

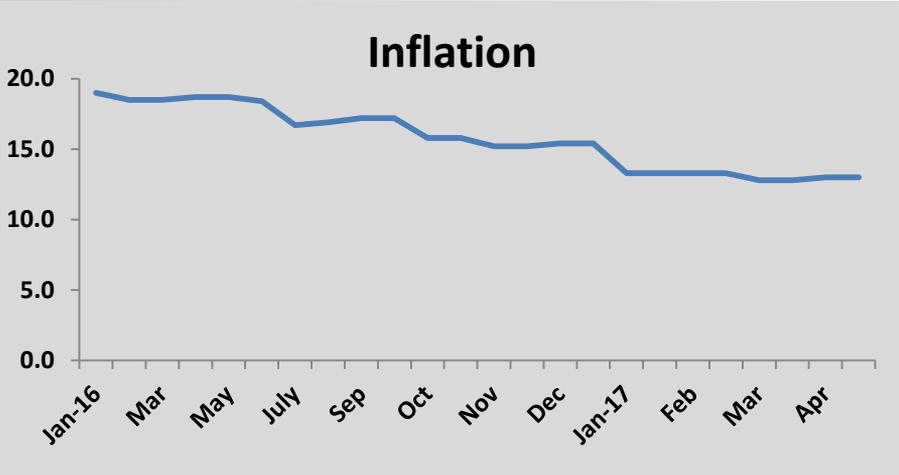


Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	8-May-17	2-May-17	Change
91- Day	14.21%	14.85%	-0.64%
182- Day	15.92%	16.38%	-0.46%
2-Year Note	19.95%	21.00%	-1.05%

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

Inflation for April stood at 13%, representing 20 basis points increase from the March level of 12.80%. The uptick was partly fuelled by the non-food component which recorded a year-on-year inflation rate of 16.3%, with transport alone accounting for 24.9%. As the Monetary Policy Committee (MPC) meets next week, the recent downward trend in yields coupled with the Cedi's marginal volatilities would be crucial in determining an appropriate policy rate level for the economy. Recent improvement in economic indicators may signal further policy rate easing to bring the needed growth. However, the MPC is likely to keep the rate unchanged at the current level based on risks to the fiscal outlook driven by uncertainty in prices of major commodities.



As envisaged, yields on GoG securities plummeted on the primary market at the last auction. The 91-day treasury bill slid to 14.21%, a decrease of 64 basis points from the previous yield of 14.85%. Similarly, the 182-day treasury bill closed the auction at 15.92%, 9 basis points slide from 16.38% recorded previously. The short to medium term yield curve has attained a regular pattern as the 2-year treasury note saw a huge moderation to close the auction at 19.95%. Despite the recent unattractiveness of yields on the short end, the 91-day treasury bill was oversubscribed by GHS263.51 million above its target of GHS603 million. This is a signal that even at current levels, there is strong expectation that rates would dip further.

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	4.0400 – 4.0600	4.2550– 4.2570
GBP/GHS	5.2100 – 5.2300	5.5470– 5.5490
EUR/GHS	4.4000 – 4.4200	4.6670– 4.6690

The Cedi depreciated in value against its major trading partners on the forex market. It depreciated by 0.21% and 0.19% against the Dollar and the Pound to settle at a mid-rate of 4.1955 and 5.4269 respectively. This represents a YTD gain of 0.29% to the Dollar and a YTD depreciation of 5.26% to the Pound. The Cedi could not replicate a good performance against the Euro, despite its retreat on the global market, as investors remained unsure about France's economic policy direction. The Euro gained 228 pips to the cedi, ending the week at a mid-rate of 4.5839.

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	23.31%
GTBank Base Rate	25.30%

With supply of funds meeting the demand for funds on the money market, the overnight rate shed a basis point to settle at 23.31%.

CCY Pair	8-May-17	2-May-17	Change
GBP/USD	1.2979	1.2884	+0.0095
EUR/USD	1.0885	1.0898	-0.0013
USD/JPY	112.97	112.160	+0.81
USD/CHF	1.0071	0.9940	+0.0131

Market Commodities		
Gold	1,226.76	1,255.78 -29.02
Oil (Brent)	49.01	51.08 -2.07
Cocoa	1,955.00	1,803.00 +152.00

The international currency market saw the Euro dip against the Dollar as investors' focus shifted from politics to economic policies following Macron's victory in the French election. As economic recovery gathers momentum in the eurozone, the European Central Bank is expected to have more room for monetary policy tightening. The EUR/USD pair is trading at 1.0885, 13 pips higher than the previous rate. The greenback appreciated against the Yen to close the trading week at a rate of 112.97.

On the commodities market, oil edged down to \$49.01 in a volatile trade despite hint by Saudi Arabia's oil minister of expectation by OPEC and its partners to consider extending supply cut possibly into next year to end a global glut. The news that the curbs may be extended into 2018 fueled a short-lived rally in the market, however it gave up the gains quickly amid pessimism on how long it will take to drain excess oil inventories. Cocoa closed the week at \$1,955.0, recording gains of \$152.0 after plummeting sharply over the past weeks. The price of cocoa bean stabilised following renewed expectation of demand increase. Gold also settled at \$1,226.76, \$29.02 drop from the previous rate of \$1,255.78 as demand for equities climbed.

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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%

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