

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

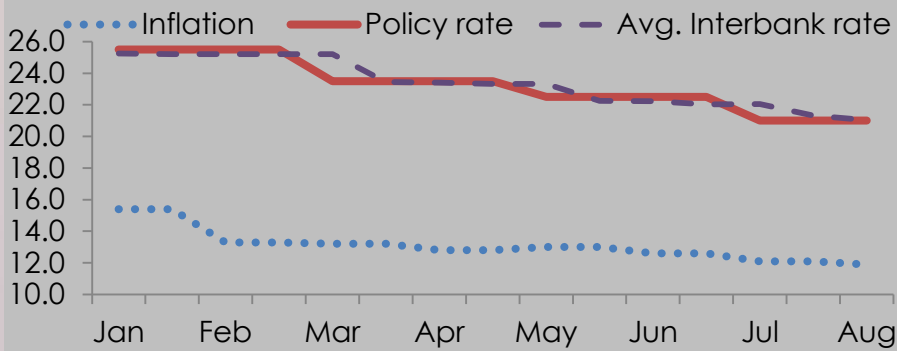
Bills & Notes	14-August-17	7-August-17	Change
91- Day	12.62%	12.36%	+0.26%
182- Day	13.00%	12.92%	+0.08%
2 -Year	17.00%	17.00%	-

Key Economic Indicators 2017 Target

GDP Growth	6.3%
Inflation	11.20%
Import Cover	≥3 Months

The Bank of Ghana has revoked the licences of two indigenous banks, UT Bank and Capital Bank, and simultaneously approved a deal that saw GCB Bank assume control of their deposits and selected assets, due to "severe impairment of their capital". We view this as part of the regulator's efforts to strengthen the banking sector, ensure financial stability and protect depositors. Whilst this move is extraordinary, additional interventions are being implemented to further inject optimism:

- Increase in minimum capital requirement of commercial banks beyond GHS120 million, due to be announced in September 2017;
- Timely payment of energy sector debts owed to banks through a bond programme backed by ESLA receivables and;
- Rollout of government's TSA policy which seeks to withdraw an estimated GHS5 billion of MMDA and SOE funds from the banking sector is being executed in phases to minimize any negative liquidity impact.



Activities on the secondary market rebounded by 12% from GHS221 million recorded previously to close the week at 249 million. The 2021 and 2022 maturities were the most traded – GHS62 million of July 2021 traded around 18.38%-18.50% and GHS26 million of July 2022 traded around 17.83%-18.15%.

On the primary market, the yield offered by government on short-tenored securities fell short of investors' expectation albeit an underwhelming subscription. Consequently, yields on 91-day and 182-day rose marginally by 26bps and 8bps to clear at 12.62% and 13% respectively whilst the 2-year note remained flat at 17%. This week, government intends to raise GHS1,500 million through reopening of the existing 5-year Bond (coupon of 18.25%) maturing 25th July, 2022.

Available Securities

Maturity Date	Security Type	Offer
06-May-19	1-Year Note	18.30%
01-Jun-20	3-Year Bond	17.60%

CCY Pair	Buy	Sell
USD/GHS	4.2650 – 4.2850	4.4600– 4.4620
GBP/GHS	5.4950 – 5.5150	5.8130– 5.8150
EUR/GHS	4.9800 – 5.0000	5.2830– 5.2850

The Cedi firmed against the Pound and the Euro but lost marginally to the Dollar in the week under review. The Cedi trimmed by 11 pips to the Dollar, settling at 4.3775. This brings the year-to-date depreciation to 4.22%, compared to the Pound and Euro which depreciated by 9.28% and 16.35% respectively in the year. The Pounds and Euro traded at 5.6788 and 5.1623 in the week after shedding 184 pips and 57 pips respectively.

Deposit Rates	
Tenor	Rates
O/N	5.00%
1 Month	8.00% - 10.00%
3 Months	10.00% - 12.00%
6 Months	12.00% - 13.00%
1 Year	13.00% - 14.00%
Average Interbank Rate	20.99%
GTBank Base Rate	24.77%

The significant development in the market this week is likely to keep the interbank market inactive and rates sticky around existing levels as banks take caution in their dealings.

CCY Pair	14-August-17	7-August-17	Change
GBP/USD	1.2992	1.3025	-0.0033
EUR/USD	1.1804	1.1766	+0.0038
USD/JPY	109.05	110.60	-1.5500
USD/CHF	0.9716	0.9736	-0.0020
Market Commodities			
Gold	1,284.30	1,258.60	+25.70
Oil (Brent)	51.39	52.12	-0.73
Cocoa	1,933.00	2,042.00	-109.00

The Pound Sterling inched down against the Dollar on Monday, but held close to the \$1.30 level that has proved an anchor for the past month despite a series of negative headlines from the first weeks of Brexit negotiations. The Dollar gained 33 pips to the Pound settling at 1.2992. The Euro and the Yen however outperformed the Dollar at the back of worsening tension in a nuclear standoff between the United States and North Korea to close the week at 1.1804 and 109.05 respectively.

On the commodity market, oil traded near \$51 a barrel after shedding \$0.73 as investors weighed potential reductions in crude supply from Libya against slowing Chinese demand. Libya's biggest oil field has reduced crude production by more than 30%. Gold prices edged up by \$25.70 to close at 1,284.30 as investors moved funds to safe havens in the wake of prospect of war between the U.S. and North Korea. Cocoa retreated in the week to \$1,933 after shedding \$109.

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