

# Weekly Market Bulletin

## Government of Ghana Treasury Bills & Notes Rates

| Bills & Notes          | 15-Feb-16 | 08-Feb-16 | Change |
|------------------------|-----------|-----------|--------|
| 91- Day                | 22.64%    | 22.75%    | -0.11% |
| 182- Day               | 24.57%    | 24.62%    | -0.05% |
| 1 Year Note            | 23.00%    | 23.00%    | -      |
| 3 Year Fixed Rate Bond | 24.75%    | 24.75%    | -      |

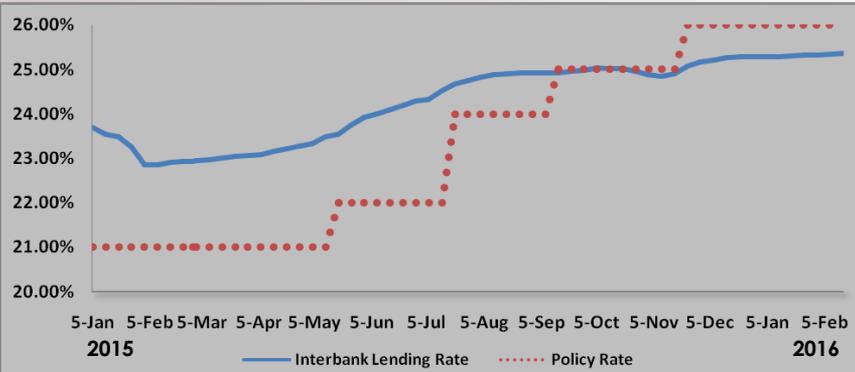
## Key Economic Indicators

| Key Economic Indicators | 2016 Target |
|-------------------------|-------------|
| GDP Growth              | 5.4%        |
| Inflation               | 10.1%       |
| Import Cover            | ≥3 Months   |

Ghana's inflation rate for January 2016 has hit 19%, the highest since August 2009. This is most likely down to recent increases in electricity and water tariffs which generated intense public outcry. As prices of goods and services rise above the expectations of consumers without commensurate adjustment in income, this is likely to cause a strain on disposable income and affect the general standard of living.

Government has announced its intention to issue a GHS500 million 5-Year fixed rate bond this month. Proceeds from the bond issuance are expected to be used mainly to meet debt repayment obligations. As government borrowing increases on the local market, analysts continue to raise concerns about the private sector being stifled in their efforts to access credit.

Short-term government securities remain attractive to local investors as a significant portion of the amount targeted was realised at last Friday's auction. Yields on 91-Day and 182-Day Treasury Bills dropped marginally to 22.64% and 24.57% respectively.



## Indicative Local Market Rates

| CCY Pair | Buy             | Sell            |
|----------|-----------------|-----------------|
| USD/GHS  | 3.7900 – 3.8100 | 3.9650 – 3.9670 |
| GBP/GHS  | 5.5000 – 5.5200 | 5.7970 – 5.7990 |
| EUR/GHS  | 4.2450 – 4.2650 | 4.5000 – 4.5020 |

After a volatile start to the year, the Cedi has held firm against the US Dollar in the last couple of weeks. However, with respect to the Pound and Euro, the local market followed suit from the international market as both currencies made gains against the Cedi.

Aside the Central Bank's intervention on the supply side, the mad rush for foreign currency from multinational firms at the beginning of the year appears to have slowed down. We therefore expect the Cedi to remain stable in the coming days.

## Indicative FX Forward Rates (USD)

| Tenor                 | Bid    | Ask    |
|-----------------------|--------|--------|
| Spot                  | 3.7900 | 3.9670 |
| <b>Forward Points</b> |        |        |
| 3 Months              | 0.1982 | 0.2273 |
| 6 Months              | 0.4270 | 0.4863 |

## 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 | 25.36%          |
| GTBank Base Rate       | 26.75%          |

Average Interbank rates increased by 2 basis points to reach 25.36%. The Central Bank's decision to peg the policy rate at 26% as part of measures to check inflation seems not to be achieving the intended results, as January 2016 inflation rate increased to 19% from 17.9% in December 2015. We expect a marginal increase in rates over the next week.

| CCY PAIR           | 15-Feb-16 | 08-Feb-16 | Change  |
|--------------------|-----------|-----------|---------|
| GBP/USD            | 1.4499    | 1.4500    | -0.0001 |
| EUR/USD            | 1.1249    | 1.1156    | +0.0093 |
| USD/JPY            | 113.20    | 116.88    | -3.68   |
| USD/CHF            | 0.9765    | 0.9905    | -0.0140 |
| <b>Commodities</b> |           |           |         |
| Gold               | 1,209.30  | 1,197.80  | +11.50  |
| Oil (Brent)        | 34.05     | 30.95     | +3.10   |
| Cocoa              | 2,919.21  | 2,922.43  | -3.22   |

The US Dollar dipped slightly against most of the major trading currencies on the world market. Boosted by news of a 1.5% growth in the Eurozone economy, the Euro gained 93 pips to close the week at 1.1249. With regards to the Pounds, recent Brexit fears are yet to have an impact on the currency.

Gold's impressive run continued this week as the metal sailed above US\$1,200. Analysts have predicted that at this rate, prices could rise above the US\$2,000 mark in the nearest future.

Despite Brent Crude prices increasing to US\$34.05, traders continue to take short positions in anticipation of further drops in prices. There is fresh speculation about production cuts but nothing concrete has been established yet to influence price movements.

| International Benchmark | Rates    |
|-------------------------|----------|
| 1-Month LIBOR           | 0.42925% |
| 3-Month LIBOR           | 0.61820% |
| 6-Month LIBOR           | 0.86360% |
| 1-Year LIBOR            | 1.12825% |
| US Prime                | 3.50%    |

Cocoa shed US\$3.22 to close at US\$2,919.21.

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