



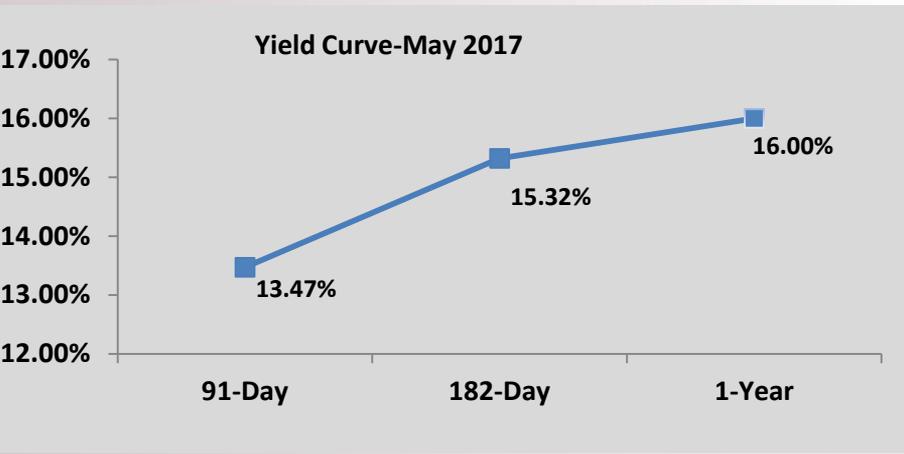
Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	15-May-17	8-May-17	Change
91- Day	13.47%	14.21%	-0.74%
182- Day	15.32%	15.92%	-0.60%
1-Year Note	16.00%	17.50%	-1.05%

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

The Monetary Policy Committee of the Central Bank has commenced its meeting to assess the state of the economy and impact of its previous decisions. Ahead of the meeting, exchange rates have largely stabilized, GHS depreciating against USD, GBP and EUR by 0.44%, 7.02% and 7.96% respectively; treasury yields have dropped by more than the 200bps drop in the MPR; and inflation tendencies remain subdued, despite a rise in April. The positive buzz bodes well for the economy and supports our strong expectation of further cuts in the policy rate.

- A reduction in the policy rate is likely to:
- reduce the rate at which banks lend to each other (interbank rates);
 - Shift focus of banks from investment to loans;
 - reduce the cost of business borrowing, thereby boosting economic activity; and
 - decline in the saving rates.



Treasury yields dropped again at the last auction, even as April inflation rose 20bps to 13%. The 91-day and 182-day treasury bills shed 74 and 60 basis points respectively to close at 13.47% and 15.32% over the previous auction results. The 1-year note witnessed the highest slippage after losing 150 basis points to close the auction at 16%. Pension fund managers looking for higher yields have for a few weeks now, resorted to the money market instruments of commercial banks to improve portfolio yield. It is therefore our expectation that yields would continue to plummet at upcoming auctions.

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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%

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	4.1100 – 4.1300	4.3100– 4.3120
GBP/GHS	5.2600 – 5.2800	5.5870– 5.5890
EUR/GHS	4.5250 – 4.5450	4.8050– 4.8070

The Dollar recorded gains against the Cedi during the week under review as it appreciated by 0.51% of the previous week's rate of 4.1955. The greenback traded in the region of 4.2170 with rising corporate demand plunging the value of the Cedi. Similarly, the Cedi dwindled in value to the Pound, losing 205 pips to close the trading week at a rate of 5.4474. Mirroring the performance of other major currencies, the Euro appreciated against the Cedi, gaining 452 pips to close the week at an exchange rate of 4.6291 compared to 4.5839 recorded previously.

Deposit Rates	
Tenor	Rates
O/N	5.00%
1 Month	10.00% - 12.00%
3 Months	12.00% - 14.00%
6 Months	14.00% - 16.00%
1 Year	14.00% - 15.00%
Average Inter-Bank Rate	23.31%
GTBank Base Rate	25.30%

The overnight interbank rate steadied at 23.31% over the past week as money supply balanced demand for money. The outcome of the MPC's meeting will largely determine the direction of the interbank rates in the ensuing week.

CCY Pair	15-May-17	8-May-17	Change
GBP/USD	1.2887	1.2979	0.0092
EUR/USD	1.0924	1.0885	+0.0039
USD/JPY	113.80	112.97	+0.63
USD/CHF	0.9971	1.0071	-0.01
Market Commodities			
Gold	1,229.89	1,226.76	+3.13
Oil (Brent)	52.04	49.01	+3.03
Cocoa	2,041.00	1,955.00	+86.00

On the international market, the release of favourable Germany GDP bolstered the value of the Euro as it appreciated against its counterparts. The data revealed that Germany's GDP was stable at 2% as expected, giving it an edge over its peers. The Pound however was unattractive to investors after the release of disappointing data and BoE's neutral stance, depreciating against the greenback in the week under review. Despite the Dollar weakening last week, the Yen failed to outshine it as the USD/JPY pair stood at 113.80, 63 pips higher than the previous rate.

The prices of major commodities surged on the global front. Oil rose to its highest level in more than two weeks after Saudi Arabian and Russian energy ministers fuelled expectations that production cuts might be extended for as long as nine months. Cocoa and gold traded at \$2,041.00 and \$1,229.89, gaining \$86 and \$3.13 respectively.



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