

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

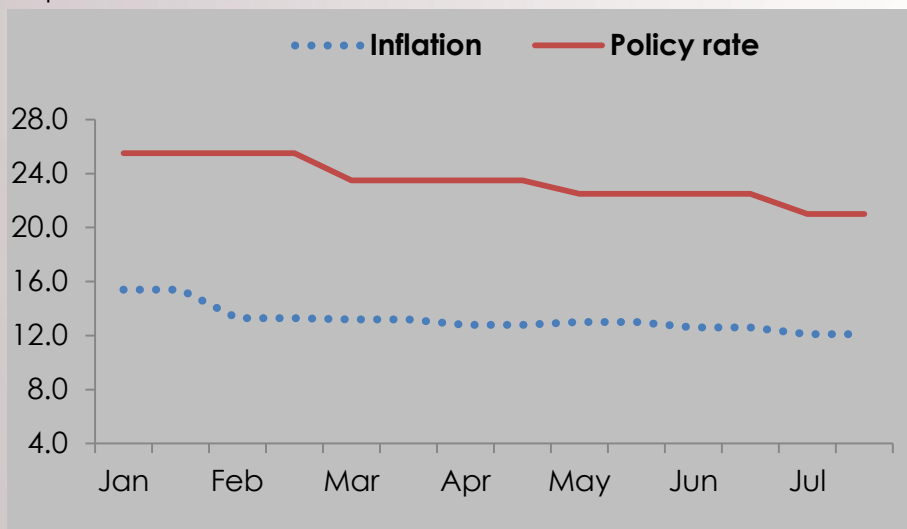
Bills & Notes	24-July-17	17-July-17	Change
91- Day	12.57%	12.55%	+0.02%
182- Day	12.90%	13.04%	-0.14%

Key Economic Indicators 2017 Target

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

The Central Bank has reduced its key interest rate for a third straight time to 21% from 22.5% as consumer prices rose the slowest in four years and the currency remained stable. Before this decision by the MPC, the Bank of Ghana had cut the benchmark rate by 300 basis points this year, which is below the 418 basis-point reduction in the 91-day treasury bill rate for the same period.

Already, on a year-on-year basis, banks' lending to the private and public sectors increased by GH¢5.1 billion (16.4% y/y growth) compared with GH¢2.5 billion (11.3% y/y growth) for the same period in 2016. A continuation of the disinflation process coupled with increased economic activity (reflected in Q1 2017 GDP growth of 6.6% versus Q1 2016 GDP growth of 4.4%) and a stable currency should see further cuts in the policy rate. The next MPC meeting is scheduled for Friday, September 22, 2017.



Yields on short-tenored government securities witnessed marginal movement at the last auction. The 91-day bill edged up by 2bps to 12.57% whilst the 182-day trimmed by 14bps to close auction at 13.04%. The government accepted GHS393.6m worth of bids for an oversubscribed three-year bond tap-in at a yield of 18.5% as the country seeks to reprofile its finances due to debts caused by years of overspending and lower-than-projected commodity prices. The government plans to issue a 5-year bond later this week. Initial price guidance is between 17.75% and 18.75% and bonds of similar tenor are trading around 18% and 18.45%.

Available Securities

Maturity Date	Security Type	Offer
06-Jul-18	1-Year Note	14.50%
10-Jun-18	2-Year Note	15.80%
01-Jun-20	3-Year Bond	17.60%

CCY Pair	Buy	Sell
USD/GHS	4.2600 – 4.2800	4.4475– 4.4485
GBP/GHS	5.5050 – 5.5250	5.8170– 5.8190
EUR/GHS	4.9100 – 4.9300	5.2070– 5.2090

The injection of forex by the Central Bank has done little to moderate the fall of the Cedi in the year as it continued to depreciate against its major counterparts. The Cedi shed 95 pips to the Dollar to close at 4.3730. On year-to-date basis, the Cedi declined by 4.11% to the Dollar compared to 2.97% by July 2016. The Cedi also lost 239 pips to the Pound and 388 pips to the Euro to end the week at 5.7043 and 5.0907 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	21.86%
GTBank Base Rate	24.77%

Although overnight rates are easing in response to the MPC rate cut (18bps drop from 22.04% to 21.86%), the threat of Treasury Single Account policy could put further upward pressure on the interbank rate.

CCY Pair	24-July-17	17-July-17	Change
GBP/USD	1.2983	1.3099	- 0.0116
EUR/USD	1.1658	1.1462	+0.0196
USD/JPY	111.05	112.49	-1.4400
USD/CHF	0.9461	0.9627	-0.0166
Market Commodities			
Gold	1,254.86	1,234.32	+20.54
Oil (Brent)	48.53	48.72	- 0.19
Cocoa	1,964.00	1,906.00	+58.00

The Euro surged to 1.1658 high versus the greenback, gaining 196 pips whilst rising against all of its G-10 peers as mixed signals by European Central Bank's President, Mario Draghi were followed by a report that U.S. special counsel Robert Mueller was investigating transactions linked to President Trump and some of his advisers. The U.S Dollar however rose against the Pound by 116 pips.

On the commodity market, oil slid by \$0.19 to \$48.53 in the week as reports suggest that OPEC's supply in July will be the highest this year, further fueling worries that a global glut is still persisting. Gold and Cocoa on the other hand extended their gains by \$20.54 and \$58 to close the week at \$1,254.86 and 1,964 respectively at the expense of a non-performing Dollar.

GET INVOLVED:
Join the
***737#**
Campaign
now!!!

Opt for **GTBank TREASURY SOLUTIONS**
Invest in GTBank's treasury products and be guaranteed high returns

- Attractive rates on Fixed Deposit & Certificate of Deposit investments
- Attractive yields on GoG Bonds traded on secondary market to match investment needs
- Competitive rates for corporate institutions & Individuals who purchase GoG Treasury Bills and Notes

