



Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	22-May-17	15-May-17	Change
91- Day	13.21%	13.47%	-0.26%
182- Day	15.02%	15.32%	-0.30%
1-Year Note	16.00%	16.00%	-

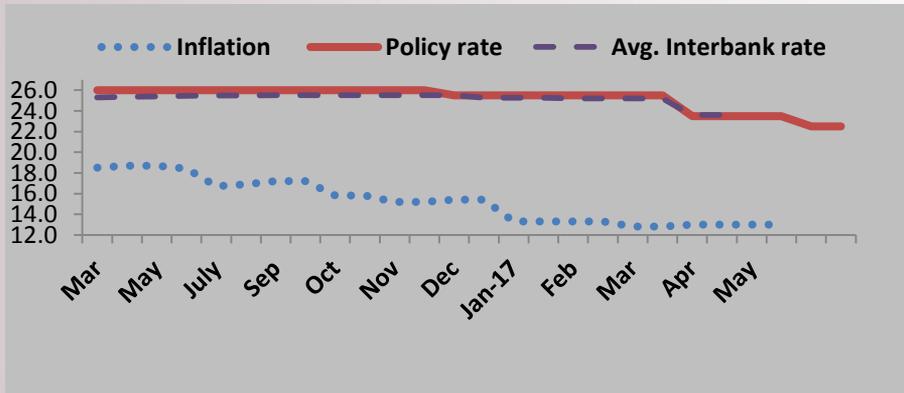
Key Economic Indicators		2017 Target
GDP Growth		6.3%
Inflation		11.2%
Import Cover		≥3 Months

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	4.1900 – 4.2100	4.3970– 4.3990
GBP/GHS	5.4100 – 5.4300	5.7450– 5.7470
EUR/GHS	4.6700 – 4.6900	4.9970– 4.9790

The Cedi is trading in the region of 4.2629, up by 674 pips from 4.1955 recorded last week. The recent upward marginal volatilities in the USD/GHS is gradually raising concern, causing some industry players to describe the measures to halt the cedi as artificial. However, with rising business confidence and a more positive outlook based on significant expected inflows, we expect to see a stronger Cedi albeit marginal volatilities. The Sterling and the Euro recorded gains of 115 and 1586 pips respectively to close the week at 5.5419 and 4.7877 respectively.

The Monetary Policy Committee (MPC) of the Central Bank has for the 2nd consecutive time slashed the policy rate to 22.50%, 100 basis points drop from the previous level of 23.50%. With a stable exchange rate outlook, return to the path of fiscal consolidation coupled with inflation trending downwards, the committee viewed the downside risks to growth outweighing the upside risks to inflation, hence reducing the rate. The policy rate easing is in tandem with our expectation based on recent improvement in macroeconomic fundamentals. With credit to the private sector increasing by 5.9% year-on-year basis in March 2017, after contracting by 6.9% same period last year, it appears so far that monetary easing is providing the needed impetus for the much vaunted private sector boom. However, we expect a delayed response from financial institutions as existing deposits on previously higher terms remain and only new ones can be repriced.

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	22.50%
GTBank Base Rate	25.30%



The interbank market which steadied in the past week reacted swiftly to the downward revision of the policy rate, shedding 81 bps to close the week at 22.50%. It is expected that the overnight lending rate will gradually trend downwards below the policy rate to 21.8%-22.40% in the ensuing weeks. This may encourage banks to deploy more funds into the 14-day bill.

CCY Pair	22-May-17	15-May-17	Change
GBP/USD	1.2997	1.2887	+0.0110
EUR/USD	1.1235	1.0924	+0.0311
USD/JPY	111.29	113.80	-2.51
USD/CHF	0.9727	0.9971	-0.0244

Market Commodities			
Commodity	22-May-17	15-May-17	Change
Gold	1,261.73	1,229.89	+31.84
Oil (Brent)	52.93	52.04	+0.89
Cocoa	2,026.00	2,041.00	-15.00

On the global front, the currency market saw the Euro hit more than 6-month high against the much fancied greenback after Germany's Angela Merkel emphatically ascribed her country's massive trade surplus to the Euro's weakness. In response to that assertion, the Euro rebounded, gaining 311 pips to trade at 1.1235 to the Dollar against 1.0924 for the previous week. The Dollar also edged down to the Yen to close the trading week at an exchange rate of 111.29.

On the commodities market, crude oil climbed to the highest in a month to trade at \$52.93 per barrel as Saudi Arabia hinted of an agreement by all members of OPEC on extending output cuts. The surge in the oil prices was further bolstered by market confidence that the cuts could even be deepened. Gold also rose to \$1,261.73 as investors appetite for the precious metal surged. On the other hand, cocoa prices dropped by \$15.00 to \$2,026.00 against \$2,041.00 recorded previously.

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Maturity Date	Security Type	Offer
19-Feb-18	1-Year Note	18.30%
1-Mar-21	5-Year Bond	18.50%

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