

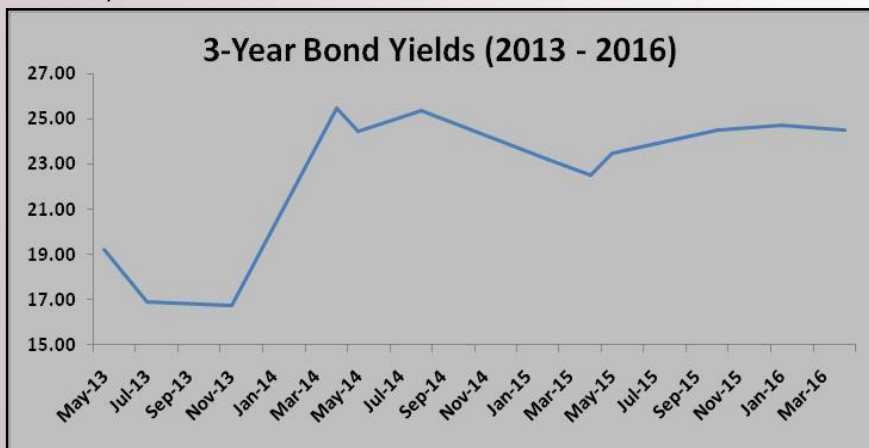
Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	25-April-16	18-April-16	Change
91- Day	22.81%	22.80%	0.01%
182- Day	24.64%	24.68%	+0.24%
1 Year Note	23.00%	23.00%	-
3 Year Fixed Rate Bond	24.50%	24.75%	-0.25%

Key Economic Indicators	2016 Target
GDP Growth	5.4%
Inflation	10.1%
Import Cover	≥3 Months

The 3-Year Bond issued by government last Friday attracted a yield of 24.50%. The bond, which was expected to raise about GHS500 million was heavily over-subscribed as GHS1.12 billion bids were accepted by the Central Bank. Though the bond issuance has been touted by government as useful for debt servicing and infrastructure development, economic analysts are of the view that it does not bode well for Ghana's private sector development. Furthermore, it deepens Ghana's public debt stock which is currently at 70% of GDP.

In a study by economic research outfit, Trading Economics, Ghana ranks second in Africa, after Malawi, on the list of countries with the highest interest rates. With a Central Bank policy rate of 26% and average lending rates above 30%, real sector growth in the country is suppressed due to high cost of credit. Competitive government borrowing and high operational cost in the banking sector have been cited as the major cause of these high lending rates. In order to remedy the situation, analysts are advocating restraint in government borrowing which drives up the benchmark treasury bill rates.



Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	3.6500 – 3.6700	3.8550 – 3.8600
GBP/GHS	5.3300 – 5.3500	5.6200 – 5.6250
EUR/GHS	4.1100 – 4.1300	4.3700 – 4.3750

The Cedi's impressive run continued this week against the US Dollar and the Euro. The Pound, on the other hand, made marginal gains against the local currency.

Foreign exchange supply continues to outstrip demand, causing a dampening effect on the USD/GHS rate in particular. Generally, demand for foreign currency is not as high as was experienced this time last year, when multinationals sourced large volumes for dividend payments.

Indicative FX Forward Rates (USD)		
Tenor	Bid	Ask
Spot	3.6500	3.8600
Forward Points		
3 Months	0.1923	0.2197
6 Months	0.4116	0.4736

We expect the Cedi to hover around the current range 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	25.44%
GTBank Base Rate	25.56%

The average Interbank rate continues to increase on a weekly basis. Liquidity on the local market has not improved significantly, hence our outlook for the next week on the average interbank rate is a marginal increase.

CCY PAIR	25-April-16	18-April-16	Change
GBP/USD	1.4412	1.4391	+0.0021
EUR/USD	1.1228	1.1354	-0.0126
USD/JPY	111.54	109.19	+2.35
USD/CHF	0.9760	0.9609	+0.0151
Commodities			
Gold	1,241.23	1,250.70	-10.47
Oil (Brent)	45.84	43.07	+2.77
Cocoa	3,210.00	3,079.00	+131.00

The US Dollar slid marginally amidst expectations that the Fed will maintain interest rates during its meeting this week. Economic experts are of the view that the current economic situation should not warrant a rate hike. The Pound is beginning to rise again as it is widely expected that Britain will vote to remain a member of the European Union in the June referendum.

Gold prices dropped from last week's US\$1,250.70 per ounce. Investor activity is however likely to drive prices up once the widely-expected Fed rate freeze is confirmed this week.

Oil prices received a boost this week due to a demand-side effect of the ailing dollar. The refusal of oil giants to cap output is however, likely to trigger another price slump in the coming months.

International Benchmark	Rates
1-Month LIBOR	0.43695%
3-Month LIBOR	0.63385%
6-Month LIBOR	0.91040%
1-Year LIBOR	1.23885%
US Prime	3.50%

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