

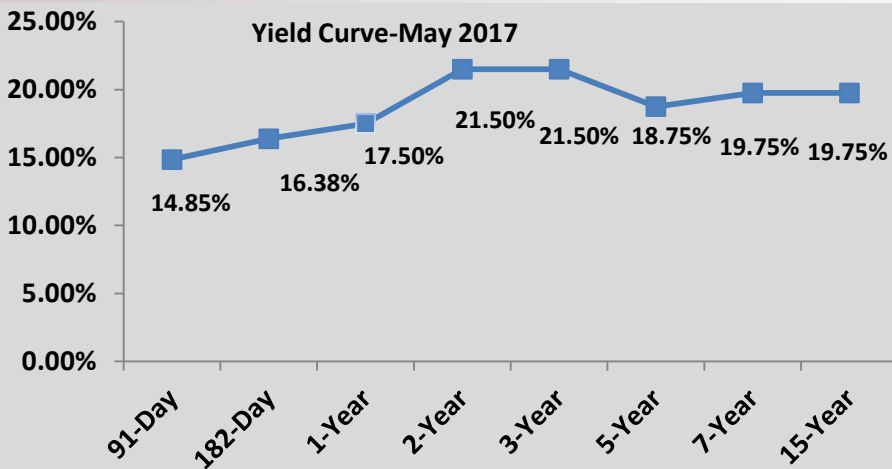


# Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	2-May-17	24-April-17	Change
91- Day	14.85%	15.44%	-0.41%
182- Day	16.38%	16.47%	-0.09%
1-Year Note	17.50%	18.00%	-0.50%

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

There is a wave of expectation that the minimum capital of banks would be increased beyond the current level of GHS120 million. Excessive asset deterioration and rising appetite of banks to undertake bigger transactions have caused a shift in the stance of the regulator towards an increment. The level of increase would determine the extent of industry consolidations. Based on FY'2016 financials, foreign banks are poised to meet the minimum capital without much stress. On the other hand, it remains to be seen how the local banks, especially those at nascent stage of their growth would be able to navigate their way towards growth and sustained profitability in the new regime. Irrespective of how this is viewed, the capital market is likely to see significant activity ahead.



Yields on short-tenored GoG securities traded at 14.85% on the primary market, reflecting a decrease of 41 basis points from the previous yield of 15.44%. Similarly, the 182-day treasury bill closed the auction at 16.38%, 9 basis points slide from 16.47% recorded previously. The 1-year note also shed 50 basis points, recording the greatest change to close the auction at 17.50%. Considering the current interest rates easing by the Central Bank, we envisage further downward revision of the yields in the subsequent auctions. Despite the yield curve failing to attain a regular pattern at the last auction, we foresee a restoration to a normal pattern in the ensuing weeks as yields continue to moderate on the short- to medium papers.

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Available GoG Securities (Indicative Rates)		
Maturity Date	Security Type	Offer
19-Feb-18	1-Year Note	18.30%
1-Mar-21	5-Year Bond	18.50%

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	4.0400 – 4.0600	4.2550– 4.2570
GBP/GHS	5.1900 – 5.2100	5.5150 – 5.5170
EUR/GHS	4.4100 – 4.4300	4.6750– 4.6770

On the interbank market, the Cedi lost ground to most of the major currencies. The Cedi is currently trading at a mid-rate of 4.1867 after inching up by 225 pips from the previous week's exchange rate of 4.1641. On a YTD basis, the Cedi has gained 0.49% in 2017 compared to a depreciation of 1.02% by the same period last year. Despite BoG's cancellation of the periodic FX auction, we expect the Cedi to remain relatively stable over Q2 as improved investor confidence in the economy is likely to result in over-subscription of planned bond issuance, thus injecting more Dollars into the economy. Similarly, the Pound and the Euro were up against the Cedi, recording gains of 946 and 382 pips to close the week at a mid-rate of 5.4163 and 4.5611 respectively. Investors channeled more funds into buying the Pound due to improving political outlook in the Eurozone.

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	23.32%
GTBank Base Rate	25.84%

The average interbank lending rate steadied at 23.32 over the past week. With liquidity on the market at appreciable level, we do not foresee any significant change from the current overnight rate.

CCY Pair	2-May-17	24-April-17	Change
GBP/USD	1.2884	1.2841	+0.0043
EUR/USD	1.0898	1.0889	+0.0009
USD/JPY	112.16	109.77	+2.39
USD/CHF	0.9940	0.9968	-0.0028

Market Commodities			
Commodity	2-May-17	24-April-17	Change
Gold	1,255.78	1,275.97	-20.19
Oil (Brent)	51.08	51.69	-0.61
Cocoa	1,803.00	1,816.00	-13.00

On the global front, the Pound erased an earlier decline against the greenback after U.K manufacturing sector unexpectedly grew in April at the fastest pace in three years. The Pound is trading at 1.2884 to the Dollar, 43 pips higher than the previous rate of 1.2841. Notwithstanding its gains this week, the outlook for the Sterling remains cloudy, given the upcoming Brexit negotiations. The USD/JPY pair edged higher to trade at 112.16 whilst the USD/CHF pair retreated to 0.9940.

The commodities market was bearish last week, with significant price change. Gold could not sustain its impressive run as it retreated to \$1,255.78, losing \$20.19 from the previous week's price of \$1,275.97. The performance of cocoa and oil is not entirely different, shedding \$13 and \$0.61 respectively. The raging concerns over the fallen quality of cocoa beans amidst the recent rejection of bad beans from Ivory Coast negatively affected the commodity's price on the global front.

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