



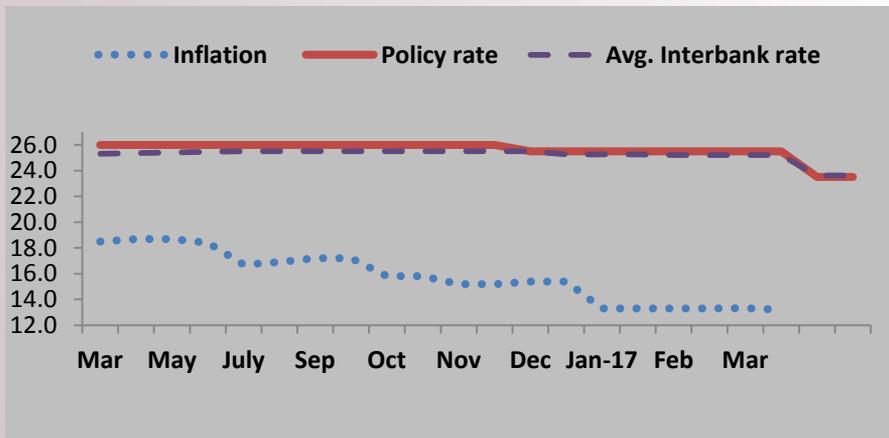
Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates			
Bills & Notes	27-Mar-17	20-Mar-17	Change
91- Day	17.51%	17.21%	+0.30%
182- Day	17.19%	17.09%	+0.10%
1-Year Note	19.00%	19.00%	-

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

The Monetary Policy Committee (MPC) of the Central Bank has slashed the policy rate to 23.50%, representing 200 basis points drop from the previous figure of 25.50%. The committee cited the declining inflation among others as the reason for the drop in the inflation. The committee opined that indications of growth remain significantly below potential which alongside an improved inflation outlook provided some scope for monetary policy easing. Meanwhile the business community welcomed this development whilst others thought the rate reduction was long over-due. There has been a clarion call by the private sector on banks to respond swiftly to this development in their lending. However, we can conclude that the full realization of the effects of the rate cut on banks' lending rate will be delayed because:

- existing deposits on previous terms are still running and;
- cost of new deposits would take time to dilute the cost of existing ones.



Yields on short-tenored GoG securities traded at 17.51% on the primary market, reflecting an increase of 30 basis points from the previous yield of 17.21%. The yields on the 91-day treasury bill increased again and surpassed the 182-day tenored instrument although it also inched up by 10 bps to 17.19%. Yields have recently been adjusting upwards to make funds readily available to meet government's short term financing needs. Notwithstanding this recent development, we envisage easing on the yields following the policy rate cut. On the other hand, the possibility of marginal uptick in the yields cannot be entirely ruled out.

Indicative Local Market Rates		
CCY Pair	Buy	Sell
USD/GHS	4.1800 – 4.2000	4.4000 – 4.4020
GBP/GHS	5.1700 – 5.1900	5.5150 – 5.5170
EUR/GHS	4.4900 – 4.5100	4.8030 – 4.8050

On the interbank market, the Cedi made significant recovery from its earlier slump against the greenback. The year to date depreciation of the Cedi against the Dollar now stands at 3.07% compared to 7.4% as at the previous week. The Cedi was boosted by a sudden Q1 demand easing and improved forex inflows. We expect this rally to continue this week. It is trading at a mid-rate of 4.3369 to the Dollar. Similarly, the Pound and the Euro were down against the Cedi, ending the week at a mid-rate of 5.3799 and 4.6612 respectively.

Deposit Rates	
Tenor	Rates
O/N	5.00%
1 Month	13.00% - 15.00%
3 Months	15.00% - 18.00%
6 Months	17.00% - 19.00%
1 Year	16.00% - 17.00%
Average Inter-Bank Rate	23.61%
GTBank Base Rate	25.27%

Following the MPC's decision, the average interbank lending rate also eased to 23.61, 159 basis points slide from the previous week's rate of 25.20%. It is normal to expect the overnight lending rate to dip further below the policy rate as the market gradually responds to this development.

CCY Pair	29-Mar-17	20-Mar-17	Change
GBP/USD	1.2445	1.2398	+0.0047
EUR/USD	1.0810	1.0738	+0.0072
USD/JPY	111.12	112.69	-1.5700
USD/CHF	0.9970	0.9979	-0.0009
Market Commodities			
Gold	1,252.45	1,233.82	+18.63
Oil (Brent)	52.28	51.06	+1.22
Cocoa	2,088.00	2,110.00	-30.00

On the international market, the Pound edged higher to recoup earlier losses as traders pointed to reports that the European Union is more likely to strike a conciliatory stance when responding to UK's formal request to leave the bloc against the hard Brexit anticipated earlier. It rose to a high of 1.2460 and subsequently eased to 1.2443, leaving it flat on the day. The Pound advanced 47 pips to the Dollar to open the day at 1.2445. The EUR/USD pair edged higher to trade at 1.0810 whilst the USD/JPY pair retreated to 111.12.

On the commodities market, gold continued its rally on the back of the weakened Dollar to end the week at \$1,252.45. Brent prices rose higher to \$52.28 as crude inventories rose less than expected. The situation was further exacerbated as supply disruptions continued in Libya and OPEC-led output cut by producing countries looked likely to be extended. On the contrary, cocoa could not sustain its gains recorded recently, retreating to \$2,088.

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Available GoG Securities (Indicative Rates)		
Maturity Date	Security Type	Offer
26-Jun-17	182- Day	17.50%
24-Jan-22	5-Year Bond	18.50%

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