

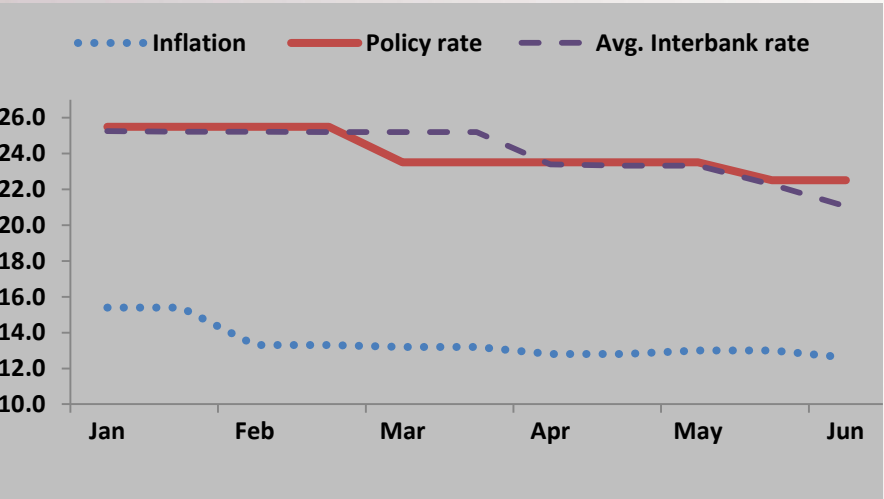


Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	19-June-17	12-June-17	Change
91- Day	12.10%	11.91%	+0.19%
182- Day	13.16%	13.29%	-0.13%
1-Year Note	15.00%	15.50%	-0.50%

Key Economic Indicators	2017 Target
GDP Growth	6.3%
Inflation	11.2%
Import Cover	≥3 Months

The policy-easing decision by the Bank of Ghana to cut the Policy Rate on successive occasions to 21.50% continues to reinforce the general progress of the economy. Inflation pressures remain downward (currently 12.06%) buoyed by steady power supply, interest rates have dropped to 2011 levels and FX rates are relatively stable. It is anticipated that commercial banks would increase lending to the private sector in response to the current easing stance of policy makers and to create shareholder value. Already, credit allocation to the private sector has increased from GHS27.07 billion to GHS30.99 billion between April 2016 and April 2017 (an increase of GHS3.92 billion), and this is expected to positively impact on the private sector.



The yields on Government of Ghana (GoG) short-tenored securities trimmed further albeit a snap uptick in the 91-day rate. It gained 19bps due to a lower-than-expected investor interest, causing GoG to accept bids at higher yields. The 182-day treasury bill and 1-year note shed 13bps and 50bps to trade at 13.16% and 15% respectively. We foresee marginal slips in yields at the next auction although desire for higher yields could lead to lower subscription. On the GFIM, trades executed fell by 22.30% to GHS108 million compared to GHS139 million recorded for the previous week. The 2020 and 2021 maturities were the most traded securities – GHS16 million of March 2020 was traded at a yield of 18.26%-20.49% whilst GHS10 million of July 2021 traded at 18.54%.

Available Securities		
Maturity Date	Security Type	Offer
19-Feb-18	1-Year Note	16.20%
14-May-18	1-Year Note	14.50%

CCY Pair	Buy	Sell
USD/GHS	4.2500 – 4.2700	4.4450– 4.4700
GBP/GHS	5.3800 – 5.4000	5.7170– 5.71910
EUR/GHS	4.6900 – 4.7100	5.0050– 5.0070

The Dollar maintained its dominance over the Cedi as soaring corporate demand for the greenback pushed gains on the Dollar further, bringing the YTD depreciation of the Cedi to 3.25%. The USD/GHS pair traded at 4.3443, up by 230 pips. The Cedi also shed 401 pips and 210 pips to the Pounds and Euro to close the week at 5.5412 and 4.8539 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% - 14.00%
1 Year	14.00% - 15.00%
Average Inter-Bank Rate	22.05%
GTBank Base Rate	24.77%

On the cash market, the average interbank rate continued its downward spiral, plummeting by 5 bps to close the week at 22.05%, signaling excess liquidity on the market. We anticipate the average lending rate to trend downwards around 22.03%-21.95% in the coming week.

CCY Pair	19-June-17	12-June-17	Change
GBP/USD	1.2731	1.2729	+0.0002
EUR/USD	1.1198	1.1193	+0.0005
USD/JPY	111.50	110.35	+1.15
USD/CHF	0.9746	0.9692	+0.0054

Market Commodities			
Commodity	19-June-17	12-June-17	Change
Gold	1,247.88	1,265.99	-18.11
Oil (Brent)	46.99	48.50	-1.51
Cocoa	1,932.00	2,081.00	-149.00

The international currency market witnessed mixed and marginal changes across the major currency pairs. The Euro showed resilience against the dollar, gaining 5pips as political risks in the euro area recede and investors begin to impose more confidence in buying Europe's shared currency. Sterling was unable to show any significant rebound against the greenback in the week under review with demand for the currency weakened by uncertainty over domestic politics and over Britain's economic future, as formal Brexit negotiations got under way on Monday.

On the commodity market, Oil traded near \$47 a barrel, down by \$1.51 after four weekly declines as U.S. drillers continue adding rigs and Libya boosts output, blunting OPEC-led efforts to rebalance an oversupplied market. Prices of gold and cocoa dipped by \$18.11 and \$149 to close the week at \$1,247.88 and \$1,932.00 respectively.



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