

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	6-Mar-17	27-Feb-17	Change
91- Day	16.38%	15.94%	+0.44%
182- Day	17.09%	16.99%	+0.10%
1-Year Note	19.00%	19.00%	-

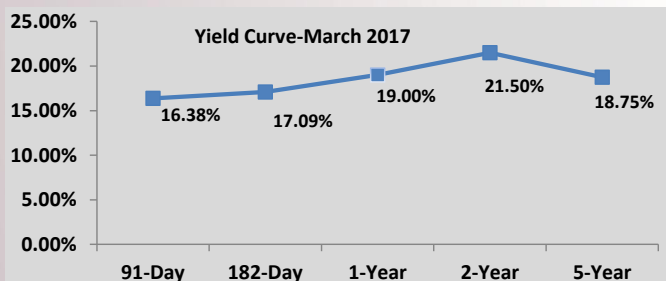
Key Economic Indicators

2017 Target

GDP Growth	6.3%
Inflation	11.2%
Import Cover	≥3 Months

The Finance Minister has hinted of government's decision to exit the foreign capital market, following years of participation on the Eurobond market. The decision to exit the Eurobond market may stem from the crippling cost of interest payment. The budget presented last week indicated a projected deficit of GHS13.3 billion. The deficit is expected to be financed from both domestic and external sources, with a chunk emanating from domestic sources. The anticipated foreign deficit financing is expected to come from sources such as multilateral institutions with none from sovereign bonds.

Yields on short-term Government of Ghana securities rose at the last auction. The 91-day treasury bill gained 44 basis points closing the auction at 16.38%. The 182-day treasury bill also edged up to 17.09%, gaining 10 basis points.



As part of the government's effort to raise capital to meet its financing needs, it has begun a book building auction for the issue of its first 3-year domestic bond this year. The initial pricing guidance (IPG) is between 19% and 22%. The bond is expected to be traded on the Ghana Fixed Income Market (GFIM) after issue.

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Available GoG Securities (Indicative Rates)

Maturity Date	Security Type	Offer
27-Mar-17	91-Day	16.85%
5-Jun-17	182- Day	18.20%
26-Jun-17	182- Day	17.45%
10-Jul-17	182- Day	17.30%
19-Feb-18	1-Year Note	18.75%

Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	4.4200 – 4.4400	4.6620 – 4.6630
GBP/GHS	5.3800 – 5.4000	5.7070 – 5.7080
EUR/GHS	4.6400 – 4.6600	4.9420 – 4.9430

The Cedi's performance on the interbank market last week mirrored recent happenings on the domestic FX market as it depreciated against most of the major currencies. With the exception of the Pound which lost 151 pips to the Cedi, it declined by 826 and 704 pips to trade at 4.5420 and 4.7991 respectively against the Dollar and Euro. The Central bank has partly ascribed the Cedi's worsening trend to activities of speculators coupled with the recent development in the economy. The Finance Minister in his budget presentation pegged the overall GDP growth at 6.3% and inflation target of 11.2%. This favourable economic outlook is expected to boost investors' confidence and improve other macro indicators. Meanwhile, the Central Bank would release \$20 million as part of the periodic FX auctions, although policy impact remains largely unrealised whilst some industry analysts have also downplayed its sustainability.

Deposit Rates

Tenor	Rates
O/N	5.00%
1 Month	13.00% - 15.00%
3 Months	15.00% - 18.00%
6 Months	17.00% - 19.00%
1 Year	16.00% - 17.00%
Average Inter-Bank Rate	25.20%
GTBank Base Rate	26.23%

The money market has been relatively stable over the past weeks, with the interbank lending rate averaging 25.20%.

CCY Pair	6-Mar-17	27-Feb-17	Change
GBP/USD	1.2234	1.2465	-0.0231
EUR/USD	1.0582	1.0560	+0.0022
USD/JPY	113.87	112.07	+1.8000
USD/CHF	1.0124	1.0076	+0.0048

Market Commodities

Gold	1,217.50	1,261.70	-44.20
Oil (Brent)	55.99	56.16	-0.17
Cocoa	1,911.00	1,977.00	-66.00

On the global market, the Euro strengthened against its peers as investors' sentiment in the euro zone improved more than expected. The Euro gained 22 pips against the Dollar to settle at 1.0582. The GBP/USD pair retreated to 1.2234. Also, the USD/JPY pair is trading at 113.87 as the greenback edged up from the previous week's rate of 112.07.

The commodities market was bearish last week, with significant price change. Gold could not sustain its impressive run as it retreated to \$1,217.50, losing \$44.20 from the previous week's price of \$1,261.70. The performance of cocoa and oil is not entirely different, shedding \$66 and \$0.17 respectively.

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