of months.

The dollar's high prospects dragged Gold prices down this week by US\$14.77. Some investors have started to offload Gold assets in exchange for dollar investments to cash in on the dollar's good performance.

US Crude inventories fell for the second week running to boost oil prices on the international market. With the dollar's recent surge however, commodities like oil are likely to suffer a drop in prices.

International Benchmark

	Rates
1-Month LIBOR	0.43870%
3-Month LIBOR	0.62510%
6-Month LIBOR	0.91160%
1-Year LIBOR	1.24235%
US Prime	3.50%

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