



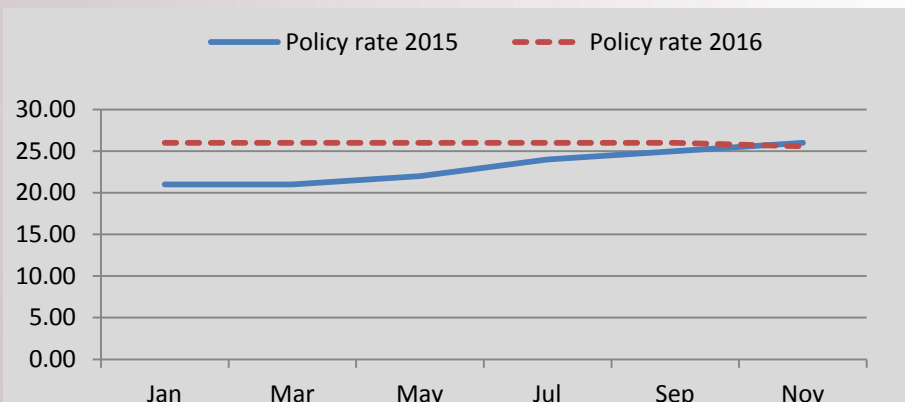
Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	21-Nov-16	14-Nov-16	Change
91- Day	20.43%	21.98%	-1.55%
182- Day	22.50%	23.29%	-0.79%
2 -Year Note	22.25%	23.00%	-0.75%

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

The Monetary Policy Committee (MPC) of Bank of Ghana has reduced the policy rate by 50 basis point to 25.50%. The decline is partly attributed to the Cedi's relative stability as well as the recent steep drop in inflation. Prior to the reduction, there were calls by industry players and economists for a downward revision of the rate as posited by the economic indicators. However, some analysts opined that the full effect of the reduction will not be realised soon as commercial banks are not likely to react immediately to the rate reduction.

Ghana's total public debt stands at GHS112.4 billion as at September 2016, representing 14% increase from GHS98.8 billion recorded in January this year. This translates into about 67.4% of GDP. The external component of the debt decreased between January and June but inched up afterwards. The domestic debt increased throughout the period. This affirms the government's constant borrowing from the domestic market through the weekly issue of Government of Ghana securities and periodic bond issues.



At last Friday's auction, yields on short-tenored government securities dipped as anticipated. The 91-day treasury bill fell sharply to close the week at 20.43%. It shed 155 basis points. The 182-day treasury bill and the 1-year note lost 79 and 75 basis points to close the week at 22.50% and 22.25% respectively. As the government adopts rate cut to correct anomalies in the yield curve, we envisage further decline in yields.

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	3.9300 – 3.9500	4.0650 – 4.0670
GBP/GHS	4.8400 – 4.8600	5.0570 – 5.0590
EUR/GHS	4.1500 – 4.1700	4.3640 – 4.3660

The Cedi has exhibited relative stability in 2016, attracting positive comments from economists.

Although the local currency lost ground to the major trading currencies this week, it has been far more robust considering the rapidity with which it declined this time last year. The year to date depreciation of the Cedi to the Dollar stands at 4.6% compared with 15.5% recorded for the same period last year. The Dollar gained 95 pips against the Cedi to trade at 3.9778. Also, the Pound edged up by 141 pips from the previous week's rate of 4.9530 to close at 4.9671.

On the other hand, the Cedi made significant strides against the Euro. It appreciated by 257 pips to end the week at 4.2275. In spite of the sufficient foreign exchange supply on the market, the Cedi is showing signs of stuttering due to activities of speculators and the uncertainties surrounding the impending elections.

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	25.50%
Average InterBank Rate	25.51%
GTBank Base Rate	25.56%

The average interbank rate is currently hovering around 25.51%. Following the Monetary Policy Committee's revision of the policy rate to 25.50%, the overnight interbank lending rate is expected to gradually trend below the policy rate.

CCY Pair	21-Nov-16	14-Nov-16	Change
GBP/USD	1.2344	1.2591	-0.0247
EUR/USD	1.0581	1.0847	-0.0266
USD/JPY	110.89	106.525	+4.3650
USD/CHF	1.0109	0.9874	+0.0235
Commodities			
Gold	1,214.72	1,217.72	-3.00
Oil (Brent)	47.36	43.75	+3.61
Cocoa	2,425.00	2,419.00	+6.00

The Pound fell this week having lost 247 pips to settle at 1.2344 against the Dollar. It had a good week as it edged up against the Euro. However, it could not replicate the same sterling performance against a much stronger Dollar. It seems the United Kingdom is gradually weathering the initial shock of the Brexit better than anticipated. The Euro also lost 266 pips to the Dollar to close the week at 1.0581.

On the commodities market, oil prices have rebounded after falling several weeks as members of the Organization of Petroleum Exporting Countries are showing renewed commitment to finalise the output deal informally agreed in September. Oil prices surged by \$3.61 to close the week at \$47.36. Cocoa also recorded positive gains as prices went up by \$6.00. However, gold prices declined by \$3.00 to end the week at \$1,214.72.



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