

Week ending May 11, 2016

GTBank

Weekly Market Bulletin

Government of Ghana Treasury Bills & Notes Rates

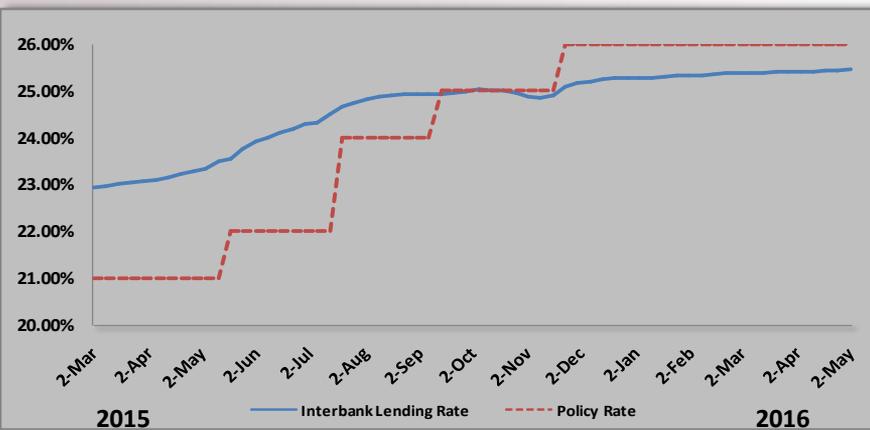
Bills & Notes	02-May-16	25-April-16	Change
91- Day	22.78%	22.81%	-0.03%
182- Day	24.63%	24.64%	-0.01%
1 Year Note	23.00%	23.00%	-
3 Year Fixed Rate Bond	24.50%	24.50%	-

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

Fuel prices have been increased by 4% by some Oil Marketing companies in the country. According to them, the price increase was necessitated by an upward change in the international price of crude oil, which currently sells at about US\$46 per barrel. So far in 2016, fuel prices have been reviewed upwards three times, representing a 37.5% change from 2015 year-end prices.

As oil recovers on the global market, there have been calls for a reduction in the 17.5% petroleum tax to reduce the cost burden passed on to the final consumer.

The Ghana Statistical Service has estimated Ghana's Gross Domestic Product (GDP) for the fourth quarter of 2015 at 4.9%, an improvement on the 4.5% recorded the previous year. The growth can be largely attributed to an improvement in Ghana's energy situation, which posed a serious challenge to most businesses. Given that further progress has been made this year regarding power supply, coupled with relatively favourable commodity prices, Ghana is likely to record a higher GDP in 2016, all things being equal.



Indicative Local Market Rates

CCY Pair	Buy	Sell
USD/GHS	3.6300 – 3.6500	3.8400 – 3.8450
GBP/GHS	5.3700 – 5.3900	5.6600 – 5.6650
EUR/GHS	4.2100 – 4.2300	4.4600 – 4.4650

The US Dollar continues to lose value against the Cedi. This week, the cedi gained 150 pips to trade at GHS3.8450 against the greenback. It has however, lost some stability against the Pound and Euro as a result of external shocks on the international market.

We expect the Cedi to hold firm against the dollar in the coming week as we do not anticipate an acute deviation from the current demand and supply trend.

Indicative FX Forward Rates (USD)

Tenor	Bid	Ask
Spot	3.6300	3.8450
Forward Points		
3 Months	0.1910	0.2215
6 Months	0.4092	0.4716

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	25.47%
GTBank Base Rate	25.56%

The average interbank rate is fast approaching the 25.50% mark. The rate which usually increases by a marginal 1 basis point, advanced 3 basis points over the last week, evidencing traction in government's liquidity tightening measures. Our expectation is that rates will continue to trend upwards in the coming weeks.

CCY PAIR	02-May-16	25-April-16	Change
GBP/USD	1.4672	1.4412	+0.0260
EUR/USD	1.1531	1.1228	+0.0303
USD/JPY	106.40	111.54	-5.14
USD/CHF	0.9520	0.9760	-0.0240
Commodities			
Gold	1,279.18	1,241.23	+37.95
Oil (Brent)	45.08	45.84	-0.76
Cocoa	3,162.00	3,210.00	-48.00

The US Dollar lost ground to its peers on the international market over the last week. Following the Fed's decision to maintain its rate, investors are beginning to shift focus to the Euro and Pound. The Euro has become particularly attractive after encouraging first quarter GDP results in the Eurozone.

The Dollar's poor performance has caused Gold to assume a more bullish trend recently. As world stock markets continue to exhibit volatility, the precious metal has become more popular among investors as an alternative asset. Prices rose by US\$37.95 to close the week at US\$1,279.18.

After hitting a year-high of US\$45.84 last week, oil retreated marginally to sell at US\$45.08. Output remains a concern in the industry especially in the Middle East where producers are believed to have increased production levels in the last few weeks.

International Benchmark	Rates
1-Month LIBOR	0.43590%
3-Month LIBOR	0.63290%
6-Month LIBOR	0.90715%
1-Year LIBOR	1.23180%
US Prime	3.50%

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