

# Weekly Market Bulletin

## Government of Ghana Treasury Bills & Notes Rates

Bills & Notes	21-Mar-16	14-Mar-16	Change
91- Day	22.72%	22.61%	+0.11%
182- Day	24.63%	24.63%	-
1 Year Note	23.00%	23.00%	-
2 Year Note	24.25%	24.25%	-

## Key Economic Indicators 2016 Target

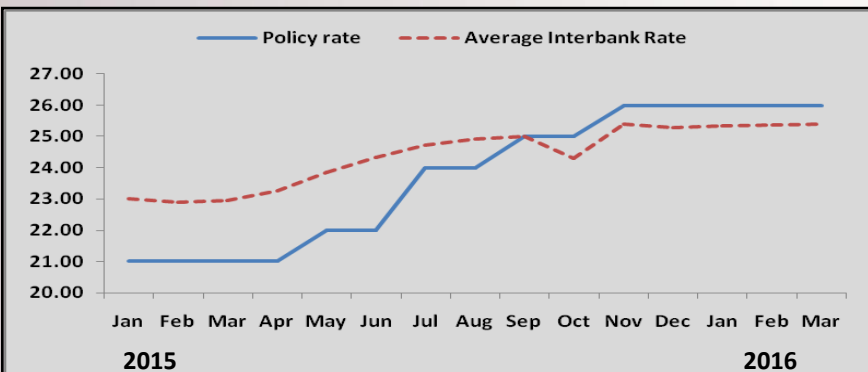
GDP Growth	5.4%
Inflation	10.1%
Import Cover	≥3 Months

The Central Bank on Monday, announced its decision to maintain the Policy Rate at 26%. This decision was informed by an encouraging reduction in inflation from January to February. Despite the marginal drop from 19% to 17.7% , inflation remains considerably higher than the 2016 target of 10.1%, hence the Central Bank's reluctance to reduce the Policy Rate as demanded by the business community.

It is unlikely therefore that business owners who were optimistic about a significant reduction in cost of credit as a result of a Policy rate reduction will see their expectations materialize.

Ghana's total debt stock has been estimated at US\$25.6 billion by the Central Bank, raising doubt among some economic commentators about the veracity of the figure. That notwithstanding, it is evident that more effort needs to be geared towards reducing government debt in order to meet the country's fiscal objectives.

Government continues to borrow from the domestic market. Total bids accepted amounted to GHS1,228 million from a target of GHS1,247 million. The 91-Day Treasury bill was the only security to record a change in yield from last week.



## Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	3.7400 – 3.7600	3.9100 – 3.9120
GBP/GHS	5.4200 – 5.4400	5.6620 – 5.6640
EUR/GHS	4.2200 – 4.2400	4.4200 – 4.4220

The Cedi has exhibited relative stability in 2016, attracting positive comments from economists. Although the local currency lost ground to the major trading currencies this week, it has been far more robust considering the rapidity with which it declined this time last year.

Given that foreign exchange supply continues to meet current demand, our expectation is that the Cedi is likely to remain stable for the next few weeks.

## Indicative FX Forward Rates (USD)

Tenor	Bid	Ask
Spot	3.7400	3.9120
<b>Forward Points</b>		
3 Months	0.1963	0.2248
6 Months	0.4218	0.4800

## 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	25.40%
GTBank Base Rate	26.42%

The average Interbank Rate continues to trend upwards at a gradual pace. We maintain a positive outlook on the rate judging from the Bank of Ghana's decision to keep the Policy rate at 26%.

CCY PAIR	21-Mar-16	07-Mar-16	Change
GBP/USD	1.4366	1.4382	-0.0016
EUR/USD	1.1242	1.1149	+0.0093
USD/JPY	111.94	113.82	-1.88
USD/CHF	0.9695	0.9868	-0.0173
<b>Commodities</b>			
Gold	1,247.75	1,228.60	+19.15
Oil (Brent)	41.74	40.02	+1.72
Cocoa	3,040.80	3,110.80	-70.00

The US Dollar held its own last week against the Pound and Euro. The Euro is likely to suffer this week from investor risk aversion due to the Brussels terror attacks. The Yen, which is considered a safe-haven in times like these, rose marginally against the Dollar.

Gold gained US\$19.15 as currency and stock market investors begin to exercise caution following the Brussels terror attacks.

Having comfortably crossed the US\$40 mark, Oil bulls remain optimistic that prices are on their way up as US output continues to reduce.

Cocoa prices dropped by US\$70 per tonne to close the week at US\$3,040.80.

## International Benchmark

International Benchmark	Rates
1-Month LIBOR	0.43180%
3-Month LIBOR	0.62460%
6-Month LIBOR	0.89815%
1-Year LIBOR	1.21635%
US Prime	3.50%

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