

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	14-Mar-16	07-Mar-16	Change
91- Day	22.61%	22.51%	+0.10%
182- Day	24.63%	24.65%	-0.02%
1 Year Note	23.00%	23.00%	-
2 Year Note	24.25%	24.25%	-

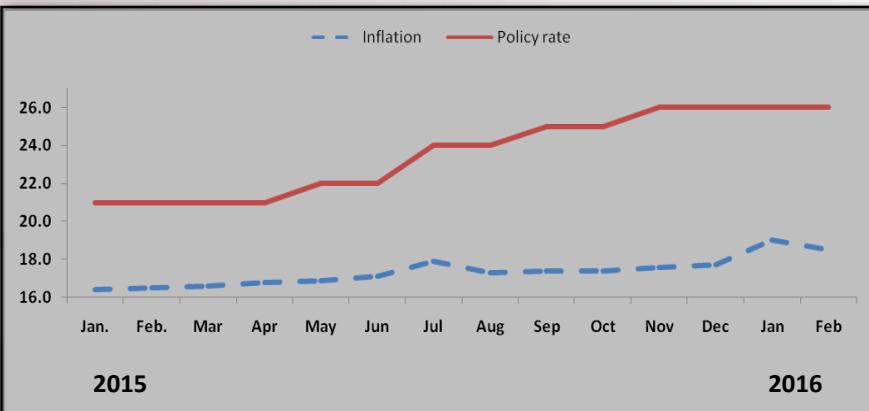
Key Economic Indicators 2016 Target

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

Inflation for February reduced to 18.5% from 19% in January. The Ghana Statistical Service has attributed the marginal drop to relative stability of the Cedi since the beginning of 2016. This could improve further if the Central Bank is able to sustain its current monetary tightening policy.

The opinion held by some economic commentators on Government's monetary policy is that, while it is aimed at reducing inflation, private sector growth could be stifled as cost of credit, which is positively correlated with the policy rate, remains high.

At last Friday's auction, the Central Bank fell short of its borrowings target by about 20%, primarily as a result of an under-subscription of the 2-Year note. The issuance of a 5-Year fixed rate bond which raised GHS746.4 million may have accounted for the shortfall as investors in long-term government securities probably opted for the higher-yielding bond. The 91-Day bill recorded a 10 basis point increase in yield while the 182-Day bill shed a paltry 2 basis points.



Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	3.7350 – 3.7550	3.9030 – 3.9050
GBP/GHS	5.3100 – 5.3300	5.5450 – 5.5470
EUR/GHS	4.1600 – 4.1800	4.3700 – 4.3720

On the local market, the Central Bank's efforts to ease pressure on the Cedi by selling foreign exchange on the interbank market appears to be reaping results. This is evidenced by the local currency's recent stability against the major currencies.

The Cedi is currently trading in the region of 3.9050 against the dollar, 220 pips better than last week's exchange rate. It has remained equally robust against the Pound and Euro in the past week.

Indicative FX Forward Rates (USD)

Tenor	Bid	Ask
Spot	3.7350	3.9050
Forward Points		
3 Months	0.1949	0.2252
6 Months	0.4209	0.4788

Guided by recent events, we expect the local currency to perform steadily in the coming weeks.

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	
	26.00%
Average InterBank Rate	
	25.39%
GTBank Base Rate	
	26.42%

Interbank rates are currently at an average of 25.39%. Ahead of the Monetary Policy Committee (MPC) meeting on Friday, it is widely expected that the Policy rate will be maintained at 26%, which would result in a gradual upward trend in interbank rates

CCY PAIR	14-Mar-16	07-Mar-16	Change
GBP/USD	1.4382	1.4264	+0.0118
EUR/USD	1.1149	1.1012	+0.0137
USD/JPY	113.82	113.45	+0.37
USD/CHF	0.9868	0.9961	-0.0093
Commodities			
Gold	1,228.60	1,268.00	-39.40
Oil (Brent)	40.02	40.30	-0.28
Cocoa	3,110.80	3,055.51	+55.29

The US Dollar dipped slightly against the major currencies. It has however started picking up as investors await the outcome of this week's Fed's policy meeting. Initial indications are that interest rates will be held steady given the fragile state of the global economy. The Pound continues to suffer ahead of the upcoming Brexit referendum.

Gold stuttered this week, losing US\$39.40 to trade at US\$1,228.60. Analysts have warned Gold bulls not to expect significant price jumps due to a positive outlook on the US Dollar.

Oil producers have finally agreed to hold discussions on capping output levels at a meeting in Qatar next month. This, coupled with the current slowdown in US production, is expected to propel prices higher.

International Benchmark

	Rates
1-Month LIBOR	0.44125%
3-Month LIBOR	0.64195%
6-Month LIBOR	0.91230%
1-Year LIBOR	1.23700%
US Prime	3.50%

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