

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	22-Feb-16	15-Feb-16	Change
91- Day	22.68%	22.64%	+0.04%
182- Day	24.61%	24.57%	+0.04%
1 Year Note	23.00%	23.00%	-
3 Year Fixed Rate Bond	24.75%	24.75%	-

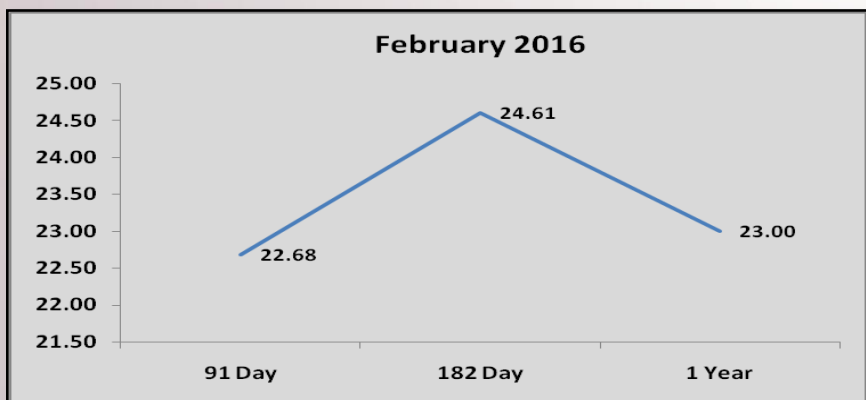
Key Economic Indicators 2016 Target

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

Petrol and diesel prices have been reviewed downwards by 1.5% and 2.5% respectively, according to the Chamber of Oil Marketing Companies. The price reductions, which were occasioned by declining world crude oil prices, are expected to take effect from the end of February. It is unclear whether or not this development will be factored into transport fares as commercial drivers increased prices early this year.

Meanwhile, Ghana's heavy dependence on rainfall as a booster of agricultural output has led industry experts to project a probable shortage in foodstuffs and a resultant increase in prices. The average Ghanaian's expenditure on food is therefore expected to rise, causing individual budget constraints, should the current weather conditions persist.

Local investors are expectant of the issuance of a GHS500 million 5-year fixed rate bond within the week. The bond is likely to attract a higher yield than the 24% recorded by the last 5-year bond issued in December 2015. Some analysts have spoken highly of the imminent bond issuance as an encouraging step in government's quest for fiscal discipline.



Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	3.8000 – 3.8200	3.9720 – 3.9750
GBP/GHS	5.4000 – 5.4200	5.7050 – 5.7070
EUR/GHS	4.2000 – 4.2200	4.4550 – 4.4570

The Cedi depreciated marginally against the US Dollar over the past week, losing 80 pips. With Britain and Europe in the spotlight recently, the Pound and Euro exchange rates mirrored their poor performance on the international market as the Cedi recorded rare gains against both currencies.

We expect the Cedi to remain stable against the US Dollar given the Central Bank's activity on the local market. Further gains can also be expected against the Pound and Euro if the goings-on in the Eurozone continue.

Indicative FX Forward Rates (USD)

Tenor	Bid	Ask
Spot	3.8000	3.9750
Forward Points		
3 Months	0.1991	0.2280
6 Months	0.4285	0.4877

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	25.38%
GTBank Base Rate	26.75%

The upward trend in Average Interbank Rates continued this week. At a current rate of 25.38%, the signs are clear that the local market is responding positively to the Central Bank's liquidity tightening objective.

Our short-term outlook on rates is a continuation of the marginal upward trend.

CCY PAIR 22-Feb-16 15-Feb-16 Change

GBP/USD	1.4308	1.4499	-0.0191
EUR/USD	1.1125	1.1249	+0.0124
USD/JPY	112.61	113.20	-0.59
USD/CHF	0.9894	0.9765	+0.0129
Commodities			
Gold	1,216.50	1,209.30	+7.20
Oil (Brent)	34.05	34.05	-
Cocoa	2,937.36	2,919.21	+18.15

The British Pound took a hit on the international market after a week of intense speculation on Britain's exit from the European Union. The Euro has suffered a knock-on effect from Brexit attention, dipping 124 pips over the past week. Contrary to the plight of the Pound and Euro, the US Dollar held onto its gains as investors look to capitalise on high yielding US Bonds.

Investors' risk appetite remains low as they continue to seek refuge in the now-trusty Gold market in these times of currency and stock market uncertainty. Gold prices rose by US\$7.20 to close the week at US\$1,216.50.

Crude oil prices were stable in the past week. Oil stakeholders are still in talks over ways of cutting down global supply to stimulate price increases as oil companies continue to suffer. Tullow Oil, for example, recorded a loss of US\$1 billion in 2015 as a result of oil price challenges.

International Benchmark

	Rates
1-Month LIBOR	0.43350%
3-Month LIBOR	0.62460%
6-Month LIBOR	0.88155%
1-Year LIBOR	1.15850%
US Prime	3.50%

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