

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

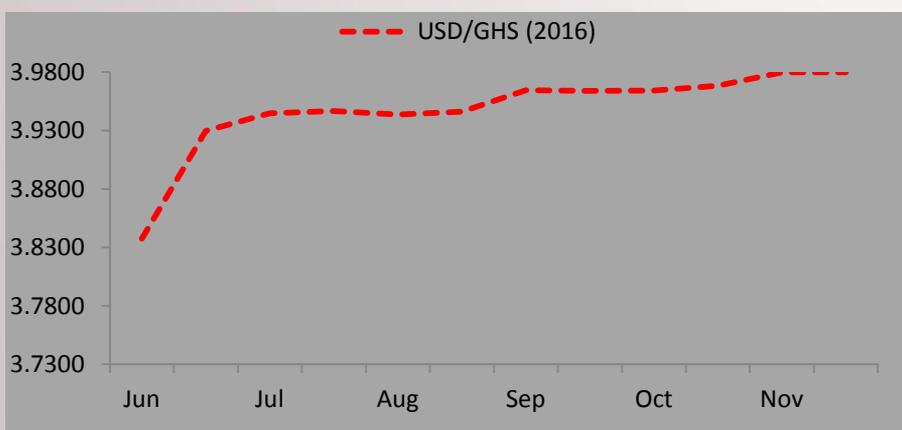
Bills & Notes	5-Dec-16	28-Nov-16	Change
91- Day	16.86%	18.61%	-1.75%
182- Day	19.62%	20.91%	-1.29%
1-Year Note	22.00%	22.25%	-0.25%

Key Economic Indicators 2016 Target

GDP Growth	5.4%
Inflation	10.1%
Import Cover	≥3 Months

The International Monetary Fund (IMF) has denounced the assertions that the stringent conditionalities enshrined in the Extended Credit Facility with Ghana would be renegotiated should there be a change of government. Some of the conditions especially the zero financing of government by the Central Bank has come under intense criticism by financial analysts and industry players. It indicated that any government that comes into power is expected to continue with the IMF programme to consolidate the gains made so far under the bail-out deal.

The Cedi over the past few weeks has witnessed consistent decline despite enjoying a period of stability for most part of the year. The pressure on the Cedi has been partly fuelled by the uncertainties surrounding the general elections. Rising demand by retailers ahead of the festive season has also contributed to the recent weakening of the Cedi. However, the Governor of the Central Bank has watered down the growing fears of the market as he indicated their readiness to address adverse volatilities in the market. He also opined that there is enough Dollars to stabilise the Cedi. With the recent policy measures being introduced like the Foreign Exchange (FX) auction, the Cedi's marginal depreciation is expected to normalise soon.



Yields on short-tenored government securities slumped at last week's auction. The 91-day treasury bill and 182-day treasury bill plummeted sharply as they shed 175 and 129 basis points to close the auction at 16.86% and 19.62% respectively. All the securities tendered in this auction were over-subscribed, attesting to the sufficient liquidity on the market. The target for the next auction is GHS956 million for the 91 and 182-day treasury bills. Also, GHS300 million is projected to be raised from the 2-year note. Based on Bank of Ghana's stance to ease interest rates to correct anomalies in the yield curve, we anticipate yields on the various securities to tumble further in the coming weeks.

Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	4.0100 – 4.0103	4.2580 – 4.2590
GBP/GHS	5.0700 – 5.0900	5.3970 – 5.3980
EUR/GHS	4.2800 – 4.3000	4.5650 – 4.5660

On the local market, the Cedi lost ground to the major international currencies. It is currently trading at a mid-rate of 4.0325 after shedding 526 pips to the Dollar. Similarly, the Pound and the Euro edged up against the Cedi by advancing 1911 and 1163 pips to close the week at a mid-rate of 5.1296 and 4.3293 respectively.

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	25.26%
GTBank Base Rate	25.56%

The average interbank rate is currently trending at 25.26%. As the Central Bank continues to mop liquidity on the market, we anticipate a marginal change in the overnight lending rate.

CCY Pair	5-Dec-16	28-Nov-16	Change
GBP/USD	1.2725	1.2468	+0.0257
EUR/USD	1.0672	1.0594	+0.0078
USD/JPY	113.52	113.03	+0.49
USD/CHF	1.0097	1.0135	-0.0038
Commodities			
Gold	1,174.46	1,190.91	-16.45
Oil (Brent)	54.96	47.13	+7.83
Cocoa	2,365.00	2,402.00	-37.00

The Dollar depreciated against its major peers on the international market following the release of November employment report. The report further augmented traders' expectation of rate hike ahead of the United States (US) Fed's meeting this month. The Dollar shed 257 pips to the Pound to trade at 1.2725 against 1.2468 recorded previously. The Euro also edged up by 78 pips, ending the week at 1.0672.

On the commodities market, oil prices have risen following the agreement by members of Organization of Petroleum Exporting Countries (OPEC) to cut output. Oil prices went up by \$7.83 to close at \$54.96 per barrel against \$47.13 recorded last week. However, cocoa and gold are trading at \$2,365.00 and \$1,174.46 after shedding \$37 and \$16.45 respectively.

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